

Job Retention During Two Recessions: Evidence From The 2001 and 2008 SIPP Panels

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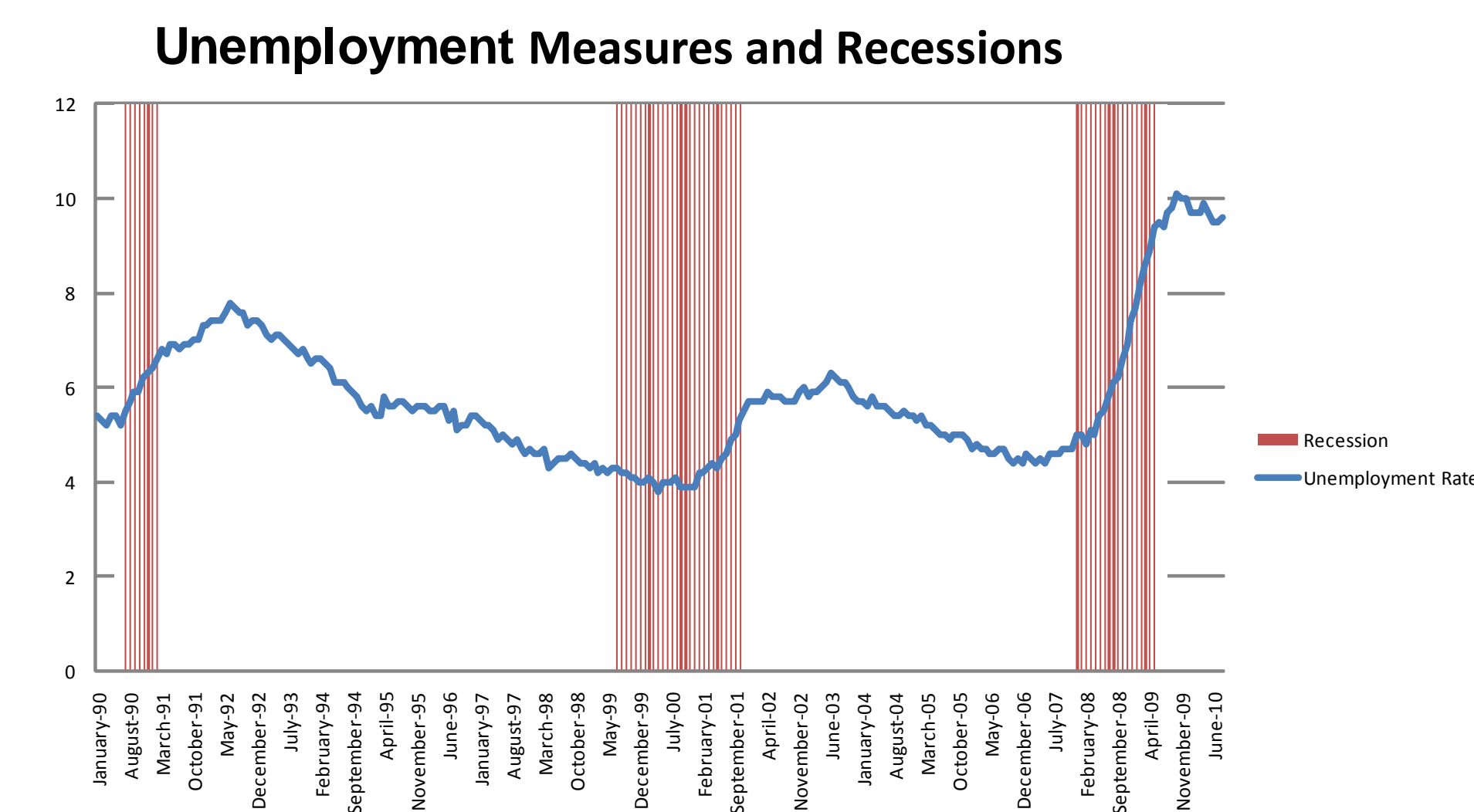
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BACKGROUND

The amount of economic activity in the United States has fluctuated widely over the past decade. As the business cycle ebbs and flows, many economic variables are affected, such as employment and interest rates.

According to the National Bureau of Economic Research (NBER), the recession of 2001 was followed by a period of long economic expansion, which ended in December 2007 with the present economic downturn.

Typically during recessions people lose their jobs. The national unemployment rate has reflected these changes in the business cycle, fluctuating from 4.3 percent in March 2001 to 6.3 percent in June 2003, declining again to 5.0 percent in December 2007, and then rising to 10.0 percent in December 2009 (Bureau of Labor Statistics, 2010).



Source: Unemployment data: Bureau of Labor Statistics—Data extracted on: September 28, 2010 (12:23:41 PM), LNS14000000 Seasonally Adjusted—Percent or rate—16 years and over. Recession data: National Bureau of Economic Research—NBER's business cycle dating committee, dated 9/20/10 Labor Force Statistics from the Current Population Survey.

OBJECTIVE

Are people who lost their jobs in the most recent recession different from those of the previous recession?

The purpose of this research is to illustrate whether people who lost their jobs during the recession of 2008 differed in their demographic and socioeconomic characteristics from those who lost their jobs in the 2001 recession.

UNIVERSE

Adults aged 25 to 64 in the civilian U.S. non-institutional population, who either had a job in the 4 month of the survey reference period or lost a job during the survey reference period. This analysis considers only the population aged 25 to 64 as they typically have a more stable attachment to the labor force.

DATA

SURVEY OF INCOME AND PROGRAM PARTICIPATION (SIPP)

- Collects source and amount of income, labor force information, program participation and eligibility data, and general demographic characteristics to measure the effectiveness of existing federal, state, and local programs.
- Designed as a longitudinal series of national panels with household interviews every 4 months (waves) with questions primarily covering the previous 4 month activities.
- Sample size about 38,000 interviewed households.
- Duration of each panel ranges from 2 ½ years to 4 years.
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- Multistage stratified sample of the U.S. civilian non-institutionalized population.

SIPP PANELS USED IN THIS STUDY

	2001	2008
Wave 2 Covers:	February 2001–August 2001	September 2008–March 2009
Recession Months*:	March 2001–November 2001	December 2007–June 2009

* Source: NBER, <http://www.nber.org/>

DEFINITIONS

Lost a job

Adults who lost their job in Wave 2 and said the main reason for not working was either:

- On layoff
- Were discharged
- Employer went bankrupt
- Work was temporarily unavailable due to employer's business conditions
- Business went bankrupt

Earnings

Pre-job loss earnings refers to the previous wave's average earnings for the individual.

LIMITATIONS AND DATA ISSUES

- This analysis required two waves of SIPP to establish who had and then lost a job during the recession. The SIPP panels and matching waves which best covered these recessions were wave 2 of the 2001 and 2008 panels, though wave 2 in each panel covered different months of each recession. The 2001 data covered the beginning recession months (1-6) and the 2008 SIPP covered recession months 10-16.
- Attrition between waves 1 and 2 may have changed the composition of the sample. SIPP accounts for attrition bias by constructing weights that take this possibility into account in addition to changes in the overall sample composition. Therefore, all estimates reported here have been weighted.

SUMMARY

Those who lost a job in **both** recession periods were more likely to be:

- Under 35
- Black
- Less educated (hold a high school diploma or less)
- Low earners (Lowest quintile of the earning distribution)
- Employed in Production, Transportation, Construction, and Material Moving occupations

Those who lost their jobs in the 2008 recession in **comparison** to the 2001 recession were more likely to:

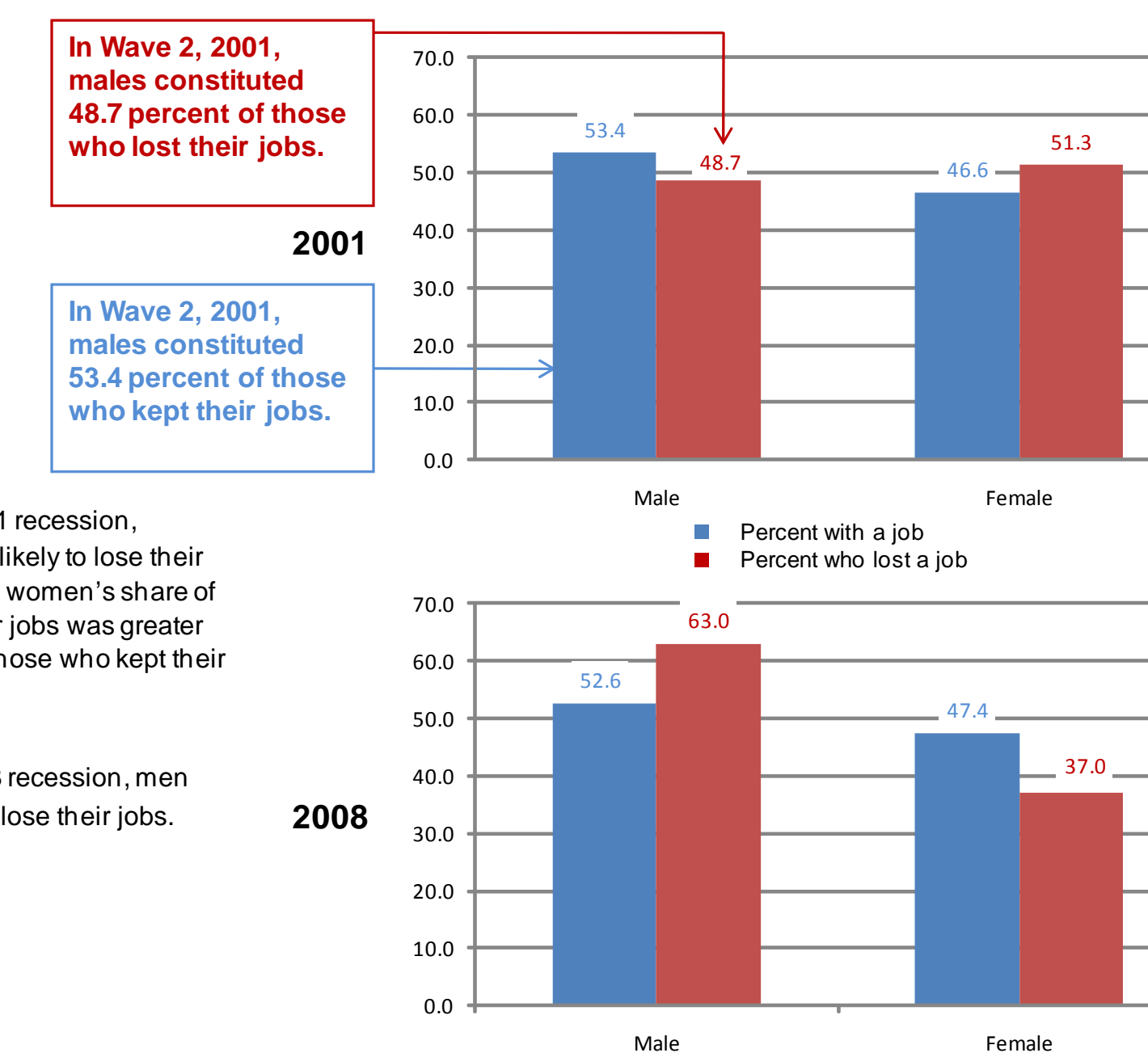
- Have completed some college work or hold an Associate's degree
- Be in the second quintile of the earning distribution

FUTURE RESEARCH

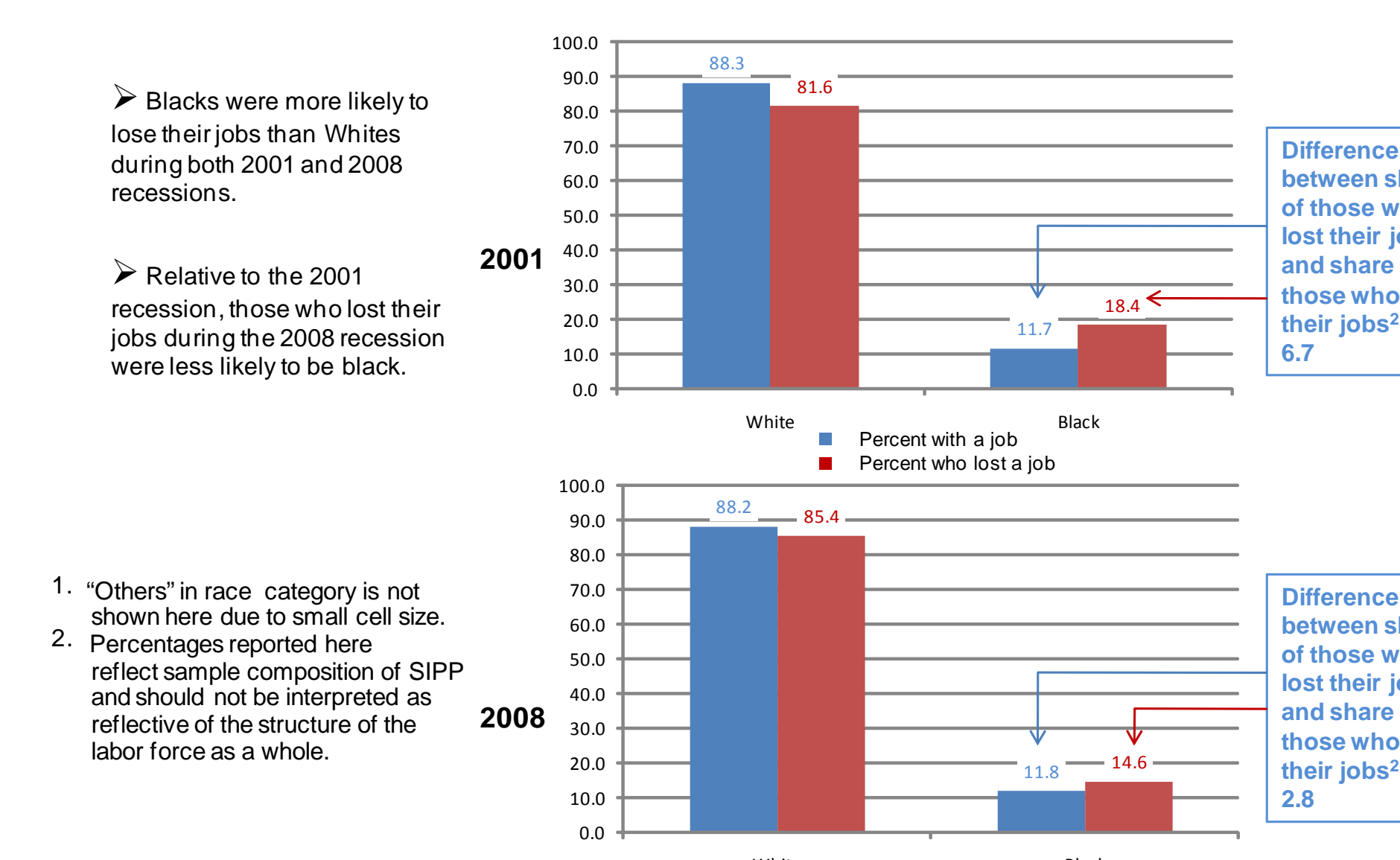
- Analyze patterns of unemployment duration in each recession.
- Analyze the relationship between attrition from the survey, unemployment, and socio-economic characteristics of respondents.
- Extend this research to non-recessionary periods to see whether people who lose jobs during an expansion of the business cycle have fundamentally different characteristics from those who lose jobs during a contraction.

JOB RETENTION DURING RECESSION PERIODS 2001 and 2008

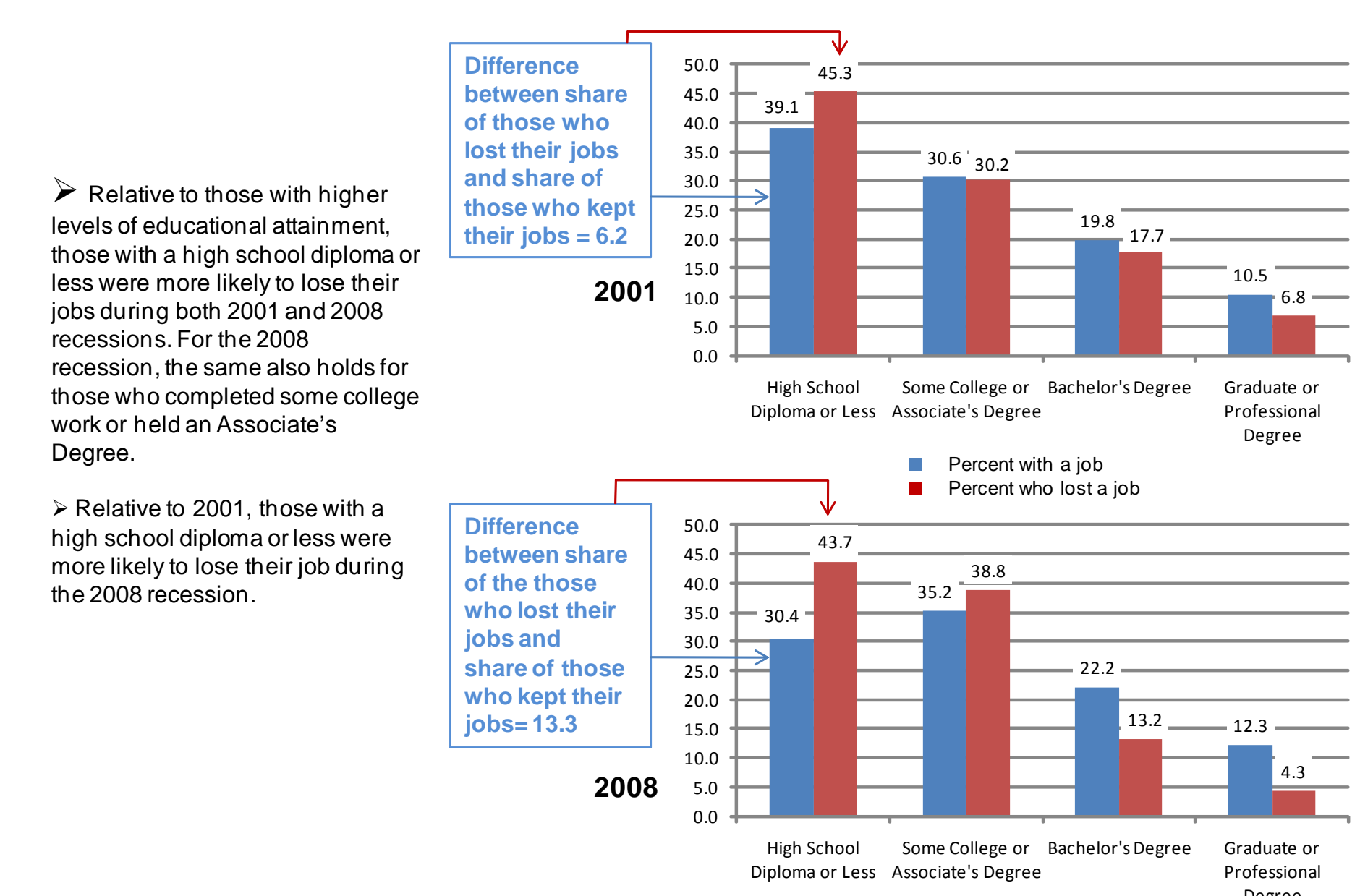
by Gender



by Race¹

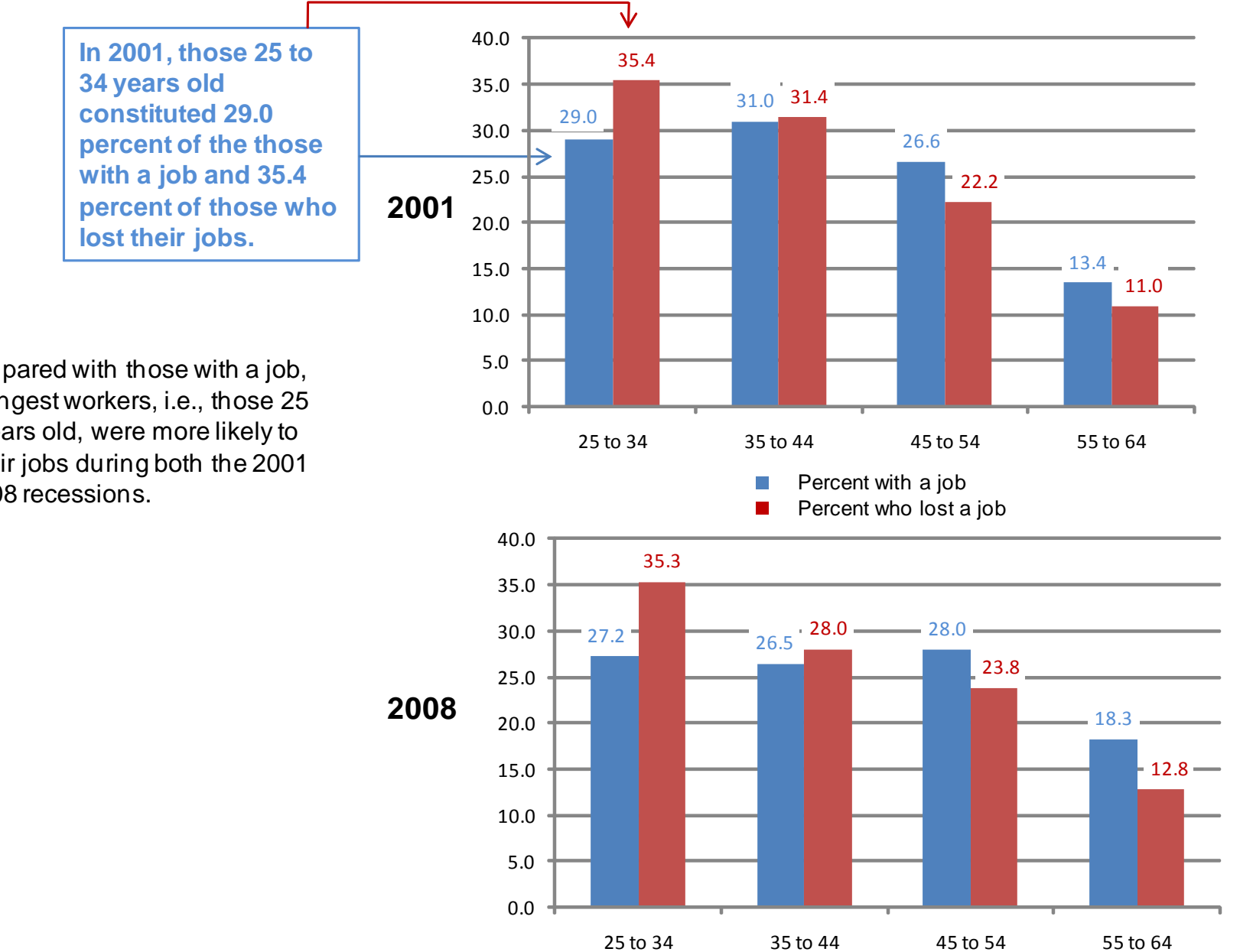


by Level of Educational Attainment

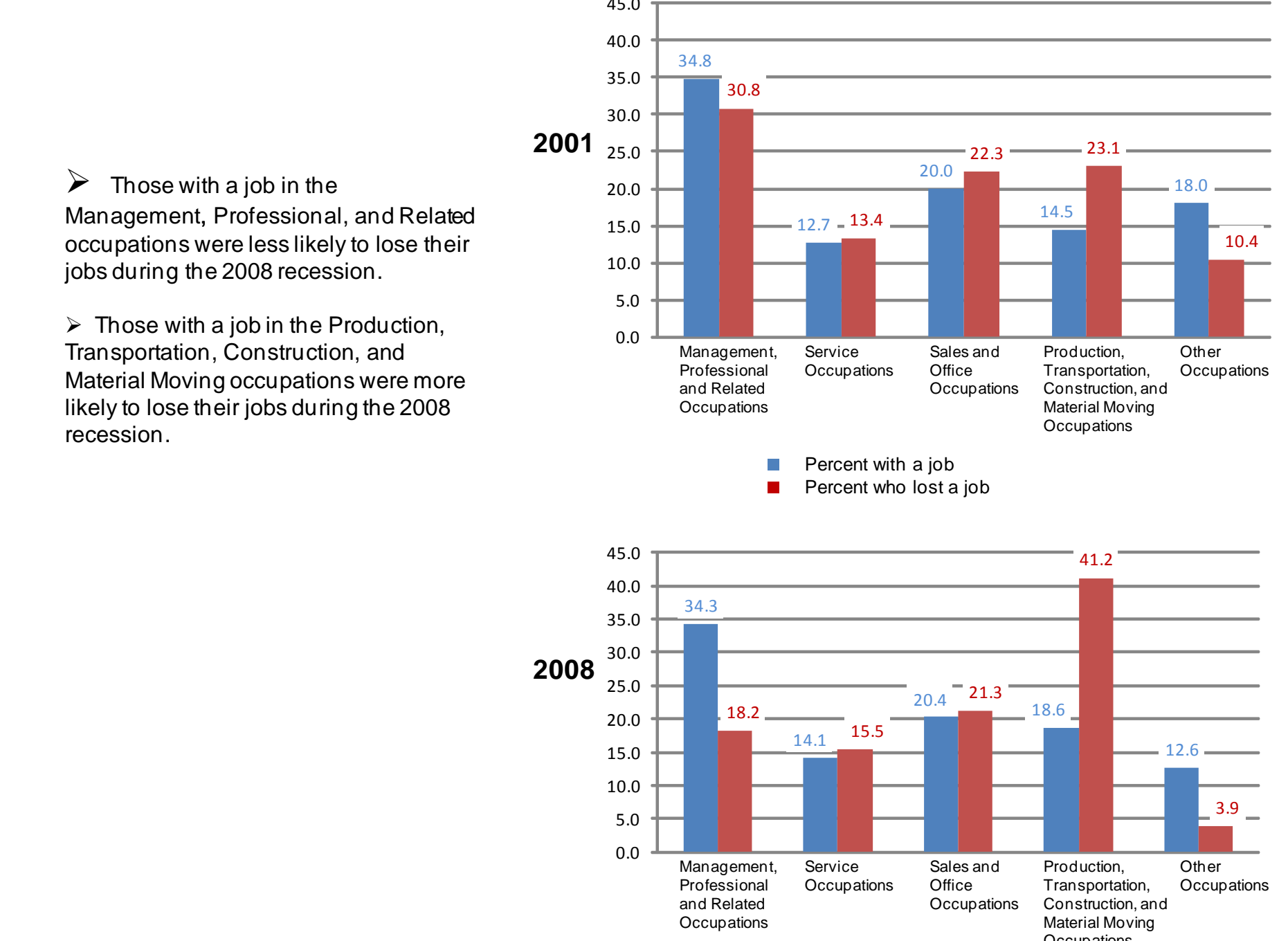


Source: Wave 2 SIPP 2001, 2008

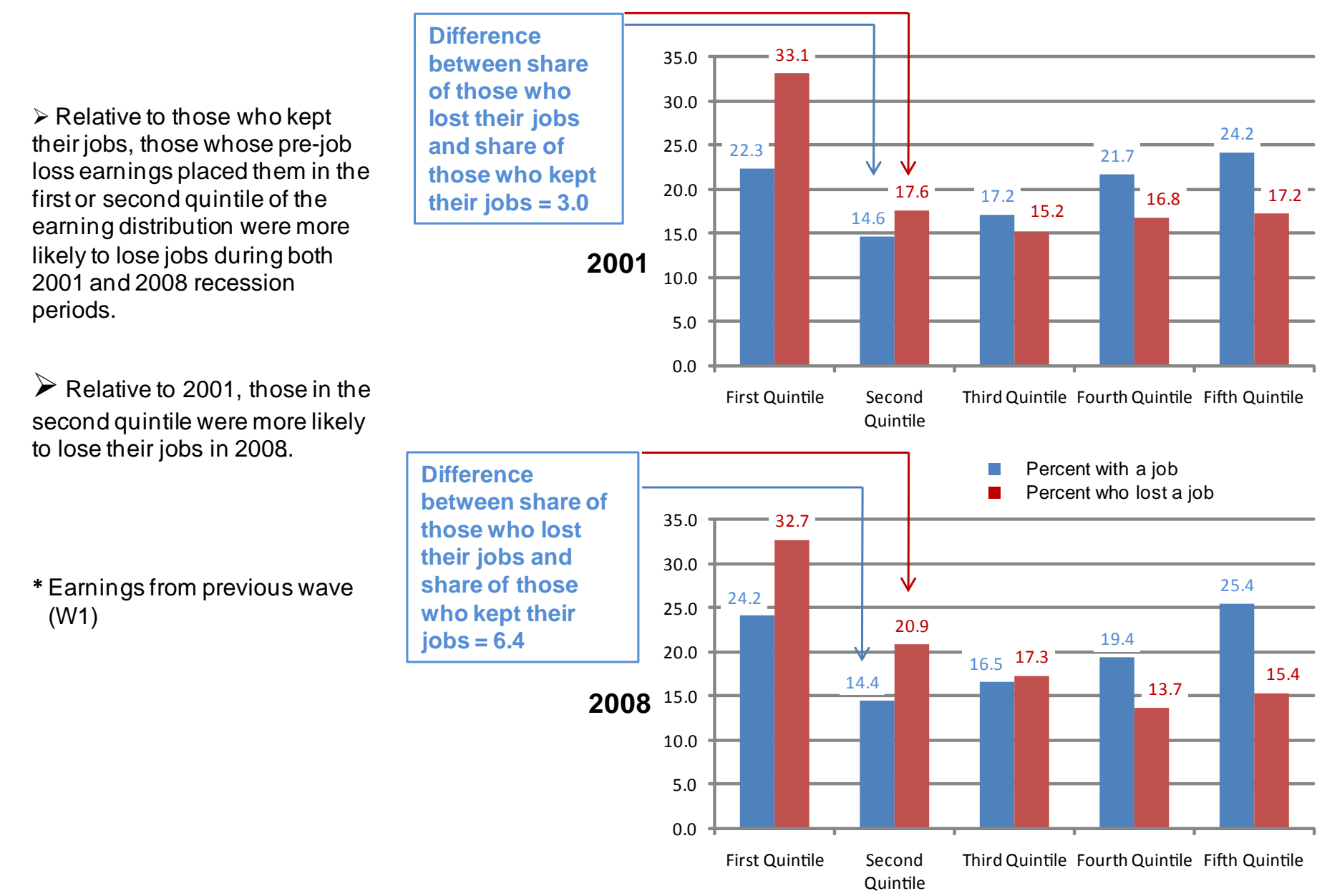
by Age Group



by Occupation



by Earnings^{*}



The estimates in this report (which may be shown in text, figures, and tables) are based on responses from a sample of the population and may differ from actual values because of sampling variability or other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant. All comparative statements have undergone statistical testing and are significant at the 90-percent confidence level unless otherwise noted.

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