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## More Jobs But they pay less On the Web

By ADAM GELLER The Associated Press

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EDITOR'S NOTE: This is the latest installment in "Help Wanted," a continuing series by The Associated Press examining how people are struggling to return to work.

The economy has put 1.5 million Americans back to work since last summer, but are the new jobs good jobs? It depends on where you look.

Consider the 12 new workers Sam Facchini has added to his staff at Metro Pizza, a fast-growing mini-chain of three casual restaurants in Las Vegas. They range from a pair of table servers earning minimum wage of \$5.15 plus tips, to cooks who earn between \$7.50 and \$11.50 an hour. Do they typify the new jobs, as statistics largely indicate?

Or are they more like the four new positions added to the payroll in recent months at Katzen Eye Group, a 95-employee optometric practice in Baltimore. The jobs, all requiring training in eye care or billing, pay between \$15 to \$17 an hour, and with patient traffic surging, that might just be the beginning.

"All of a sudden, with this pent-up demand we are providing two to three years worth of care in a one-year period," says Dr. Richard Edlow, the practice's chief operating officer. "The doctors are not going to go out and hire someone until the pressure's on."

The economy has lost more than a million jobs overall since President Bush took office in 2001, but it has made gains over the past year.

And with employers hiring again, consternation over the "jobless recovery" has morphed into a highly politicized debate about the quality of the new jobs being added to payrolls. But while statistics show that the mix of new jobs is weighted toward lower-paying positions like restaurant jobs, the reality for workers and employers varies widely in a labor market that is very much in flux.

Economists and critics of the Bush administration who label many of the new jobs as low-paying largely are correct.

The biggest producers of new jobs are employers that pay below average -- one of every three new jobs is in restaurants, or in "administrative services" -- businesses that includes temp agencies, call centers and janitorial services.

At the same time, the administration and its allies have a valid point when they hail the economy as adding numerous new opportunities, many of them well-paid.

Hiring is surging, for example, at medical offices. Architecture, engineering and other technical service businesses are also adding significant numbers of jobs and there is strong demand for skilled tradesmen expert in masonry and other construction crafts.

"The majority of the new job creation has been in low-paying jobs," said Sophia Koropecj, an economist with consulting firm Economy.com. "But in recent months, it has been more widespread."

The debate over job quality is hashed over data, but it is really about people. The shifting job mix is important because it could signal permanent changes in the economy

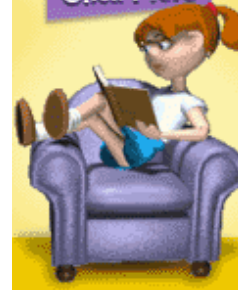
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and the work people do. The bottom line, analysts say, is that the economy is adding both low-paying and better paid jobs -- but they are frequently very poor matches for the positions unemployed workers lost.

"Some good jobs are getting created but they're not necessarily the jobs people are prepared for," said Carl Van Horn, director of the John J. Heldrich Center for Workforce Development at Rutgers University. "And then there are the lower-end jobs that are getting created, the Wal-Mart jobs, but those are not necessarily the jobs that people with a college degree want to take."

Analysts take the pulse of the labor market by studying mounds of data from the government's Bureau of Labor Statistics. The most closely scrutinized numbers show hiring by industry, rather than occupation. For all their detail, the figures are an imperfect measure of what's really happening at ground level in the economy, and can yield multiple interpretations.

Most efforts to figure out if new jobs are good or not rely on how much the positions pay. But the reality of the marketplace is that there are many other measures, many of them highly subjective and difficult to quantify, that figure into the equation.

For example, some of the most aggressive hiring in recent months has been by railroad operator Union Pacific Corp., which has added 3,000 conductors and plans to bring on another 2,000 more this year. The jobs pay about \$40,000 to start, with the potential to make \$60,000 to \$70,000 after two years -- figures that sound appealing at a time when opportunities are still limited. But the company is having a hard time finding people to fill those jobs, mostly because its long, unpredictable hours and requirement for workers in largely rural areas are a tough sell.

"The pay is among the highest of blue-collar jobs," said John Bromley, a company spokesman. "But it's not easy recruiting even despite the money."

Still, pay is probably the best single measure of job quality, and data that look at which jobs are being created and what those jobs pay point to some clear, and potentially powerful shifts in the job market.

On the whole, the larger proportion of new jobs is low-paying positions, according to analysts at Economy.com. Since August, industries that pay below average have increased their total number of jobs at about 1.5 times the rate of industries that pay their workers more.

That reflects the fact that not only are some high-paying industries not growing that quickly, but others -- like printing and credit intermediation services -- continue to lay off workers.

If you set aside industries that continue to cut jobs and look only at those that are hiring, the mix between low-paid and high-paid jobs appears more balanced. A little more than 53 percent of net new jobs are in lower-paying industries, with nearly 47 percent higher paid.

That is better than at the same point in the last economic rebound, when only about 41 percent of net new jobs paid above average.

But gains in the number of better-paid jobs still fall well short of offsetting the damage done in the downturn, during which 60 percent of all the jobs lost were higher-paid positions.

That could point to long-term changes that shape the opportunities available for current workers as well as their successors. Even some workers who have found new jobs roughly comparable to ones they lost have doubts about whether such positions will still exist in a few years.

After Bob Elinoff lost his job as a manufacturing engineer 2,1/2 years ago, he took a series of telemarketing and inside sales positions that paid roughly half his former salary. It wasn't until July of this year that Elinoff, of Northboro, Mass., finally found an engineering position with a cable manufacturer that compares with the one he had before, albeit for slightly less pay.

But at 52, Elinoff isn't optimistic there will be enough manufacturing left in the United States to keep him working until retirement.

"I would tell my kids, don't go into manufacturing engineering. In fact, I would stay away from manufacturing generally," he said. "I don't think those positions will exist to tell you the truth."

A definitive answer to the question of job quality will probably only come over time, and it may differ significantly from what's happened in this early stage of the labor market recovery.

In the last economic cycle, for example, as hiring gained steam, the mix of jobs shifted with many more higher-paid positions added. Since employers are usually slower to add better-paying jobs, that pattern might well be repeated this time around, economists say. Or maybe not.

A recent report commissioned by the U.S. Conference of Mayors concludes that new, lower-paying jobs will continue to replace lost higher-paying jobs over the next three years, resulting in a substantial "wage gap."

The jobs that will be created will pay an average of \$38,800 a year. The jobs that were lost between 2000 and 2003, paid an average of \$44,000 a year, the report says. The new positions will also come with 14 percent less in health insurance and other benefits than the jobs that vanished.

"Relative to the jobs lost," the report concludes, "new jobs will be disproportionately concentrated in lower-paying sectors."

In the short-term, the problem for workers may be less about what types of jobs are being created than the fact that pay is only just keeping up with inflation.

"I think the mix (of new jobs) is important, but what's at least as important is what's going on within each industry, the pattern of declining real wages," said Dean Baker, co-director of the Center for Economic and Policy Research, a liberal think tank.

Some of the employers adding workers view the hiring in decidedly less theoretical terms. The jobs are good for the people who take them, employers say, and they wouldn't hire if they didn't need more people to keep up with an increase in business.

"We're building and we're hiring," said Facchini, co-owner of the Las Vegas pizzeria with his cousin, who is moving ahead with construction of a fourth location and planning a fifth. "Our toughest challenge is we probably have, in many cases, more jobs than people."

Metro Pizza's need for workers is rooted in changes in its own niche of the economy. With Las Vegas' population growing quickly, the business -- which relies primarily on local residents, rather than tourists -- is filling its tables regularly. The company's sales, about \$2.5 million in 2002, grew to \$3 million last year and should hit \$4 million this year. Metro will really start hiring, when it opens the new locations, but just to keep up, it's added staff, many of them people who have relocated to Las Vegas from other states.

In Utah, which has also seen a large increase in food service jobs, many of the national chains that have moved in have hired workers who lost other similarly paid service jobs, said Melva Sine, president and chief executive of the state's restaurant association. She cites closings of Kmart stores around the state and several call centers in the Salt Lake City area in recent years.

Some workers who have secured newly created jobs see them as promising, but remain uncertain about the economy's ability to supply enough better-paying jobs.

Take Gerry Kopiasz, who landed one of those Union Pacific jobs in December, near his home in Omaha, Neb. Kopiasz, who graduated from college last year, says he's happy with the way things worked out, but found the larger job market very disconcerting.

"It didn't take long to find out that it wasn't a matter of unemployment, but of underemployment. People were taking whatever job they could get," he said.

After Lisa Maxwell lost her job as a software development manager two years ago, she looked unsuccessfully for nine months to find a substitute, then took a contract job as a music school administrator for a fraction of the pay. By early this year, with computer jobs still scarce, she was training for a new career in real estate, ready to join other former colleagues exiting information technology.

In June, she found a job as an information technology manager with an Internet-based phone service company near home in Dedham, Mass. It pays almost as much as the job she lost, but with much more responsibility.

"As somebody who was unemployed effectively for two years, I've seen only in the last few months a definite growth in real jobs," she said. "But I think it's going to be another couple of years before we have everyone who's employable employed."

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„ ASSOCIATED PRESS PHOTO Sam Facchini, right, works in the kitchen of his Las Vegas restaurant, Metro Pizza, along with employee R.J. Giorgione, left. Facchini has added 12 new workers to the staff at his three restaurants in Las Vegas.

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