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Work and well-being among low-income men

A strong economy and stable society depend on the labor force participation of healthy citizens. Yet since the mid-1960s, the rate of American men between ages 25 and 54 (“prime-age men”) working or actively looking for work has steadily declined. Their employment-to-population ratio (percentage of total population group currently working) dropped substantially from the mid-1960s to 2016, as shown in Figure 1.¹ During this period, marriage rates have also fallen precipitously, particularly among less-educated groups. Moreover, a growing research literature is documenting a rise in poor health and premature mortality among these populations, which has been linked to increases in drug and alcohol abuse and physical and mental health problems, including suicide. These demographic and health-related shifts both reflect and contribute to poverty and inequality. Reversing these trends has the potential to improve labor force participation, social well-being, and economic growth. This brief synthesizes current research on work and well-being among less-educated men, many of whom are low-income or poor, and identifies knowledge gaps about why their labor force participation has fallen.

Labor market characteristics

Prime-age men’s long-term decline in labor force participation has been concentrated among those with a high school degree or less, with the steepest declines for African Americans. Many studies link this fall to reductions in demand for labor, especially lower-skilled jobs. Cost-cutting automation has improved efficiency, raised skill demands for labor, and widened the wage gap across skill and education groups.² Manufacturing jobs had been declining since the 1980s, but during the Great Recession (December 2007 to June 2009), 2.7 million manufacturing jobs were lost, with only 1.7 million regained, many at higher skill levels than before.³ Globalization, including Chinese import competition, also has adversely affected demand for labor and wage rates in the U.S. manufacturing sector.⁴ Studies suggest these shifts have “hollowed out” middle-skill jobs in relation to high- and low-skill jobs.⁵ Recent research also suggests that employers are less willing to hire lower-skilled workers at the pay levels offered in the past.⁶ Other factors associated with men’s declining labor force participation include erosion of labor market institutions, such as unions, that historically served to protect low- and middle-skill workers.⁷

The Great Recession was characterized by widespread job loss that increased disparities in employment trajectories for working-age men. Although the number of jobs required to return to pre-recession employment levels was met for the overall economy in August 2017, a considerable segment of prime-age men remain without work due to an uneven market recovery across population subgroups.⁸ Although the employment rate (employment-to-population ratio) for women

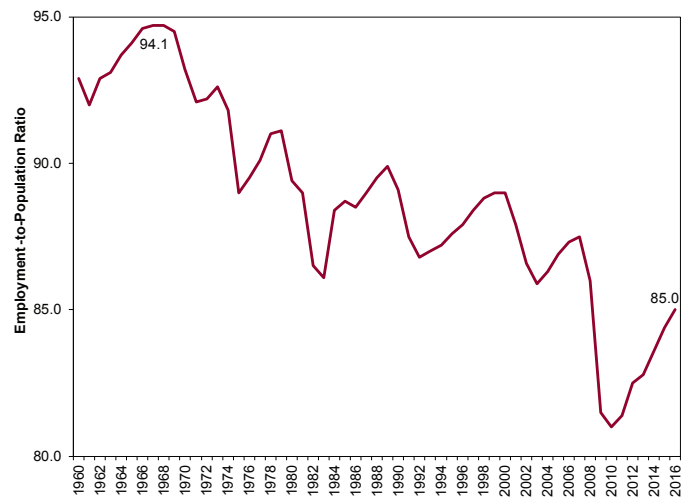


Figure 1. The employment-to-population ratio of prime-aged men in the United States has substantially declined since the 1960s.

Source: Organization for Economic Co-operation and Development (OECD), “Main Economic Indicators - complete database” <http://dx.doi.org/10.1787/data-00052-en> (accessed on 10/30/17).

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has returned to its pre-recession level, the rate for men has not. Moreover, the recovery has been slower for white men than for black or Hispanic men, although the absolute employment rate for white men was and remains higher than that for the other groups. The “jobs gap” (a Hamilton Project measure that reflects changes in both the level and the demographic composition of the U.S. population) also remains largest for those with a high school degree or less.⁹ Many low-skilled men living in economically distressed areas are unable to find jobs and stay employed because consistent and stable work is unavailable.¹⁰ Although slightly over 80 percent of all prime-aged men nationwide were working between 2010 and 2014, employment rates were lower in the nation’s largest metropolitan areas, less-urban areas, and rural areas, whereas they were higher in suburbs.¹¹

Low-skilled minority men face greater challenges in the job market than low-skilled white men. Black and Hispanic men have significantly higher unemployment rates and lower wages than white and Asian American men.¹² Extensive experimental research confirms that there is racial discrimination in the hiring market.¹³ Participation in the traditional labor market may also be affected by the potential to acquire earnings outside of the formal job market, particularly in a context of limited mainstream employment opportunities. Individuals without market income may engage in the underground economy.¹⁴

Barriers to work

In addition to the changing labor market, barriers to work also affect men's labor force participation rates. Less-educated workers may not have the skills or work history to compete in the current labor market. Moreover, some low-skilled men may choose not to pursue the service sector jobs that are available. Low skills typically lead to low-wage jobs, unstable jobs, or lack of employment. Skills mismatch is thought to be driven by workforce developments or employer-side changes that render previously valued skills obsolete. There is also some evidence of so-called spatial mismatches, such that jobs may be unavailable to disadvantaged men living in distressed urban and rural areas, as noted above.¹⁵ While some studies find little support for skills mismatch playing a major role in labor force participation and economic recovery,¹⁶ other work suggests that skill mismatches and spatial mismatches are linked, and interact to adversely affect employment.¹⁷ Of particular note, formerly incarcerated men, who are disproportionately men of color, face limited job prospects as well as discrimination in the job market.¹⁸ The imprisonment rate for African American men is two and a half times that of Hispanic men, and nearly six times that of white men. If rates of first incarceration remain at 2001 levels, about 32 percent of African American males born in 2001 will go to prison in their lifetime; whereas 17 percent of Hispanic males and 6 percent of white males will go to prison in their lifetime.¹⁹ Finally, poor mental and physical health and disability may be both causes and consequences of male labor force detachment. Some men are leaving the labor market due to serious health conditions that hamper their ability to work.²⁰ Data from the American Time Use Survey shows that individuals who are out of the labor force report considerably higher levels of pain and greater rates of disability than their working or unemployed counterparts.²¹ Substance abuse, and particularly the emergence of opioid dependency, has negative consequences for men's labor force participation and has contributed to a spike in mortality between 1999 and 2013 among the white working class.²² Moreover, substance abuse and mental health issues also follow young men in and out of prison.²³

Family and social ties

Declining marriage rates and limited labor force participation for low-income men may be interrelated. Declines in marriage and increases in nonmarital births, particularly among disadvantaged and low-educated populations, over the past several decades have been well documented.²⁴ The percentage of U.S. adults age 25 and older with a high school diploma or less who are married declined from 63 percent in 1990 to 50 percent in 2015. Prime-age men who are out of the labor force are less likely than employed or unemployed men to be married; in 2016, only 34 percent of men who were out of the labor force were married, compared to 58 percent of men in the labor force.²⁵ Rising income inequality is also associated with declines in marriage rates among less-educated men.²⁶ Furthermore, recent research

suggests that increased employment among low-income women has shifted cultural expectations such that men are taking on more caregiving responsibilities.²⁷ A considerable literature also documents the role of social ties in facilitating access to jobs and other opportunities for upward social mobility; these ties and associated processes may be less available and less effective for disadvantaged men.²⁸ Moreover, many aspects of social relationships appear to have weakened in recent decades, including participation in a religious institution, social cohesion and trust, and interactions with neighbors; at the same time, residential and school segregation by income have increased.²⁹

Research gaps

The literature reviewed in this brief leads to questions that research could address to better inform policy aimed at promoting work and well-being among low-income men in each of the three broad areas highlighted below.

Labor market characteristics—How strong are associations of various market forces, such as changes in demand for labor, with employment for low-income men? What policy interventions may lead to increased wages of low-income men? How can we better understand the impacts of policies such as minimum wage increases and subsidized jobs for low-income workers? What are promising policy interventions to address the uneven distribution of employment opportunities across the United States? What is the relationship between racial discrimination, incarceration history, and the underground economy, with regard to employment opportunities for low-income men in the mainstream and alternative labor markets?

Barriers to work—To what extent are factors such as incarceration, poor physical and mental health, disability, and addiction causes, consequences, or simply correlates of declines in employment among low-income men? What interventions seem most promising to improve men's human capital and for what specific populations? What supports and skills do low-wage workers need to move into higher-skilled and better-paying jobs?

Family and social ties—Can boosting low-income men's economic prospects encourage marriage and delayed-childbearing? Are men's increasing child-rearing and household obligations contributing to their declining labor force participation? What are the positive and negative aspects of the social ties currently available to low-income men?

These topics are among those being addressed by the IRP and its associated U.S. Collaborative of Poverty Centers (CPC) and *Poverty, Employment, and Self-Sufficiency Network*. They were also the core focus of a November 2017 workshop on *Promoting Work and Well-Being among Low-Income Men*, which was jointly convened by IRP (in conjunction with the CPC) and hosted and supported by the Office of Human Services Policy, Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. ■

For a list of the sources used for this brief and further reading, visit www.irp.wisc.edu/publications/fastfocus.htm. Edited by Deborah Johnson.

The Institute for Research on Poverty (IRP) at the University of Wisconsin–Madison is a center for interdisciplinary research into the causes and consequences of poverty and inequality and the effectiveness of policies and programs designed to address them. As the National Poverty Research Center sponsored by the U.S. Department of Health and Human Services, IRP integrates research, training, and dissemination activities to effectively build and apply research evidence on key policy questions and develop a broad and diverse cadre of researchers addressing poverty and low-income populations.