Bureau of the Census
Statistical Brief

Income and Job Mobility in the Early 1990's

In the mid-to-late 1980's, employment and income rose. However, the beginning of the 1990's revealed a different picture. This Brief presents employment and income data collected by the Census Bureau's Survey of Income and Program Participation (SIPP) between 1990 and 1992. These data are compared to similar information gathered by SIPP between 1987 and 1989.

Employment declined.

In the early 1990's, more people were leaving jobs than entering them. Between 1990 and 1992, almost 43 million persons left wage and salary jobs while almost 40 million entered them. Not coincidentally, in January 1992, 5 percent of persons lived in households where someone was receiving unemployment compensation, up from 3 percent in January 1990.

The unemployed were out of work longer.

Thirty-three percent of those who left a job between 1990 and 1992 were unemployed the following month; between 1987 and 1989, by comparison, the corresponding figure was 31 percent. The median duration of unemployment was 2.4 months in 1990-92, up from 1.8 months in 1987-89. The rise was more dramatic for men (1.9 to 2.7) than for women (1.7 to 2.0).

Full-time workers who changed jobs often ended up as part-time workers.

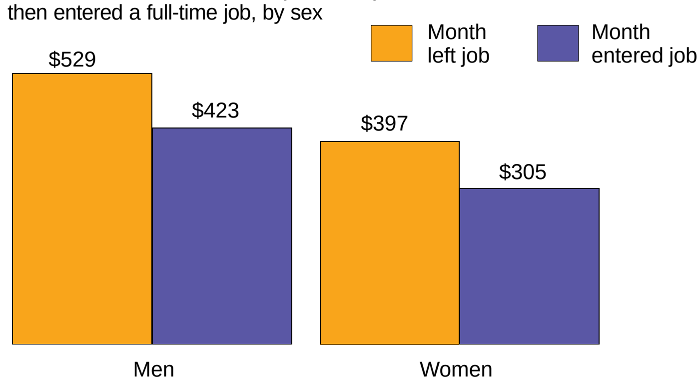
Adults aged 25 to 54 who changed jobs between 1990 and 1992 (and were jobless for at least 1 month in the interim) were more likely to have moved from a full-time to a part-time job than from a part-time to a full-time job (13 percent compared with 7 percent for men, 18 percent versus 12 percent for women). The longer someone remained jobless after having left a full-time job, the greater their chances were of returning to a part-time job. For example, among men aged 25 to 54 who worked full-time in their original job, 12 percent who were out of work for a span of 1 to 2 months eventually went back to a part-time job; the same was true of 17 percent who spent 5 or more months between jobs. For women, the corresponding figures were 16 percent and 20 percent, respectively. (The data in this and the next two paragraphs refer only to the first spell of joblessness over the period.)

New jobs paid less than the original ones.

Men aged 25 to 54 who left a full-time job, then, after a period of joblessness, reacquired full-time employment, saw their average weekly earnings drop 20 percent — from $529 in their old job to $423 in their new one. For women, the

During the Last Recession, Worker's Earnings Fell Sharply After a Period of Joblessness

Average weekly earnings of adults aged 25 to 54 who, between 1990 and 1992, left a full-time job, were jobless for at least 1 month, then entered a full-time job, by sex



Note: Data pertain only to the person's first spell of joblessness during the period.

SB/95-1
Issued March 1995

U.S. Department of Commerce
Economics and Statistics Administration
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comparable decline was from $397 to $305. (See chart on front.)

Leaving a job often meant losing employer-provided health insurance.

More than 4 million workers who left their jobs between 1990 and 1992 lost their employer-provided health insurance as a result. This meant they had to either obtain coverage through some other means or try to manage without insurance.

Perhaps not coincidentally, in January 1992 a higher proportion of persons were in households covered by Medicaid (12 percent) than were 2 years earlier (10 percent).

Income gains of the 1980's were partially offset by income declines in the early '90's.

After climbing 10 percent between 1983 and 1989, median household income (in 1991 dollars) fell 6 percent during the next 3 years.

Looking at things another way, *income ratios* (family income compared to the poverty line) dipped 5 percent or more from 1990 to 1991 for 40 percent of persons; only 36 percent, meanwhile, had increases of the same magnitude. In 1987-88, the corresponding figures were the opposite (32 percent and 44 percent, respectively). The chart at right shows examples of how demographic changes can affect income.

As in 1987-88, just under 1 in every 4 people had stable incomes; that is, their income ratio changed less than 5 percent. This means that the large majority (about three-fourths) are subject to some kind of economic fluctuation from one year to the next, regardless of the state of the economy. Incidentally, the elderly had the most stable incomes from 1990 to 1991 of any age group — 36 percent saw their income ratio change less than 5 percent, compared to 23 percent for the general population.

Economic decline extended beyond the end of the last recession.

For example, in January 1990 (6 months before the recession began), 82 percent of persons lived in households in which one or more persons had a job and earnings. In March 1991 (the recession's final month), the percentage had declined to 81 percent. Nine months after the recession ended, the figure stood at 80 percent, not significantly different from March 1991.

More information:

Dynamics of Economic Well-Being: Labor Force and Income, 1990 to 1992. Current Population Reports, Series P70-40. Stock No. 803-044-00029-5. $4.75.

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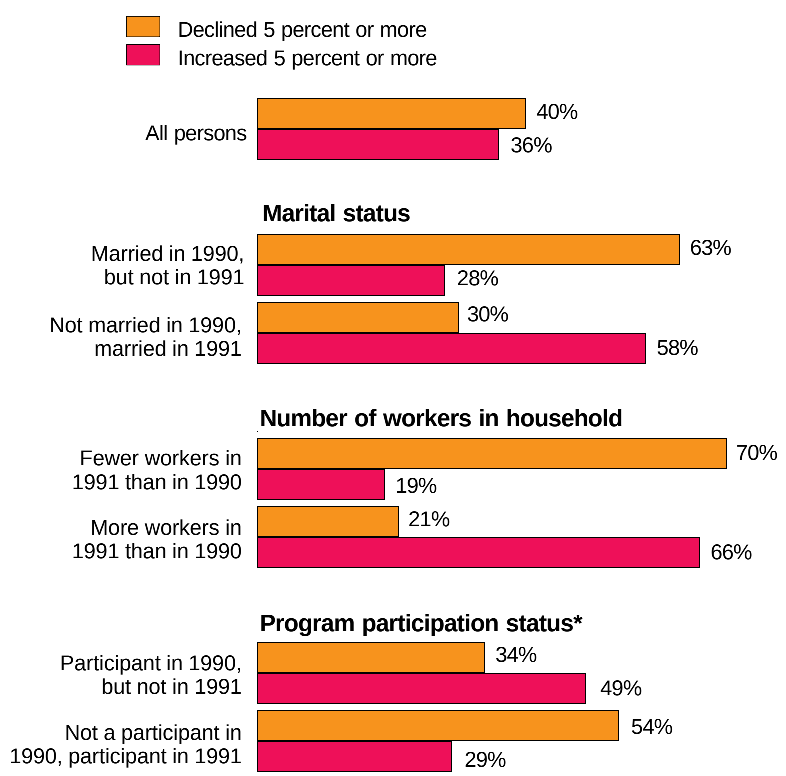
Changes in Circumstances Affect Income Too

Percent with significant changes in income ratio (ratio of family income to the poverty line), by selected characteristics: 1990-1991



* Programs included are Aid to Families with Dependent Children (AFDC), General Assistance, Supplemental Security Income (SSI), Medicaid, food stamps, and Federal and State rent assistance.