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LOWER-INCOME AMERICANS ARE INCREASINGLY JOB HOPPING

A crucial driver of job changes is the prospect for higher wages

By Sarah Chaney
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The share of lower-income Americans leaving their jobs for new ones leapt earlier this year, pointing to rising confidence in the U.S. labor market among workers who were left behind earlier in the expansion.

A New York Fed survey released Monday showed the share of lower-income heads of household, defined as earning a household income of \$60,000 a year or less, who moved to new jobs in April, May, June or July was 12 percent, up from 8 percent in the same period a year earlier and the highest rate for records dating back to 2014.

Meanwhile, job changes among higher-income workers have been declining since early 2018.

The lower-income workers had more opportunities: About 4 percent of lower-income Americans received three job offers in the four months ended in July, up from 1.4 percent over the same period in 2018, according to the data in the New York Fed Survey of Consumer Expectations.

The New York Fed surveyed a nationally representative group of about 1,300 heads of household.

"This is just another sign of how a stronger tighter labor market helps lower-income workers," said Nick Bunker, a labor economist at job site Indeed.

More broadly, workers are benefiting from the longest U.S. economic expansion on record. The unemployment rate among Americans without a high-school diploma has fallen steeply over the past three years, and the rate for black women fell in August to the lowest level on record. Both groups had trailed behind others for much of the expansion, which began in mid-2009.

The New York Fed survey suggested, however, that not all American workers are finding success in the job market. There was a slight year-over-year increase in April through July in the number of Americans moving from jobs into unemployment, notably among lower-income households. The authors of the New York Fed's report said it was too early to declare this a trend.

The rise in job switches among lower-income Americans helps explain a broader increase in workers quitting jobs.

The rate at which workers quit their jobs ticked up to 2.4 percent in July from 2.3 percent in June, according to Labor Department data released earlier this month. The July rate is elevated compared with the earlier years of the economic expansion, when workers stayed put.

A crucial factor driving job switching is the prospect for higher wages, as job hoppers tend to see bigger pay bumps than those who stay in their current roles.

"Folks appear to be switching jobs more frequently, and they're getting not only a wage boost, but a stronger wage boost than in the relative past," Mr. Bunker said.

The New York Fed report revealed another impetus for lower-income households to seek new pastures: They were less satisfied with their current job promotion opportunities this year compared with last.