

Displaced Workers: Who Are They?

Of the 3.4 million workers displaced during 1995-97, 500,000 were nonmetro workers (14.6 percent) (table 1). This number is less than proportional to the nonmetro share of the labor force, which is about 20 percent. For the most part, the nonmetro displaced experience during 1995-97 is about the same as the metro experience.⁶ However, there are some notable differences.

Nonmetro displaced workers have lower educational levels than the metro displaced (fig. 1). Sixty percent of the nonmetro displaced had at most a high school diploma, which corresponds to the share of the nonmetro labor force that has at most a high school diploma. Only 41 percent of the metro displaced had at most a high school diploma.

Although the shares of displaced workers who lost their jobs due to a plant or company closing or moving, or due to insufficient work were roughly the same for nonmetro as for metro, nonmetro workers had a smaller share of displacement due to their position or shift being abolished than metro displaced. This is perhaps due to continued mass layoffs of white-collar workers, since white-collar workers were

more likely to report that their position or shift was abolished than blue-collar workers, and white-collar jobs are disproportionately located in metro areas.

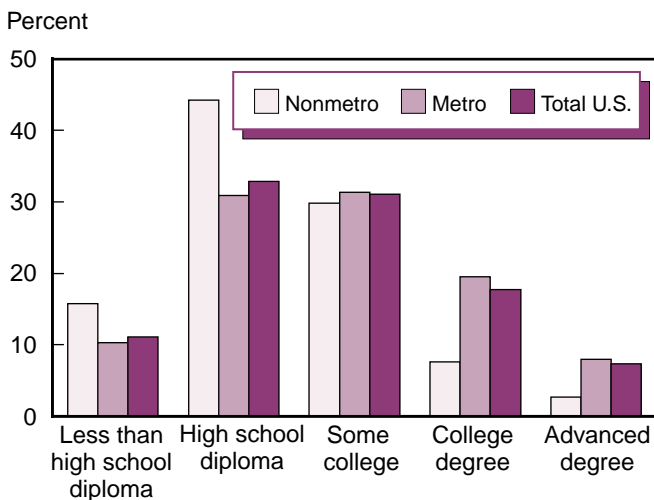
Most displaced, 89 percent, had worked full-time on their lost job, and around half had worked in a low-skill occupation.⁷ About 38 percent of nonmetro displaced and 46 percent of metro displaced received advance notice before losing their jobs. A small share moved after displacement—16 percent of nonmetro displaced and 12 percent of metro displaced—and most who moved did so for a new job.

Although many displaced workers found new jobs, some were still looking for work when they were surveyed. The nonmetro displaced had the same share unemployed as the metro displaced at the time of the survey, both at about 10 percent (fig. 2). In comparison, the overall unemployment rate for 1998 was 4.8 percent for nonmetro areas and 4.4 percent for metro areas. Although the shares unemployed were the same, nonmetro displaced were less likely to be employed and more likely to have dropped out of the labor force than metro displaced. Over 16 percent of nonmetro displaced left the labor force after their displacement—they were neither employed nor looking for a job when surveyed.

About 14 percent of total U.S. displaced workers were in households with incomes of less than \$15,000—under the 1997 poverty threshold of \$16,400 for a family of

Figure 1
Nonmetro displaced workers had lower education levels than metro displaced

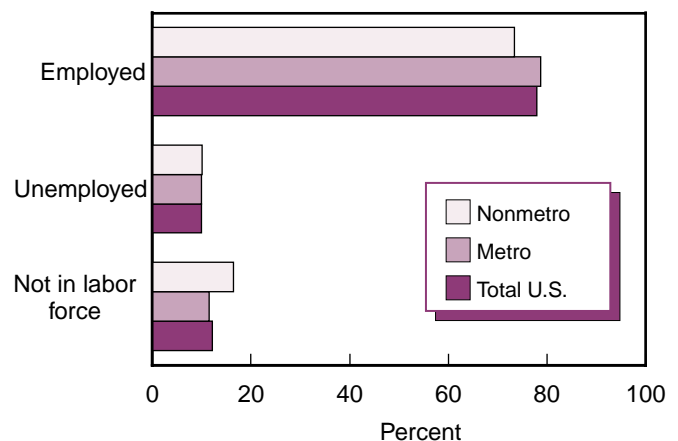
60 percent of nonmetro displaced workers had at most a high school diploma



Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.

Figure 2
Employment status at time of survey

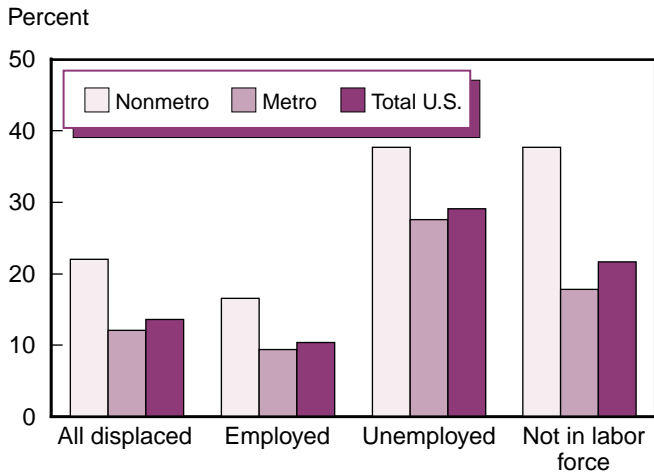
10 percent of displaced workers were unemployed when surveyed



Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.

Figure 3
Share of households with income less than \$15,000

Nonmetro displaced workers were more likely than metro workers to be in low-income households



Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.

four (fig. 3). This proportion is about the same as that of all households, 15.5 percent. The nonmetro share of 22 percent of displaced workers in low-income households is also about the same as the share for all nonmetro workers. The metro share of low-income displaced workers, 12 percent, is also about the same as for all metro households.

Displacement Rates

Nonmetro workers were displaced at a lower rate, 3.5 percent, than metro workers, 4.8 percent, during 1995-97 (table 2). The displacement rate is the proportion of displaced workers in a group of employed workers in the same group, aged 20-64, with 3 or more years of tenure with their employer.⁸ Rates of displacement were lower for nonmetro than for metro for all demographic and education level groups of workers.

Construction was the only industry where the nonmetro rate, 4.4 percent, was greater than the metro rate, 3.7 percent, although these rates are still fairly close. The nonmetro and metro rates were about the same for the transportation, communications, and utilities industry, with 4.8 percent for nonmetro and 4.5 percent for metro. Otherwise, the nonmetro rates were lower.

By occupation, the highest rate of displacement for nonmetro displaced was for operators, fabricators, and laborers, 5.0 percent, although the metro rate was higher

at 6.2 percent. This occupational group is associated with the goods-producing industries and manufacturing in particular. For metro, the highest displacement rate was for marketing and sales, 7.0 percent. Looking at low-skill occupations as a group, the displacement rate was only 3.6 percent for nonmetro, but a relatively high 5.3 percent for metro.

Post-Displacement: Employment, Unemployment, or Not in the Labor Force

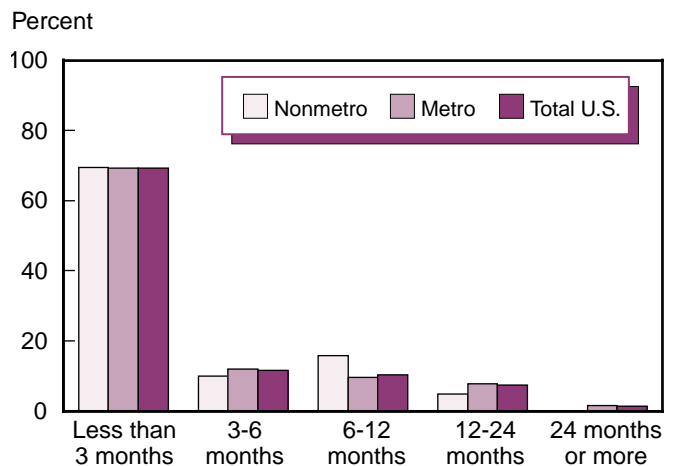
Employment

Nonmetro displaced workers who were employed at the time of the survey had experienced on average 12 weeks of nonemployment compared with an average 14 weeks for metro displaced (table 3). About 70 percent of all employed displaced workers, nonmetro and metro, had found their jobs within 3 months (fig. 4). About half had changed industries for a new job, and also about half had changed occupations.

On average, earnings were less on the new job, and about half of the employed displaced workers, nonmetro and metro, had found a new job but with lower real weekly earnings. A relatively large number of nonmetro displaced workers, 16.6 percent, were employed at the survey date, but were in households with income of less than \$15,000.

Figure 4
Length of unemployment for displaced workers

Most displaced workers found new jobs within 3 months



Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.

Table 2—Displacement rates, 1995-97

	Nonmetro rate	Metro rate	Nonmetro rate/ Metro rate	U.S. rate
	----- <i>Percent</i> -----		<i>Ratio</i>	<i>Percent</i>
Total ¹	3.5	4.8	0.72	4.6
20-24 years old	2.5	4.2	.58	3.9
25-34 years old	4.5	5.0	.90	4.9
35-44 years old	3.0	5.0	.61	4.6
45-54 years old	3.6	4.6	.77	4.4
55-64 years old	3.3	4.8	.68	4.5
Men	3.6	4.6	.78	4.4
Women	3.3	5.1	.65	4.7
White	3.5	4.8	.72	4.6
Nonwhite	3.7	4.7	.79	4.5
Hispanic ²	4.0	5.0	.80	4.9
Nonhispanic	3.5	4.8	.72	4.5
Education level:				
Less than high school	4.7	5.8	.82	5.5
High school diploma	3.7	4.9	.76	4.6
Some college	3.8	5.3	.72	5.0
College degree	2.0	4.5	.45	4.1
Master's degree or higher	.4	3.2	.42	3.2
Industry of lost job:				
Agriculture	1.8	2.5	.72	2.2
Mining	2.8	6.6	.42	5.0
Construction	4.4	3.7	1.20	3.8
Manufacturing	5.3	7.3	.72	6.8
Transportation, communications, and utilities	4.8	4.5	1.06	4.6
Wholesale trade	3.0	5.5	.55	5.1
Retail trade	5.6	6.6	.85	6.4
Finance, insurance, and real estate	2.0	6.5	.31	6.0
Services	1.8	3.1	.59	2.9
Public administration	1.1	3.0	.37	2.6
Occupation of lost job:				
Executive, administrative, and managerial	4.0	4.4	.92	4.3
Professional specialty	1.8	3.1	.60	2.9
Technicians and related support	3.2	5.4	.59	5.0
Marketing and sales	4.7	7.0	.67	6.6
Administrative support, including clerical	3.0	5.9	.50	5.4
Service	2.3	3.6	.65	3.3
Precision production, craft, and repair	3.3	4.3	.77	4.0
Operators, fabricators, and laborers	5.0	6.2	.81	5.9
Agriculture, forestry, fishing, and related	2.6	3.6	.73	3.2
Low-skill occupations	3.6	5.3	.67	4.9

¹ Displaced workers aged 20-64, with 3 or more years of tenure on their lost job.

² Hispanics may be of any race.

Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.

Table 3—Displaced workers, 1995-97, employed at time of survey

	Nonmetro	Metro	U.S. total
		<i>Thousands</i>	
Displaced workers employed at time of survey ¹	367	2,292	2,658
		<i>Percent</i>	
Year displaced:			
1995	29.0	30.8	30.5
1996	33.8	37.7	37.2
1997	37.2	31.5	32.3
		<i>Percent</i>	
Male	57.6	54.5	55.0
Nonwhite	9.5	15.2	14.4
Hispanic ²	6.5	10.0	9.5
		<i>Years</i>	
Age	40.9	41.5	41.4
		<i>Percent</i>	
Education level:			
Less than high school diploma	15.1	8.7	9.6
High school diploma	42.0	30.1	31.7
Some college	32.0	31.5	31.6
College degree	8.5	21.3	19.6
Advanced degree	2.4	8.3	7.6
		<i>Weeks</i>	
After job loss, average time before working again	12.1	14.1	13.8
		<i>Percent</i>	
Jobless duration:			
0-3 months	69.4	69.2	69.2
3-6 months	9.9	11.9	11.6
6-12 months	15.8	9.6	10.4
12-24 months	4.8	7.8	7.4
24+ months	.1	1.5	1.3
Percentage whose current job is in a different industry than lost job	53.8	51.8	52.1
Percentage whose current job is in a different occupation than lost job	53.7	45.4	46.6
Percentage who were full time on lost job but are now part time	13.6	10.9	11.3
Low-skill occupation on lost job	51.9	46.4	47.1
		<i>1998 dollars</i>	
Median weekly earnings on lost job	419.29	582.76	544.28
Median weekly earnings on current job	394.00	481.00	478.00
		<i>Percent</i>	
Share of workers who found a new job but at lower real weekly earnings	52.5	49.3	49.8
Household income less than \$15,000 at survey	16.6	9.4	10.4

¹ Displaced workers aged 20-64, with 3 or more years of tenure on their lost job.

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Note: The Personal Consumption Expenditure Price Index, Bureau of Economic Analysis, was used to adjust weekly earnings.

Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.

Unemployment

Ten percent of total U.S. displaced workers, 341,000, were unemployed—jobless, looking for work, and available to work—when surveyed (table 4). However, about two-thirds of these unemployed workers had been displaced in 1997, the year before the survey was taken. On average, the nonmetro unemployed displaced looked for work for 17 weeks, and the metro, for 25 weeks. The recentness of this group's displacement makes their unemployment less of a policy issue than had they been displaced 2 or 3 years prior, as many would have been likely to have found jobs soon after being surveyed. The unemployed displaced, as a group, have a lower education level than all displaced. Almost 80 percent of the nonmetro workers and 55 percent of the metro workers have at most a high school diploma. A large share of unemployed displaced were in households with incomes of less than \$15,000—38 percent of nonmetro and 28 percent of metro.

Not in the Labor Force

About 12 percent, 415,000, of total displaced had dropped out of the labor force when surveyed (table 5). That is, they were not employed and were not looking for work. Almost 50 percent of the nonmetro displaced workers who were not in the labor force were men, versus 31 percent of the metro displaced workers who had dropped out of the labor force. For both the nonmetro and metro groups, the average age was late 40's, and slightly less than two-thirds were in a low-skill occupation on their lost job. A greater share of the nonmetro displaced workers who were not in the labor force stated that they were disabled, 22 percent, than the metro group, 10 percent. The nonmetro displaced workers were again more likely to be in a household with income of less than \$15,000 than were the metro group.

Table 4—Displaced workers, 1995-97 who were unemployed at time of survey

	Nonmetro ¹	Metro	U.S. total
		<i>Thousands</i>	
Displaced workers unemployed at survey ²	50	291	341
		<i>Percent</i>	
Year displaced:			
1995	17.7	12.8	13.5
1996	17.5	18.6	18.5
1997	64.8	68.6	68.1
Male	72.3	60.8	62.5
Nonwhite	14.5	21.2	20.2
Hispanic ³	1.3	17.5	15.1
		<i>Years</i>	
Average age	42.5	43.3	43.2
		<i>Percent</i>	
Low-skill occupation on lost job	65.0	53.9	55.6
		<i>Weeks</i>	
Average duration of unemployment	17.2	24.7	23.6
		<i>Percent</i>	
Unemployment duration:			
Less than 3 months	49.7	42.3	43.4
3-6 months	36.7	24.0	25.9
6-12 months	2.3	19.0	16.5
12-24 months	11.3	10.3	10.4
More than 24 months	0	4.4	3.7
Household income less than \$15,000 at survey	37.7	27.6	29.1

¹ Due to the small number of observations for nonmetro displaced workers unemployed at the survey date—28 observations—caution should be used when interpreting results.

² Displaced workers aged 20-64, with 3 or more years of tenure on their lost job.

³ Hispanics may be of any race.

Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.

Table 5—Displaced workers, 1995-97, not in labor force at time of survey

	Nonmetro	Metro	U.S. total
		<i>Thousands</i>	
Displaced workers not in labor force at survey ¹	83	332	415
		<i>Percent</i>	
Year displaced:			
1995	21.6	26.3	25.3
1996	41.1	27.6	30.3
1997	37.3	46.1	44.4
Male	48.2	30.8	34.3
Nonwhite	6.4	12.7	11.5
Hispanic ²	4.1	10.7	9.4
		<i>Years</i>	
Average age	48.2	45.8	46.3
		<i>Percent</i>	
Low-skill occupation on lost job	62.3	63.3	63.1
Not in labor force reason:			
Retired	27.5	30.3	29.8
Disabled	21.8	10.1	12.4
Other	50.7	59.6	57.8
Household income less than \$15,000 at survey	37.7	17.8	21.7

¹ Displaced workers aged 20-64, with 3 or more years of tenure on their lost job.

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Hardship Groups

Overall, fewer workers were displaced during 1995-97 than during 1993-95, rates of displacement for the labor force were low, and most displaced workers found new jobs quickly. The tight labor market of this phase of the expansion meant that many displaced workers faced relatively little hardship. However, some displaced worker groups faced disproportionate hardship such as high unemployment and low income levels. Three hardship groups are examined here: those age 55-64, those without a high school diploma, and those with household incomes of less than \$15,000.⁹

Age 55-64

Among all displaced, 472,000 were age 55-64 at the survey date (table 6). The experience of the nonmetro displaced age 55-64 was generally the same as for metro. However, a larger share of the nonmetro group was male, 74 percent, versus 57 percent for metro. Additionally, the nonmetro displaced age 55-64 had, on average, a much longer tenure on their lost job, 18 years, whereas metro displaced age 55-64 had, on average, 13 years' tenure. Nonmetro displaced in this group were more likely to have been in a low-skill occupation on their lost job than metro displaced.

Most striking about this group is the high share of unemployment, 30 percent of total, and consequently, the low employment share, 60 percent. Interestingly, most displaced age 55-64 stayed in the labor force, either employed or looking for a job. Surprisingly, a smaller share of this group were in households with incomes of less than \$15,000 than of all displaced workers, indicating less hardship than one would have expected. Perhaps some of these displaced workers age 55-64 were receiving early retirement pensions or lived with other household members who were employed.

Less than High School Diploma

Those without a high school diploma were markedly different from all displaced workers. About two-thirds of those with less than a high school diploma were male, and about one-third were Hispanic (table 7). A large share—three-quarters—of the less-than-diploma displaced were in low-skill occupations. Although a larger share were unemployed or not in the labor force than all displaced, two-thirds were employed when surveyed.

Looking at the nonmetro displaced who had less than a diploma, patterns were generally similar to those of metro. However, the nonmetro displaced were more

Table 6—Displaced workers, 1995-97, who were age 55-64 at time of survey

	Nonmetro	Metro	U.S. total
		<i>Thousands</i>	
Displaced workers ¹	75	396	472
		<i>Percent</i>	
Male	73.8	56.7	59.4
Nonwhite	2.9	11.2	9.9
Hispanic ²	3.1	4.8	4.5
Received written advance notice of job loss	42.4	41.4	41.6
		<i>Years</i>	
Tenure on lost job	17.8	13.1	13.8
		<i>Percent</i>	
Low-skill occupation on lost job	62.3	47.9	50.1
Currently unemployed	33.3	29.9	30.4
Currently employed	45.3	62.3	59.6
Currently not in labor force	21.4	7.8	9.9
Household income less than \$15,000 at survey	19.3	17.7	17.9

¹ Displaced workers aged 20-64, with 3 or more years of tenure on their lost job.

² Hispanics may be of any race.

Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.

Table 7—Displaced workers, 1995-97, who had less than a high school diploma

	Nonmetro	Metro	U.S. total
		<i>Thousands</i>	
Displaced workers ¹	79	300	379
		<i>Percent</i>	
Male	77.2	60.6	64.1
Nonwhite	9.7	18.7	16.8
Hispanic ²	28.1	35.8	34.2
		<i>Years</i>	
Average age	43.6	42.4	42.6
		<i>Percent</i>	
Received written advance notice of job loss	26.8	42.1	39.0
		<i>Years</i>	
Tenure on lost job	6.5	8.0	7.7
		<i>Percent</i>	
Low-skill occupation on lost job	59.0	79.6	75.4
Currently unemployed	9.0	18.7	16.7
Currently employed	70.2	66.2	67.0
Currently not in labor force	20.8	15.0	16.3
Household income less than \$15,000 at survey	44.8	38.4	39.8

¹ Displaced workers aged 20-64, with 3 or more years of tenure on their lost job.

² Hispanics may be of any race.

Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.

likely to be male, and, surprisingly, less likely to have been in a low-skill occupation—59 percent of nonmetro versus 80 percent of metro. Also surprising is the relatively low unemployment share for the nonmetro displaced who had less than a diploma, 9 percent, compared with about 17 percent for all displaced. Although a large share of those who had less than a diploma were employed at the survey date, many were living in households with low incomes. Forty-five percent of the nonmetro displaced and 38 percent of the metro displaced in this group were in households with incomes of less than \$15,000.

Low Income¹⁰

Among those displaced, 435,000 (13.6 percent) were in households with incomes of less than \$15,000 at the survey date (table 8). Sixty percent of these workers were employed at a new job. Although about half were

male averaging age 42 years old, (the same as for all displaced), larger than proportional shares of low-income displaced were nonwhite (23 percent) and Hispanic (19 percent). The low-income displaced were more likely to have at most a high school diploma. Indeed, there is a large overlap between this hardship group and the displaced group with less than a diploma. An especially high share of metro workers in this group had, at most, a high school diploma—75 percent. The low-income workers were slightly more likely to have been in a low-skill occupation on their lost job than all displaced.

A large share of this group were not employed: 22 percent of all the low-income displaced were unemployed, and 19 percent had dropped out of the labor force. Those rates were roughly double the rates for all displaced. Nonmetro workers in this group had a slightly lower unemployment rate, 17 percent, but a higher rate of leaving the labor force, 26 percent.

Table 8—Displaced workers, 1995-97, living in households with income less than \$15,000 at time of survey

	Nonmetro	Metro	U.S. total
		<i>Thousands</i>	
Displaced workers ¹	104	331	435
		<i>Percent</i>	
Male	65.8	47.3	51.7
Nonwhite	13.0	26.6	23.4
Hispanic ²	10.2	21.5	18.8
		<i>Years</i>	
Age	42.5	41.8	42.0
		<i>Percent</i>	
Education level:			
Less than high school diploma	33.9	32.1	32.5
High school diploma	35.3	43.1	41.2
Some college	28.3	14.8	18.1
College degree	2.1	9.8	7.9
Advanced degree	.4	.3	.3
Why displaced?			
Plant or company closed or moved	50.5	63.3	60.2
Insufficient work	26.8	23.3	24.2
Position or shift abolished	22.7	13.4	15.6
Received written advance notice of job loss	24.6	39.1	35.8
		<i>Years</i>	
Tenure on lost job	6.7	8.5	8.1
		<i>Percent</i>	
Low-skill occupation on lost job	59.0	66.8	64.9
Currently unemployed	17.4	22.8	21.6
Currently employed	56.2	60.9	59.7
Currently not in labor force	26.4	16.4	18.8

¹ Displaced workers aged 20-64, with 3 or more years of tenure on their lost job.

² Hispanics may be of any race.

Source: Calculated by ERS using data from the Displaced Worker Survey supplement, February 1998 Current Population Survey, Bureau of Labor Statistics.