

July 31, 2008

A Hidden Toll on Employment: Cut to Part Time

By **PETER S. GOODMAN**

The number of Americans who have seen their full-time jobs chopped to part time because of weak business has swelled to more than 3.7 million — the largest figure since the government began tracking such data more than half a century ago.

The loss of pay has become a primary source of pain for millions of American families, reinforcing the downturn gripping the economy. Paychecks are shrinking just as home prices plunge and gas prices soar, furthering the austerity across the nation.

“I either stop eating, or stop using anything I can,” said Marvin L. Zinn, a clerk at a [Walgreens](#) drugstore in St. Joseph, Mich., who has seen his take-home pay drop to about \$550 every two weeks from about \$650, as his weekly hours have dropped to 37.5 from 44 in recent months.

Mr. Zinn has run up nearly \$2,000 in credit card debt to buy food. He has put off dental work. He no longer attends church, he said, “because I can’t afford to drive.”

On the surface, the job market is weak but hardly desperate. Layoffs remain less frequent than in many economic downturns, and the unemployment rate is a relatively modest 5.5 percent. But that figure masks the strains of those who are losing hours or working part time because they cannot find full-time work — a stealth force that is eroding American spending power.

All told, people the government classifies as working part time involuntarily — predominantly those who have lost hours or cannot find full-time work — swelled to 5.3 million last month, a jump of greater than 1 million over the last year.

These workers now amount to 3.7 percent of all those employed, up from 3 percent a year ago, and the highest level since 1995.

“This increase is startling,” said Steve Hipple, an economist at the Labor Department.

The loss of hours has been affecting men in particular — and Hispanic men more so. Among those who were forced into part-time work from the spring of 2007 to the spring of 2008, 73 percent were men and 35 percent were Hispanic.

Some 28 percent of the jobs affected were in construction, 14 percent in retail and 13 percent in professional and business services, according an analysis by Mr. Hipple.

“The unemployment rate is giving you a misleading impression of some of the adjustments that are taking place,” said John E. Silvia, chief economist of [Wachovia](#) in Charlotte. “Hours cut is a big deal. People still have a job, but they are losing income.”

Many experts see the swift cutback in hours as a precursor of a more painful chapter to come: broader layoffs. Some struggling companies are holding on to workers and cutting shifts while hoping to ride out hard times. If business does not improve, more extreme measures could follow.

“The change in working hours is the canary in the coal mine,” said Susan J. Lambert of the [University of Chicago](#), a professor of social service administration and an expert in low-wage employment. “First you see hours get short, and eventually more people will get laid off.”

For the last decade, Ron Temple has loaded and unloaded bags for [United Airlines](#) in Denver, earning more than \$20 an hour, plus generous health and flight benefits. On July 6, as management grappled with the rising cost of fuel, Mr. Temple and 150 other people in Denver were offered an unpalatable set of options: they could transfer to another city, go on furlough

without pay and hope to be rehired, or stay on at reduced hours.

Mr. Temple and his wife say they cannot envision living outside Colorado, and they probably could not sell their house. Similar homes are now selling for about \$180,000, while they owe the bank \$203,000.

So Mr. Temple took the third option. He reluctantly traded in his old shift — 3 p.m. to midnight — for a shorter stint from 5:30 p.m. to 10 p.m. He gave up benefits like paid lunches and overtime. His take-home pay shrunk to \$570 every two weeks from about \$1,350, he said.

Mr. Temple's wife, Ali, works as an aide at a cancer clinic, bringing home nearly \$1,000 every two weeks, he said. But collectively, they earn less than half of what they did.

Suddenly, they are having trouble making their \$1,753 monthly mortgage payment, he said. They are relying on credit cards to pay the bills, running up balances of \$2,700 so far. Gone are their dinners at the Outback Steakhouse. Mr. Temple recently bought cheap, generic groceries from a church that sells them to people in need.

"That's the first time in my life I've had to do that," he said. "We are cutting back in every way."

Mr. Temple has been searching for another job, applying for a cashier's position at [Safeway](#) and a clerk's job at [Home Depot](#), among others. But the market is lean.

"I've applied more than 20 times, and I haven't had a single call back," he said.

His search is constrained by the high price of gas. "I can't afford to go drive my truck around and look for a job," he said.

So Mr. Temple has done his search online — until he fell behind on the bills, and the local telephone company cut off Internet service. On a recent day, he bicycled to a [Starbucks](#) coffee shop with his laptop for the free connection.

The growing ranks of involuntary part-timers reflect the sophisticated fashion through which many American employers have come to manage their payrolls, say experts.

In decades past, when business soured, companies tended to resort to mass layoffs, hiring people back when better times returned. But as high technology came to permeate American business, companies have grown reluctant to shed workers. Even the lowest-wage positions in retail, fast food, banking or manufacturing require computer skills and a grasp of a company's systems. Several months of training may be needed to get a new employee up to speed.

"Companies today would rather not go through the process of dumping someone and hiring them back," said Dean Baker, co-director of the Center for Economic and Policy Research in Washington. "Firms are going to short shifts rather than just laying people off."

More part-time and fewer full-time workers also allows companies to save on health care costs. Only 16 percent of retail workers receive health insurance through their employer, while more than half of full-time workers are covered, according to an analysis by Ms. Lambert, the University of Chicago employment expert.

The trend toward cutting hours in a downturn lessens the pain for workers in one regard: it moderates layoffs. Many companies now strive to keep payrolls large enough to allow them to easily adjust to swings in demand, adding working hours without having to hire when business grows.

But that also sows vulnerability, heightening the possibility that hours are cut when the economy slows and demand for goods and services dries up.

"There's a lot of people at risk in the economy when they keep the headcount high and they only have so many hours to distribute," Ms. Lambert said. "It really is a trade-off for society."

Goodyear Tire has in recent months idled work for a few days at a time at many of its factories, as the company adjusts to

weakening demand. At one plant in Gadsden, Ala., workers expect they will soon lose a week's wages to another slowdown — something Goodyear would neither confirm nor deny.

“People are scared,” said Dennis Battles, president of the local branch of the United Steelworkers union, which represents about 1,350 workers there. “The cost of gas, the cost of food and everything else is extremely high. It takes every penny you make. And once it starts, when's it going to quit? What's going to happen next month?”

[Copyright 2008 The New York Times Company](#)

[Privacy Policy](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)
