More than 10 years after the Great Recession, news stories abound about a healthy, robust economy with lower unemployment and underemployment. The U.S. Bureau of Labor Statistics (BLS) uses a single indicator of underemployment, which remained stubbornly high many years into the recovery, peaking at over 6 percent in 2009, until gradually dropping to under 4 percent. However, this single statistic masks the breadth, severity, and persistence of underemployment. We create a broader, more inclusive measure of underemployment, which includes any part-time worker who prefers more work hours, not just those who want a full-time job, that we are calling “part-time and underemployed.” Using this more inclusive measure, we find the underemployment rate to be higher—8 to 11 percent, which is double the rate of the narrower BLS measure.

As many as 4 in 10 part-time workers are generally underemployed, preferring more hours of work compared to the same or fewer hours.

We find higher rates of part-time underemployment among Black and Latinx workers.

Part-time workers with variable work hours are twice as likely to be underemployed.

Using a more inclusive measure, we find the part-time underemployment rate to be much higher than the BLS rate.
Underemployment disproportionately afflicts people who have been historically marginalized and anybody facing barriers to economic security

Using these broader measures, our study finds that 4 in 10 part-time workers prefer more hours of work, compared to wanting the same or fewer hours. We also find a higher rate of part-time underemployment among the following groups, as a share of total employment:

- **Black and Latinx workers.** 14 percent of Latinx workers and 12 percent of Black workers, compared to 7 percent of white workers.
- **Youngest and oldest workers.** 21 percent of workers age 26 and under and 15 percent of those age 65 and over, while underemployment is no less than 6 percent for any one age bracket.
- **Women and people who are not married.** 11 percent of women, compared to 7 percent for men. 14 percent of non-married workers, compared to 5 percent of those who are married.
- **Workers in the lowest third of family incomes.** 21 percent for workers in the lowest third of family income, compared to only 4 percent of people in middle/higher income levels.
- **Workers paid hourly.** 12 percent of hourly paid part-time workers, which is in stark contrast to 2 percent of those paid a salary.
- **Workers with variable work schedules.** 15 percent of workers with variable schedules vs. 7 percent of those with fixed schedules.
- **Workers in certain industries.** 15 percent in leisure/other services; 13 percent in education/health services; 12.5 percent in transportation; and, 9 percent in wholesale/retail trade.
- **Workers in relatively lower wage occupations.** 21 percent in service jobs; 11 percent in transportation/materials moving; and, 10 percent in sales and related jobs.

Part-time workers face barriers to getting more, desired hours—and getting them may come at a high cost to the wellbeing of them, their families, and their employers

Underemployment may be particularly pernicious for part-time workers, relative to both people working full time and those who voluntarily choose to work part time. Underemployed, part-time workers experience adverse harmful consequences including:

- Lower satisfaction with their jobs and financial situations
- Somewhat greater work stress
- Higher work-family time conflict

By implication, underemployed part-time workers experience the hardships and restraints associated with systemic declines in job quality

While this report does not establish the reasons for higher underemployment, we believe these patterns of underemployment may be tied to ongoing structural changes in low-wage labor markets, such as domestic outsourcing, scheduling technologies, or shifting bargaining power and de-unionization. At least partially, these changes are likely driving the pervasiveness and high concentrations of part-time workers’ underemployment in service and sales occupations and in industries such as retail, leisure, hospitality, food service, and other services. These are also the fastest growing job sectors and disproportionately employ women and people of color.

Moreover, most of these relatively lower-wage jobs may tend to have impediments to financial security and work-family balance. For example, such jobs provide few if any benefits, offer limited or no access to paid leave, have unstable work hours and schedules, and restrict paths to advancement or career growth.
However, we offer a set of wide-ranging policy recommendations to curb some of the causes and harms of underemployment. These solutions would safeguard the economic security of underemployed part-time workers. Our recommendations:

1. **Expand Fair Workweek Laws**

State and local governments have passed laws addressing unstable and unpredictable scheduling practices. They include provisions ensuring that large employers give employees a minimum advance notice of their schedules and are compensated for late changes to their schedules or for having less than a minimum rest time between shifts. The federal Schedules That Work Act parallels many of these fair workweek laws. Such laws contain other key provisions, including:

- **Access to Hours**: Requirements that large employers offer newly available work hours first to qualified, existing part-time workers before hiring new employees, temps, or subcontractors. Should covered employers instead hire new employees, contract, or temp workers first, they would have to compensate the existing employees.

- **Rights to Request**: Provisions that employees have a right to request flexible work arrangements or alterations to their work hours or schedule, without fear of retaliation or discrimination or discharge from their employer.

- **Part-time Parity**: Laws that ensure part-time and full-time workers are treated equally on pay rates and the accrual of benefits. San Francisco’s Retail Workers Bill of Rights includes part-time parity and the new federal Part-Time Worker Bill of Rights Act would do the same.

2. **Advance Minimum Hours Provisions**

Ensure workers get scheduled for a certain minimum number (or “floor”) of hours, such as 24 or 30, to sustain their weekly earnings. In the United States, such laws are still scarce, offered only for cleaning or maintenance jobs in large commercial buildings.

3. **Increase the Minimum Wage and Strengthen the Equal Pay Act**

Increasing the minimum wage to $15 an hour, indexed to inflation, would strengthen the economic security of underemployed workers. Numerous states have modeled this approach in their policies, which the federal Raise the Wage Act also proposes. Furthermore, while the Equal Pay Act of 1963 made it illegal for employers to pay unequal wages based on gender, women continue to face a wage gap that threatens their economic security. The federal Paycheck Fairness Act would help end this wage gap by closing loopholes and strengthening provisions of the Equal Pay Act.

4. **Enhance Collective Bargaining and Co-enforcement Structures to Include Part-time Workers**

Employers have many ways to improve part-time job quality in their workplaces. Strengthening and protecting workers’ union rights is critical to increase the quality of virtually all jobs. Letting workers and community groups help implement and enforce local labor standards can ensure these vital protections reach all workers, especially those with less voice and more vulnerable to being exploited—such as workers with low incomes, immigrants, and workers of color.
5 Expand Short-time Compensation (STC) Programs

Overseen by the U.S. Department of Labor, state unemployment insurance (UI) agencies usually administer Short-time Compensation (STC) benefit programs. These programs are designed to avert layoffs in economic downturns. If employers plan to reduce workweeks for at least five employees, they can apply to use UI funds rather than laying off people. Workers hurt by the reduced time can become eligible for STC benefits to replace a portion of their lost earnings.

6 Expand and Update Public Benefits Eligibility without Work Reporting Rules

Pervasive underemployment increases workers’ and families’ need for programs that support basic needs such as cash assistance under Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), Medicaid, child care assistance, and unemployment insurance. These programs should not include arbitrary work reporting requirements, which deny people assistance when their work hours fall below a certain threshold. Policymakers can provide economic security for more working families by widening eligibility for these programs to include people facing barriers to working more hours.

7 Increase Access to Paid Leave

Twelve states and 23 jurisdictions have passed paid sick day laws to give workers job-protected sick time for short-term illnesses (generally at least five to seven days annually for full-time workers and prorated for part-time workers). Eight states and the District of Columbia have adopted paid family and medical leave laws, which provide paid leave to help workers recover from a serious illness, bond with a new child, or care for a seriously ill loved one. Members of Congress have introduced federal legislation—the Healthy Families Act for paid sick days and the FAMILY Act for paid family and medical leave—modeled on these state laws.

The report also suggests further study on strategies to promote economic mobility for lower-wage workers who would like more hours to increase their income and to create an economy that works for all in the face of the changing nature of work.

The Center for Law and Social Policy will publish the full report in March 2020.

Notes
viii. See: Tackling Unstable and Unpredictable Work Schedules: A Policy Brief on Guaranteed Minimum Hours and Reporting Pay Policies; [Center for Law and Social Policy, Retail Action Project, and Women Employed, 2014]; Jon Messenger and Nikhil Ray. “The ‘deconstruction of part-time work’ 2015 [op cit]. Indeed, some private companies implement their own minimum, such as 24 hours per week at CostCo.