

## Recent Job Loss Hits the African-American Middle Class Hard

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The recession of 2001 and subsequent poor employment growth over the current economic recovery have hit younger and less-educated African Americans hard. Between 2000 and 2003, for example, the share of African American age 18 to 24 who were working declined 5.7 percentage points (from 52.9 percent to 47.2 percent). Over the same period, the share of African Americans with less than a high school degree who were in work fell 3.1 percentage points (from 43.5 percent to 40.4 percent).<sup>2</sup> The job market, however, has also turned decisively against older, better-educated, middle-class African Americans. This paper documents one important aspect of the difficulties facing middle-class African Americans in the current economy: the high and rising rate of job loss among black workers in long-standing jobs (those held three years or longer).<sup>3</sup>

### **African Americans are less likely than whites to be in long-tenure jobs**

On average, African-American workers have lower job tenure –time with the same employer– than white workers have. As Table 1 demonstrates, blacks are more likely than whites to have been in their current job for less than one year (15.5 percent of blacks, compared to 13.1 percent of whites). At the same time, blacks are less likely than whites to have been with the same employer for at least ten years (28 percent of blacks, compared to 35 percent of whites).

The racial gap in tenure holds separately for both men and women. Black women, on average, have spent less time in their current job than white women have; black men, on average, also have shorter tenure than white men.

As detailed below, long-tenure jobs are, in general, a marker for better quality jobs. As a result, reduced access to long-tenure jobs immediately puts African Americans at an economic disadvantage relative to whites.

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<sup>2</sup> Analysis of the Center for Economic and Policy Research's extract of the Current Population Survey's Outgoing Rotation Group. The CPS definition of race changed in 2003; for a discussion of these changes, see the data appendix. For more details on the economic circumstances facing African Americans, see Lee A. Daniels (ed.), *The State of Black America 2004*, Washington, DC: National Urban League, 2004, and Lawrence Mishel, Jared Bernstein, and Sylvia Allegreto. *The State of Working America 2004-2005*. Ithaca, New York: Cornell University Press, 2004.

<sup>3</sup> The analysis here follows the Bureau of Labor Statistics in using a three-year cutoff for long-tenure jobs.

**TABLE 1**  
**Distribution of job tenure, workers age 25 to 64, 2004**  
**(Percent)**

	Years with same employer			
	Less than 1	More than 3	More than 10	More than 20
All				
White	13.1	72.9	35.0	13.9
Black	15.5	69.1	27.8	10.4
Gap (p.p.)	2.4	-3.8	-7.2	-3.5
Women				
White	13.8	71.2	31.2	10.9
Black	16.4	67.7	25.7	9.7
Gap (p.p.)	2.6	-3.5	-5.5	-1.2
Men				
White	12.5	74.4	38.3	16.5
Black	14.4	70.8	30.1	11.2
Gap (p.p.)	1.9	-3.6	-8.2	-5.3

Notes: Analysis of Center for Economic and Policy Research extract of the 2004 Job Tenure supplement. Gap (p.p.) is the black share minus the white share in percentage-point terms.

### **Job displacement of long-tenure African Americans has risen sharply**

During the economic expansion of the late 1990s, black and white workers with long tenure (three or more years with the same employer) faced similar probabilities of losing their job.<sup>4</sup> Between 1997 and 1999, about 4.2 percent of long-tenure black workers were displaced, compared with about 4.0 percent of long-tenure white workers. Those African Americans able to beat the odds and secure long-standing jobs enjoyed about the same level of job security as their white co-workers during the boom.

Labor-market conditions, however, have changed markedly in the 2000s. During 2001-2003 (the most recent data available), the rate of job displacement rose much more for long-tenure black workers than it did for long-tenure white workers. The three-year displacement rate for long-tenure white workers rose 1.6 percentage points to 5.6 percent –or about 1 of every 18 long-tenure white workers. Meanwhile, black workers saw even

<sup>4</sup> Job loss here refers to "job displacement" as defined by the Bureau of Labor Statistics: involuntary job loss due to (1) plant closing; (2) insufficient demand; or because (3) the worker's shift or position was abolished. For more details, see John Schmitt. "The Rise in Job Displacement, 1991-2004: The Crisis in American Manufacturing," Center for Economic and Policy Research Briefing Paper, August 2004.

larger increases in displacement: up 3.1 percentage points to 7.3 percent –or about 1 in 14 long-tenure black workers.

**TABLE 2**  
**Displacement rate from long-tenure jobs, workers age 20 and older**  
**(Three-year rate, percent)**

	1997-1999	2001-2003	Change (p.p.)
All			
White	4.0	5.6	1.7
Black	4.2	7.3	3.1
Gap (p.p.)	0.2	1.6	1.4
Women			
White	4.0	5.4	1.4
Black	3.9	7.1	3.2
Gap (p.p.)	-0.1	1.7	1.8
Men			
White	3.8	5.9	2.1
Black	4.6	7.7	3.1
Gap (p.p.)	0.8	1.8	1.0

Notes: Analysis of Center for Economic and Policy Research extract of the 2000 and 2004 Job Tenure and Displaced Workers supplements. Gap (p.p.) is the black share minus the white share in percentage-point terms. Change (p.p.) is the 2001-2003 rate minus the 1997-1999 rate in percentage-point terms.

### **Long-tenure jobs lie at the heart of the middle-class**

The recent sharp rise in job displacement among long-tenure African-Americans workers has a direct impact on the black middle class. On average, the long-tenure workers whose jobs have come under threat are: older (43.3 years old compared to 37.7 for short-tenure workers); work longer hours (40.2 hours per week, compared to 37.6 hours); more likely to be salaried employees (38.7 percent compared to 28.8 percent); more likely to be in a union (21.4 percent, compared to 8.9 percent); more likely to work in manufacturing (13.4 percent, compared to 7.8 percent); and more likely to be married (51.8 percent, compared to 40.7 percent). The longer-tenure black workers also typically earn more than their short-tenure counterparts. The median long-tenure worker, for example, earns about \$14.40 per hour, compared to about \$12.00 per hour for those with short tenure.

## Conclusion

Sustained, low unemployment at the end of the 1990s helped to draw over 1.5 million additional African Americans into work.<sup>5</sup> The most obvious beneficiaries of the employment boom were younger or less-educated African-Americans, whose lack of experience or skills became less important barriers to employment as employers were forced to look harder to fill vacancies. The deterioration in the labor market in the early 2000s had a substantial, negative, and well-documented effect on these disadvantaged African American workers. This report provides evidence that the economic downturn also had a substantial negative impact on middle-class African Americans' job security and economic well-being.

During the economic expansion of the late 1990s, black workers in long-tenure jobs had about the same probability of being displaced from their job as long-tenure white workers (4.2 percent for black workers over the three years 1997-1999, compared to 4.0 percent for white workers over the same period). Since the recession of 2001, the job displacement rate for long-tenure whites increased to 5.6 percent, but increased even more for long-tenure blacks –to 7.3 percent (both figures over the three years 2001-2003).

Sustained, low unemployment in the late 1990s helped put long-tenure African American workers on a nearly equal footing with white workers, at least with respect to job displacement.<sup>6</sup> Between 1997 and 1999, about 1 in 25 long-tenure white and black workers were displaced from their jobs. The recession and anemic job recovery over the period 2001-2003, however, put long-tenure black workers at a significant disadvantage. Between 2001 and 2003 (the most recent data available), about 1 in 18 long-tenure white workers were displaced from their job, compared to 1 in 14 long-tenure black workers.

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<sup>5</sup> In 1996, total employment of African Americans was about 13.5 million; in 2000, the total was about 15.2 million (Council of Economic Advisors, *Economic Report of the President*, February 2004, Table B-37). Over the same period, the share of working-age African Americans in work rose from 57.4 percent to 60.9 percent (Table B-41).

<sup>6</sup> As Table 3 demonstrates, long-tenure white workers are, in general, better educated and better paid than long-tenure black workers.

**TABLE 3**  
**Comparison of short- and long-tenure jobs, workers age 25 to 64, 2004**  
**(Percent)**

	White		Black	
	Short-tenure	Long-tenure	Short-tenure	Long-tenure
Average age (years)	39.5	44.8	37.7	43.3
Usual hours per week (hours)	38.5	41.0	37.6	40.2
Salaried employees	42.1	51.4	28.8	38.7
Union	7.8	19.1	8.9	21.4
Manufacturing	9.7	15.3	7.8	13.4
Married	62.8	73.1	40.7	51.8
Usual hourly wage (2004 \$)				
10th percentile	7.50	9.50	7.50	7.50
50th percentile	14.29	18.23	12.00	14.40
90th percentile	30.00	36.67	25.00	26.42
Education				
Less than high school	4.6	3.8	8.3	6.5
High school	28.5	30.6	39.3	38.5
Some college	29.6	28.3	29.4	30.8
College	24.9	24.0	15.6	16.9
Advanced	12.4	13.4	7.4	7.5
Women	49.5	45.5	56.3	52.7

Notes: Analysis of Center for Economic and Policy Research extract of the 2004 Job Tenure supplement. Short-tenure workers are those with less than 3 years of tenure; long-tenure workers have 3 or more years of tenure. Estimated hourly rates for hourly paid and salaried employees include overtime, tips, bonuses, and commissions are for January 2004.

## Data Appendix

This report analyzes data from the Job Tenure and Occupational Mobility (JTS) and Displaced Workers Survey (DWS) supplements to the February 2000 and January 2004 Current Population Survey. The supplements were administered, as part of the Bureau of the Census' Current Population Survey (CPS), for the Bureau of Labor Statistics. The CPS is a monthly survey of 50,000 to 60,000 households (used for, among other purposes, to calculate the official unemployment rate). In the JTS, all working-age respondents were asked how long they were working with their current employer (or in self-employment). In the DWS, all participants in the CPS age 20 and older were asked about job displacement during the preceding three years. Workers who reported that they had experienced job loss due to "plant closing," "slack demand," or "position or shift abolished" were then asked a series of detailed follow-up questions about the lost job, their post-displacement experience, and their current economic situation. For more details on the CPS, see the CPS home page: <http://www.bls.census.gov/cps/>; for the JTS, see the Job Tenure and Occupational Mobility home page: <http://www.bls.census.gov/cps/jobten/jobten.htm>; for the DWS, see the DWS home page: <http://www.bls.census.gov/cps/dispwkr/dispwkr.htm>; for a more detailed discussion of the DWS data analyzed here, see John Schmitt, "The rise in job displacement, 1991-2004: the crisis in American manufacturing," Center for Economic and Policy Research Briefing Paper, August 2004.

From January 2003, the CPS changed the method it used to categorize respondents' race. Before January 2003, respondents were given relatively few choices to describe their racial background, and did not allow for mixed-race categories. From January 2003, respondents are allowed to choose from a much longer list of categories that does allow for mixed-race categories. While no coding scheme for the race variable across the change is entirely satisfactory, this paper classifies all respondents in all years in four, mutually exclusive categories: white, black, Hispanic, or other. After the change, respondents that describe themselves as black or any racial mix that includes black have been coded as black; respondents that describe themselves as Asian, Pacific Islander, Native American, Native Hawaiian, or any racial mix that includes these and other non-black race categories have been coded as other. Before and after the CPS coding change, any respondent that identified him or herself as being Hispanic was coded as Hispanic, regardless of race.

All programs used to construct the data are available by request to [jschmitt@cepr.net](mailto:jschmitt@cepr.net) or through CEPR's Data Resource Project (see <http://www.cepr.net>).