

FACTANK

NEWS IN THE NUMBERS

SEPTEMBER 1, 2016

10 facts about American workers

BY DREW DESILVER

More than 150 million Americans are part of the U.S. workforce, and many of them (but **not all**) will spend the Labor Day national holiday away from their desks, cash registers and workbenches. We can't predict how workers will use their day off, but we do know a fair amount about who they are, what they do and the U.S. working environment in general.

1 A long downward slide for unions

Percentage of all U.S. wage and salary workers who belong to a union

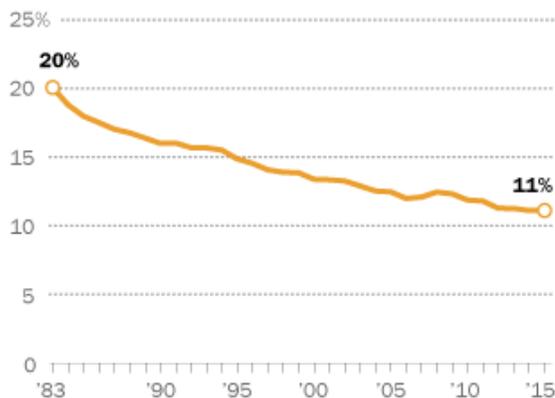


Fig. A

Note: The 1983-99 private- and public-sector membership estimates exclude agricultural workers.

Source: Bureau of Labor Statistics

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Over the past three decades, the share of American workers who are union members has fallen by about half. Union membership peaked in 1954 at nearly 35% of all U.S. wage and salary workers, but in 2015 the unionization rate was just 11.1%. However, according to the [Bureau of Labor Statistics](#) the actual number of union members has risen in recent years, from 14.4 million in 2012 to 14.8 million last year.

The biggest decline in union representation from 2000 to 2015 was in construction and extraction occupations, from 23.8% to 17.2%. Unionization actually has risen, albeit

slightly and from low bases, in a few occupational groups: In legal occupations, for instance, the unionization rate rose from 5.1% in 2000 to 5.6% last year.

2 Broad Support for Workers in Various Sectors Being Able to Unionize

Should each be able to unionize? (%)

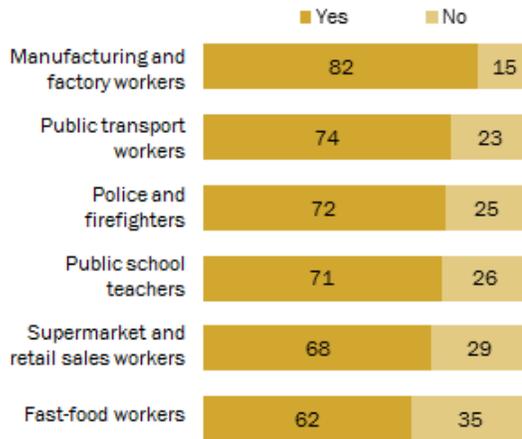


Fig. B

Survey conducted March 25-29, 2015.

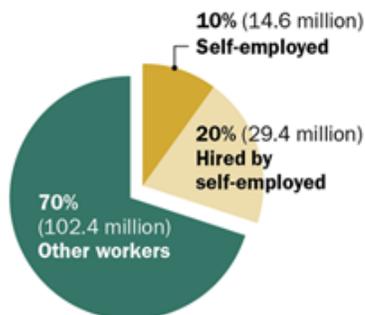
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There is broad support for the right of workers to unionize across a range of occupations. Among six industry categories we asked about in spring 2015, about eight in-ten Americans (82%) said manufacturing and factory workers should have that right. Big majorities backed the rights of transit workers, police officers and public school teachers to do the same. About six-in-ten (62%) said fast-food workers should be able to unionize, while 35% opposed that. In general, though, Americans have mixed views about the long-term decline in unionization: About as many people said it's been mostly bad for the country as said it's been mostly good, though by 52% to 40% they said it's been mostly bad for working people.

3 Most Americans work in the service sector. In July, 102.6 million people (71% of all nonfarm payroll employees) worked in private service-providing industries, according to the [most recent employment report](#) from the Bureau of Labor Statistics. Among the major industrial sectors, the biggest was education and health services (22.7 million workers), followed by professional and business services (20.3 million) and retail trade (just under 16 million). Manufacturing employed 12.3 million Americans; about 22.2 million were government workers (nearly two-thirds of them at the local level).

4 Three-in-Ten U.S. Jobs Are Held by the Self-Employed and the Workers They Hire

% distribution of employment, 2014



Note: Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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Fig. C

Nearly 15 million Americans are self-employed. A **Pew Research Center** report last year found that 14.6 million people, or about 10 percent of the active workforce in 2014, were self-employed. Those self-employed people had an additional 29.4 million people working for them; together, they accounted for 44 million jobs, or 30% of the national workforce.

But only about a quarter of self-employed people (3.4 million) had employees of their own, and those who did have workers didn't have very many: Among self-employed people with employees, the median in 2014 was three and the average was 8.6.

5 Millennials are now the largest generation in the labor force. More than a third of American workers today are Millennials (adults ages 18 to 34 in 2015), and last year they **surpassed Generation X** (ages 35 to 50 in 2015) to become the single largest generational group in the U.S. workforce. Gen Xers' place as the dominant generation within the labor force was very short-lived – just three years. (On a chart, they are easily overlooked, **sandwiched between Baby Boomers and Millennials.**)

U.S. labor force by generation, 1995-2015

In millions

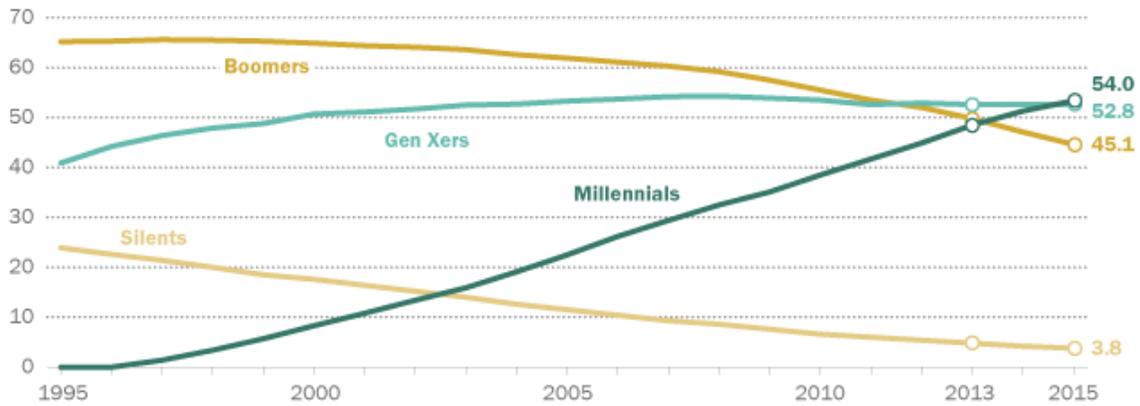


Fig. D

Note: Due to data limitations, Silent generation is overestimated from 2008-2015.

Source: Pew Research Center tabulations of monthly 1995-2015 Current Population Surveys, Integrated Public Use Microdata (IPUMS).

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6 U.S. Gender Wage Gap Smaller Among Younger Workers

In 2014, for every dollar a man earned, a woman earned ...

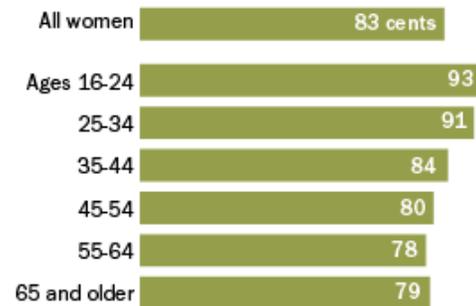


Fig. E

Note: Median hourly earnings of women compared with the median hourly earnings of men. Estimates are for civilian, non-institutionalized, full- or part-time employed workers with positive earnings. Self-employed workers are excluded. Source: Pew Research Center tabulations of Current Population Survey data.

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American women earn 83 cents on the dollar compared with men, but that gap is narrowing substantially among younger workers. In 2014, among workers ages 25 to 34, women’s hourly earnings were 91% those of men, according to a Pew Research Center analysis of median hourly wages that includes full- and part-time workers. Among even younger working adults, ages 16 to 24, the gender wage gap lessens further, with **women making 93% of what men earn**. But there’s no guarantee that today’s young women will sustain their near-parity with men in earnings: The analysis shows that young women **fall**

further behind their same-aged male counterparts as they age and deal with the responsibilities of parenthood and family.

Within the American workforce, there are many gaps in earnings between demographic groups, including by race and ethnicity. However, a separate Center analysis found that white men had higher median hourly earnings (\$21) than every other racial/ethnic/gender subgroup except one: Asian men, whose median hourly earnings were \$24.

White men out-earn black and Hispanic men and all groups of women

Median hourly earnings as a percent of white men's earnings

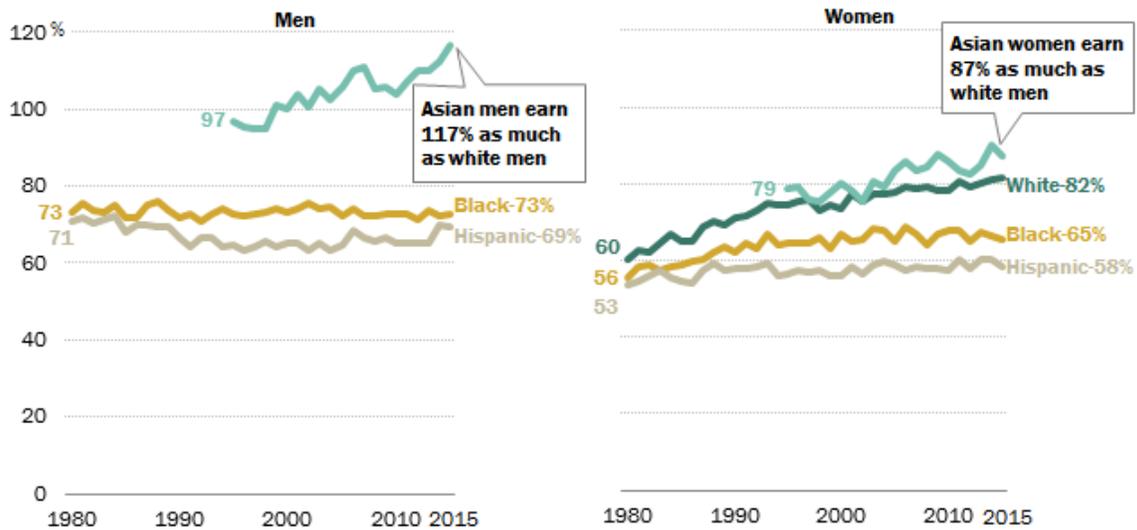


Fig. F

Note: Estimates are for all civilian, non-institutionalized, full- or part-time workers ages 16 and older with positive earnings. Self-employed workers are excluded. Hispanics are of any race. Whites, blacks and Asians include only non-Hispanics. Asians include Native Hawaiian and Pacific Islanders.

Source: Pew Research Center tabulations of Current Population Survey data.

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Earnings of young adults have increased for the college-educated

Median annual earnings among full-time workers ages 25-34, in 2014 dollars

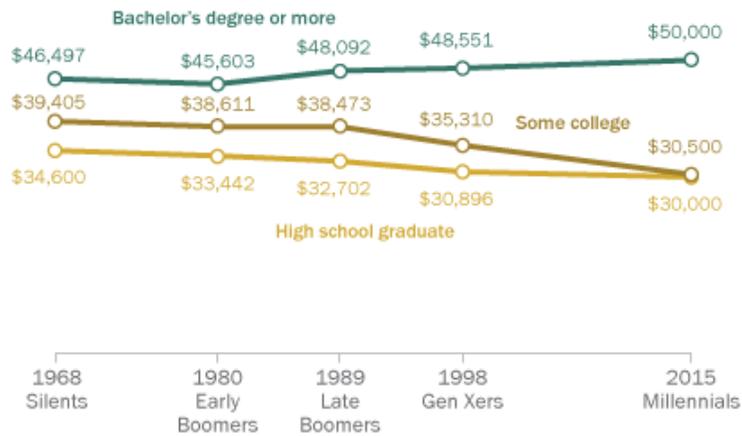


Fig. G

Notes: Median annual earnings are based on earnings and work status during the calendar year prior to interview and limited to 25- to 34-year-olds who worked full time during the previous calendar year and reported positive earnings. "Full time" refers to those who usually worked at least 35 hours a week last year.

Source: Pew Research Center tabulations of the March Current Population Survey (CPS) Integrated Public Use Microdata (IPUMS).

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7 The wage gap between young workers with college degrees and their less-educated counterparts is the widest in decades. On virtually every measure of economic well-being and career attainment, young college graduates are outperforming their peers without a degree to a greater extent than in the past. With the cost of college soaring and student debt rising in recent years, there's been much debate about the value of a college education. An update of [our previous economic analysis](#) has found that college graduates ages 25 to 34 working full time in 2015 earned more annually – about \$20,000 more – than employed young adults holding only a high school diploma. The pay gap was significantly smaller in previous generations.

College-educated adults also are more likely to be employed full time than their less-educated counterparts, and are significantly less likely to be unemployed: In July, according to the [Bureau of Labor Statistics](#), unemployment was 2.5% among adults with a bachelor's degree or higher, versus 5% among adults with only a high-school diploma.

8

Teen Employment Has Fallen in Recent Decades

Share of 16- to 19-year-olds who are employed

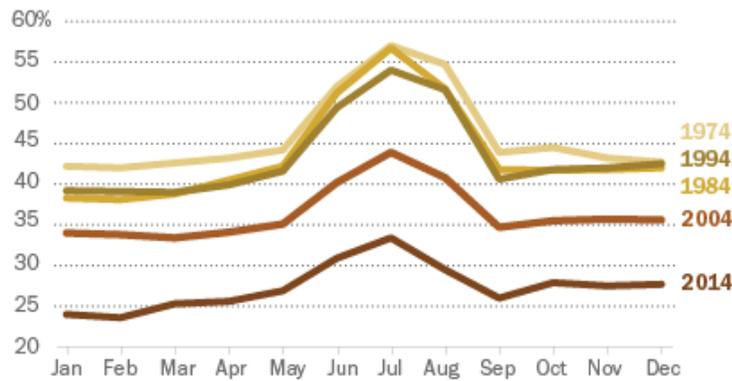


Fig. H

Note: Not seasonally adjusted.
Source: Bureau of Labor Statistics

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A much smaller share of U.S. teens work today compared with earlier decades. In the 1970s, '80s and '90s, most teens could expect to be working for at least part of their **summer vacation**. But the share of teens working summer jobs has dwindled since the early 1990s: After bottoming out in 2010 and 2011 at 29.6%, the teen summer employment rate edged higher but was still only 31.3% in summer 2014. (It had edged up to 32.3% by last summer.) The decline of summer jobs reflects an overall decline in youth employment in recent decades, a trend that's also been observed in **other advanced economies**.

Fewer NEET youth in U.S. as economy recovers

Young people (ages 16-29) who are neither employed nor in education or training

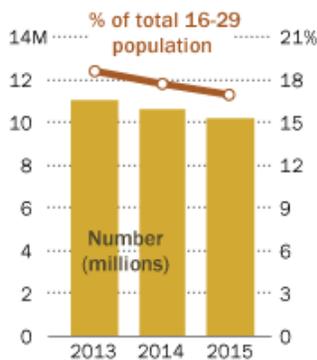


Fig. I

Source: Pew Research Center analysis of Bureau of Labor Statistics data

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Another way of looking at youth employment, or the lack thereof, is by focusing on **“NEETs”** – that is, young people who are *neither employed nor in education or training*.

Last year, 16.9% of all Americans ages 16 to 29 – or nearly 10.2 million young people – were NEETs. That’s actually a modest improvement: In 2013, the first year for which data are available, there were just over 11 million NEETs in the U.S., or 18.5% of the 16-to-29 population. Our analysis found that in the U.S., the NEET youth population is more female than male (57% to 43%); two-thirds have a high-school education or less, and blacks and Hispanics are more likely than whites to be NEETs.

9 By contrast, more older Americans are working. In May of this year, 18.8% of Americans ages 65 and older – nearly 9 million people – **reported being employed** full- or part-time, continuing a steady increase since at least 2000. Older workers represented 5.9% of all employed Americans that month, up from 3.1% in May 2000. Older Americans were working at higher rates than in May 2008 – the only age brackets about which that can be said.

10 Raising the minimum wage is a highly partisan issue. Overall, 58% of Americans favor **increasing the federal minimum wage** from \$7.25 an hour to \$15, according to an August Pew Research Center survey. There’s a stark divide between supporters of Hillary Clinton and Donald Trump: 82% of Clinton supporters favor raising the federal minimum wage to \$15, while nearly as many Trump supporters (76%) oppose it. **Twenty-nine states**, plus the District of Columbia and nearly two dozen cities and counties, have set their own higher minimums. But **wide disparities in the cost of living** in different parts of the country – and even **within individual states** – complicate the policy debate.

Note: This post has been updated and expanded since its original publication on Sept. 3, 2015.

Topics: [Educational Attainment](#), [Gender](#), [Business and Labor](#), [Income Inequality](#), [Work and Employment](#), [Income](#), [Generations and Age](#)



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Excerpts from “Financing Healthcare” by Esteban Ortiz-Ospina and Max Roser.

Health is a fundamental driver of our overall quality of life. In this entry we focus on healthcare – one of the most important inputs to produce health. The impact that scientific developments had on healthcare expenditure is epitomized in the U.S. experience: in recent decades, as treatment possibilities expanded rapidly, expenditure on healthcare increased (private and public, both per capita and as a share of gross domestic product); and this occurred without major changes in insurance coverage. This had two important consequences: (i) the U.S. currently spends more government money per person on healthcare than many countries that fund universal programs, and (ii) spending is so concentrated that the top 1% of spenders account for more than 20% of total healthcare expenditure. Global expenditure on healthcare as a share of world income has been increasing, steadily but slowly over the course of the last couple of decades. In the background, however, there has been substantial cross-country heterogeneity, both in levels and trends. Regionally, high-income countries spend – and have been spending – a much larger share of their income on healthcare than low-income countries (about twice as much). Moreover, in contrast to high-income countries, in low and middle-income countries the public share of healthcare funding is much lower – although it has been catching up – and the role of out-of-pocket expenditures is much higher (above 50% of total expenditure in many countries).

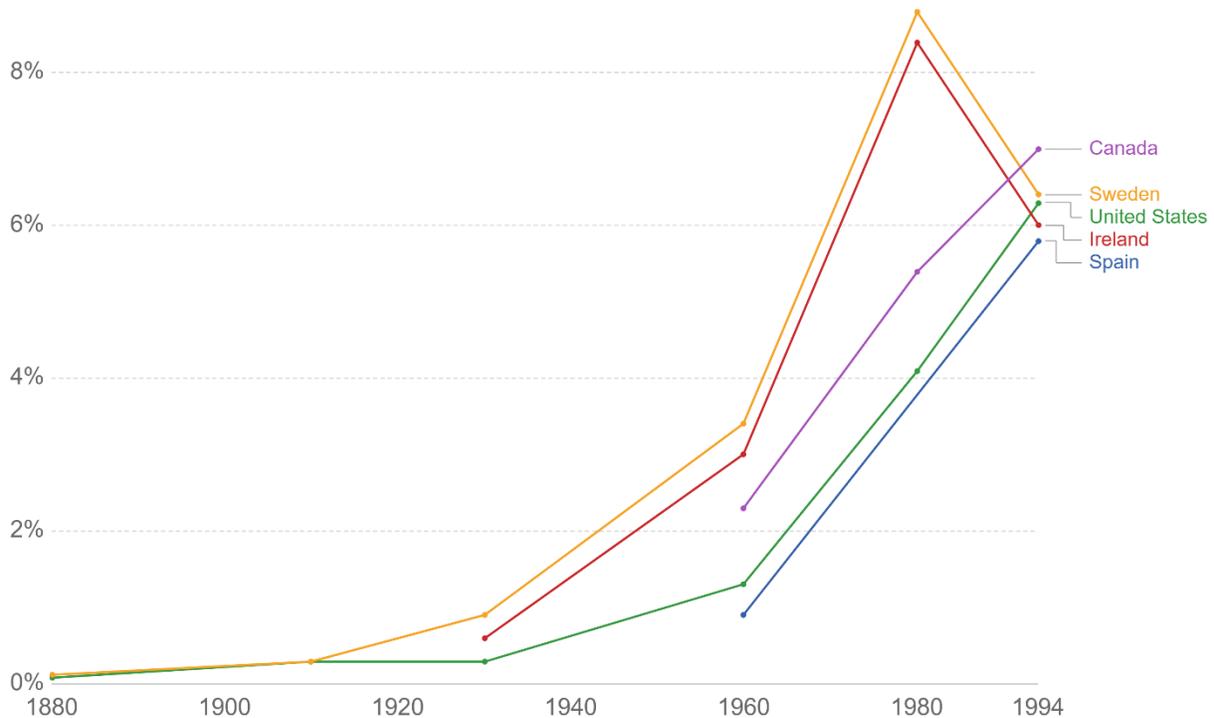
When did the provision of healthcare first become a public policy priority?

Nowadays healthcare is commonly considered a ‘merit good’ – a commodity which is judged that an individual or society should have on the basis of need rather than ability and willingness to pay. This view, mainly grounded on the recognized positive externalities of healthcare consumption, is perhaps most visibly materialized in the fact that access to healthcare is currently a constitutional right in many countries. However, a couple of centuries ago the situation was very different. In fact, during the Middle Ages health was considered a matter of destiny across most of Western Europe; it was only afterwards, under the influence of Mercantilism and the Enlightenment, that this view started changing and public authorities increased their ambitions concerning the promotion of public health. Sundin and Willner (2007) say that “[g]enerally, before the era of the Enlightenment, it was thought that health was God’s gift and disease and death was His punishment for the sins of an individual, the congregation, the whole nation or its rulers. Hence, to live a decent life in accordance with His will and repenting one’s sins were considered the most effective preventive measures against illnesses”.

To our knowledge, the earliest data on financing of healthcare dates back to the late 19th century – this is when many European countries began officially establishing healthcare systems through legislative acts. The following visualization presents public expenditure on healthcare as a percent of gross domestic product (GDP henceforth) for a selection of high-income countries for the period 1880-1994 using data from Tanzi and Schuknecht (2000) and Lindert (1994). As it can be appreciated, public expenditure on healthcare in all of these countries followed roughly similar paths; and this is despite early differences in their healthcare regimes.

Public healthcare expenditure as share of GDP

Public expenditure on healthcare as share of GDP for selected OECD countries



Source: Tanzi & Schuktnecht (2000)

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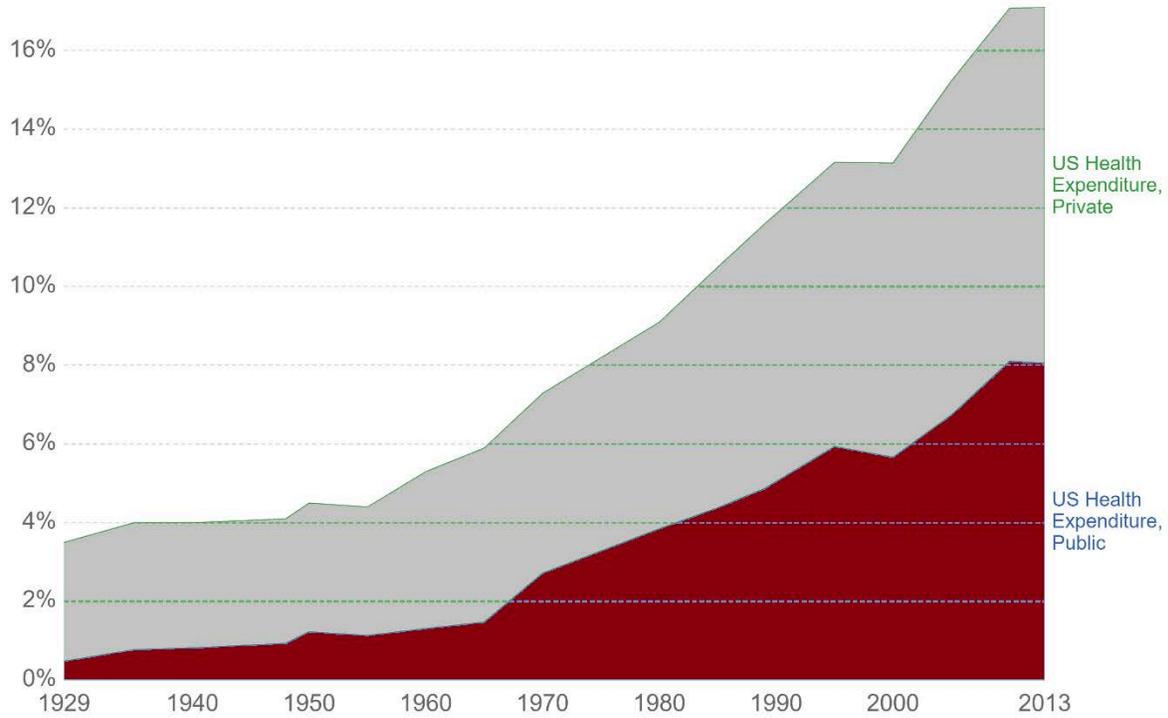
Fig. 1

In the last century US public healthcare expenditure grew faster than private expenditure

The U.S. is an interesting case to study historical changes in healthcare expenditure. In contrast to the UK, the US does not have a universal public health insurance, and its healthcare system has been historically financed through a large share of private funds. The following visualization presents public and private spending in healthcare in the U.S. as a percent of GDP. It shows that both public and private expenditure went up substantially in the 20th century, particularly after the Second World War. And this increase was such that public resources became an increasingly important source to finance healthcare (despite the fact that public resources always accounted for less than half of total spending on healthcare). The continued increase in public expenditure on healthcare in the U.S. means that today it actually spends more government money per person on healthcare than many countries that fund universal programs.

US Healthcare Expenditure

National Health Expenditures (Percent of GDP)



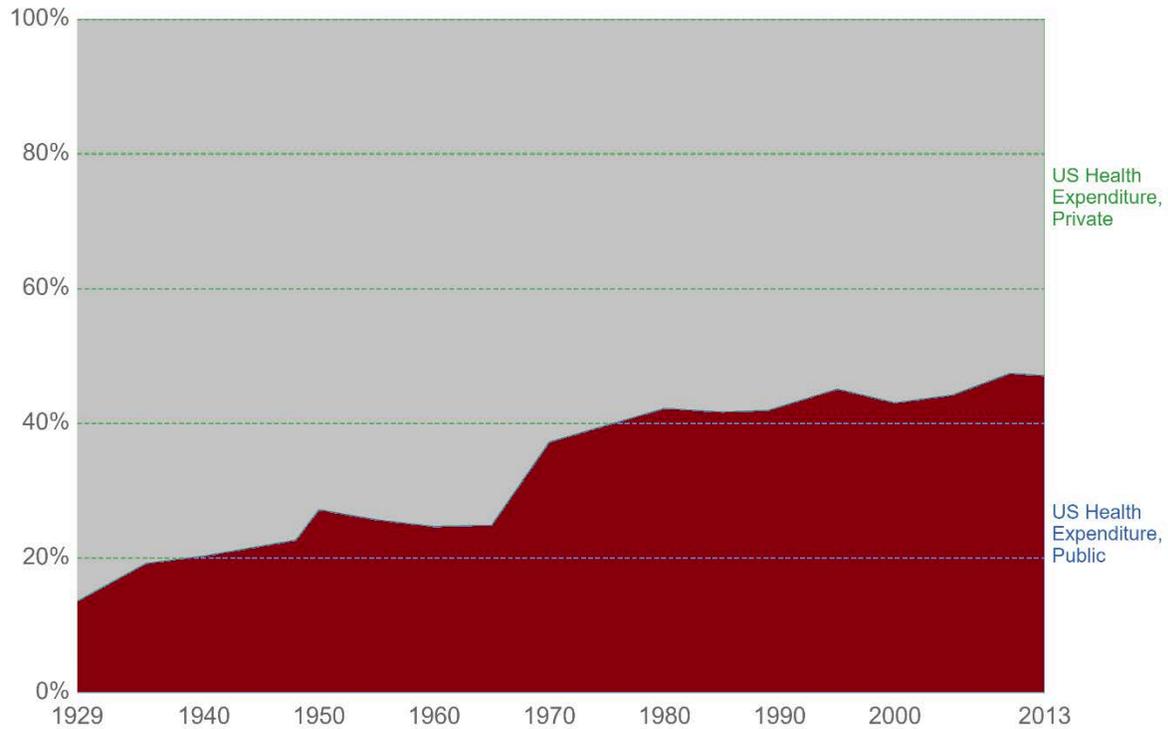
Source: US Census and WDI (2013)

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Fig. 2

US Healthcare Expenditure

National Health Expenditures (Percent of GDP)



Source: US Census and WDI (2013)

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Fig. 3

The (mis)perceptions of spending on healthcare across the world

Despite significant cross-country heterogeneity in health expenditure, all countries spend less than twenty percent of gross domestic product (GDP) on healthcare. Most countries spend between 5-10 percent of GDP.

This is largely at odds with public perception of healthcare spending—all over the world, people grossly overestimate actual healthcare spending.

The chart below shows this using data from the Perils of Perception Survey (Ipsos MORI, 2016). On the vertical axis we see the average that survey respondents guess is spent on health every year, as share of GDP. And on the horizontal axis we see estimated actual expenditure (also as share of GDP).

How much we think we spend on healthcare vs. how much we actually do, 2016



How much we think we spend on health expenditure measured against how much we actually spend (both measured in terms of percentage of gross domestic product, GDP, per year).

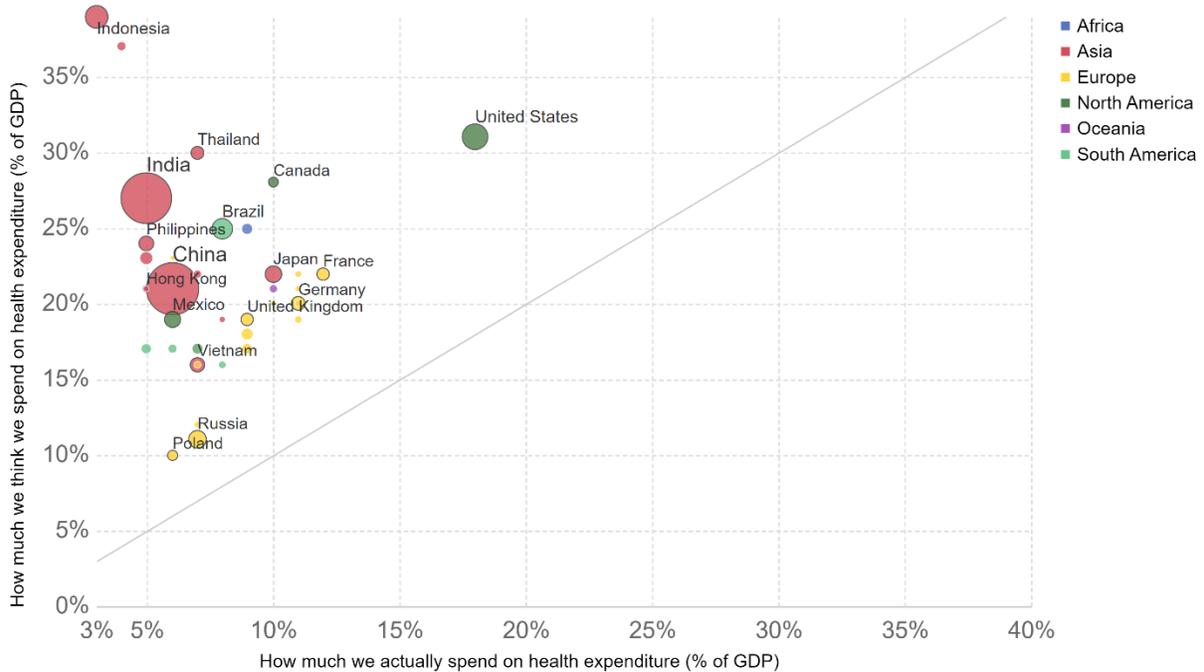


Fig. 4

Source: Ipsos MORI Perils of Perception 2016

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How important are out-of-pocket expenditures around the world?

In many countries, an important part of the private funding for healthcare takes the form of 'out-of-pocket' spending. This refers to direct outlays made by households, including gratuities and in-kind payments, to healthcare providers. The following visualization presents out-of-pocket expenditure on healthcare by country (as percent of total healthcare expenditure). As it can be seen, in high-income countries these outlays tend to account for only a small fraction of expenditure on healthcare (e.g. France, where the share was always below 8% in the entire series 1995-2013); while in low-income countries, they account for the majority of funding (e.g. Afghanistan, where the share of out-of-pocket expenditure reached 87.7% in 2002). Many countries have followed a clear path in the direction of reducing this type of expenditures (particularly in the developing world), yet some countries have moved in the opposite direction (Russia is a notable case in point, with a threefold increase in the share of out-of-pocket expenditure in the last decade).

This relationship between income and reliance on out-of-pocket health expenditures is further shown in the chart below. Here, we see the share of out-of-pocket expenditure as a percentage of total healthcare expenditure (on the y-axis) versus gross domestic product (GDP) per capita (which has been PPP-adjusted) on the x-axis. Overall, we see that these outlays tend to account for a smaller fraction of overall health spending in higher-income countries versus low-income nations.

Share of Out-of-Pocket Expenditure vs. GDP per capita, 2014

Out-of-pocket expenditure on healthcare as percent of total healthcare expenditure vs. gross domestic product (GDP) per capita, measured in 2011 international-\$. 'Out-of-pocket' refers to direct outlays made by households, including gratuities and in-kind payments, to healthcare providers

Our World in Data

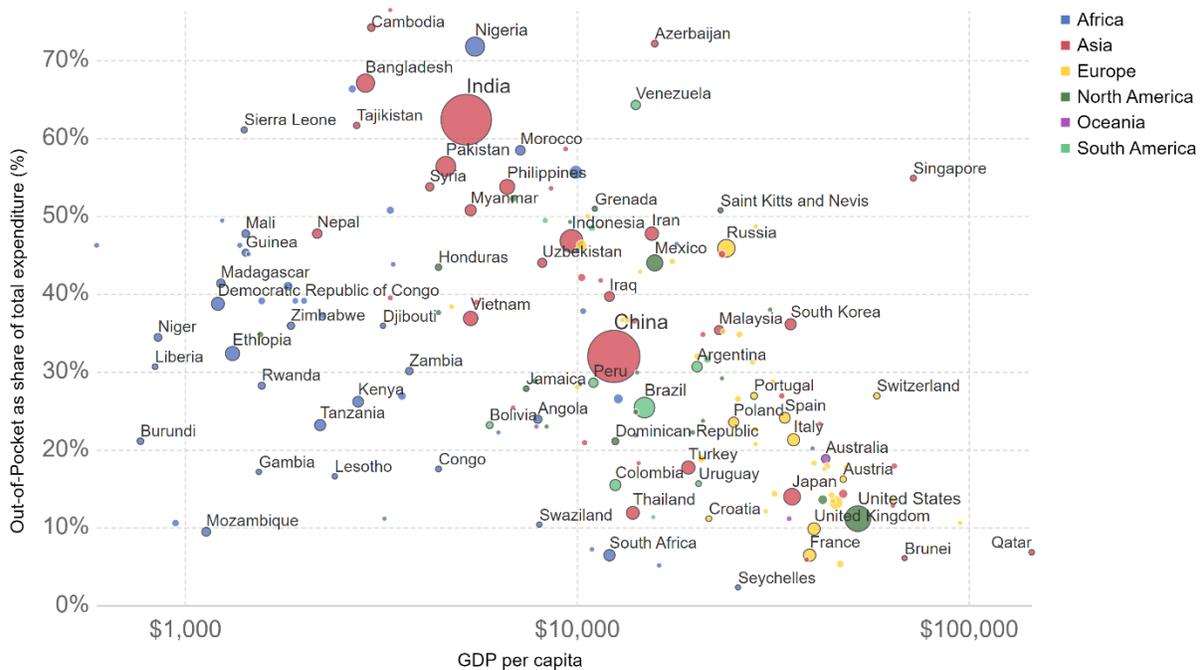


Fig. 5

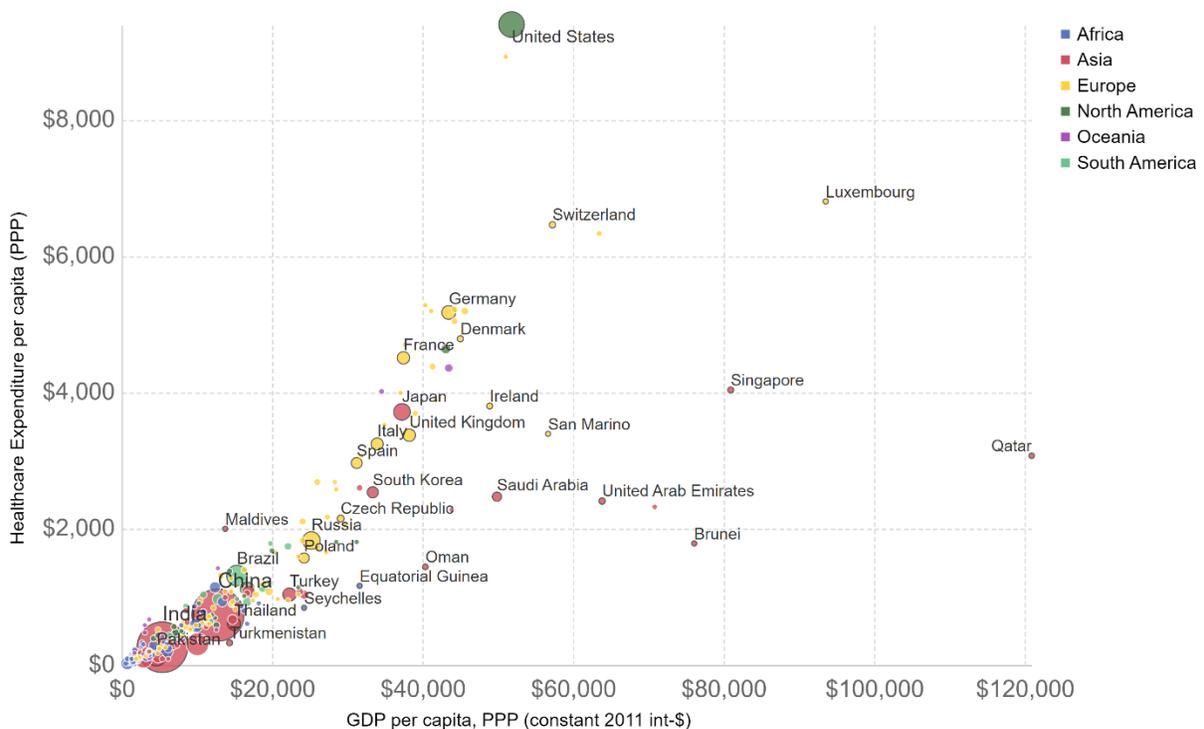
How strong is the link between healthcare expenditure and national income?

At a cross-country level, the strongest predictor of healthcare spending is national income (you can find more about measures of national income in our entry on GDP data). The following visualization presents evidence of this relationship. The correlation is striking: countries with a higher per capita income are much more likely to spend a larger share of their income on healthcare. In a seminal paper, Newhouse (1977) showed that aggregate income explains almost all of the variance in the level of healthcare expenditure (specifically, Newhouse (1977) showed that among a group of 13 developed countries, GDP per capita explained 92 percent of the variance in per capita health expenditure). Other studies have confirmed that this strong positive relationship remains after accounting for additional factors, such as country-specific demographic characteristics. Although in strict sense this result cannot be interpreted causally – since countries differ in many unobservable aspects that relate both to income and healthcare spending –, more sophisticated econometric models dealing with the issue of 'omitted variables' seem to confirm that the effect of per capita GDP on expenditure is clearly positive and significant (for a technical discussion of this conclusion see Culyer and Newhouse (2000)).

Healthcare Expenditure vs. GDP, 2014

Total healthcare expenditure per capita and GDP per capita in PPP-adjusted constant 2011 international dollar.

Our World
in Data



Source: World Bank, World Bank – WDI

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Fig. 6