

CENSUS BRIEF

U.S. Department of Commerce
Economics and Statistics Administration
BUREAU OF THE CENSUS



Increase in At-Home Workers Reverses Earlier Trend

BETWEEN 1960 AND 1980, the number of Americans who worked at home steadily declined, largely reflecting a drop in the number of family farmers who elected to give up farming. But the most recent decennial census in 1990 shows a dramatic increase in the number of people who worked at home, up 56 percent from 1980, to 3.4 million people.

This Census Brief analyzes trends in work-at-home patterns: who these workers are, what kind of work they do and how often they do it. Given the advancements in personal computers and Internet technology since these data were collected in the 1990 census, we expect even more significant increases in the proportion working at home by Census 2000.

CONSERVATIVE ESTIMATES

The Census Bureau's 1990 estimate of the number of people working at home is substantially lower than more recent private surveys that are based on smaller samples or anecdotal evidence. For example, a 1997 survey prepared for Telecommute America estimates that the number of Americans "telecommuting" via computer from their homes to their businesses rose from about 4 million in 1990 to approximately 11 million in 1997.

The census data may be lower because they are based on respondents' answers to a question about how they "usually" get to work. Therefore, individuals who regularly work at home one or two days a week, but elsewhere during the other three days, are not reflected in the work-at-home census estimate.

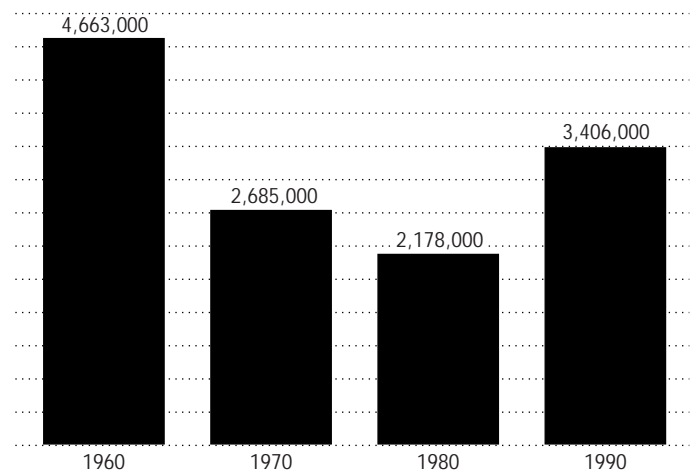
From a separate survey, *Characteristics of Business Owners*, the Census Bureau reports that nearly half of the 17 million small businesses in the United

States in 1992 were home-based. But most home-based small business owners said they worked less than 40 hours a week and their businesses were not their primary source of income. This is consistent with both the popular notion that more people are working at home and the Census Bureau's calculation from the 1990 census that only 3 percent of the work force worked at home on a full-time basis.

INCREASE REPRESENTS A DRAMATIC REVERSAL

Despite the Census Bureau's conservative method of counting at-home workers, the 1990 increase in the number of Americans who worked at home represents a dramatic reversal of the previous 20-year trend. Between 1960 and 1980, the steep decline in the number of family farmers and the growing tendency of professionals, such as doctors and lawyers, to leave their home offices and join group practices

NUMBER OF WORKERS WHO WORKED AT HOME: 1960-1990



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or larger firms in office buildings resulted in a loss each decade in the number of at-home workers.

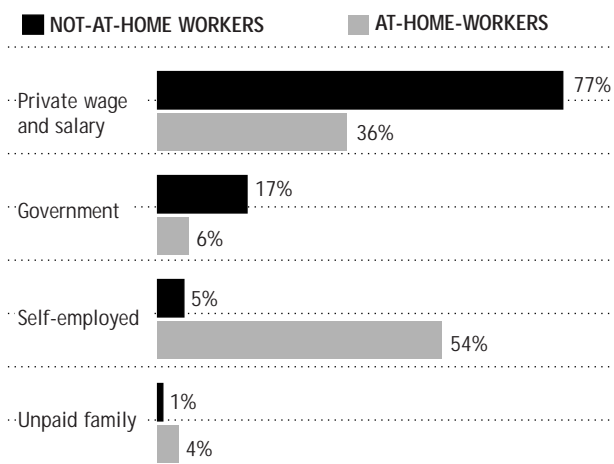
For example, from 1960 (the first year such data were collected) to 1970, the number of people who worked at home dropped by almost 2 million to 2.7 million, a 42-percent decline. Similarly, during the 1970-80 period, there was a drop of about another 500,000 to 2.2 million people, a 19-percent decline.

“Clearly, by reversing these declines with such a steep increase — the number of at-home workers jumped 56 percent from 1980 to 1990 — the decade of the 1980s marked a rebirth of work at home in the United States,” Population Division demographer Phillip A. Salopek said. “It is noteworthy that this impressive growth occurred before the expansion of the Internet.”

MOST WHO WORK AT HOME ARE SELF-EMPLOYED

The primary difference between those who worked at home and those who worked away from home was the source of employment. More than half the workers who labored in their homes (54 percent) were self-employed in 1990, 10 times the rate of self-employment found among those who worked away from home. Conversely, only 36 percent of those who worked at home were employed by private-sector companies, versus 77 percent of those who worked away from home.

CLASS OF WORKER: 1990



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There are other notable differences between the two groups. For the work-at-home group, the proportion of women (52 percent) was greater than for those who work away from home (45 percent). Those who worked at home were also older on average than those who did not.

Forty-four percent of the at-home workers were 45 years old or older, compared with only 29 percent over this age among people who worked away from home.

INDUSTRY AND HOURS WORKED

Almost half the workers whose workplace was home (46 percent) worked in the service industries, which include business and repair services, personal services, entertainment and recreation services and other professional and related services. About 18 percent of at-home workers were in the agricultural, forestry and fishing industries.

Work-at-home people generally put in fewer hours per week than people who did not work at home. For example, of those who worked at home only 27 percent worked 35 to 40 hours per week, while nearly 50 percent of the people who worked outside their homes did so. However, a greater proportion of workers who worked at home worked more than 40 hours per week, 36 percent versus only 30 percent of those who did not work at home.

EARNINGS

People who worked at home generally earned less than those who did not. More than three-quarters of those who worked at home earned less than \$25,000 a year, compared with less than two-thirds of those who worked outside the home. Nevertheless, some people who worked at home earned substantially more money. About 3 percent of at-home workers earned more than \$75,000 a year.

A set of tables, “Working at Home,” (CPH-L-195) is available in print for \$15 (call 301-457-2422) and on the Internet (<<http://www.census.gov/main/www/subjects.html#w>> and click on “Work at Home”).

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This Brief is one of a series that presents information of current policy interest. All statistics are subject to sampling variability, as well as survey design flaws, respondent classification and reporting errors, and data processing mistakes. The Census Bureau has taken steps to minimize errors, and analytical statements have been tested and meet statistical standards. However, because of methodological differences, use caution when comparing these data with data from other sources.