

Two perspectives on the labor market

- Unemployment at lowest levels in years
- Continued view that the labor market is not “pulling people off the sidelines”
 - Velocity of technological change increasing – increasing the importance of skill building and retraining
 - Structural changes in the labor market make it increasingly difficult to create economic opportunity for the hardest to employ

Federal Reserve's Dual Mandate:

1. Price Stability
2. Maximum Employment

Given the complexity of the labor market and its changing nature, pursuing maximum employment means a special focus on challenges low and moderate income workers face and understanding and identifying strategies to employ and create economic opportunity for workers across the entire labor market and skill spectrum

The Center for Workforce and Economic Opportunity is focused on these questions and acts as a resource bridge to other organizations doing similar work



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A Few of the Challenges the Fed System is Thinking About

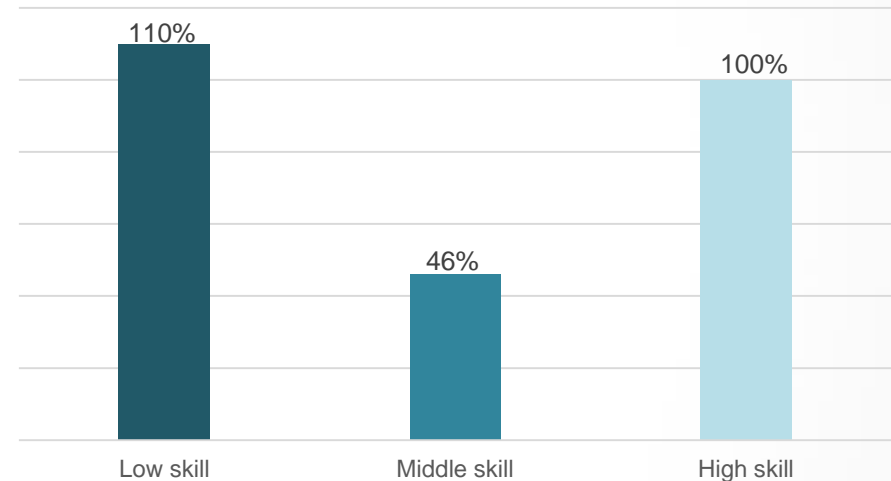
- Increasing pace, but a long standing phenomenon
- How many jobs is it going to affect?
 - 2/3rds of all jobs have 30 percent technically automatable skills
 - 5 percent of jobs are completely automatable
- 2/3ds of jobs requiring less than a high school diploma are completely automatable
- Half of all jobs requiring a high school diploma are automatable
- 41 percent of the workforce has a high school diploma or less

STRUCTURAL FACTORS HAVE PROPELLED FASTER GROWTH IN LOW- AND HIGH-SKILL JOBS THAN IN MIDDLE-SKILL JOBS

- Low-skill jobs (that do not require postsecondary education or training) are often characterized by low pay, no benefits, changing schedules, and early/late shifts
- The slower growth of middle-skill jobs limits workers' potential for upward mobility and advancement
- Middle-skill workers (some postsecondary education, but no bachelor's degree) are increasingly employed in low-skill jobs due to decreasing middle-skill opportunities

Change in Employment by Occupation Shows Hollowing Out of Middle Skill Jobs

Percent Change, 1980 to 2009



Source: [Abel and Deitz \(2011\)](#); U.S. Census Bureau

- The expansion of low-wage jobs in New England mirrors national trends
- In Massachusetts, more than half of low-wage workers in 2014 had at least some college (23% had an associate's or higher degree)
- As evidence of the difficulties with low-paying jobs, many workers are eligible for public benefits
- As shown below, racial minorities are disproportionately more likely to be low-wage workers

