New Jersey Public Sector Employment: The Bulwark of the Black Middle Class

Professor Jeffrey Keefe School of Management and Labor Relations, Rutgers University

Public employment has been the pathway to the middle class for generations of workers, now more than ever because of the decline of industrial employment. In New Jersey, public sector employment in New Jersey has been a special bulwark for the Black middle class, providing stable full-time employment with middle income earnings and employer-provided health insurance, among other benefits. One in six Black workers in New Jersey are employed in the public sector; for Black women, that number rises to nearly 25%.

But quality public sector jobs are now at risk of losing value, as New Jersey leaders look to decrease public worker benefits, including health insurance and pension plans. Because of the particular importance of public sector employment to the Black community, Black workers would suffer disproportionately if the cuts in public worker benefits prevail.

The assault on the quality of public sector jobs comes at the same time as the Great Recession has had a disproportionate adverse impact on the Black¹ community. As of May 2011, unemployment for Black workers has shown few signs of recovery, remaining high at 16.2%. Coupled with these high levels of unemployment, many Black workers have experienced higher levels of job instability and shorter work hours, each of which translates into low and irregular earnings.

<u>Public Sector Jobs Provide Stable Full-Time Employment for</u> Black Workers

When we compare Black workers' earnings, hours, and employment patterns between the public sector and private sector, we get a clearer picture of the importance of public sector jobs to the Black community. Black workers earn more in the public sector than they do in the private sector, for two reasons: they are able to work more hours each week and more weeks each year, and the public sector employs Black workers with

¹ We use the term "Black" to include all workers who self-identified themselves in Census surveys as either Black or African American.

more education than those employed in the private sector. In addition, the employer-provided health insurance benefits available in the public sector add significant value to these jobs.

Table 1: Comparison of Black and White Workers Employed in the Private and Public Sectors

	Private		Public		Black
	Sector	Private	Sector	Public	Public to
	White	Sector Black		Sector Black	Private
CPS 2008-2010 New Jersey	Workers	Workers	Workers	Workers	Ratio
Average Annual Earnings all workers	\$33,165	\$19,698	\$52,774	\$38,091	193%
Average Hourly Earnings	\$27.38	\$20.77	\$28.14	\$21.31	103%
Average Annual Earnings full-time full year workers	\$62,215	\$45,820	\$59,309	\$44,404	97%
Employer Provided Health Insurance	66%	50%	93%	89%	177%
					4000/
Average Weeks Worked all workers	30		48	48	199%
Usual Hours Worked all workers	25	20	38	36	178%
Total Hours Per Year all workers	1211	948	1876	1787	188%
Female	51%	53%	58%	78%	146%
Age	45	42	45	44	105%
Self Employed	7%	4%	0%	0%	
State Government	0%	0%	27%	51%	
Local Government (including schools)	0%	0%	73%	49%	

Source: King, Miriam, Steven Ruggles, Trent Alexander, Donna Leicach, and Matthew Sobek. Integrated Public Use Microdata Series, Current Population Survey: (IPUMS CPS) Version 2.0. [Machine-readable database]. Minneapolis, MN: Minnesota Population Center [producer and distributor], 2009

Unadjusted for hours, Black workers earn 93% more each year working in the public sector (\$38,091 compared to \$19,698). When we limit the comparison to full-time and full-year workers, Black workers in the private sector earn 3% more than Black public sector workers; but only 49% of Black workers in the private sector (compared to 57% of White workers) were able to work full-time for the entire year during the period 2008 through 2010. In contrast, 85% of Black workers in the public sector work full-time and full year schedules. Table 1 shows that public sector jobs are particularly important for Black women, as the public sector Black labor force is dominated by women. Black females account for 78% of the Black public sector labor force, compared to 53% of the private sector Black work force.

The public sector employs a high proportion of Black professionals, five times the proportion in the private sector. Some 40% of Black workers employed in the public sector are professionals, followed by 36% employed in office and administrative occupations. Together these two

occupations account for over three-quarters (76%) of Black employment in the public sector, whereas they account for less than one-quarter (23%) of Black employment in the private sector.

Table 2: Occupational Distributions of Black and White Workers in the Public and Private Sectors

	Private	Private	Public	Public	Black
	Sector	Sector	Sector	Sector	Public to
	White	Black	White	Black	Private
	Workers	Workers	Workers	Workers	Ratio
Management, business, and financial	11%	4%	9%	5%	107%
Professional and related	13%	8%	52%	40%	500%
Sales and related	9%	8%	1%	1%	9%
Service	9%	8%	13%	13%	164%
Office and administrative support	8%	15%	18%	36%	248%
Construction	2%	1%	1%	1%	53%
Installation, maintenance, and repair	3%	1%	1%	0%	0%
Production	3%	3%	1%	1%	28%
Transportation and material moving	5%	9%	3%	4%	43%

Source: King, Miriam, Steven Ruggles, Trent Alexander, Donna Leicach, and Matthew Sobek. <u>Integrated Public Use Microdata Series, Current Population Survey</u>: (IPUMS CPS) Version 2.0. [Machine-readable database]. Minneapolis, MN: Minnesota Population Center [producer and distributor], 2009

The professional occupational distribution of Black public sector employees is reinforced when we compare educational attainment. The public sector employs college-educated Black workers at 2.5 times the rate of the private sector. Approximately, 37% of Black public employees are college-educated, compared to 15% of private sector Black workers. The public sector also employs a much higher rate of Black employees with advanced degrees. For example, the public sector employs 4.5 times more Black workers with Masters and professional degrees than the private sector.

Finally, health insurance is crucial to the value of public sector jobs for Black workers, as health insurance is an important element of a middle class standard of living. Black workers employed by state or local government are 77% more likely to participate in employer provided health insurance. Only 50% of Black workers employed in the private sector receive employer-provided health insurance, where as 89% of Black public employees are covered by employer-provided health insurance.

Table 3: Educational Attainment of Black and White Workers in the Public and Private Sectors

	Private	Private	Public	Public	Black
	Sector	Sector	Sector	Sector	Public to
	White	Black	White	Black	Private
Highest Degree Earned	Workers	Workers	Workers	Workers	Ratio
Less than high school	16%	20%	3%	7%	34%
High School	30%	37%	21%	31%	83%
Some College	15%	19%	12%	21%	112%
Associates	6%	7%	6%	5%	66%
Bachelors	21%	11%	29%	22%	196%
Masters	7%	3%	22%	13%	443%
Professional Degree	2%	0%	3%	1%	452%
Doctorate	2%	0%	3%	1%	175%
College Plus	32%	15%	58%	37%	248%

Source: King, Miriam, Steven Ruggles, Trent Alexander, Donna Leicach, and Matthew Sobek. <u>Integrated Public Use Microdata Series, Current Population Survey</u>: (IPUMS CPS) Version 2.0. [Machine-readable database]. Minneapolis, MN: Minnesota Population Center [producer and distributor], 2009.

<u>Unemployment Among Black Workers During the Great</u> Recession

The New Jersey public sector has been a bulwark for the Black middle class against the devastating instability wrought by the Great Recession, which continues unabated for Black workers. Black workers have been disproportionately affected by the recession. As shown in Figure 1, the Black unemployment rate has been more than double the White unemployment rate throughout the Great Recession. In May 2011, the White unemployment rate declined to 8.0%, considerably lower than its recession high of 9.4%. In contrast, the Black unemployment rate of 16.2% returned to its recession high: Black male unemployment increased to 18.7% in May 2011, and Black female unemployment rose to 14.1%.

Figure 1: Black Unemployment Rates During the Great Recession, 2007-2011

Source: Current Population Survey, USDOL, Bureau of Labor Statistics http://www.bls.gov/cps/#data

Conclusion

There is enormous concern about the slow pace of the economic recovery, a recovery that has failed to arrive in the Black community. This is particularly true in New Jersey. Throughout the Great Recession, however, public sector employment has been critical to the stability of New Jersey's Black community.

New Jersey's public sector has provided stable full-time employment with middle income earnings and employer-provided health insurance for more than 15% of Black workers, all of which is now under attack as New Jersey leaders threaten to sharply reduce public workers' pay and benefits. Because of the particular importance of public sector employment to the Black community, Black workers will suffer disproportionately if the attacks on public worker benefits prevail.