

Trends and Patterns of Job Quality in the United States

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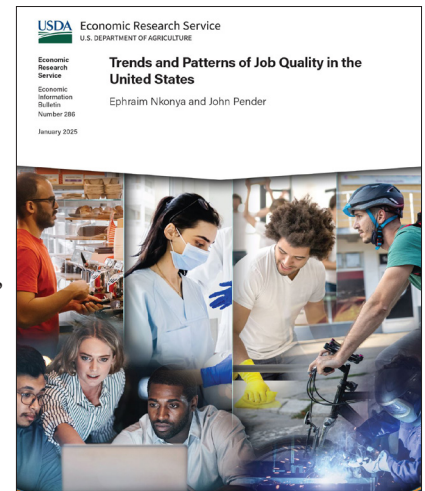
What Is the Issue?

Between 2000 and 2022, the mean wages of U.S. workers adjusted for inflation (real wages) grew by 15 percent. However, this real wage growth was distributed unevenly, with real wages of the top 10 percent of earners growing by 26 percent during this period. Meanwhile, the real wages of the bottom 50 percent grew by only 8 percent. The growth in real wages was offset by the declining availability of nonwage benefits provided by employers. It is less clear whether and how job quality, accounting for nonwage benefits as well as wages, has changed for U.S. workers and how such changes in job quality differ across different subpopulations of workers.

USDA, Economic Research Service authors investigated job quality trends from 2000 to 2022 for subpopulations of workers across metropolitan (metro) and nonmetropolitan (nonmetro) areas, as well as workers of different races, ethnicities, and sexes. This study addressed a lack of information in the job quality literature concerning trends in the broader components of job quality beyond wages, and how those trends vary across various subpopulations.

What Did the Study Find?

- Using a categorical measure of job quality (categorizing workers based on their wage levels and whether they receive employer sponsored health insurance and retirement benefits), the authors find that the share of workers with jobs in the highest job quality category declined across racial and ethnic groups and for men and women in nonmetro and metro areas.
- The job quality category that grew the most was the category with real wages above the median wage in 2000 and employer sponsored health insurance but with no retirement benefits. Thus, the decline in the share of workers in the highest job quality category was largely driven by a decline in the share of employers offering retirement benefits.



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- Using the job quality index (an estimate of employers' total costs for employees' wages, health insurance coverage, and retirement benefits), we found that the mean job quality index increased across nonmetro and metro areas, racial groups, ethnic groups, and sex. However, the growth in the job quality index was skewed with much greater growth in the top 10 percent than in all 9 lower quantiles. The real value of total compensation for workers in the bottom 10 percent of earners grew by only 5 percent between 2000–2004 and 2020–2022 for workers in both nonmetro and metro areas. The corresponding growth for workers in the top 10 percent of earners was 42 percent in nonmetro areas and 67 percent in metro areas.
- These findings were consistent across nonmetro and metro areas, the racial and ethnic groups studied (i.e., White non-Hispanic workers, Black non-Hispanic workers, and Hispanic workers of all races), and sex. The job quality index based on total compensation value showed improved job quality across different geographic and demographic groups, whereas the categorical measure showed declining job quality across the same groups. This emphasizes the need to carefully consider the best measure of job quality when evaluating job quality trends. The authors argue that total compensation more accurately reflects job quality than the categorical measure, since workers may have the loss of nonwage benefits offset by real wage increases.

How Was the Study Conducted?

This study used public microdata from the U.S. Department of Labor, Bureau of Labor Statistics (BLS) and the U.S. Department of Commerce, Bureau of the Census Current Population Survey Annual Social and Economic Supplement (CPS-ASEC) on three components of job quality including wages, employer sponsored retirement benefits, and employer sponsored health insurance. This study analyzed only three racial and ethnic groups including White, non-Hispanic workers, Black, non-Hispanic workers, and Hispanic workers of all races, who account for more than 90 percent of the U.S. workers. The authors used two approaches to analyze trend and patterns of job quality and its components: (1) categorical job quality and (2) a job quality index. The categorical job quality classification was based on combinations of real wages (above or below the median real wage in 2000 within the census division in which the worker resides), employer sponsored health insurance (provided or not), and employer sponsored retirement benefits (provided or not). The job quality index was based on estimates of employers' total costs of wages, health insurance coverage, and retirement benefits provided to workers. Since the CPS-ASEC does not report employers' cost of nonwage benefits, this study used U.S. Department of Labor, Bureau of Labor Statistics' National Compensation Survey data to create indexes of the value of nonwage benefits per dollar of wages. These indexes were combined with CPS-ASEC wage data and data on whether health insurance and retirement benefits were provided to estimate the job quality index.