

Underemployment: What Does it Mean?

In a robust economy, you often hear about how low the unemployment rate has become. Currently in Wisconsin we are at a 3.3% unemployment rate which is even lower than the national average of 3.6%. From the perception of these numbers, this is great for the Wisconsin worker, right? There are many jobs out there to be found, and fewer and fewer people looking for them. But is that the true picture? When analyzing the unemployment rate, it does not reveal certain details, including differentiating between part-time vs full-time, how good those jobs are based on the skills of the worker and how long people without jobs haven't been able to find work.

There is another labor statistic that doesn't seem to get the same critical review that the unemployment rate does and that is the underemployment rate. Being underemployed means you are working at an involuntary part-time status, you are working at a level that is lower than the skill level you have for a job, or you are at the right skill level for the job but you are working for low wages. For example, a teacher with a master's degree in education who is working as a sales associate at a favorite local retailer would be considered underemployed.

At the close of 2018, Wisconsin had an underemployment rate of 6.5%, tied for the 8th lowest underemployment rate in the nation. But at the same time, had only a 3.0% unemployment rate. How can this be? This may explain why you see signs throughout our communities that, for the most part, indicate people are working. The crucial question is: are employees working at the level they want to be working at, while receiving the pay and hours they would like to receive?

According to U.S. economists, "full employment," or the level at which everyone who is willing and able to work is employed, is currently between 4.1% to 4.7%. Yet the underemployment rate is higher. The most recent underemployment rate recorded in June 2019 is 7.2%. In the long and sometimes difficult challenges of job searching, this could mean some employees remain in a more undesirable position for a lot longer than they ever imagined. Underemployment is about supply and demand: there are more people looking for desirable jobs than what is available.

But there is hope – there are options. According to an article published by Smart Asset.com, "addressing underemployment is difficult. Encouraging workers to build their professional network, go back to school or take professional development courses might help. Employers also have to find ways to ensure that their workers feel engaged and know that their opinions and concerns matter."

In addition, we are here to help. Through FSET resources and trainings, we can help you navigate through the ups and downs of underemployment and help guide you to the job you truly desire.

Sources for article:

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