

# The Unemployment Rate Falls, but What is Happening to Part-time Work?



## EDI Notes

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The first release of the new year brought welcome news, and a first since the onset of the COVID-19 pandemic: an unemployment rate below four percent. At 3.9 percent, December 2021's unemployment rate is in now in a range comparable to that in the beginning of 2019. Yet expectations for a job growth bonanza in the final month of 2021 were largely disappointed. Net payroll employment increased by 199,000, less than many analysts expected.

### Key findings

- While full-time employment is near pre-pandemic levels and continues to climb, part-time employment in December 2021 was well below pre-pandemic levels.
- The count of part-time workers today is lower than at any time in the entire decade preceding the pandemic.
- Similar to the pre-pandemic period, the involuntarily part-time make up only about 15% of part-time workers.

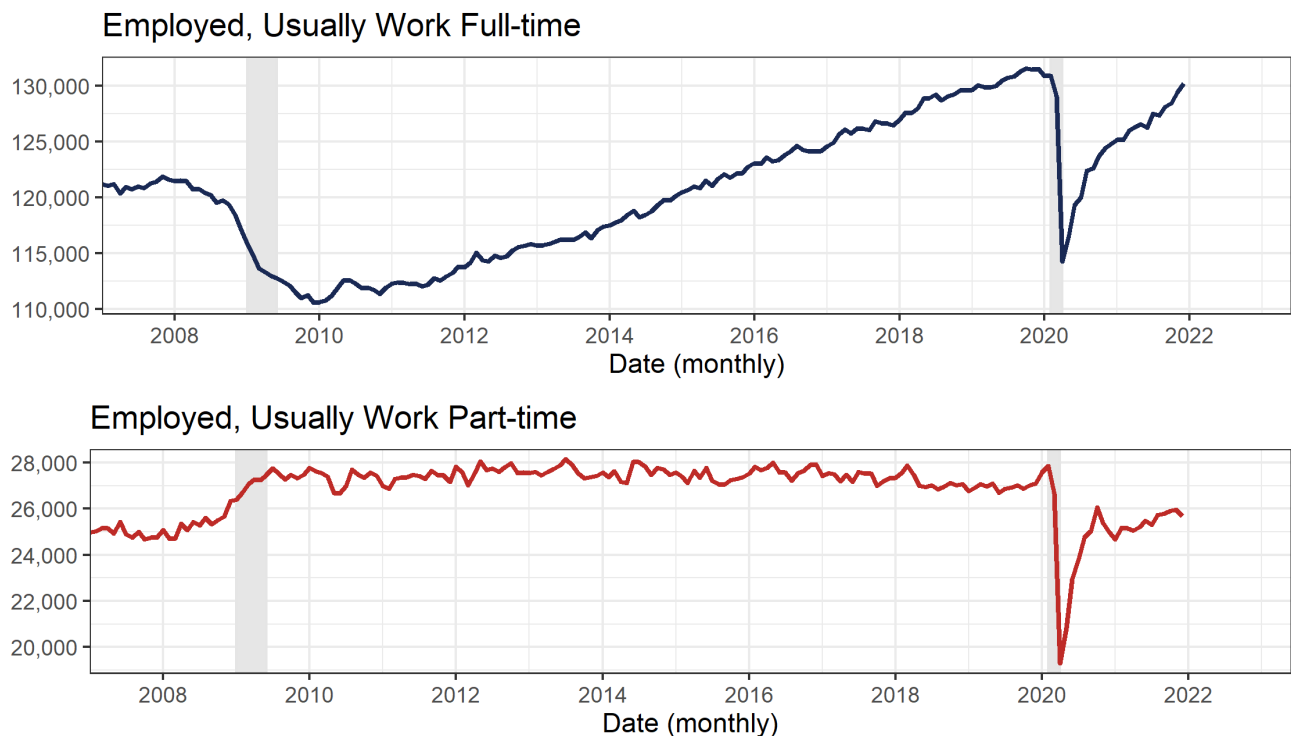
### Full-time and part-time employment

One of the patterns distinguishing the current recovery from that following the 2007-09 crisis is the behavior of full-time and part-time employment. The BLS defines full-time workers as those who work more than thirty-five hours per week, regardless of how many jobs the hours are divided across (for example, someone working twenty hours per week at each of their two jobs is considered a full-time worker). Part-time workers are those working 34 hours or fewer per week.

As Figure 1 below shows, the number of full-time workers is almost back to pre-pandemic levels. The latest release puts the full-time employment level for December 2021 at 130.2 million. Nearly two years ago, in January 2020, 130.85 million were working full-time.

## Figure 1: Full-time and Part-time Employment Levels

2007- Dec. 2021, seasonally adjusted



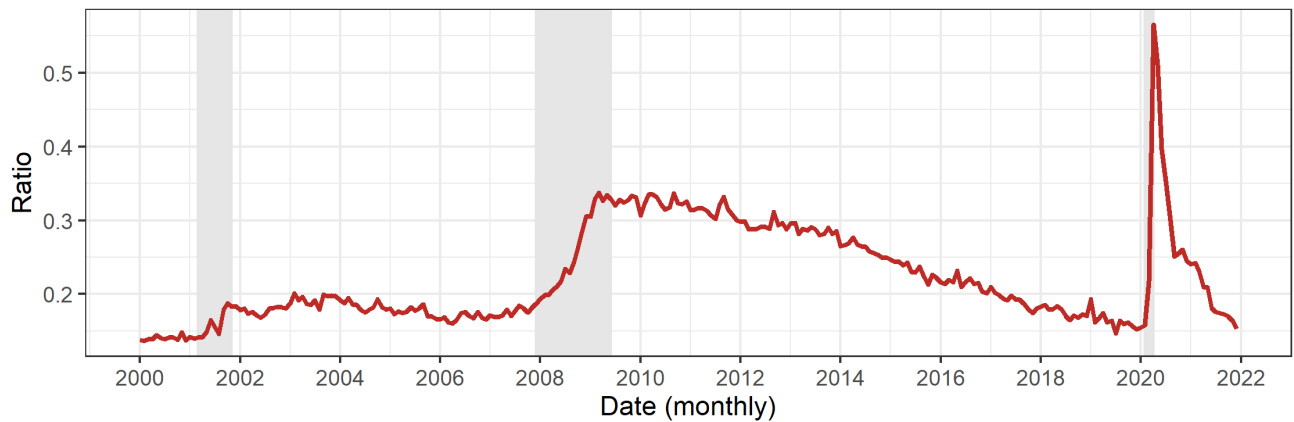
U.S. BLS, retrieved from FRED, Federal Reserve Bank of St. Louis

While full-time employment continues to climb, part-time employment looks quite different. At 25.7 million workers, part-time employment in December 2021 is well below pre-pandemic levels. In fact, the count of part-time workers today is lower than at any time in the entire decade preceding the pandemic. Excluding the current recovery, part-time employment has not been this low since the second half of 2009.

Part-time employment is typically divided into an 'involuntary' component – those who would like to work full-time schedules but cannot find employment due to 'economic reasons' such as a lack of opportunity – and those considered voluntarily part-time. The rapid increase in part-time employment during in the latter half of 2008 and over 2009 was largely attributable to a steep increase in involuntary part-time employment. During the recession, in addition to laying off millions of workers, firms also cut hours for millions more. However, by 2019, the involuntarily part-time made up only about 15% of part-time workers which, as Figure 2 shows, is almost identical to the situation today. With a similar share of involuntary part-time workers today as before the pandemic, it seems that today's lower part-time employment is likely due to factors relating to voluntary part-time employment.

## Figure 2: Share of Involuntary Part-time Workers Amongst All Part-time Workers

2000 - Dec 2021, seasonally adjusted



U.S. BLS, retrieved from FRED, Federal Reserve Bank of St. Louis

Voluntary part-time workers are almost twice as likely to be women rather than men (Dunn 2018: 4). Women without high school diplomas in particular make a disproportionate share of voluntary part-time workers (Dunn 2018: 12). Indeed, in the current recovery, almost one million workers without high school diplomas, both men and women, are still 'missing' relative to their employment levels before the pandemic, as Figure 2 below shows. Here it should also be mentioned that anyone working part-time hours because they need to care for a household member is counted as voluntarily part-time, so long as this care occurs outside of a formal employment arrangement. The reason for this designation is that the BLS does not consider unremunerated care to be an 'economic' activity.

## Figure 3: Employment Level for Workers Without a High School Diploma, 25 Years & Over

2007- Dec. 2021, seasonally adjusted



U.S. BLS, retrieved from FRED, Federal Reserve Bank of St. Louis

The diverging patterns of full-time and part-time employment in the current recovery, and the well-known demographic differences between full-time and part-time workers, is additional evidence once more that a slowly rising tide is not lifting all boats (Wray & Pigeon 2000). Indeed, while the overall unemployment rate dropped below four percent, the Black unemployment rate rose to 7.1%. While the increase in payroll employment is a welcome sign, the continued stagnation in part-time employment should give pause to over-celebratory sentiments regarding the state of employment in the U.S. heading into 2022.

### *References*

Dunn, M. 2018. "Who chooses part-time work and why?," Monthly Labor Review, U.S. Bureau of Labor Statistics, March 2018, <https://doi.org/10.21916/mlr.2018.8>.

Wray, L.R., & Pigeon, M. 2000. "Can a Rising Tide Raise All Boats? Evidence from the Clinton-Era Expansion," Journal of Economic Issues, Vol. 34 (4): 811-845.