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WORKER DISPLACEMENT, 2001-03

During the January 2001 through December 2003 period, 5.3 million workers were displaced from jobs they had held for at least 3 years, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The number of displaced workers increased from 4.0 million in the previous survey that covered the period from January 1999 through December 2001.

Since 1984, the Employment and Training Administration of the U.S. Department of Labor has sponsored surveys that collect information on workers who were displaced from their jobs. These surveys have been conducted biennially as supplements to the Current Population Survey (CPS), a monthly survey of households that is the primary source of information on the nation's labor force.

Displaced workers are defined as persons 20 years of age and older who lost or left jobs because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished. The period covered in this study was 2001-03, the 3 calendar years prior to the January 2004 survey date. The following analysis focuses primarily on the 5.3 million persons who had worked for their employer for 3 or more years at the time of displacement (referred to as long-tenured). An additional 6.1 million persons were displaced from jobs they had held for less than 3 years (referred to as short-tenured). Combining the short- and long-tenured groups, the number of displaced workers totaled 11.4 million, up from 10.1 million (as revised) in the prior survey. (See Technical Note.) Results from the January 2004 survey included the following highlights:

- About 65 percent of the long-tenured displaced were reemployed at the time of the survey.
- Forty-three percent of long-tenured displaced workers cited plant or company closings or moves as the reason for their displacement.
- Forty-three percent of displaced workers who had worked for their employer for 3 or more years had received written advance notification that their jobs would be terminated. Those who had received advance notice, however, were no more likely to be reemployed in January 2004 than were those who had not been notified.
- Nearly one-third of long-tenured displaced workers lost jobs in manufacturing.
- Fifty-seven percent of long-tenured workers who were displaced from full-time wage and salary jobs and who were reemployed in such jobs had earnings that were lower than those on the lost job. About one-third experienced earnings losses of 20 percent or more.

Characteristics of the Reemployed

About 65 percent of the 5.3 million long-tenured displaced workers were reemployed when surveyed in January 2004. The proportion unemployed at the time of the survey was 20 percent. The remaining 15 percent of long-tenured displaced workers were not in the labor force. (See table 1.)

In January 2004, reemployment rates for workers ages 20 to 24 and those in the central-age group (ages 25 to 54) were 65 and 69 percent, respectively. By comparison, reemployment rates were lower for older workers ages 55 to 64 (56 percent) and 65 years and older (24 percent). Large proportions of older displaced workers were not in the labor force when surveyed.

In January 2004, 68 percent of men were reemployed, compared with 61 percent of women. Men and women had about an equal likelihood of being unemployed, but the share of displaced women who had left the labor force, at nearly 20 percent, was higher than that for men—nearly 12 percent.

In January 2004, reemployment rates were similar across race and ethnic groups—whites (66 percent), blacks (62 percent), Asians (63 percent), and Hispanics or Latinos (65 percent).

Reason for Job Loss and Receipt of Advance Notice

Of those long-tenured workers displaced during the January 2001 through December 2003 period, 43 percent lost or left their jobs due to plant or company closings or moves, 29 percent reported that their position or shift was abolished, and 28 percent cited insufficient work as the reason for being displaced. (See table 2.) The proportion reporting insufficient work was up slightly from the prior survey, and the share citing plant or company closings or moves was down.

More than 4 in 10 displaced workers received written advance notice that their jobs would be terminated, similar to the proportion in prior surveys. In January 2004, long-tenured workers who lost jobs due to plant or company closings or moves were most likely to have received written advance notice of their impending job loss. Among this group, 56 percent received such notice; in comparison, 39 percent of workers displaced because of shift abolishment and only 27 percent of those who lost jobs due to insufficient work were notified in advance. Regardless of the reason for displacement, receipt of written advance notice appears to have had little impact on the likelihood of being reemployed in January 2004. Reemployment rates were little different for those who did and those who did not receive advance notice—66 and 64 percent, respectively. (See table 3.)

Industry and Occupation

As in prior surveys, manufacturing accounted for a disproportionately large share of displaced workers. During the 2001-03 period, 1.7 million factory workers were displaced from their jobs—nearly one-third of all long-tenured displaced workers. Manufacturing displacements were again concentrated within the durable goods component (1.2 million), particularly in computers and electronic products and in primary metals and fabricated metal products. (See table 4.)

Displacements in wholesale and retail trade (765,000) accounted for 14 percent of all long-tenured workers displaced during the 2001-03 period. Long-tenured displaced workers in professional and business services (595,000) made up 11 percent of total displacement.

The reemployment rate for displaced manufacturing workers was 60 percent, lower than the overall reemployment rate for displaced workers (65 percent). (These workers were not necessarily reemployed in the same industries from which they were displaced.) Reemployment rates for workers displaced from the

other major industry groups ranged from 60 percent for workers displaced from jobs in financial activities to 74 percent for workers who lost jobs in transportation and utilities and 76 percent for those who lost jobs in the other services industry (which includes repair and maintenance and personal services).

In the January 2004 survey, persons in managerial, professional, and related jobs accounted for 32 percent of all long-tenured displaced workers. Workers in production, transportation, and material moving jobs made up about one-quarter of the long-tenured displaced; workers in these occupations tend to be employed in the manufacturing industry. (See table 5.)

Among the major occupational groups, the reemployment rate was highest for workers displaced from natural resources, construction, and maintenance occupations (70 percent) and lowest for those displaced from service occupations (58 percent).

Geographic Divisions

Compared with the prior survey, the number of long-tenured workers displaced in each geographic division in the United States increased during the 2001-03 period. The distribution of displacement among the divisions, however, was about the same as in the prior survey. In terms of employment status at the time of the January 2004 survey, the New England and West North Central divisions had the highest reemployment rates, at 73 percent each. (See table 6.)

Earnings

Of the 3.2 million reemployed displaced workers who lost full-time wage and salary jobs during the 2001-03 period, 2.6 million were working in such jobs in January 2004. Of these reemployed full-time workers, 43 percent were earning as much or more in their new jobs as they had earned on the job they lost. This was lower than the proportion recorded in the January 2002 survey (48 percent). In January 2004, 34 percent reported earnings losses of 20 percent or more. (See table 7.)

Total Displaced Workers (With No Tenure Restriction)

The total number of workers displaced during the 2001-03 period (regardless of how long they had held their jobs) was 11.4 million; the number of such workers during the 1999-2001 period was 10.1 million (as revised). Two-thirds of the total displaced had found new jobs when surveyed in January 2004, while 20 percent were unemployed, and 13 percent were not in the labor force. (See table 8.)

Compared with long-tenured displaced workers, the short-tenured were more likely to be young and to have lost jobs in construction, leisure and hospitality, and in professional and business services.

Technical Note

The data presented in this release were collected through a supplement to the January 2004 Current Population Survey (CPS), the monthly survey of about 60,000 households that provides the basic data on employment and unemployment for the nation. The CPS is conducted by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The purpose of this supplement was to obtain information on the number and characteristics of persons who had been displaced (as defined below) from their jobs over the prior 3 calendar years.

Data presented in this release are based on Census 2000 population controls. Previously published estimates of displaced workers from the February 2000 and January 2002 surveys were based on population controls from the 1990 census. The estimates from these earlier surveys have been recalculated using the new Census 2000-based population controls. The revised population controls raised the overall number of displaced workers in each survey, but had little or no impact on rates.

In the February 2000 survey, the total number of displaced workers (with no tenure restriction) as originally published was 7,561,000, compared with 7,639,000 after revision. The number of long-tenured displaced workers as originally published was 3,275,000, compared with 3,314,000 after revision.

In the January 2002 survey, the total number of displaced workers (with no tenure restriction) as originally published was 9,933,000, compared with 10,101,000 after revision based on Census 2000 population controls. The number of long-tenured displaced workers as originally published was 3,969,000, compared with 4,024,000 after revision.

Revised versions of the news release tables for the February 2000 and January 2002 displaced worker surveys will be made available on the BLS Web site.

For a discussion of the revised population controls and the impact that their introduction had on the basic CPS data, see “Revisions to the Current Population Survey Effective in January 2003” in the February 2003 issue of *Employment and Earnings* and available at <http://www.bls.gov/cps/rvcps03.pdf> on the BLS Web site. Also see “Adjustments to Household Survey Population Estimates in January 2004” in the February 2004 issue of *Employment and Earnings* and available at <http://www.bls.gov/cps/cps04adj.pdf> on the BLS Web site.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone number: 1-800-877-8339.

Reliability of the estimates

Statistics based on the CPS are subject to both sampling and nonsampling error. When a sample, rather than the entire population, is surveyed, there is a chance that the sample estimates may differ from the “true” population values they represent. The exact difference, or *sampling error*, varies

depending on the particular sample selected, and this variability is measured by the standard error of the estimate. There is about a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the “true” population value because of sampling error. BLS analyses are generally conducted at the 90-percent level of confidence.

The CPS data also are affected by *nonsampling error*. Nonsampling error can occur for many reasons, including the failure to sample a segment of the population, inability to obtain information for all respondents in the sample, inability or unwillingness of respondents to provide correct information, and errors made in the collection or processing of the data.

For a full discussion of the reliability of data from the CPS and information on estimating standard errors, see the “Explanatory Notes and Estimates of Error” section of *Employment and Earnings*.

Concepts

The first question asked of survey respondents to the CPS supplement was, “During the last 3 calendar years, that is, January 2001 through December 2003, did (you/name) lose a job or leave one because: (your/his/her) plant or company closed or moved, (your/his/her) position or shift was abolished, there was insufficient work, or another similar reason?” If the answer to that question was “yes,” then the respondent was asked to identify which reason, among the following, best described the reason for the job loss:

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

Respondents who provided one of the first three reasons—plant or company closed or moved, insufficient work, or position or shift abolished—were then asked questions about the lost job, including how many years it had been held; the year the job was lost; its earnings, industry, and occupation; and whether health insurance had been provided. Other questions were asked to determine what transpired before and after the job loss, such as: Was the respondent notified of the upcoming dismissal? How long did he/she go without work? Did he/she receive unemployment benefits? And, if so, were the benefits used up? 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 January 2004.