

The State of Work in Oklahoma: Finding Work (Part 1 of 3)

by Courtney Cullison, Economic Opportunity Policy Analyst

INTRODUCTION

You've probably heard a lot of people saying recently that Oklahoma's economy is strong again, and that's partially true. There are reasons to be optimistic about our economy. State revenues are up, thanks in part to the Legislature's efforts last year to shore up our structural budget deficit,¹ and unemployment is declining.² In April 2019, Oklahoma's unemployment rate was 3.3 percent. That's lower than the national rate of 3.9 percent, and it is one indication that as a state, we are doing better than we have been in a while.

However, unemployment is only one indicator of economic recovery, and focusing only on that can give a distorted picture of how we're doing. There are some other indicators that are still of concern. Some parts of Oklahoma and groups of Oklahomans still have high unemployment rates, the percentage of our adult population participating in the workforce is decreasing, and job creation in Oklahoma hasn't kept pace with our population growth. Too many of our friends and neighbors are still struggling to find work and make ends meet because, despite recent gains, many Oklahomans have been left behind.

THE STATE OF WORK IN OKLAHOMA

The *State of Work in Oklahoma* is a new 3-part paper series from OK Policy that sheds light on those Oklahomans who have been left behind by the economic recovery.

The first paper, *Finding Work*, explores the difficulty many Oklahomans encounter finding work.

The second paper in this series will examine how well we value workers in Oklahoma by paying them a fair wage and offering necessary benefits like paid leave time.

The third will explain how well the safety net is working to keep struggling families afloat and lift them out of poverty.

¹ HB 1010xx increased the cigarette tax by \$1 per pack, the fuel tax on gas by \$0.03 per gallon and on diesel by \$0.06 per gallon, and the initial gross production tax rate from 2 percent to 5 percent. HB 1011xx limited itemized deductions, and HB 1019xx expanded sales tax collections for online purchases.

² Bureau of Labor Statistics, Local Area Unemployment Statistics available at <https://www.bls.gov/lau/home.htm>



WHAT DOES UNEMPLOYMENT TELL US ABOUT THE ECONOMY?

The unemployment rate tells us what percent of the labor force currently doesn't have a job, and it is the most commonly reported indicator of how the economy is doing. When the unemployment rate is high, that indicates that a lot of people who want a job can't find one and suggests that the economy is not doing well. It means businesses are not hiring new employees, and they may be laying off some of their existing workforce.

The unemployment rate is a good indicator of how the economy is doing. It captures big trends, such as recessions, pretty well. Unemployment rises during recessions and then recedes as the economy improves. We've seen this trend recently. Unemployment

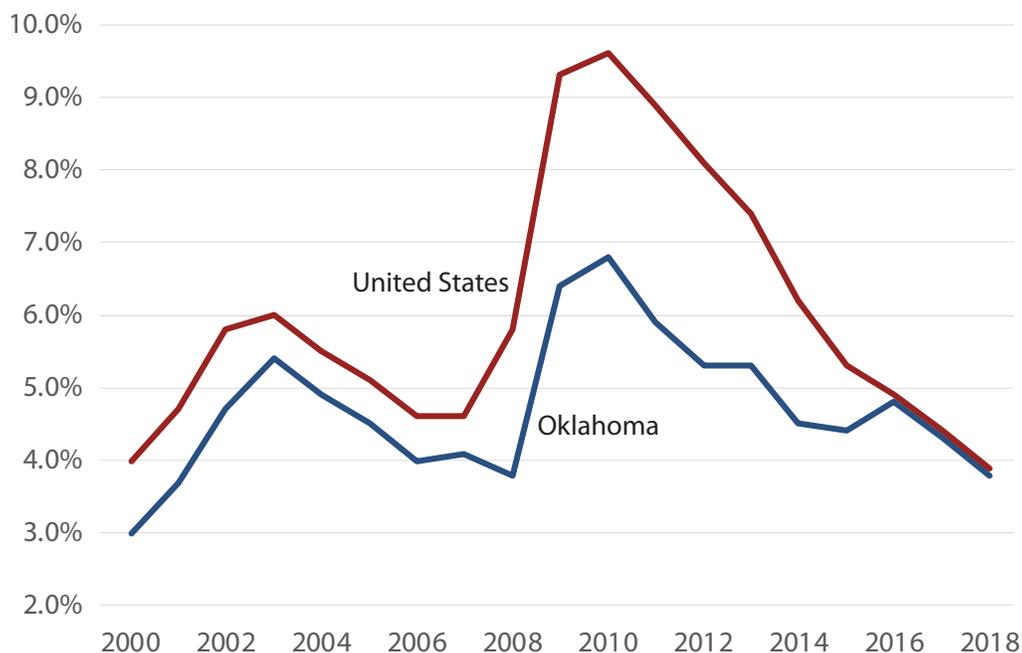
LABOR FORCE

The **labor force** includes all people aged 16 and over who are currently working or are actively looking for work — essentially, it's everyone who wants or needs to work.

increased during the Great Recession, hitting a peak of 6.8 percent in Oklahoma in 2010. After that peak, unemployment steadily declined as the economy began to stabilize and businesses began hiring again. By 2018, unemployment was down to 3.8 percent in Oklahoma and 3.9 percent in the nation - back to pre-recession levels.

FIGURE 1

Oklahoma's unemployment rate has declined since the height of the Great Recession



Source: United States Bureau of Labor Statistics

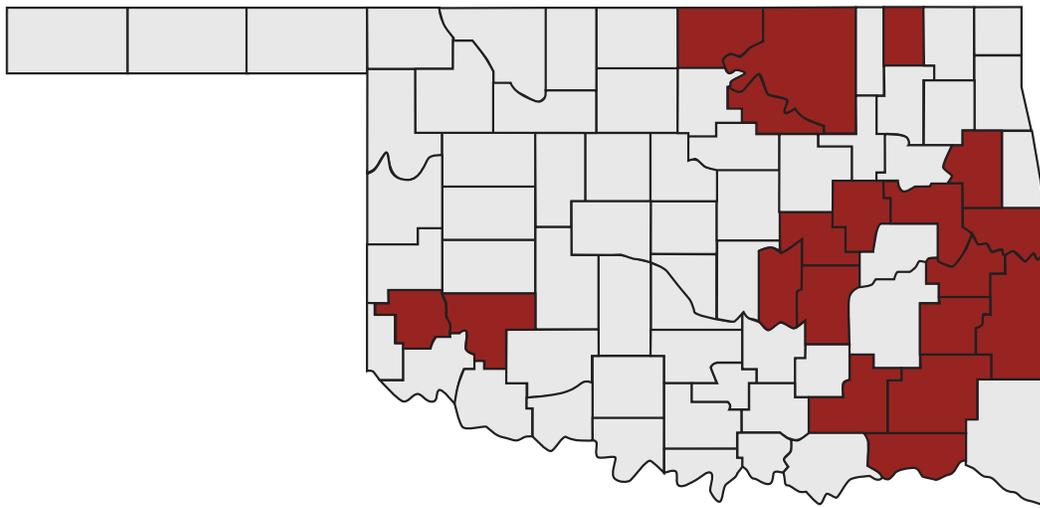


WHAT DOES UNEMPLOYMENT LOOK LIKE ACROSS OKLAHOMA?

The fact that unemployment is low again is good news - it means that a lot of people who lost jobs during the Great Recession have new ones and that workers entering the labor force now have a good chance of securing a job. However, that doesn't mean that these gains are being shared by all Oklahomans.

For example, 19 counties in Oklahoma (primarily in rural, southeast Oklahoma) still had unemployment rates above 5 percent in 2017 and were still above 4 percent in 2018. All of these counties also experienced unemployment higher than nine percent in 2010, the peak year for unemployment during the recession. Oklahomans living in these counties likely feel as if the recession is still in full swing.

FIGURE 2
Some Oklahoma counties are still experiencing very high unemployment.



■ High Unemployment Counties are counties with unemployment above 5% in 2017 and 4% in 2018

Source: United States Bureau of Labor Statistics

County	2017	2018
Atoka	5.3	4.1
Cherokee	5.5	4.2
Choctaw	6.2	5.0
Greer	5.3	4.0
Haskell	6.6	5.1
Hughes	5.6	4.2
Kay	5.5	4.7
Kiowa	5.4	4.2
Latimer	7.5	6.0
Le Flore	5.8	4.6
Muskogee	5.2	4.0
Nowata	5.5	4.2
Okfuskee	6.1	4.8
Okmulgee	6.3	4.9
Osage	5.1	4.3
Pawnee	5.4	4.1
Pushmataha	6.2	5.2
Seminole	5.9	4.7
Sequoyah	5.5	4.3

Many of the counties still struggling with high unemployment are also facing other obstacles that might make it more difficult for the people who live there to find and keep a job. Levels of educational attainment are lower in these counties, with fewer college graduates and more residents with only a

high school education, and educational opportunities and training programs can be harder to find in these counties. The nearest technology center or college can be dozens of miles away, making it difficult and more expensive to gain the skills needed to be more competitive in the job market.



Compounding the educational access problem is the fact that the counties with the highest unemployment also have higher than average poverty rates. In the places where people most need education and skills training to improve job prospects, poverty means those opportunities, if they can be found in the area, are likely to be unaffordable for many. The average poverty rate in high unemployment counties is 20.8 percent - that's one-third higher than the statewide poverty rate of 15.8 percent. Lack of education, combined with poverty that makes it harder to access educational opportunities, means finding stable, well-paying work is particularly challenging in these counties.

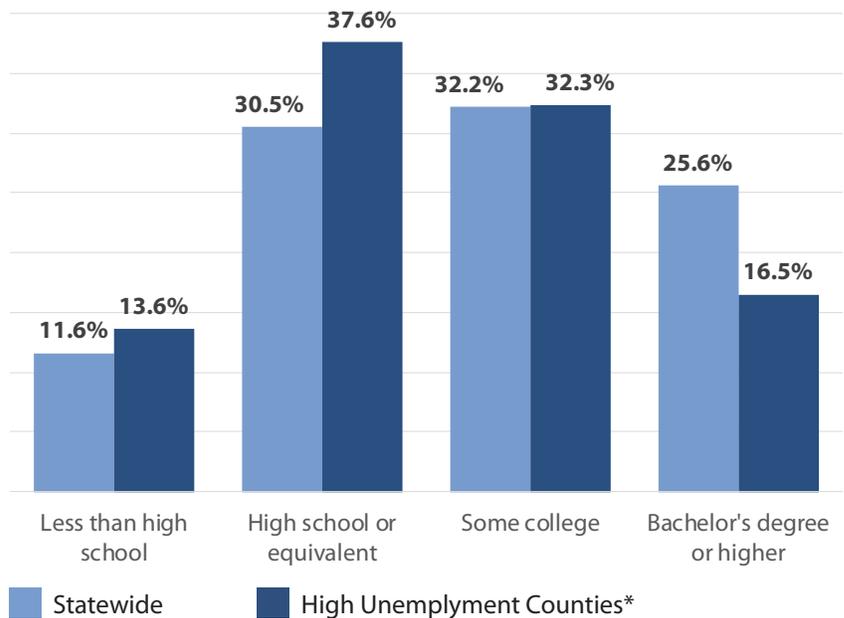
WHO IS MORE LIKELY TO STRUGGLE WITH UNEMPLOYMENT?

Just as it's more difficult to find work in some places, some populations face greater barriers to finding employment. People of color, low-income individuals, and the justice-involved all face particular barriers in finding work.

The unemployment rate for Native American and Black workers is more than twice as high as the unemployment rate for white workers. Latinx workers also face higher unemployment. Workers of color still struggle against considerable barriers to employment - including employment discrimination.

FIGURE 3

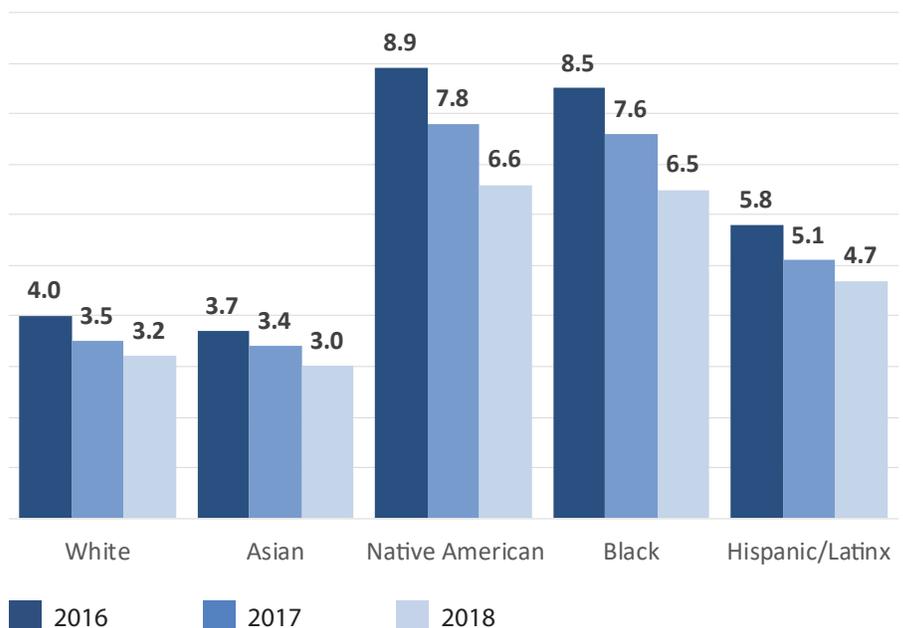
Educational attainment is lower in high-unemployment counties



*High Unemployment Counties are counties with unemployment above 5% in 2017 and 4% in 2018

FIGURE 4

Native American, Black, and Latinx Workers have higher rates of unemployment



Source: United States Bureau of Labor Statistics



Individuals with names that sound “ethnic” are less likely to be called in for an interview.³ Research has established that, when qualifications and other factors are relatively equal, job applicants with “non-ethnic names” like Emily and George are more likely to get an interview - on average, they will get 36 percent more contacts than Lakeisha and Jamal, and 24 percent more than Maria and Carlos. Given this continuing discrimination against people of color, it’s not surprising that unemployment rates for workers of color are higher than for white workers.⁴

Higher unemployment for people of color is further complicated by the racial disparities in our criminal justice system. Black Oklahomans are nearly 5 times more likely, Hispanic Oklahomans 2.4 times more likely, and Oklahomans of Native ancestry 1.4 times more likely to be incarcerated than white Oklahomans.⁵ Those with a history in the criminal justice system face significant obstacles to finding employment, the most obvious barrier being the box that appears on many job applications asking if applicants have a criminal history. White job applicants who disclose a criminal record are half as likely to be called back for an interview, while for black applicants the reduction is 64 percent.⁶ This makes it very difficult for people who have been justice-involved to find a good, stable job.

Workers with poor credit due to past financial struggles will also likely find it more difficult to get work. Nearly half of American companies now require a credit check as a condition of employment, leading to individuals with a poor or non-existent credit history being denied employment.⁷ Given that the percentage of Oklahomans with subprime credit (55.3 percent) is higher than the national average (48.1 percent), this practice is putting a majority of Oklahomans at risk of unemployment.⁸ Employers use credit checks despite the lack of evidence that good credit is an accurate predictor of trustworthiness or professional character, making it unnecessarily harder for low-income workers to find steady employment and attain financial stability.⁹



DATA FACT

Unemployment among the justice involved is **5 times higher** than the general population

³ Quillian, Lincoln, Devah Pager, Arnfinn H, Midtbøen, and Ole Hexel. “Hiring Discrimination Against Black Americans Hasn’t Declined in 25 Years.” *Harvard Business Review*, 11 October, 2017 available at <https://hbr.org/2017/10/hiring-discrimination-against-black-americans-hasnt-declined-in-25-years>

⁴ *ibid*

⁵ Prison Policy Initiative: Oklahoma Profile available at <https://prisonpolicy.org/profiles/OK.html>

⁶ Pager, Devah. “The Mark of a Criminal Record.” *American Journal of Sociology*, March 2003.

⁷ “Background Checking – The Use of Credit Background Check in Hiring Decisions.” *Society of Human Resource Management*, 19 July 2012 available at <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Pages/creditbackgroundchecks.aspx>

⁸ Prosperity Now Scorecard 2018, “Consumers with Prime Credit” available at <https://scorecard.prosperitynow.org/data-by-issue#finance/outcome/consumers-with-prime-credit>

⁹ Martin, Andrew. “As a Hiring Filter, Credit Checks Draw Questions.” *New York Times*, 9 April 2010 available at <https://www.nytimes.com/2010/04/10/business/10credit.html>



UNEMPLOYMENT DOESN'T TELL THE WHOLE STORY

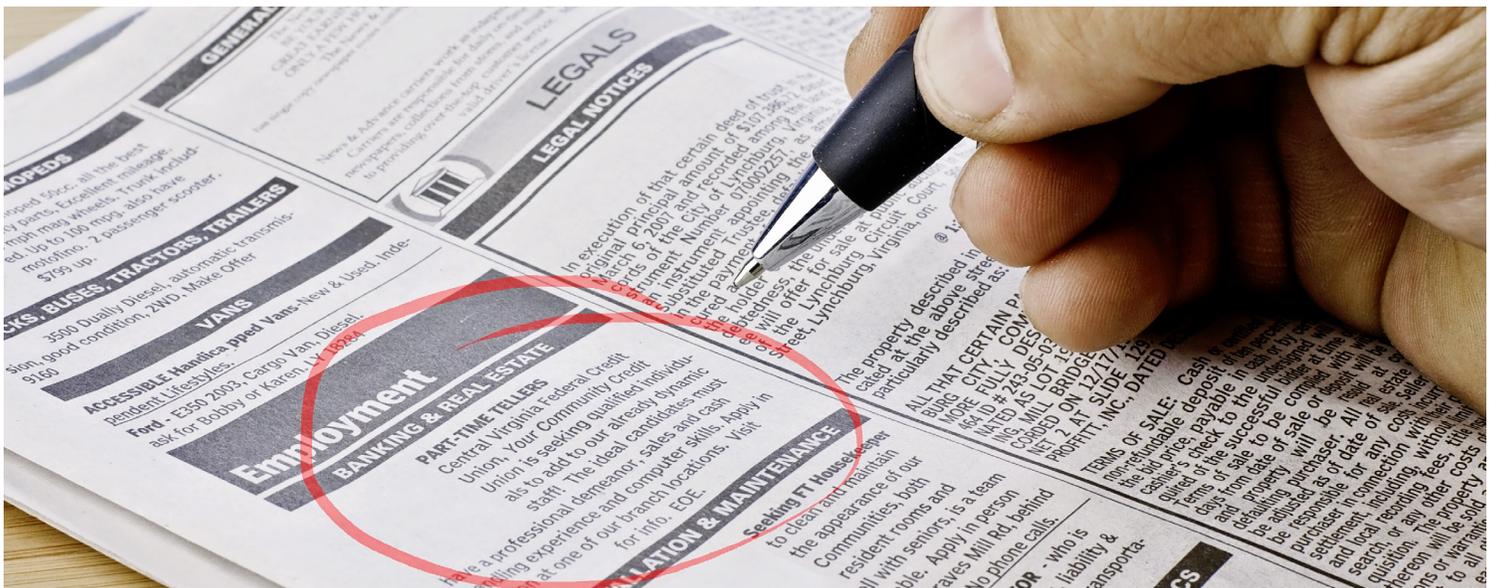
Of course, we like it when unemployment is low because we assume it means that people who want jobs already have one or can find one relatively easily. But increased employment among the jobless is only one reason the unemployment rate might decrease. The unemployment rate can also go down when jobless individuals stop looking for work and leave the labor force altogether. This is why the unemployment rate alone is not the best measure of economic health - unemployment can mean declining labor force participation instead of increased employment.

The labor force participation rate allows us to track how many people have opted out of work, for whatever reason. If more people are opting out of work, that could indicate a larger economic problem. A lower labor force participation rate means that more people are either unable or unwilling to work in current labor market conditions.

Why does it matter if our labor force participation rate is lower than it used to be? It matters because labor force participation is a key piece of economic growth. More people in the workforce means higher tax revenues because more people are paying income and payroll taxes, and more money available to invest in core services and other necessary programs. A declining labor force participation rate can be cause for concern, and we shouldn't overlook it.

LABOR FORCE PARTICIPATION RATE

The civilian labor force participation rate is the total number of people who are currently employed or unemployed but looking for work, divided by the total population over age 16.





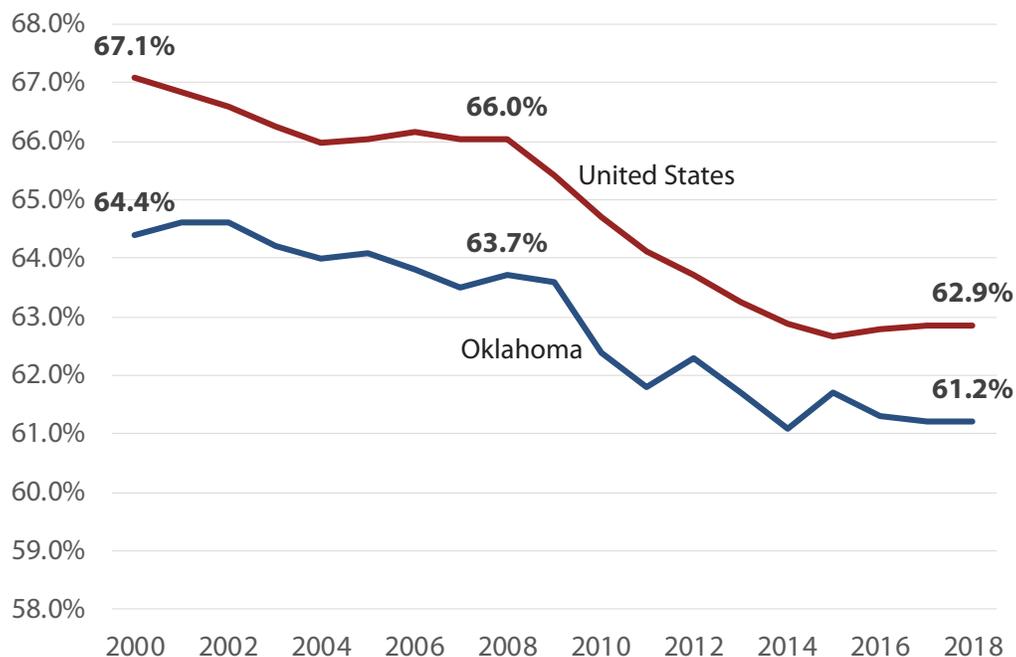
Looking at our labor force before and after the Great Recession, we can see that participation is declining both nationally and in Oklahoma. In 2000, the national labor force participation rate was 67 percent and Oklahoma's was 64.4 percent. Labor force participation hit a low point in Oklahoma in 2014, when participation was at 61.1 percent, and it has yet to bounce back to a pre-recession level.

Given that the economy is recovering and unemployment is low, our lower labor force participation rate could be problematic. Nationally, the labor force participation rate began to level off after 2015. But in Oklahoma, after a small increase in 2015, it began to decline again in 2016. This means that a smaller percentage of our population is working, or trying to work, than before the Great Recession started in 2008.

There are a few reasons why an individual might choose to leave the labor force. One of the most common is retirement after a career of work, and that likely accounts for most of the recent decline. The Baby Boomers are now hitting retirement age, and such a large group leaving the workforce in a wave will have a noticeable effect on the overall participation rate. Experts estimate that retirement is the largest factor driving the recent decline.¹⁰ Looking at Current Population Survey data for 2018, we see that of all adult Oklahomans not in the labor force, 46.2 percent cited retirement as the reason. Others said they were not in the labor force because they were "unable to work" (13.7 percent) or cited some "other" unspecified reason (40.1 percent). Of those citing "other," 26 percent are aged 18 to 22, making it likely they are still in school.

FIGURE 5

Oklahoma's labor force participation rate is declining



Source: United States Bureau of Labor Statistics



When we subtract the retirees and the likely college students, we are left with those not in the labor force either because they are unable to work (due to a disability or chronic illness), or for some other reason. That could include caregiving responsibilities, struggles with substance abuse, or an inability to find work after a long search. Proper support could have prevented some of these individuals leaving the workforce. Paid family leave would allow workers to more easily return to work after caregiving, and keep them financially stable while they are away from the office.¹¹ Health care and social services that better support people with disabilities and chronic illnesses would also allow more people to work.¹² Better education and training opportunities could narrow the skills gap and shorten job searches.¹³ And a higher minimum wage would mean more jobs paying enough to get by on.¹⁴ Our declining labor force participation rate is a problem, but we have solutions right in front of us.

¹⁰ Dotsey, Michael, Shigeru Fujita, and Leena Rudanko. "Where is Everybody? The Shrinking Labor Force Participation Rate." Federal Reserve Bank of Philadelphia Research Department, 2017 available at https://www.philadelphiafed.org/-/media/research-and-data/publications/economic-insights/2017/q4/eiq4_where-is-everybody.pdf?la=en

¹¹ Cullison, Courtney. "Extended family leave for new parents would boost economy while addressing some of Oklahoma's worst health rankings." OK Policy Blog, 11 April 2017 available at <https://okpolicy.org/extended-family-leave-new-parents-boost-economy-addressing-oklahons-worst-health-rankings>

¹² Kennedy, Madeline. "Medicaid expansion tied to employment among people with disabilities." Reuters, 26 December 2016 available at <https://www.reuters.com/article/us-health-medicaid-disabled-jobs/medicaid-expansion-tied-to-employment-among-people-with-disabilities-idUSKBN14F13K>

¹³ Bailey, Brianna. "Help Wanted: Where the skills gap and budget gap collide." The Oklahoman available at <https://oklahoman.com/special/article/5452741/help-wanted-where-the-skills-gap-and-budget-gap-collide?>

¹⁴ Cullison, Courtney. "Minimum wage isn't what it used to be – it's worse." OK Policy Blog, 13 July 2017 available at <https://okpolicy.org/minimum-wage-isnt-used-worse/>



OKLAHOMA STILL DOESN'T HAVE ENOUGH JOBS

It's good that unemployment is low and that so many Oklahomans looking for work are able to find it. However, many of us still struggle to find a good job - one that pays enough to live on and will probably still be there in the future.

One reason for this is that we don't have as many jobs in Oklahoma as we should based on our population. According to the Bureau of Labor Statistics, in December 2007, the start of the Great Recession, Oklahoma had 1,606,500 jobs. In December 2018, we had 1,703,400 jobs - an increase of almost 97,000 jobs.¹⁵ That increase can make it seem as though we're

doing pretty well. However, job growth hasn't kept up with population growth. Oklahoma's population has grown by 10.6 percent since the Great Recession began, and we should have added 170,000 jobs to keep up with that growth, as demonstrated by the dotted line on the graph.¹⁶

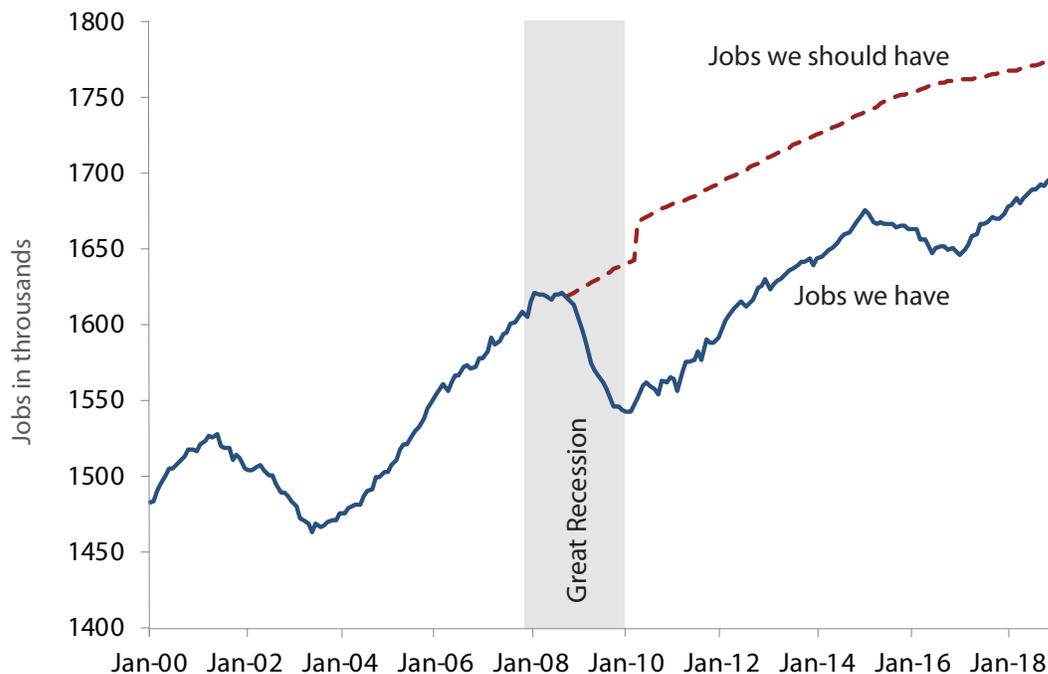
This means we have a jobs deficit of 82,900 jobs - we have not created enough new jobs to replace all those lost during the recession *and* keep up with population growth.

¹⁵ Bureau of Labor Statistics, Local Area Unemployment Statistics.

¹⁶ Economic Policy Institute analysis of data from Bureau of Labor Statistics, Local Area Unemployment Statistics.

FIGURE 6

Oklahoma has not created enough jobs to keep up with population growth



Source: Economic Policy Institute Analysis of Bureau of Labor Statistics Data



WE'RE NOT ALL DOIN' FINE

When we look beyond our low unemployment rate, we can see too many Oklahomans who are still struggling with joblessness. Low unemployment doesn't always mean that work is easy to come by. Rural Oklahomans, people of color, and the justice-involved are all struggling with barriers to employment including a lack of educational opportunity and discrimination. Our declining labor force participation rate means that fewer of us are seeking work. Over 40 percent of adult Oklahomans not in the labor force in 2018 were neither retired nor college-aged. We can, and should, be helping these individuals get the supports they need to get back into the labor force. We must also acknowledge that we have a jobs deficit in our state – our population has grown and we've not added enough jobs to our economy to keep up with that growth. We must do more to encourage, support, and value work if we want a truly healthy economy.

“When we look beyond our low unemployment rate, we can see too many Oklahomans that are still struggling with joblessness.”

ABOUT THE AUTHOR COURTNEY CULLISON

Courtney Cullison joined OK Policy in March 2017 as a policy analyst focusing on issues of economic opportunity and financial security. Before coming to OK Policy, Courtney worked in higher education, holding faculty positions at the University of Texas at Tyler and at Connors State College in eastern Oklahoma. A native Oklahoman, she received an Honors B.A. in Political Science from Oklahoma State University, and an M.A. and Ph.D. with emphasis in congressional politics and public policy from the University of Oklahoma. While at OU, Courtney was a fellow at the Carl Albert Congressional Research and Studies Center. As a professor she taught classes in American politics, public policy, and research methods and conducted original research with a focus on the relationship between representatives and the constituents they serve. Contact Courtney via email at ccullison@okpolicy.org.

