

Worker displacement in the mid-1990s

During 1995–96, the number of workers who lost jobs declined and the proportion that was reemployed rose; compared with the previous survey, displaced workers spent fewer weeks without work and suffered less severe earnings losses

Steven Hipple

The years 1995 and 1996 marked the fifth and sixth consecutive years of economic growth that began in the early 1990s. During these 2 years, 5.0 million jobs were added to nonfarm payrolls. The unemployment rate, which peaked at 7.8 percent in mid-1992, remained at about 5½ percent during 1995–96.¹

Despite these favorable labor market conditions, between 1995 and 1996 2.2 million workers aged 20 years and older lost jobs they had held for 3 or more years because their plants or companies closed down or moved, their positions or shifts were abolished, or their employer did not have enough work for them to do.² In comparison, 2.4 million workers in that age group were displaced between 1993 and 1994, also a period of strong labor market conditions.

The displacement rate, which represents the likelihood of being displaced, fell from 3.3 percent during 1993–94 to 2.9 percent during 1995–96.³ Of the 2.2 million workers displaced in the most recent period, 83 percent were reemployed when surveyed in February 1998. Workers who lost jobs earlier in the decade had not fared nearly as well: of those who had lost jobs during 1991 and 1992, only 75 percent were working in February 1994.

Since 1984, the Employment and Training Administration of the U.S. Department of Labor has sponsored biennial surveys of worker displacement as supplements to the Current Population Survey (CPS). Using data from these surveys, this article examines the experience of job loss and reemployment. Two years of data from each of the Displaced Worker Surveys were used to form a time series that begins with the 1981–82 period (from

the 1984 survey) and ends with the 1995–96 period (from the 1998 survey). For the most part, the results of the last two surveys are emphasized. (For a description of the Displaced Worker Survey, see the appendix to the article.) In addition, the article focuses on workers who lost or left jobs they had held for at least 3 years (referred to as *long-tenured* workers). The rationale for excluding short-tenured workers is that it lessens the likelihood of including among displaced workers those who lost their jobs as a result of a “bad match” between the worker and the employer, and not as a result of labor market conditions. Furthermore, restricting the analysis to long-tenured workers ensures that the focus is on workers who had developed a substantial attachment to their employers and presumably had acquired some amount of job-specific skills.

Who was displaced?

Age, sex, race, and Hispanic origin. Compared with the 1993–94 period, in 1995–96 the risk of job loss fell for many of the major demographic groups. (See table 1.) Displacement rates were lower for workers in all age groups, with the exception of those aged 55 and older.

During 1995–96, the majority of displacements continued to be made up of men, although the share consisting of women continued to increase. This rise reflects women’s increased share of the labor force and the recent rise in their displacement rates relative to those of men. In fact, during 1995–96, the displacement rate for women (3.2 percent) actually exceeded that for men (2.8 percent) for the first time since the Displaced

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Table 1. Displacement rates of long-tenured workers, by age, sex, race, and Hispanic origin, 1981–96

[In percent]

Characteristic	1981–82	1983–84	1985–86	1987–88	1989–90	1991–92 ¹	1993–94 ¹	1995–96 ¹
Total								
Total, 20 years and older	3.9	3.1	3.1	2.4	3.1	3.9	3.3	2.9
20 to 24 years	4.0	2.0	1.8	2.0	2.2	2.0	2.5	1.9
25 to 54 years	4.0	3.3	3.3	2.5	3.1	3.9	3.4	2.9
25 to 34 years	5.0	3.9	3.5	2.5	3.1	3.9	3.5	2.9
35 to 44 years	3.8	3.1	3.3	2.7	3.2	4.0	3.4	3.0
45 to 54 years	3.0	2.6	3.0	2.2	3.1	3.9	3.4	3.0
55 years and older	3.6	3.1	2.9	2.2	3.1	4.4	3.1	3.3
55 to 64 years	3.8	3.1	3.0	2.3	3.3	4.5	3.0	3.3
65 years and older	3.2	2.9	2.3	1.9	2.4	3.8	3.2	3.5
Men, 20 years and older	4.3	3.2	3.3	2.4	3.2	4.1	3.4	2.8
Women, 20 years and older	3.4	2.9	2.8	2.4	2.8	3.5	3.2	3.2
White								
Total, 20 years and older	3.8	3.1	3.1	2.4	3.0	3.8	3.3	3.0
Men	4.2	3.2	3.3	2.4	3.2	4.1	3.4	2.8
Women	3.3	2.9	2.8	2.4	2.8	3.4	3.2	3.2
Black								
Total, 20 years and older	4.8	3.9	3.4	2.0	3.5	3.8	3.5	2.7
Men	5.3	4.0	4.1	1.6	3.9	3.9	4.2	2.6
Women	4.3	3.8	2.6	2.4	3.2	3.7	2.9	2.8
Hispanic origin								
Total, 20 years and older	4.3	3.9	3.9	2.9	4.3	4.7	3.6	4.0
Men	4.3	3.9	4.1	2.6	4.1	5.2	3.9	3.2
Women	4.4	3.8	3.5	3.3	4.7	3.8	3.1	5.3

¹ Beginning with the 1991–92 period, data are not directly comparable with data from earlier periods, due to differences in estimation methodology.

NOTE: Displacement rates are calculated by dividing the number of displaced workers in a specified worker group by a tenure-adjusted, 2-year average estimate of employment for the same worker group. Employment

estimates for each year were adjusted, using job-tenure data from the January 1983, 1987, and 1991 and February 1996 and 1998 CPS supplements, to include only those workers with 3 or more years of tenure. A 2-year average was then computed using the adjusted employment estimates.

Worker Survey was conducted.

Among the major racial and ethnic groups, whites and blacks saw their job loss rates decline between the 1996 and 1998 surveys. The rate for whites fell from 3.3 percent to 3.0 percent, and that for blacks dropped from 3.5 percent to 2.7 percent. By contrast, the rate for Hispanics edged up from 3.6 percent to 4.0 percent.

The displacement rate for black men was considerably higher than that for white men throughout much of the 1980s, a trend recently reconfirmed by Robert W. Fairlie and Lori G. Kletzer.⁴ These authors concluded that racial differences in educational attainment and occupational distributions provide a partial explanation for the differences in displacement rates between the two groups. Any differences in industry distributions, however, do not explain the gap in displacement rates between blacks and whites.⁵

Educational attainment. As with unemployment, the risk of job loss declines as the number of years of schooling completed increases. But the spread in displacement rates is much less than it is for unemployment. For example, during 1995–96, the 2-year average unemployment rate for persons aged 20 years and older with less than a high school diploma was 10.0

percent, in contrast to 2.0 percent for those with advanced degrees. The displacement rate during that same period ranged from 3.7 percent for workers with less than a high school diploma to 2.1 percent for those with advanced degrees. (See chart 1.)

Research on displacement conducted by Henry S. Farber and by Daniel Aaronson and Daniel G. Sullivan showed that, although the probability of job loss falls substantially with increasing levels of education, the risk of displacement for workers with more education has risen gradually since the early 1980s.⁶

Industry and occupation. Compared with the previous survey period, displacement rates fell for every major industry during 1995–96. In general, workers in goods-producing industries—mining, construction, and manufacturing—continued to have a higher probability of losing their jobs than workers in service-producing industries. Among goods-producing industries, the displacement rate was highest for workers in *nondurable* goods manufacturing (5.8 percent). Indeed, workers in this sector of manufacturing had their highest risk of displacement since the recession of the early 1980s. By contrast, workers in *durable* goods manufacturing had the lowest likelihood

Chart 1. Displacement rates for long-tenured workers by educational attainment, 1995–96

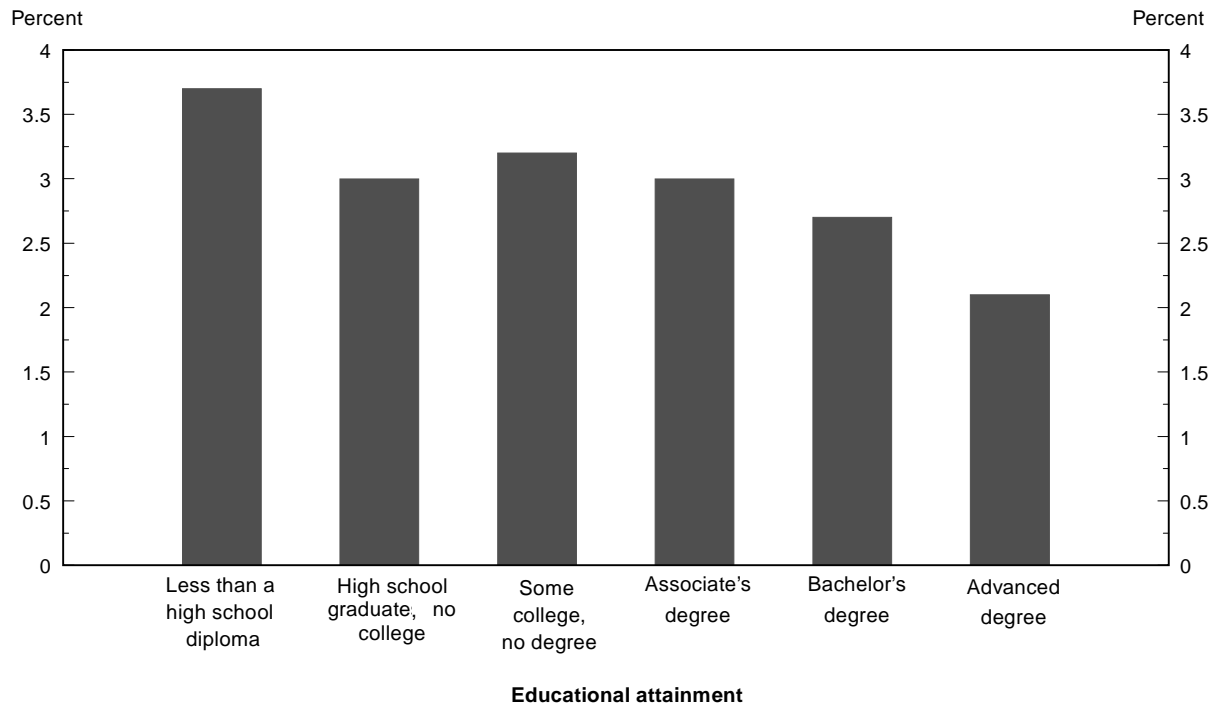
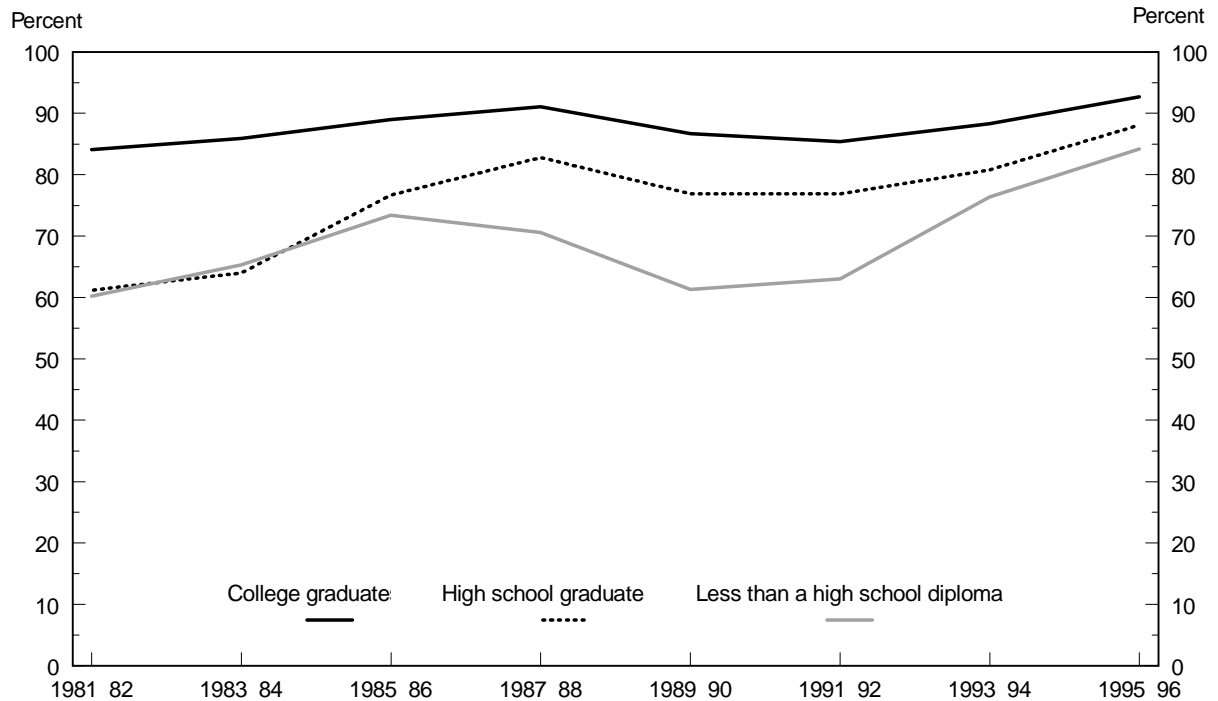


Chart 2. Reemployment rates for long-tenured displaced workers aged 25 to 54 years, by educational attainment, 1981–96



of losing their jobs in nearly a decade and the second lowest since the early 1980s. The job loss rate for construction workers during 1995–96 (3.4 percent) was the lowest measured since the inception of the Displaced Worker Survey. (See table 2.)

Within the service-producing sector, workers in the services industry, which includes business, health, and educational services, continued to have the lowest probability of losing their jobs. During 1995–96, the displacement rate for the services in-

dustry was 2.5 percent, slightly lower than the rate recorded during 1993–94 (2.8 percent). In the 1998 survey, workers in wholesale and retail trade had the highest displacement rate in the service-producing sector (4.3 percent). For much of the 1980s, the probability of a government worker losing a job was much lower than that of a worker employed in private industry. In 1991–92, however, the displacement rate for government workers rose to more than 1 percent, and the rate even edged up to 1.4 percent

Table 2. Displacement rates of long-tenured workers, by industry, class of worker, and occupation of lost job, 1981–96

[In percent]

Characteristic	1981–82	1983–84	1985–86	1987–88	1989–90	1991–92 ¹	1993–94 ¹	1995–96 ¹
Total, 20 years and older	3.9	3.1	3.1	2.4	3.1	3.9	3.3	2.9
Industry and class of worker								
Nonagricultural private wage and salary workers	5.3	4.2	4.3	3.2	4.1	5.1	4.4	3.8
Mining	13.6	9.2	17.8	6.1	10.0	7.4	7.2	4.5
Construction	7.6	5.5	7.0	4.2	5.9	8.4	4.3	3.4
Manufacturing	8.2	6.5	5.2	3.9	5.0	7.1	5.8	5.1
Durable goods	9.3	7.0	5.8	4.0	5.1	8.4	6.3	4.6
Nondurable goods	6.4	5.6	4.1	3.7	4.9	5.2	5.1	5.8
Transportation and public utilities	4.1	3.8	3.1	1.8	3.6	4.4	4.3	3.8
Wholesale and retail trade	3.7	3.1	4.3	3.6	3.9	4.7	4.6	4.3
Finance, insurance, and real estate ...	1.4	1.3	3.5	2.8	3.5	5.5	4.7	3.5
Services	2.3	2.1	2.3	1.7	2.1	2.9	2.8	2.5
Agricultural wage and salary workers	5.4	9.7	4.1	2.5	3.2	3.8	3.4	2.2
Government workers	1.2	.6	.4	.4	.4	1.1	1.3	1.4
Occupation								
White-collar occupations ²	2.6	2.1	2.6	2.1	2.7	3.7	3.3	2.9
Managerial and professional specialty ..	2.1	1.8	2.1	1.8	2.3	3.6	2.9	2.3
Executive, administrative, and managerial	2.5	2.4	2.8	2.5	3.4	4.8	3.5	2.7
Professional specialty	1.7	1.2	1.4	1.1	1.3	2.4	2.4	2.0
Technical, sales, and administrative support	3.0	2.4	3.1	2.5	3.1	3.7	3.7	3.6
Technicians and related support	3.3	2.9	3.0	2.2	3.2	3.7	3.4	3.6
Sales occupations	3.7	2.8	3.2	2.7	2.9	3.6	3.4	3.8
Administrative support, including clerical	2.5	2.0	3.1	2.4	3.2	3.8	3.9	3.5
Service occupations	2.0	1.8	1.9	1.5	1.6	2.1	1.8	2.1
Protective services	1.3	1.9	.5	.6	1.2	.8	.6	2.0
Other service occupations	2.1	1.7	2.2	1.6	1.7	2.3	2.1	2.2
Blue-collar occupations ³	7.3	5.7	4.7	3.3	4.5	5.3	4.2	3.5
Precision production, craft, and repair ..	6.2	4.5	3.9	2.7	4.2	5.1	3.4	3.1
Mechanics and repairers	4.8	3.8	2.1	2.1	3.4	3.7	3.3	3.1
Construction trades	5.3	4.0	4.1	2.4	4.2	5.5	2.2	2.4
Other precision production occupations	8.5	5.6	5.5	3.7	5.1	6.4	4.7	3.8
Operators, fabricators, and laborers ..	8.2	6.7	5.5	3.8	4.8	5.5	5.0	3.8
Machine operators, assemblers, and inspectors	9.6	8.1	5.9	4.5	6.2	6.7	5.5	4.9
Transportation and material-moving occupations	5.7	3.7	4.8	3.1	3.6	4.1	4.1	2.1
Handlers, equipment cleaners, helpers, and laborers	8.0	7.6	5.2	3.0	3.0	4.9	5.4	3.9
Farming, forestry, and fishing9	2.1	1.6	.8	1.5	1.4	.8	1.4

¹ Beginning with the 1991–92 period, data are not directly comparable with data from earlier periods, due to differences in estimation methodology.

² White-collar occupations are made up of those occupations in the “managerial and professional specialty” and those occupations in the “technical, sales, and administrative support” categories.

³ Blue-collar occupations are defined as the sum of those occupations in the “precision production, craft, and repair” and those occupations in the “operators, fabricators, and laborers” categories.

NOTE: Displacement rates are calculated by dividing the number of displaced workers in a specified worker group by a tenure-adjusted, 2-year average estimate of employment for the same worker group. Employment estimates for each year were adjusted, using job-tenure data from the January 1983, 1987, and 1991 and February 1996 and 1998 cps supplements, to include only those workers with 3 or more years of tenure. A 2-year average was then computed using the adjusted employment estimates.

Table 3. Displacement rates, by tenure on the lost job, 1981–96

[In percent]

Tenure on the lost job	1981–82	1983–84	1985–86	1987–88	1989–90	1991–92 ¹	1993–94 ¹	1995–96 ¹
Total displaced, 20 years and older	5.7	4.1	4.0	3.2	4.3	4.9	4.4	3.9
Less than 3 years	8.9	5.7	5.4	4.7	6.5	6.6	6.5	5.5
3 or more years	3.9	3.1	3.1	2.4	3.1	3.9	3.3	2.9
3 to 4 years	5.8	4.3	4.0	3.5	4.4	5.7	5.0	3.7
5 to 9 years	4.4	3.5	3.6	2.6	3.3	4.3	3.2	3.3
10 or more years	2.6	2.2	2.3	1.7	2.2	2.8	2.5	2.3
10 to 14 years	3.1	2.7	2.6	1.9	2.5	3.0	2.6	2.4
15 to 19 years	2.5	2.1	2.2	1.6	2.5	2.7	2.5	2.5
20 or more years	2.0	1.7	2.1	1.5	1.7	2.7	2.4	2.1

¹ Beginning with the 1991–92 period, data are not directly comparable with data from earlier periods, due to differences in estimation methodology.

NOTE: Displacement rates are calculated by dividing the number of displaced workers in a specified worker group by a tenure-adjusted, 2-year

average estimate of employment for the same worker group. Employment estimates for each year were adjusted, using job-tenure data from the January 1983, 1987, and 1991 and February 1996 and 1998 cps supplements. A 2-year average was then computed using the adjusted employment estimates.

during 1995–96, still low, though, relative to displacement rates for other industries.

For most of the major occupational groups, job loss was less prevalent during 1995–96 than it had been 2 years earlier. As in past surveys, the displacement rate for white-collar workers (2.9 percent) continued to be lower than that for blue-collar workers (3.5 percent), although the gap has narrowed in recent years.⁷ Within the white- and blue-collar occupations, professionals had the lowest risk of being displaced, while machine operators, assemblers, and inspectors had the highest risk. (See table 2.)

Tenure on the lost job. The number of workers displaced (regardless of the number of years on the lost job) during 1995–96 was 4.6 million. One-half of these had been with their employers for a relatively short period of time—less than 3 years.⁸ Although a substantial number of workers (amounting to a share of 17 percent) were displaced from jobs they had held for 10 years or more, the *risk* of job loss declined with increasing tenure with the employer, as has been the case in past surveys. (See table 3.)

The following tabulation shows the share of displaced workers and their displacement rates, by tenure on the job they had lost:

<i>Tenure on the lost job</i>	<i>Percent distribution</i>	<i>Displacement rate</i>
Total	100.0	3.9
Less than 3 years	49.3	5.5
3 or more years	48.3	2.9
3 to 4 years	13.8	3.7
5 to 9 years	17.3	3.3
10 or more years	17.1	2.3
10 to 14 years	7.0	2.4
15 to 19 years	4.5	2.5
20 or more years	5.7	2.1
Tenure not available	2.4	...

The displacement rate was highest (5.5 percent) for workers who had less than 3 years of tenure and lowest (2.1 percent)

for those who had been with their employers for 20 years or more. But the disparity in displacement rates seems to have been smaller in 1995–96 than in past years. For example, as table 3 shows, the difference in displacement rates between those with 3 or 4 years of experience with their employer and those with 15 to 19 years was only 1.2 percentage points (3.7 percent, compared with 2.5 percent). During the previous seven surveys, the spread had averaged 2.4 percentage points, with 1.8 percentage points the smallest difference, measured during the 1985–86 period.

The displacement experience

Reason for job loss. Of the 2.2 million workers displaced during 1995–96, one-half cited plant or company closures as the reason they lost their jobs. (See table 4.) Roughly one-fifth reported that they had lost their jobs because of insufficient work, and the remainder (about 3 in 10) said that their position or entire shift had been abolished. These proportions were not much different from those found in the previous survey.

Interestingly, since the late 1980s, the proportion of all job losers who reported that their position or shift was abolished has doubled.⁹ The rise in the share of job losers citing this reason is related, in part, to the increase in the proportion of displaced workers holding white-collar jobs—those who are most likely to report that their position or shift was abolished. In the most recent survey, for example, the proportion of displaced white-collar workers who reported that their position or shift was abolished (39 percent) was more than double that of blue-collar workers (17 percent).

Weeks without work In February 1998, displaced workers were asked to estimate the number of weeks they were without work following the loss of their job. The median period for the 1.9 million job losers who had found a new job at some

point was 7.6 weeks, down from 8.3 weeks recorded in the previous survey. In the 1998 survey, displaced workers aged 25 to 34 had the shortest spell without work (4.0 weeks), while those aged 45 to 54 had the longest (11.6 weeks). (See table 5.)

Job losers with more schooling spent considerably less time without work than their counterparts with less education: the median number of weeks that high school dropouts and high school graduates (with no college) spent without work (8.3 and 8.5 weeks, respectively) was nearly twice that of their counterparts with associate and advanced degrees (4.3 weeks). (See table 5.) A study by Paul Swaim and Michael Podgursky also found that workers with more education spend substantially less time finding a new job.¹⁰ Furthermore, these authors' research showed that workers with more education have a greater likelihood of being reemployed full time and are more able to find jobs that pay wages comparable to those they received on their lost jobs.

With regard to industry and occupation, workers displaced from construction and services, industries that exhibited above-average employment growth during 1995–96, spent the shortest period without work (about 4 weeks). By comparison, displaced workers whose last job was in manufacturing, transportation and public utilities, or finance, insurance, and real estate were without work the longest—12 weeks. (See table 6.) With regard to occupation, technicians and related support and professional specialty workers spent the shortest period of time without work (2.5 weeks and 4.6 weeks, respectively). In contrast, the median number of weeks without work was greatest for displaced mechanics and repairers (16.2 weeks) and machine operators, assemblers, and inspectors (14.0 weeks).

Receipt of unemployment insurance. Of the 2.2 million long-tenured workers who lost jobs during 1995–96, about one-half reported receiving unemployment insurance benefits after being displaced. (See table 7.) In contrast, during 1991–92, a period of much poorer labor market conditions, more than three-fifths of the displaced received unemployment insurance.

The reason that some displaced workers do not receive unemployment insurance benefits is that they are able to find jobs very soon after, or even immediately following, displacement. This was especially true during 1995–96, a period of low unemployment and strong job growth. Of the 1.9 million displaced workers who had found a job at some point prior to the February 1998 survey, 44 percent were reemployed in less than 5 weeks.

Loss of health insurance. About 7 in 10 workers displaced during 1995–96 had been included in a group health insurance plan on their lost jobs. (See table 8.) As was the case in past surveys, the likelihood of displaced workers having health insurance in February 1998 greatly depended on their

employment status at the time of the survey.¹¹ Among those reemployed, for example, 84 percent were covered by some form of insurance, either through their new job or through a spouse or other family member. By comparison, in February 1998, 71 percent of displaced workers who had dropped out of the labor force and only 36 percent of those who were unemployed were covered by health insurance.

Among the total displaced, regardless of their employment status when surveyed, roughly 70 percent of both whites and blacks had coverage on their lost jobs, compared with 64 percent of Hispanics. In February 1998, whites who had been displaced were much more likely than blacks or Hispanics to be covered by some source of insurance. The higher coverage rates for whites in the most recent survey are related, in part, to the fact that white displaced workers were much less likely than black or Hispanic job losers to be unemployed in February 1998. Also, white workers were more likely to be in jobs that provided health insurance and were more likely to be covered under other family members' insurance plans.

Table 4. Long-tenured displaced workers who lost jobs in 1995 or 1996, by age, sex, educational attainment, and reason for job loss

Characteristic	Displaced workers (thousands)	Percent distribution		
		Plant or company closed down or moved	Insufficient work	Position or shift abolished
Total, 20 years and older	2,238	50.3	18.6	31.1
20 to 24 years	55	(¹)	(¹)	(¹)
25 to 54 years	1,766	50.9	18.6	30.5
25 to 34 years	477	56.2	20.3	23.5
35 to 44 years	711	45.7	20.0	34.3
45 to 54 years	578	52.8	15.6	31.7
55 years and older	418	47.4	16.7	35.9
55 to 64 years	313	45.7	12.5	41.5
65 years and older	105	52.4	29.5	18.1
Men, 20 years and older	1,176	47.0	23.6	29.3
Women, 20 years and older	1,062	53.9	13.0	33.1
Educational attainment				
Less than a high school diploma	281	60.5	26.3	13.2
High school graduate, no college	752	54.9	19.8	25.3
Some college, no degree	475	46.9	16.6	36.6
Associate's degree	194	54.1	14.4	31.4
Bachelor's degree	376	43.9	15.7	40.4
Advanced degree	160	31.9	16.3	51.9

¹ Data not shown where base is less than 75,000.

NOTE: Data refer to persons who had 3 or more years of tenure on a job they had lost or left between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

Table 5. Long-tenured displaced workers who found new jobs, by weeks without work, age, sex, educational attainment, and employment status in February 1998

[Numbers in thousands]

Characteristic	Total who found jobs	Weeks without work before finding a job					Median weeks without work
		Less than 5 weeks	5 to 14 weeks	15 to 26 weeks	27 to 52 weeks	52 weeks or more	
Total							
Total, 20 years and older	1,923	854	343	299	295	132	7.6
25 to 54 years	1,598	695	297	254	250	102	7.7
25 to 34 years	439	239	68	70	47	15	4.0
35 to 44 years	635	248	142	94	86	65	8.2
45 to 54 years	525	209	87	91	116	22	11.6
55 years and older	283	127	41	43	45	27	7.9
Employed	1,804	820	322	270	275	117	6.6
Unemployed	51	12	14	18	5	2	(¹)
Not in the labor force	69	21	7	12	16	13	(¹)
Men							
Men, 20 years and older	1,055	484	171	178	153	69	6.7
Employed	986	464	159	166	142	55	6.2
Unemployed	34	11	9	11	1	2	(¹)
Not in the labor force	36	9	3	2	10	12	(¹)
Women							
Women, 20 years and older	868	370	172	121	142	63	8.0
Employed	818	356	164	104	133	61	7.7
Unemployed	19	2	5	8	4	0	(¹)
Not in the labor force	33	12	4	10	5	2	(¹)
Educational attainment							
Less than a high school diploma	221	86	36	47	43	9	8.3
High school graduate, no college	649	256	146	75	125	47	8.5
Some college, no degree	400	188	71	67	43	31	5.8
Associate's degree	166	85	5	27	36	13	4.3
Bachelor's degree	345	165	61	57	38	24	5.9
Advanced degree	141	73	23	27	10	8	4.3

¹ Data not shown where base is less than 75,000.

NOTE: Data refer to persons who had 3 or more years of tenure on a job

they had lost or left between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

After displacement

Employment status. The proportion of displaced workers who were employed when surveyed in February 1998 was 83 percent, up from 79 percent in the February 1996 survey and well above the 75 percent recorded in the February 1994 survey. The share of displaced workers who were unemployed in February 1998 (5 percent) was slightly lower than that recorded in the previous survey (7 percent) and down substantially from the proportion found in the February 1994 survey—11 percent. (See table 9.)

Compared with the earlier survey, the 1995–96 survey found that reemployment rates—the proportion of displaced workers employed at the time of the survey—were higher for all the major demographic groups. The reemployment rate for displaced workers aged 25 to 54 years (89 percent) was much higher than that for workers aged 55 years and older (60 percent), who were much more likely to have left the labor force.

As in past surveys, men were more likely than women to have been reemployed at the time of the survey. The reemployment rate for men displaced from their jobs was 85 percent, compared with 79 percent for women. As with older workers, a large proportion of displaced women—twice that recorded for men—were out of the labor force in February 1998.

Displaced whites, blacks, and Hispanics had about the same likelihood of being reemployed in the most recent survey. (About 4 out of 5 were reemployed.) However, among persons not working, blacks and Hispanics were more than twice as likely as whites to be unemployed in February 1998; whites were more likely to have left the labor force.

Displaced workers with more education fared considerably better than their less educated counterparts following displacement. For example, the reemployment rate for displaced workers aged 25 to 54 years who had at least a bachelor's degree (93 percent) was higher than the rates for both high

school graduates with no college (88 percent) and high school dropouts (84 percent). (See table 9.)

Chart 2 shows reemployment rates since the early 1980s for high school dropouts, high school graduates with no college, and college graduates aged 25 to 54 years. Throughout the period examined, not only were displaced workers with more education more likely to be reemployed when surveyed, but also, they were less prone to cyclical swings in

the likelihood of being reemployed.

Besides documenting the cyclical swings in employment outcomes, chart 2 shows that, in 1995–96, the “education gap” in reemployment rates between college graduates and those without a college degree was the smallest since the Displaced Worker Survey was first conducted. This change is largely due to the sharp rise in reemployment rates for those without a college degree over the periods of job loss

Table 6. Long-tenured displaced workers who found new jobs, by weeks without work, industry, class of worker, and occupation of the lost job

[Numbers in thousands]

Characteristic	Total who found jobs	Weeks without work before finding a job					Median weeks without work
		Less than 5 weeks	5 to 14 weeks	15 to 26 weeks	27 to 52 weeks	52 weeks or more	
Total, 20 years and older	1,923	854	343	299	295	132	7.6
Industry and class of worker							
Nonagricultural private wage and salary workers	1,717	725	320	278	271	123	8.1
Mining	18	7	8	3	0	0	(¹)
Construction	95	52	18	7	15	3	4.2
Manufacturing	587	217	102	104	103	61	12.0
Durable goods	325	128	47	54	71	25	12.0
Nondurable goods	262	89	55	50	33	35	11.9
Transportation and public utilities	141	54	24	23	33	7	11.9
Wholesale trade	84	27	25	18	8	6	9.8
Retail trade	315	133	75	54	37	16	7.7
Finance, insurance, and real estate	219	50	24	15	28	12	11.8
Services	347	185	43	54	47	18	4.1
Private households	10	4	3	3	0	0	(¹)
Other service industries	337	181	40	51	47	18	4.0
Professional services	199	109	24	26	25	15	3.8
Agricultural wage and salary workers	18	12	3	0	3	0	(¹)
Government workers	172	105	19	21	18	9	2.8
Occupation							
Managerial and professional specialty	511	253	82	78	58	40	4.8
Executive, administrative, and managerial	291	142	53	42	27	27	5.1
Professional specialty	223	111	30	37	32	13	4.6
Technical, sales, and administrative support	667	288	136	89	92	62	7.7
Technicians and related support	83	41	14	6	12	10	2.5
Sales occupations	253	112	53	37	37	14	7.8
Administrative support, including clerical	333	135	69	46	44	39	7.7
Service occupations	132	48	25	31	28	0	12.3
Protective services	25	11	6	1	7	0	(¹)
Other service occupations	107	37	19	30	21	0	12.8
Precision production, craft, and repair	251	119	37	45	42	8	5.9
Mechanics and repairers	86	32	5	19	22	8	16.2
Construction trades	64	40	10	7	7	0	(¹)
Other precision production occupations	102	47	22	20	13	0	6.0
Operators, fabricators, and laborers	315	118	58	47	70	22	11.3
Machine operators, assemblers, and inspectors	182	57	35	36	37	17	14.0
Transportation and material-moving occupations	64	30	12	5	17	0	(¹)
Handlers, equipment cleaners, helpers, and laborers	69	31	11	6	16	5	(¹)
Farming, forestry, and fishing	31	22	3	3	3	0	(¹)

¹ Data not shown where base is less than 75,000.

NOTE: Data refer to persons who had 3 or more years of tenure on a job they

had lost or left between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

measured by the 1996 and 1998 surveys.

Moving to another area. Very few displaced workers (less than 1 in 10) moved to other areas to look for work or take another job. Those who had moved, however, were more likely than those who had not to be reemployed at the time of the survey, by a ratio of 92 percent to 82 percent. (See table 10.) Not surprisingly, older displaced workers were less likely than their younger counterparts to move. The proportion of workers aged 25 to 54 years who had relocated (9 percent) was nearly double that of workers aged 55 and older who had done so.

The new jobs

Switching industries and occupations. A large number of displaced workers who found new jobs in February 1998 were employed in industries that differed from the ones in which they were previously employed. Slightly more than one-half of the 1.6 million reemployed workers who lost private nonagricultural wage and salary jobs were employed in a different major industry at the time of the survey. (See table 11.) The proportions that found jobs in the same broad industry varied considerably. For example, nearly 7 in 10 workers displaced from the services industry were reemployed in that industry in February 1998. In contrast, the proportions reemployed in the same industry sector were much lower for those displaced from nondurable goods manufacturing (33 percent) and wholesale trade (17 percent). Research conducted by Ann Huff Stevens and other work carried out by William Carrington have shown that displaced workers who find new jobs in a different industry experience more severe earnings losses than their counterparts reemployed in the same industry.¹²

Over the 1995–96 period, nearly three-fifths of the increase of 4.8 million in private nonagricultural employment was in services industry jobs.¹³ Because the industry was expanding at such a rapid pace during that period, a large share of displaced workers who changed industries took jobs in services. For example, of the 534,000 reemployed manufacturing workers, one-fourth were employed in the services industry at the time of the survey. The proportions of displaced workers who had taken jobs in the services industry were even higher for those displaced from retail trade (27 percent), transportation and public utilities (32 percent), and finance, insurance, and real estate (33 percent).

Displaced workers who had found new jobs were less likely to change occupations than to change industries. Of the job losers who were reemployed in February 1998, 60 percent were working in the same broad occupational group. Workers displaced from professional specialty occupations had the largest proportion (71 percent) returning to the same

Table 7. Long-tenured displaced workers, by receipt or exhaustion of unemployment insurance benefits and employment status in February 1998

Characteristic	Displaced workers	
	Number (thousands)	Percent
Total, 20 years and older	2,238	100.0
Received benefits ¹	1,142	51.0
Exhausted benefits	619	27.7
Did not receive benefits	1,078	48.2
Employed	1,846	100.0
Received benefits ¹	911	49.3
Exhausted benefits	448	24.3
Did not receive benefits	928	50.3
Unemployed	114	100.0
Received benefits ¹	74	64.9
Exhausted benefits	43	37.7
Did not receive benefits	33	28.9
Not in the labor force	278	100.0
Received benefits ¹	157	56.5
Exhausted benefits	128	46.0
Did not receive benefits	117	42.1

¹ Data on receipt of unemployment insurance benefits will not sum to totals or 100 percent because a small number of workers did not report whether they received benefits.

NOTE: Data refer to persons who had 3 or more years of tenure on a job they had lost or left between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

broad occupation, while workers in the category of technicians and related support, as well as operators, fabricators, and laborers, had the smallest—45 percent. (See table 12.) Stevens and Carrington also found that, similar to displaced workers who switch industries, those who change occupations suffer larger reductions in earnings than their counterparts reemployed in the same occupation.¹⁴

Of the 1.7 million workers displaced from white- and blue-collar jobs who were reemployed in February 1998, 6 percent had moved into service occupations, jobs that generally pay the lowest and offer the fewest employee benefits.¹⁵ The proportion of workers who had taken service jobs was highest (11 percent) for those displaced from operator, fabricator, and laborer occupations and lowest for those who had lost professional specialty jobs (2 percent).

Earnings on new jobs. Virtually all of the 2.2 million workers displaced during the 1995–96 period lost full-time wage and salary jobs. At the time of the 1998 survey, two-thirds of those displaced workers were again employed in full-time wage and salary jobs, slightly higher than the proportion recorded in the previous survey. Nine percent of those who lost full-time wage and salary jobs during 1995–96 were holding part-time jobs when they were surveyed, and another 6 percent were self-employed. The remainder either were unemployed or had dropped out of the labor force.

In a recent paper, Farber, using the longitudinal capability of the CPS, matched data from the February 1994 and 1996 Displaced Worker Surveys to data from the Contingent and Alternative Work Arrangements Survey conducted in subsequent years (February 1995 and 1997, respectively).¹⁶ Farber found that displaced workers were more likely than nondisplaced workers to hold temporary jobs and were more likely to be employed part time involuntarily. He contends that these alternative employment arrangements often assist workers in their transition into “regular” full-time permanent employment.

Compared with the two previous surveys, the 1998 survey showed earnings losses to be much less severe. (Data on earnings are restricted to median weekly earnings on full-time wage and salary jobs.) Among workers displaced from full-time wage and salary jobs during 1995–96, median weekly earnings on the lost job were \$558; at the time of the survey,

the median was not much different—\$535—a decrease of only 4 percent.¹⁷ In contrast, the percent change in median weekly earnings on the lost job and the job held at the time of the survey was 15 percent in both the 1996 and 1994 surveys. (See table 13.)

Less than half of those displaced from full-time wage and salary jobs during 1995–96 and who were reemployed in such jobs in February 1998 were earning less than they had previously; about one-fourth suffered earnings losses of 20 or more percent. The largest difference between the 1995–96 period and the preceding 2 years was the decline in the share of reemployed workers who had experienced a 20-percent or greater pay loss. (See table 13.)

The most recent survey showed that the decrease in earnings was greatest for those aged 45 to 54 years and 55 to 64 years; both age groups experienced earnings losses averaging 12 percent. (See table 14.) Declines in earnings following

Table 8. Long-tenured displaced workers, by incidence of group health insurance coverage on lost and current job and by sex, race, Hispanic origin, and employment status in February 1998

[Numbers in thousands]

Characteristic	Total	Covered by a group health insurance plan on lost job ¹			
		Total ²	Percent covered by any group health insurance plan in February 1998 ²		Not covered on lost job
			Yes	No	
Total, 20 years and older	2,238	1,600	80.3	19.5	632
Employed	1,846	1,358	83.9	15.8	485
Unemployed	114	76	35.5	64.5	38
Not in the labor force	278	166	70.5	28.9	110
Men, 20 years and older	1,176	892	79.9	19.6	278
Employed	1,003	778	83.4	16.1	222
Unemployed	74	44	(³)	(³)	30
Not in the labor force	99	70	(³)	(³)	26
Women, 20 years and older	1,062	708	80.6	19.4	355
Employed	843	580	84.5	15.5	263
Unemployed	40	32	(³)	(³)	8
Not in the labor force	179	96	76.0	22.9	84
White					
Total, 20 years and older	1,926	1,374	82.3	17.5	552
Men	1,016	777	82.2	17.4	239
Women	910	597	82.4	17.6	313
Black					
Total, 20 years and older	217	159	62.9	37.1	55
Men	101	71	(³)	(³)	27
Women	116	88	70.5	29.5	28
Hispanic origin					
Total, 20 years and older	246	157	59.9	40.1	88
Men	122	72	(³)	(³)	50
Women	124	85	63.5	36.5	39

¹ Health insurance coverage excludes medicare and medicaid.
² Details will not sum to totals or 100 percent because a small number of respondents did not know about their coverage on their past or current job. Moreover, details for the race and Hispanic-origin groups will not sum to totals because data for the “other races” group are not presented and Hispanics are included in both the white and black population groups.

³ Data not shown where base is less than 75,000.
 NOTE: Data refer to persons who had 3 or more years of tenure on a job they had lost or left between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

Table 9. Long-tenured displaced workers, by age, sex, race, Hispanic origin, educational attainment, and employment status in February 1998

[Numbers in thousands]

Characteristic	Displaced workers	Percent distribution, by employment status, in February 1998		
		Employed	Unemployed	Not in the labor force
Total, 20 years and older	2,238	82.5	5.1	12.4
20 to 24 years	55	(¹)	(¹)	(¹)
25 to 54 years	1,766	88.5	4.1	7.5
25 to 34 years	477	89.0	2.5	8.6
35 to 44 years	711	89.1	4.2	6.7
45 to 54 years	578	87.2	5.3	7.5
55 years and older	418	59.5	7.1	33.4
55 to 64 years	313	63.6	7.7	28.8
65 years and older	105	47.2	5.5	47.3
Men, 20 years and older	1,176	85.3	6.3	8.4
Women, 20 years and older	1,062	79.4	3.8	16.9
White				
Total, 20 years and older	1,926	82.6	4.5	12.8
Men	1,016	86.1	5.7	8.2
Women	910	78.7	3.2	18.0
Black				
Total, 20 years and older	217	81.0	11.4	7.5
Men	101	78.3	14.9	6.8
Women	116	83.4	8.4	8.2
Hispanic				
Total, 20 years and older	246	80.7	10.2	9.0
Men	122	91.3	5.5	3.3
Women	124	70.4	14.9	14.7
Educational attainment				
Total, 25 to 54 years	1,766	88.5	4.1	7.5
Less than a high school diploma	203	84.2	8.9	6.9
High school graduate, no college	581	88.1	5.9	6.0
Some college, no degree	376	86.7	3.2	10.1
Associate's degree	168	86.9	1.8	11.3
Bachelor's degree	322	92.5	1.6	5.9
Advanced degree	116	94.0	.9	5.1

¹ Data not shown where base is less than 75,000.

had lost or left between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

NOTE: Data refer to persons who had 3 or more years of tenure on a job they

job loss were the same for men and women and were less severe than those measured in the 1996 survey. Earnings losses in the 1998 survey were larger for blacks (10 percent) than they were for whites (4 percent). For Hispanics, earnings on the new job were little different from earnings on the job they had lost.

Not only had displaced workers who were more educated earned more than their less educated counterparts on their predisplacement jobs, but they also experienced much smaller earnings losses. For example, in terms of the *range* of earnings losses, nearly three-fifths of high school dropouts were earning less on their new jobs than they had prior to displacement. By comparison, about two-fifths of college graduates

were earning less than they had previously. Furthermore, more than one-third of high school dropouts suffered earnings losses of 20 or more percent in contrast to one-fifth of those with college degrees. (See table 14.)

Compared with the previous survey, the 1998 survey found that workers displaced during 1995–96 from full-time wage and salary jobs who were reemployed in such jobs in February 1998 experienced less severe earnings losses in virtually every major industry sector. (See table 15.) Workers who had lost jobs in nondurable goods manufacturing had the largest share experiencing earnings losses of 20 percent or more (44 percent). On a happier note, workers displaced from jobs in professional services had the largest proportion (45 percent)

Table 10. Long-tenured displaced workers, by sex, age, and whether they moved to a different city or county to find or take another job, February 1998

[Numbers in thousands]

Age and sex	Nonmovers			Movers		
	Total	Employed in February 1998	Percent	Total	Employed in February 1998	Percent
Total						
Total, 20 years and older	2,039	1,663	81.6	199	183	92.0
25 to 54 years	1,600	1,406	87.9	166	157	94.6
55 years and older	397	231	58.2	21	18	(¹)
Men						
Total, 20 years and older	1,057	891	84.3	119	112	94.1
25 to 54 years	810	740	91.4	105	100	95.2
55 years and older	228	144	63.2	14	12	(¹)
Women						
Total, 20 years and older	983	772	78.5	80	71	88.8
25 to 54 years	789	666	84.4	61	56	(¹)
55 years and older	168	88	52.4	7	6	(¹)

¹ Data not shown where base is less than 75,000.

they had lost or left between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

NOTE: Data refer to persons who had 3 or more years of tenure on a job

Table 11. Displaced workers, by industry of lost job and percent reemployed in the same industry or in the services industry, February 1998

[Numbers in thousands]

Industry of lost job	Total	Total reemployed	Percent in the same industry	Percent in the services industry
Total, nonagricultural private wage and salary workers	1,998	1,640	47.9	34.1
Mining	18	16	(¹)	(¹)
Construction	103	92	53.3	4.3
Manufacturing	687	534	45.9	24.7
Durable goods	362	312	42.0	18.9
Nondurable goods	325	221	33.0	33.0
Transportation and public utilities	165	142	32.4	31.7
Wholesale trade	98	79	16.5	22.8
Retail trade	372	308	45.8	26.7
Finance, insurance, and real estate	151	126	41.3	32.5
Services	403	344	68.3	68.3

¹ Data not shown where base is less than 75,000.

they had lost or left between January 1995 and December 1996 because their plant or company closed down or moved, there was insufficient work for them to do, or their position or shift was abolished.

NOTE: Data refer to persons who had 3 or more years of tenure on a job

earning 20 percent or *more* on their new jobs than on the old ones.

Regions

As the job market strengthened during 1995–96, the likelihood of displacement fell in every census region of the United States.¹⁸ As in the previous survey, the probability of displacement was greatest in the Northeast and West and lowest in the Midwest and South. Among the nine geographic divisions, displacement rates were lowest in two areas of the South (the East South Central and the West South Central divisions,

at 2.1 percent each) and highest in the West (the Mountain and Pacific divisions, at 3.4 percent and 3.6 percent, respectively). (See table 16.)

Compared with their situation 2 years earlier, workers displaced in the West region in 1995–96 were far more likely to find work. During 1993–94, their reemployment rate, 76.3 percent, was below the national average, but during 1995–96, their 85.0-percent rate was above the national average. Displaced workers in the South also saw their reemployment rates rise. The reemployment rate was highest in the West North Central (90.6 percent) and West South Central (86.7 percent) divisions. By comparison, the probability of finding

Table 12. Displaced workers, by occupation of lost job and percent reemployed in the same occupation or in service occupations, February 1998

[Numbers in thousands]

Occupation of lost job	Total	Total reemployed	Percent in the same occupation	Percent in service occupations
Total, 20 years and older	2,238	1,846	60.0	9.3
White-collar occupations ¹	1,355	1,158	66.3	4.5
Managerial and professional specialty	572	508	67.3	3.3
Executive, administrative, and managerial	329	286	47.2	4.5
Professional specialty	244	222	70.7	1.8
Technical, sales, and administrative support	783	650	65.5	5.4
Technicians and related support	91	85	44.7	3.5
Sales occupations	303	244	46.7	2.9
Administrative support, including clerical	389	321	58.9	7.5
Service occupations	169	126	54.8	54.8
Blue-collar occupations ²	663	517	48.4	9.3
Precision production, craft, and repair	276	248	51.6	7.3
Operators, fabricators, and laborers	387	269	45.4	11.2
Farming, forestry, and fishing	33	30	(³)	(³)

¹ White-collar occupations are made up of those occupations in the "managerial and professional specialty" and those occupations in the "technical, sales, and administrative support" categories.

² Blue-collar occupations are defined as the sum of those occupations in the "precision production, craft, and repair" and those occupations in the "operators, fabricators, and laborers" categories.

³ Data not shown where base is less than 75,000.

NOTE: Data refer to persons who had 3 or more years of tenure on a job they had lost or left between January 1995 and December 1996 because their plant or company closed down or moved, there was insufficient work for them to do, or their position or shift was abolished.

Table 13. Median weekly earnings of long-tenured displaced full-time wage and salary workers¹ on their lost jobs and on jobs held at the time of the survey

[Numbers in thousands]

Survey date, and reference period for job loss	Displaced full-time wage and salary workers	Part time	Reemployed in full-time wage and salary job									Self-employed and unpaid family workers	Unemployed	Not in the labor force
			Total ¹	Total who reported earnings	Earnings relative to those of lost job				Median weekly earnings on—					
					20 or more percent below	Below, but within 20 percent	Equal or above, but within 20 percent	20 or more percent above	Lost job	Job held at time of survey	Percent change			
January:														
1984, 1981–82	2,157	151	1,135	1,023	33.7	17.5	27.0	21.8	\$340	\$293	-13.8	114	446	309
1986, 1983–84	1,798	122	1,087	1,086	26.5	13.9	27.1	32.5	329	330	.3	90	233	266
1988, 1985–86	1,855	111	1,187	1,105	32.9	14.8	29.3	23.0	412	353	-14.3	143	179	235
1990, 1987–88	1,464	83	995	878	27.2	18.8	25.1	28.9	416	391	-6.0	92	115	179
1992, 1989–90	2,011	131	1,201	1,088	31.1	17.1	28.1	23.7	439	410	-6.6	149	275	252
February:														
1994, 1991–92	2,563	201	1,536	1,386	34.4	17.8	28.4	19.4	553	473	-14.5	210	295	322
1996, 1993–94	2,167	143	1,396	1,245	33.7	19.8	25.2	21.3	539	461	-14.5	184	156	288
1998, 1995–96	2,011	188	1,358	1,192	26.1	19.3	30.2	24.4	558	535	-4.1	122	104	240

¹ Data include some workers who did not report earnings.

NOTE: Data refer to persons who had 3 or more years of tenure on a job they

had lost or left because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

a new job was lowest in the Middle Atlantic division: only 71.6 percent of displaced workers there were reemployed at the time of the survey.

AS THE ECONOMY CONTINUED TO GROW over the 1995–96 period, the number of displaced workers declined. During

that period, 2.2 million long-tenured workers, or 2.9 percent of all workers who had been with their employers for 3 or more years, were displaced from their jobs. By comparison, 3.3 percent of all long-tenured workers were displaced during 1993–94, also a period of rising employment. Not only were long-tenured workers less likely to lose their jobs in the 1995–

Table 14. Median weekly earnings of long-tenured displaced full-time wage and salary workers on their lost jobs and on jobs held in February 1998, by age, sex, race, Hispanic origin, and educational attainment

[Numbers in thousands]

Characteristic	Displaced full-time wage and salary workers	Part time	Reemployed in full-time wage and salary job in February 1998									Self-employed and unpaid family workers	Unemployed	Not in the labor force
			Total ¹	Total who reported earnings	Earnings relative to those of lost job				Median weekly earnings on—					
					20 or more percent below	Below, but within 20 percent	Equal or above, but within 20 percent	20 or more percent above	Lost job	Job held in February 1998	Percent change			
Total														
Total, 20 years and older	2,011	188	1,358	1,192	26.1	19.3	30.2	24.4	\$558	\$535	-4.1	122	104	240
older														
20 to 24 years	40	0	24	13	(²)	(²)	(²)	(²)	(²)	(²)	(²)	0	9	7
25 to 54 years	1,618	144	1,187	1,054	24.3	19.3	30.9	25.5	549	537	-2.2	101	68	119
25 to 34 years	445	48	332	285	24.6	17.9	24.2	33.3	457	482	5.5	14	12	39
35 to 44 years	653	58	489	445	23.8	18.9	34.4	22.9	565	568	.5	36	28	42
45 to 54 years	520	38	366	326	24.5	21.2	32.2	22.1	626	553	-11.7	50	28	38
55 to 64 years	270	26	129	110	38.2	24.5	26.4	10.9	712	630	-11.5	16	24	75
65 years and older	82	18	17	14	(²)	(²)	(²)	(²)	(²)	(²)	(²)	5	3	39
Men, 20 years and older ..	1,111	52	814	718	26.5	18.4	34.1	21.0	608	588	-3.3	83	68	93
Women, 20 years and older	901	136	544	474	25.5	20.7	24.3	29.5	487	471	-3.3	38	36	147
White														
Total, 20 years and older	1,712	151	1,164	1,033	25.0	19.8	31.0	24.2	579	556	-4.0	111	77	209
Men	951	41	704	625	27.0	17.6	34.9	20.5	644	616	-4.3	76	52	77
Women	761	110	460	407	21.9	23.3	25.1	29.7	496	484	-2.4	35	25	132
Black														
Total, 20 years and older	205	32	131	106	36.8	11.3	22.6	29.2	431	389	-9.7	1	25	16
Men	101	8	71	64	(²)	(²)	(²)	(²)	(²)	(²)	(²)	0	15	7
Women	104	24	60	43	(²)	(²)	(²)	(²)	(²)	(²)	(²)	1	10	9
Hispanic origin														
Total, 20 years and older	227	18	160	144	19.4	27.1	33.3	20.1	376	381	1.3	6	23	20
Men	112	0	95	89	18.0	16.9	39.3	25.8	344	384	11.6	6	7	4
Women	115	18	64	55	(²)	(²)	(²)	(²)	(²)	(²)	(²)	0	16	16
Educational attainment														
Less than a high school diploma	242	25	146	139	34.5	22.3	17.3	25.9	390	368	-5.6	5	25	41
High school graduate, no college	686	67	457	403	27.8	19.4	32.0	20.8	494	458	-7.3	29	47	85
Some college, no degree	432	42	293	249	26.5	18.9	26.9	27.7	544	525	-3.5	25	18	54
Associate's degree	169	13	115	86	25.6	17.4	33.7	23.3	558	588	5.4	9	3	27
Bachelor's degree	342	21	256	239	18.4	19.7	38.1	23.8	839	800	-4.6	38	5	22
Advanced degree	140	19	91	79	25.3	16.5	26.6	31.6	925	1,033	11.7	14	5	10

¹ Includes 166,000 who did not report earnings on their lost job.
² Data not shown where base is less than 75,000.

had lost or left between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

NOTE: Data refer to persons who had 3 or more years of tenure on a job they

96 period, but those who did were more likely to find new jobs, and they spent fewer weeks without work. Moreover, among those reemployed in full-time jobs, earnings losses were much less severe than those found in the previous survey period.

The 1998 data also show that workers with more education

had a lower probability of being displaced than their less educated counterparts. Furthermore, displaced workers with more schooling were more likely than those with less education to be reemployed, spent fewer weeks without work, and suffered less severe earnings losses.

Table 15. Median weekly earnings of long-tenured displaced full-time wage and salary workers on their lost jobs and on jobs held in February 1998, by industry and class of worker of lost job

[Numbers in thousands]

Industry and class of worker of lost job	Displaced full-time wage and salary workers	Part time	Reemployed in full-time wage and salary job in February 1998									Self-employed and unpaid family workers	Unemployed	Not in the labor force
			Total ¹	Earnings relative to those of lost job					Median weekly earnings on—					
				Total who reported earnings	20 or more percent below	Below, but within 20 percent	Equal or above, but within 20 percent	20 or more percent above	Lost job	Job held in February 1998	Percent change			
Total, 20 years and older ..	2,011	188	1,358	1,192	26.1	19.3	30.2	24.4	\$558	\$535	-4.1	122	104	240
Nonagricultural private wage and salary workers	1,810	168	1,209	1,060	27.3	18.9	30.2	23.7	554	525	-5.2	121	94	218
Mining	18	0	11	8	(²)	(²)	(²)	(²)	(²)	(²)	(²)	5	3	0
Construction	85	8	67	58	(²)	(²)	(²)	(²)	(²)	(²)	(²)	3	6	1
Manufacturing	674	71	427	367	34.9	13.9	31.3	19.9	556	505	-9.2	25	45	106
Durable goods	354	40	254	220	28.6	17.7	34.1	19.5	571	518	-9.3	11	14	36
Nondurable goods	320	31	173	147	44.2	7.5	27.9	20.4	538	474	-11.9	14	31	71
Transportation and public	144	13	104	95	37.9	22.1	21.1	18.9	715	652	-8.8	7	6	14
Transportation	76	2	58	51	(²)	(²)	(²)	(²)	(²)	(²)	(²)	4	4	7
Communications and other public utilities	69	11	46	43	(²)	(²)	(²)	(²)	(²)	(²)	(²)	2	3	7
Wholesale and retail trade ..	419	40	272	244	25.0	20.5	25.4	29.1	447	455	1.8	37	11	58
Wholesale trade	98	8	67	60	(²)	(²)	(²)	(²)	(²)	(²)	(²)	3	4	16
Retail trade	320	32	205	184	25.5	19.0	22.3	33.2	410	424	3.4	34	8	42
Finance, insurance, and real estate	140	15	97	89	30.3	24.7	29.2	15.7	556	500	-10.1	6	11	11
Services	326	20	228	196	10.7	20.9	32.1	36.2	587	584	-5	39	12	28
Professional services	179	20	121	106	8.5	18.9	27.4	45.3	552	588	6.5	21	2	15
Other services	137	0	98	79	13.9	22.8	40.5	22.8	693	611	-11.8	18	9	13
Agricultural wage and salary workers	15	0	12	11	(²)	(²)	(²)	(²)	(²)	(²)	(²)	0	1	2
Government workers	173	20	127	117	16.2	18.8	35.0	29.9	613	642	4.7	0	6	19

¹ Includes 166,000 who did not report earnings on their lost job.

² Data not shown where base is less than 75,000.

NOTE: Data refer to persons who had 3 or more years of tenure on a job they

had lost or left between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

Notes

¹ Data on job growth refer to nonfarm payroll employment and are derived from the Current Employment Statistics survey, a monthly survey that collects information on payroll employment, hours, and earnings from about 390,000 nonfarm business establishments. The unemployment rate is derived from the Current Population Survey (CPS), a monthly sample survey of about 50,000 households that provides information on demographic characteristics of the labor force and the employment status of the noninstitutional population aged 16 years and older.

² The count of displaced workers includes, in addition to those who lost jobs, workers who left jobs in *anticipation* of losing them. Debriefing data collected as part of quality assessment research conducted on the February 1998 Displaced Worker Survey indicate that 79 percent of the displaced were job losers and 19 percent were job leavers. (One percent said they had retired.) Thus, the group referred to as job losers includes some workers who left or retired from their jobs prior to losing them.

³ Displacement rates are calculated by dividing the number of displaced workers in a specified worker group by a tenure-adjusted 2-year average estimate of employment for the same group. Employment estimates for each year were adjusted, using job-tenure data from the Janu-

ary 1983, 1987, and 1991 and February 1996 and 1998 cps supplements, to include only those workers with 3 or more years of tenure. A 2-year average was then computed by means of the adjusted employment estimates.

⁴ See Robert W. Fairlie and Lori G. Kletzer, "Jobs Lost, Jobs Regained: An Analysis of Black/White Differences in Job Displacement in the 1980s," *Industrial Relations*, October 1998, pp. 460-75.

⁵ For the same reasons, black men who were displaced were much less likely than displaced white men to be reemployed at the time of the survey.

⁶ See Henry S. Farber, "The Changing Face of Job Loss in the United States, 1981-95," *Brookings Papers on Economic Activity: Microeconomics* (Washington, DC, Brookings Institution, 1997); and Daniel Aaronson and Daniel G. Sullivan, "Recent trends in job displacement," *Chicago Fed Letter* (Chicago, Federal Reserve Bank, December 1998).

⁷ For the purposes of this analysis, blue-collar occupations are defined as the sum of the occupations in the "precision production, craft, and repair" category and the occupations in the "operators, fabricators, and laborers" category. White-collar occupations are made

Table 16. Reemployment rates and displacement rates of long-tenured displaced workers, by census region and division, 1993-94 and 1995-96

[Numbers in thousands]

Census designation	1993-94			1995-96		
	Displaced workers	Reemployment rate ¹	Displacement rate ²	Displaced workers	Reemployment rate ¹	Displacement rate ²
Total, 20 years and older	2,445	78.5	3.3	2,238	82.5	2.9
Northeast	541	75.0	3.5	482	73.9	3.1
New England	164	78.0	3.9	123	80.5	3.0
Middle Atlantic	377	73.7	3.3	359	71.6	3.1
Midwest	596	81.5	3.2	554	84.3	2.9
East North Central	418	79.7	3.2	405	82.0	3.0
West North Central	178	86.0	3.2	149	90.6	2.6
South	734	80.1	2.9	656	84.9	2.5
South Atlantic	378	79.1	2.9	395	85.3	2.9
East South Central	141	85.1	3.2	95	80.0	2.1
West South Central	215	78.6	2.9	166	86.7	2.1
West	575	76.3	3.8	547	85.0	3.5
Mountain	133	75.2	3.5	142	84.5	3.4
Pacific	442	76.7	3.9	405	85.2	3.6

¹ Reemployment rates are calculated by dividing the number of displaced workers in a specified worker group who were reemployed at the time of the survey by the total number displaced in the same worker group.

² Displacement rates are calculated by dividing the number of displaced workers in a specified worker group by a tenure-adjusted, 2-year average estimate of employment for the same worker group. Employment estimates for each year were adjusted, using job tenure data from the January 1983, 1987, and 1991 and February 1996 and 1998 CPS supplements, to include only those

workers with 3 or more years of tenure. A 2-year average was then computed using the adjusted employment estimates.

NOTE: Data refer to persons who had 3 or more years of tenure on a job they had lost or left between January 1993 and December 1994 or between January 1995 and December 1996 because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished.

up of occupations in the "managerial and professional specialty" category and occupations in the "technical, sales, and administrative support" category.

⁸ The characteristics of short-tenured displaced workers differ markedly from those who lost jobs they had held for 3 years or more. Short-tenured employees were more likely to be younger, to be less educated, and to have been displaced from part-time jobs. They also were less likely than long-tenured displaced workers to have lost managerial and professional jobs and were more likely to have lost service and laborer jobs. In terms of industry, displaced workers with short tenure were more likely to have lost jobs in the construction, wholesale and retail trade, and services industries. In addition, the risk of displacement is much higher for those with short tenure. For example, during 1995-96, the displacement rate for short-tenured workers (5.5 percent) was nearly double that for long-tenured workers (2.9 percent). This relationship held for most demographic characteristics and for many industry and occupation categories.

⁹ Farber found that many of those accounting for the rise in the proportion of job losers reporting that their position or shift was abolished were more educated workers (who predominate in the white-collar category). Although he concedes that workers' reports of the cause of their displacement may be somewhat arbitrary, Farber states that "the term 'position abolished' resonates with the well-publicized round of corporate downsizing and restructuring of the past several years." (See Farber, "Changing Face of Job Loss," p. 56.)

¹⁰ See Paul Swaim and Michael Podgursky, "Do more-educated workers fare better following displacement?" *Monthly Labor Review*, August 1989, pp. 43-46.

¹¹ In the survey, the question concerning health insurance on the lost job specifically relates to coverage from the former employer and excludes any other sources. The question about current coverage refers to coverage from any source.

¹² See Ann Huff Stevens, "Persistent Effects of Job Displacement: The Importance of Multiple Job Losses," *Journal of Labor Economics*, January 1997, pp. 165-88; and William Carrington, "Wage Losses for Displaced Workers: Is It Really the Firm that Matters?" *Journal of Human Resources*, Summer 1993, pp. 493-96. Another recent study focused on local labor markets and found that workers displaced from industries that make up a smaller proportion of the local workforce are more likely to switch industries following the loss of a job. Moreover, for many workers, being displaced from an industry with a smaller share of the local workforce is associated with more severe earnings losses. See Wendy A. Stock, "Local Industry Employment Share and Experiences of Displaced Workers," *Industrial Relations*, October 1998, pp. 478-98.

¹³ The pace of job growth in the services industry (8.4 percent) during 1995-96 was nearly twice that of all private nonagricultural industries (4.9 percent). For a comprehensive overview of jobs in the services industry, see Joseph R. Meisenheimer II, "The services industry in the 'good' versus 'bad' jobs debate," *Monthly Labor Review*, February 1998, pp. 22-47.

¹⁴ See Stevens, "Persistent Effects of Job Displacement"; and Carrington, "Wage Losses for Displaced Workers."

¹⁵ Unlike the services industry, which includes a wide range of high- and low-paying jobs, service occupations tend to be concentrated at the lower end of the earnings spectrum. For example, among full-time workers in 1995, median weekly earnings for those with service jobs were \$299, compared with \$479 for all workers. With regard to benefits, in 1995, 35 percent of workers in service occupations had health insurance from their employer, and 26 percent had an employer-provided pension. In contrast, for all workers in 1995, employer-provided health insurance and pension coverage rates were 60 percent and 48 percent, respectively.

¹⁶ See Henry S. Farber, "Alternative and Part-time Employment Arrangements as a Response to Job Loss," Working Paper 7002 (National Bureau of Economic Research, March 1999).

¹⁷ Note that decreases are somewhat understated and increases overstated, because the earnings data are not adjusted for inflation.

¹⁸ The four census regions of the United States are the Northeast, South, Midwest, and West. Within the Northeast, the New England division comprises Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont; and the Middle Atlantic division takes in New Jersey, New York, and Pennsylvania. Within the South, the South Atlantic division encompasses Delaware, the District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West

Virginia; the East South Central division comprises Alabama, Kentucky, Mississippi, and Tennessee; and the West South Central division embraces Arkansas, Louisiana, Oklahoma, and Texas. Within the Midwest, the East North Central division comprises Illinois, Indiana, Michigan, Ohio, and Wisconsin; and the West North Central division encompasses Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota. Within the West, the Mountain division takes in Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming; and the Pacific division comprises Alaska, California, Hawaii, Oregon, and Washington.

APPENDIX: Scope and method of the study

The data presented in this article were collected through a supplement to the February 1998 Current Population Survey (CPS), a monthly survey of about 50,000 households that provides basic data on employment and unemployment in the Nation. The purpose of this supplement was to obtain information on the number and characteristics of persons who had been displaced from their jobs over the previous 3 calendar years.

The first question asked of survey respondents aged 20 and older was, "During the last 3 calendar years, that is, January 1995 through December 1997, did (you/name) lose or leave a job because a plant or company closed or moved, (your/his/her) position or shift was abolished, insufficient work, or another similar reason?" If the answer to that question was "yes," then the respondent was asked to identify which among the following statements best described the reason for the job loss:

- Plant or company closed down or moved
- Plant or company operating but lost job because of:
 - Insufficient work
 - Position or shift abolished
 - Seasonal job completed
- Self-operated business failed
- Some other reason.

Respondents who specified one of the first three reasons—that their plant or company closed or moved, that they had insufficient work, or that their position or shift was abolished—were classified as displaced and were asked to provide additional information about the lost job, including how many years they had worked for their employer; the year the job was lost; the earnings, industry, and occupation of the lost job; and whether health insurance had been provided. Other questions were asked to determine what occurred before and after the job loss: Was the respondent notified of the upcoming dismissal? How long did he or she go without work? Did the respondent receive unemployment benefits? If so, were the benefits used up? And did the person move to another location after the job loss, to take or look for another job? Information also was collected about current health insurance coverage (other than medicare and medicaid) and current earnings for those employed in February 1998. Most of the data presented in the article refer to workers who lost or left jobs they had worked at for 3 or more years.

In counting displaced workers, there are several important differences between the February 1994, 1996, and 1998 surveys, on the one hand, and surveys conducted every other January from 1984 to 1992, on the other, that render the data not strictly comparable:

1. In January 1994, a redesigned survey questionnaire and a new collection methodology were implemented in the CPS.¹
2. The reference period used in questions about displacement was

shortened from "the prior 5 years" in earlier surveys to "the prior 3 calendar years" in surveys conducted since February 1994. This change was made because the reliability of the data appears to decrease as the length of the reference period increases. For example, in the January 1992 survey, the number of displacements in the first 2 years covered by the survey—that is, 1987 and 1988—were markedly lower than when those 2 years were the third and fourth years of the reference period in the January 1990 survey, a clear indication of recall problems in the years farthest from the survey date.

3. The article also excludes displacements that occurred in the year closest to the survey date. This approach was taken to reduce the likelihood of including persons who, having lost their jobs relatively recently, would otherwise have been counted as displaced even though their job losses eventually proved to be temporary rather than permanent.

4. Displaced workers who cited one of the reasons listed for losing their job and then responded later in the questionnaire that their "class of worker" on the lost job was "self-employed" were excluded from the count of displaced workers in surveys conducted since 1994, whereas they had been included in previous ones.

5. In surveys conducted since February 1994, respondents who reported that they had lost their jobs in the year closest to the survey date (for example, 1997 in the February 1998 survey) and expected to be recalled within the next 6 months were left out of the count of displaced workers. In earlier surveys, respondents were not directly asked about their expectations regarding being recalled.

6. Since 1994, Displaced Worker Surveys have been conducted in February, whereas the previous five surveys were conducted in January. In 1994, the survey was postponed 1 month to help ease the transition into the redesigned survey and collection methodology that occurred in January of that year. Also, the reference periods in the 1994, 1996, and 1998 surveys were the previous 3 calendar years—for example, 1995, 1996, and 1997 in the February 1998 survey. Before the 1994 survey, those losing jobs in the month of January prior to the survey were counted as displaced.

7. Displaced-worker surveys conducted prior to February 1994 are not completely comparable to those from 1994 forward, because the earlier surveys were not adjusted to take account of those who did not respond to the supplementary survey. (This type of nonresponse was much lower in Displaced Worker Surveys conducted prior to 1996.) A proportion of the people who complete the basic CPS questionnaire on labor force status do not provide usable responses to the supplementary questions. Respondents may choose to answer none of the questions on the supplement, or they may not provide answers to key questions within it. Re-weighting is one of the methods that are historically used to adjust

for such failures to respond. Reweighting accounts for missing information by increasing the weights assigned to the individuals from whom information was obtained. Currently, the Bureau of the Census calculates weights for all CPS supplemental questionnaires.

During and after the administration of the February 1996 and 1998 Displaced Worker Surveys, quality assessment research was conducted as part of the Bureau of Labor Statistics' ongoing effort to improve the quality of its surveys.²

Notes to the Appendix

¹ For more information on these changes, see "Revisions in the Current Population Survey Effective January 1994," *Employment and Earnings* (Bureau of Labor Statistics, February 1994).

² For more information on the research conducted on the February

1996 survey, see James L. Esposito and Sylvia Fisher, "A Summary of Quality-Assessment Research Conducted on the 1996 Displaced-Worker/Job-Tenure/Occupational-Mobility Supplement," BLS Statistical Note Number 43 (Bureau of Labor Statistics, April 1998).