

America's underemployed: 8 million and growing

Georgia's 8.1% jobless rate understates pain felt by those workers whose hours are being cut

By CHRISTOPHER QUINN, MICHAEL E. KANELL
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Samuel Holland has been pushed into one of the fastest-growing groups of people in the economy: the underemployed.

He was getting a full 40 hours a week last year as a room-service worker in an Atlanta hotel, but as the recession chilled both business and personal travel, he has seen his hours progressively trimmed to about four a day.

"We have a little money, but this can't go too long," he said.

Holland, 45, is among more than 8 million workers who are part-timers and don't want to be — a group that has swelled 59 percent in a year and 135 percent in the past decade, according to the Bureau of Labor Statistics.

Underemployed people shop less, save less, are more likely to lose their homes and health care and to use emergency rooms. That means that the jobless rate, which stands at 8.1 percent in Georgia and 7.2 percent nationally, not only understates the individual pain workers are feeling, it discounts the damage being done to the overall economy.

Involuntary part-timers make up about 6 percent of total employment, compared to 2.7 percent a decade ago, according to BLS data.

Holland went from putting money in the bank last year to making withdrawals and then, early this year, asking for help from a local nonprofit.

When he and his wife, Renita, who works in a center for disabled children, don't earn enough to pay the bills, they dip into their dwindling savings.

"How I make ends meet right now, I landscape on the side," Holland said.

The family buys just the basics when grocery shopping. Holland can't remember the last time they went to a movie.

That path of financial retreat joins with those taken by millions of Americans who have smaller paychecks — or none at all.

While strapped Americans pour less into the pool of retail sales, they also draw more from public and private agencies.

Holland, for example, wanted job training and help with a food stamp application. He turned, in January, to the Center for Working Families, an Atlanta nonprofit.

Pleas for assistance are soaring, said David Jackson, the center's president. "A lot of these are families who wouldn't have come in before."

Those coming in are typically people who make enough to keep the refrigerator full and electricity turned on, but the loss of hours hits hard, he said.

When they make all the cuts to their budgets they can and still can't get by, they come for help.

The trend toward part-time has been steadily picking up momentum.

For employers who want flexibility, the notion is alluring, said economist L. Randall Wray, research director at the Center for Full Employment and Price Stability at the University of Missouri.

"They are contingent workers," he said. "They are very easy to get rid of. You lay them off when times are bad. You hire them back when times improve."

Driving the trend are several powerful forces, Wray said.

Economic growth since the bursting of the telecom bubble in 2000 has been modest at best, creating proportionally fewer jobs than in past expansions. At the same time, globalization has tossed hundreds of millions of people into competition with Americans for jobs both skilled and unskilled.

Meanwhile, the steady decline of labor unions has also let employers act more quickly.

"These are very long-term trends but they finally came together in 2007," Wray said. "It's a global phenomenon. There is pressure on firms to cut costs and this is one of the ways they are doing it."

Recession fuels the trend toward part-time, he said. "It's not surprising that employers have more power. People are desperate for work."

Denise Williams, 30, earned a GED and a certificate in customer relations two years ago, and got a restaurant job soon after. She soon was promoted and got a raise.

"I could take care of myself and my two kids, pay my bills, pay the insurance," the single mother said.

Then the downturn that began in late 2007 picked up speed in the fall.

"The last three or four months, my hours have dropped down to about 20 hours a week," she said. "It's difficult to take care of [my children] on this salary."

Even with that, she feels lucky. Neighbors have lost jobs, Williams said.

"So I'm grateful for the hours I get," she said. "I just pray it gets better."

Long-standing tax credit under-utilized by families

By DAVID JACKSON

Friday, April 03, 2009

It will take time for the federal stimulus money to reach our communities and kick-start the nation's economy. But for many working families, there's already a more personal stimulus package that's available and waiting, yet often overlooked during tax season.

It's called the Earned Income Tax Credit and since its creation in 1975, it has put about \$43 billion back into the households of more than 22 million low-wage workers nationwide. Created to shield low-wage workers from raising payroll taxes, it since has been expanded under Democratic and Republican administrations, and can return up to \$4,800 to working families with children, depending on income and family size.

Why is this important? The EITC annually lifts 4.5 million people above the poverty line — and half of them are children. Economic data also show that every increased dollar received by low- and moderate-income families has a multiplier effect of between 1.5 to two times in terms of its impact on the local community.

Unfortunately, many who are eligible for EITC either don't know about it or don't apply for it. About 15 percent to 20 percent of eligible people fail to claim the EITC, one study showed. Equally disturbing is the fact that about 70 percent of EITC recipients pay to have their taxes prepared — often for considerable amounts. About 35 percent also pay for a rapid refund loan in addition to the amount paid for completing and filing the return. These costs eat away at the true economic power of the EITC.

As a member of the Atlanta Prosperity Campaign, we are working with other metro Atlanta nonprofits to ensure that more families in need get the EITC, and get it at the lowest cost possible — free. Last year, the Center for Working Families helped more than 1,200 people file their taxes for free and get the EITC they were due, returning money to the community.

This year, we have already helped more than 500 people file this tax season. We have also teamed with the Atlanta City Employees Credit Union to help unbanked filers open saving accounts. This helps filers keep more money in their pocket to pay their mortgage, get needed medical attention or put food on the table.

We also link families to other public benefits like food stamps and utility assistance that can help close the gap between earnings and what is needed to support a family. Public benefits can play a big role in keeping families out of poverty, particularly in tough times.

Last year, EITC helped Atlanta families receive about \$11 million. Nevertheless, 20 percent of eligible Atlanta families did not file. This year, we need to make sure we reduce that number — for our economy and our city, and for the hard-working families with children who deserve our help.

• **David A. Jackson** is president and CEO of the Center for Working Families.