

The Affordable Care Act and the Change in Voluntary Part-time Employment by States

By Dean Baker and Cherrie Bucknor*

March 2017



Center for Economic and Policy Research
1611 Connecticut Ave. NW
Suite 400
Washington, DC 20009

tel: 202-293-5380
fax: 202-588-1356
<http://cepr.net>

Contents

Introduction.....	2
Voluntary Part-Time Employment by State	3
Conclusion	7

Acknowledgements

The authors thank Alan Barber, Nick Buffie, Kevin Cashman, Tillie McInnis, and Sarah Rawlins.

Introduction

The main goal of the Affordable Care Act (ACA) was to extend health insurance coverage to the uninsured. In this respect it has been a huge success, reducing the number of uninsured by more than 20 million people. However, the ACA was also intended to provide security to those already insured, usually through their employer.

Every month, more than 5 million people leave or lose their job. Often this means losing the insurance that came with the job. If the worker — or someone in their family — had a pre-existing condition, insurance would likely be unaffordable, if available at all. By allowing people the option to get insurance regardless of pre-existing conditions, the ACA added an important degree of security to the lives of people who already had insurance. Their access to insurance no longer depended on their employment. This newly found security will disappear if the ACA is repealed without an adequate replacement.

While the media and politicians have largely overlooked this aspect of the ACA, it seems that much of the public has noticed. There has been an increase in the number of people voluntarily working part-time of about 1.8 million since the ACA took effect in January of 2014, a rise of 9.5 percent. There has been a comparable drop in the number of people involuntarily working part-time over the same period.¹

One advantage to measuring the changes in voluntary part-time employment in assessing the ACA is that it does not rely on people's opinion of the law, which may be colored by their political affiliation. The surge in voluntary part-time work following the ACA is a case where people have voted with their feet, indicating that they feel sufficiently confident in the insurance provided through the ACA to give up employer-provided health care insurance. A good test of any ACA replacement will be whether the number of people choosing to work part-time stays at its current levels or falls back towards pre-ACA levels.

While voluntary part-time typically rises with total employment, it is [not a hugely cyclical variable](#). In fact, voluntary part-time employment shrank as a share of total employment in both the 1990s recovery and the 2000s recovery. In short, the jump in voluntary part-time work following the

1 The determination of voluntary versus involuntary part-time employment relies on self-reported answers to questions on the Census Bureau's Current Population Survey. The survey asks people who work less than 35 hours a week (the definition of part-time) why they are working less than 35 hours. If they report that it is because they cannot find a full-time job or that their employer has reduced their hours it is reported as being for economic reasons. This is the definition of involuntary being used throughout this report.

implementation of the ACA is without precedent and cannot plausibly be attributed to other factors. Also, it is worth noting that the increase is concentrated among the groups that would be expected to be most interested in working less than full-time jobs: [young parents](#) and [older workers](#) who are still too young to qualify for Medicare.

It is also worth remembering that the composition of those counted as opting for part-time work at a specific point in time changes significantly over time, as many people leave or lose their jobs. If the number of people voluntarily working part-time has risen by about 1.8 million since the exchanges came into existence in January of 2014, it is likely that at least twice as many people took advantage of insurance provided through the ACA to work part-time for at least some time period in the last three years.

This paper examines the changes in voluntary part-time employment by state in the years since the ACA was fully implemented. While it does not analyze the basis for the differences across states, it should provide some basis for assessing the increase in labor market flexibility as a result of the ACA and what would be lost if the law were repealed without a replacement that provides an equal level of security in obtaining health care insurance.

Voluntary Part-time Employment by State

Table 1 shows the change in voluntary part-time employment by state, ranked from most to least over the years from 2013 to 2016. The changes are measured as year-round averages.

As can be seen, the biggest rise was a 31.1 percent increase in voluntary part-time employment in South Carolina. Oregon was second with an increase of 28.3 percent, followed by Arizona, with a rise of 27.7 percent and Georgia with an increase of 26.8 percent. There were twelve states that actually saw a decline in voluntary part-time employment since the passage of the ACA. Louisiana had the sharpest drop with a decline of 8.8 percent in the number of people choosing to work part-time. Maine, Colorado, Kansas, and Alabama all had declines of more than 4.0 percent, but less than 5 percent.

TABLE 1**Percent Change in Voluntary Part-time Employment, By State, 2013–2016**

State	Percent Change
South Carolina	31.1
Oregon	28.3
Arizona	27.7
Georgia	26.8
Arkansas	23.3
Utah	23.0
Pennsylvania	19.1
Nevada	18.6
Montana	18.5
Washington	16.6
Hawaii	16.4
Missouri	13.9
District of Columbia	13.4
California	13.3
Indiana	12.9
Florida	12.4
Michigan	12.3
Virginia	11.2
Texas	10.1
New Hampshire	9.5
National Average	9.5
Illinois	8.6
Tennessee	8.4
Maryland	7.3
Oklahoma	7.2
West Virginia	6.9
Connecticut	6.9
North Carolina	6.5
New York	6.3
Idaho	6.2
Ohio	5.1
Mississippi	4.3
Delaware	3.7
New Jersey	2.9
Wisconsin	2.6
Iowa	2.5
Alaska	2.5
Nebraska	2.1
Kentucky	1.2
Wyoming	0.7
New Mexico	-0.5
Vermont	-0.5
South Dakota	-0.5
Minnesota	-0.8
Rhode Island	-1.4
Massachusetts	-1.9
North Dakota	-2.6
Alabama	-4.0
Kansas	-4.3
Colorado	-4.6
Maine	-4.8
Louisiana	-8.8

Source and notes: Authors' analysis of Current Population Survey data.

Part of the differences across states are explained by differences in the rate of overall job growth, as well as differences in the growth rates of the industries in which voluntary part-time employment is concentrated. In 2013, nearly two-thirds of the people voluntarily working part-time were employed in either wholesale or retail trade, education and health service, or leisure and hospitality.² States where these sectors were growing rapidly would likely see the most rapid growth in voluntary part-time, apart from the impact on workers' ability to get insurance. In other cases, the explanation is likely largely based on the ACA's impact on the ability to get insurance. In the case of Massachusetts, which already had an ACA-type insurance system in place before 2014, there is a small drop in the number of people voluntarily working part-time. This should not be a surprise since the ACA had little impact on the availability of insurance in the state.

Table 2 ranks the states by the absolute size of the increase from 2013 to 2016 in the number of people working part-time voluntarily.

As can be seen, California had the largest increase in voluntary part-time employment between 2013 and 2016, with a rise of 289,400. Pennsylvania is in second place with an increase of 160,700, followed by Texas with an increase of 135,000. The next two states are Florida and Georgia, with increases of 118,700 and 115,700, respectively. As noted before, 12 states had a decline in voluntary part-time employment over this period.

Figure 1 shows the changes from 2013 in each subsequent year in the number of people voluntarily working part-time.

² Authors' analysis of Current Population Survey data.

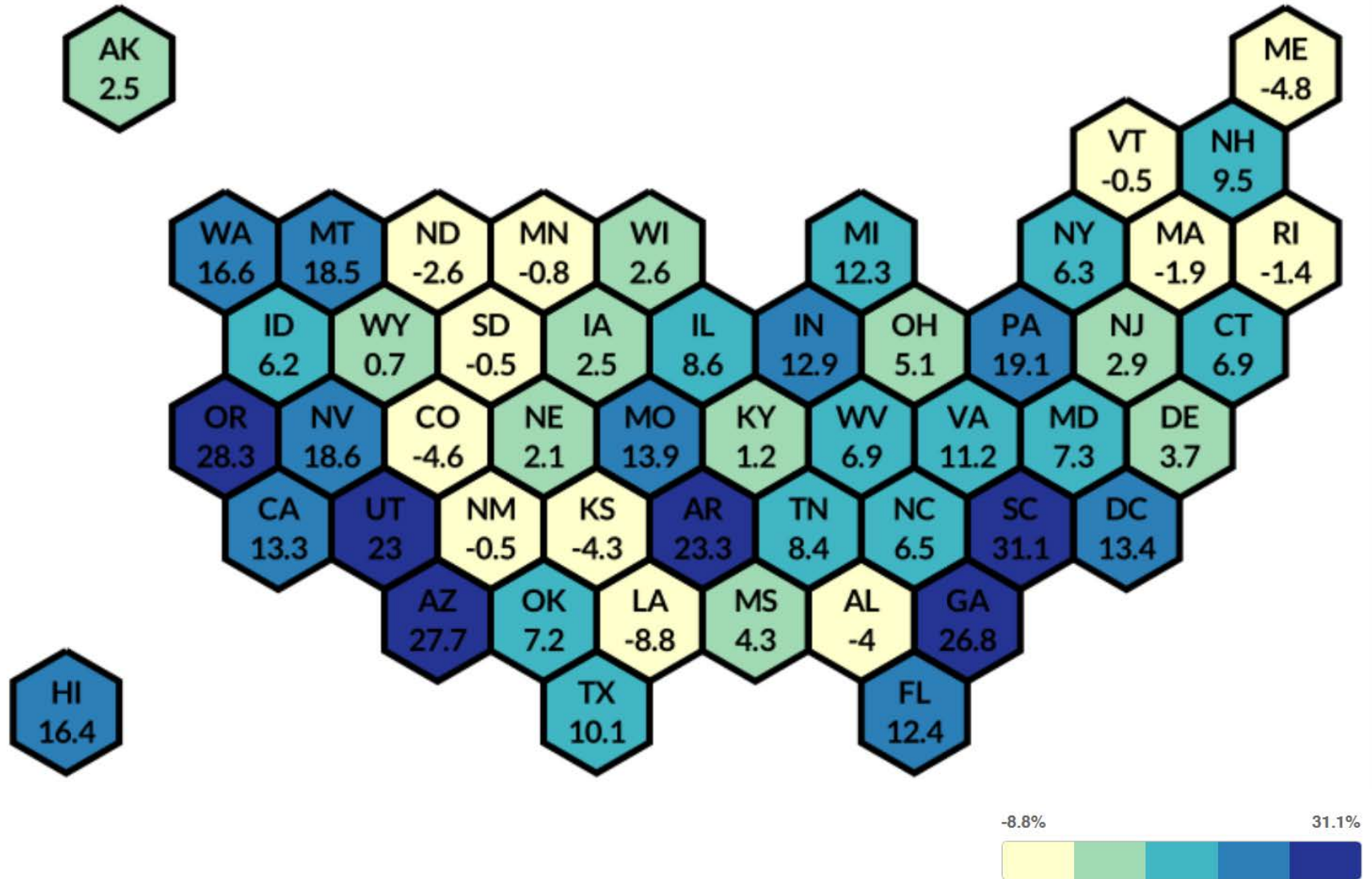
TABLE 2**Absolute Change in Voluntary Part-time Employment, By State, 2013–2016**

State	Change
California	289,401
Pennsylvania	160,721
Texas	134,990
Florida	118,743
Georgia	115,703
Arizona	95,114
Michigan	78,930
Washington	70,355
Oregon	70,063
Illinois	69,072
South Carolina	68,220
New York	67,522
Missouri	53,278
Indiana	52,953
Virginia	52,669
Utah	51,736
Ohio	42,624
North Carolina	35,105
Tennessee	32,388
Arkansas	30,984
Nevada	25,001
Maryland	23,492
Connecticut	18,181
Oklahoma	15,293
New Jersey	14,976
Montana	14,253
Wisconsin	13,078
Hawaii	12,238
New Hampshire	10,292
Idaho	7,793
Iowa	6,686
West Virginia	6,107
Mississippi	5,429
District of Columbia	3,733
Kentucky	3,367
Nebraska	2,985
Delaware	1,775
Alaska	1,020
Wyoming	303
Vermont	-280
South Dakota	-336
New Mexico	-667
Rhode Island	-1,040
North Dakota	-1,471
Minnesota	-3,778
Maine	-5,381
Kansas	-9,614
Alabama	-10,210
Massachusetts	-10,711
Colorado	-17,878
Louisiana	-22,813

Source and notes: Authors' analysis of Current Population Survey data.

FIGURE 1

Percent Change in Voluntary Part-time Employment, By State, 2013–2016



Source and notes: Authors' analysis of Current Population Survey data. Choropleth uses a five-bucket Jenks natural breaks optimization.

Conclusion

A major goal of the ACA was to give workers the ability to obtain insurance outside of their employment, so that they would not be tied to a job that doesn't meet their needs or fully utilize their skills due of their need for health insurance. The jump in voluntary part-time employment since the exchanges went into operation is an indication that the ACA has had this effect. This paper gives the breakdown of this increase by state. Presumably, if the ACA were repealed without some comparable or better system of insurance put in its place, these numbers should give an indication of how many people would again be forced to seek out full-time employment to get employer-provided health insurance, even though part-time work better fits their needs.