

# Monthly Employment Transitions Before and During the Great Recession

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February, 2011



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# Key Findings.

- The Great Recession was characterized by an unusually high monthly layoff rate—2% of workers per month at the height of the recession.
- The employment rate of adults fell steadily from 63.4% in March, 2007 to 58.2% in December, 2009; in 2010, it stabilized at about 58.5%.
- The share of unemployed workers getting a job fell precipitously during the recession (just 15% per month versus 25-30% before the recession). After the recession officially ended in the fall of 2009, this rate remained low through the end of 2010.
- Workers with Bachelor's degrees were much less likely to be laid off before and during the recession. In terms of being rehired after becoming unemployed, education was not a significant factor from 1994-2009; but unemployed Bachelor's degree-holders were more likely than less-educated workers to be rehired in 2010. Consequently, highly-educated workers were more likely to be reemployed and more likely to have regained their former earnings levels 12 months after becoming unemployed during this recession.
- As workers remain unemployed longer, their chances of being rehired decline dramatically. In 2010, 25% of the unemployed who were unemployed less than 3 months were rehired each month; by contrast, under 10% of those who were unemployed over a year got new jobs in a given month.



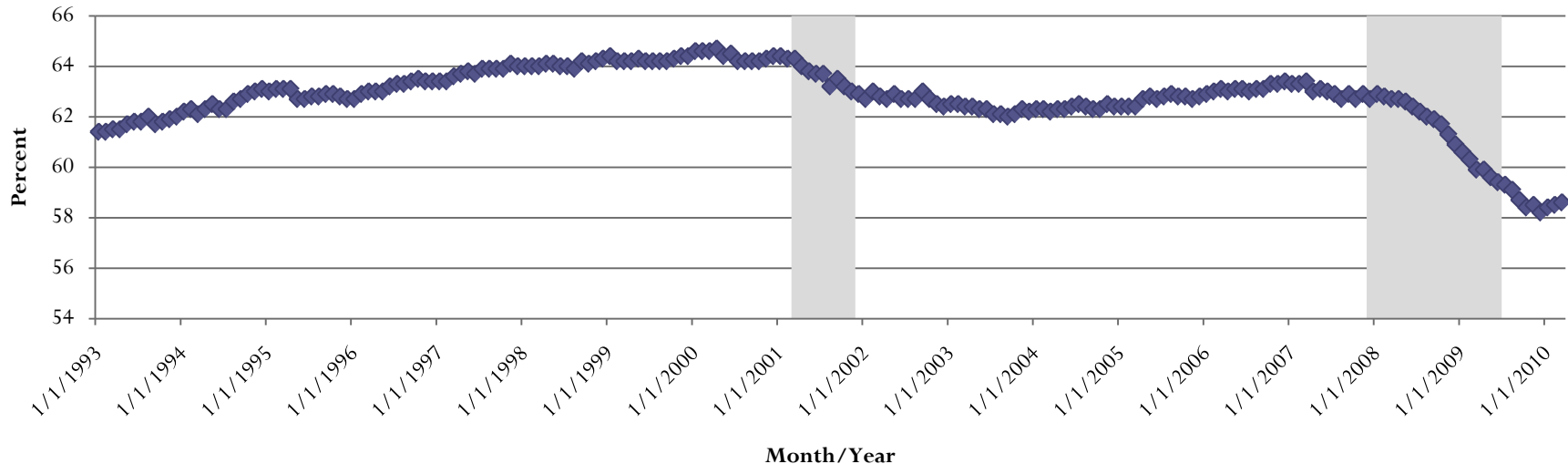
## Data Sources.

- Monthly transitions were computed using two data sources: the Current Population Survey (CPS) and the Survey of Income and Program Participation (SIPP). The results from each survey are broadly consistent with the exception that the CPS has slightly higher rates of monthly employment changes. This may be due to the fact that the SIPP relies on recall because participants are surveyed every four months and asked about their experiences in each of the previous four months. For this reason and because the CPS is a larger survey (65,000 to 29,000), all of the charts in this report come from the CPS data.
- Because there is a lot of month to month variation, the chart points are “smoothed” by using moving three-month averages.



# Declining employment led to a 9 million shortfall in jobs from the recession.

## Employment Population Ratio (16 and over), 1993-2010

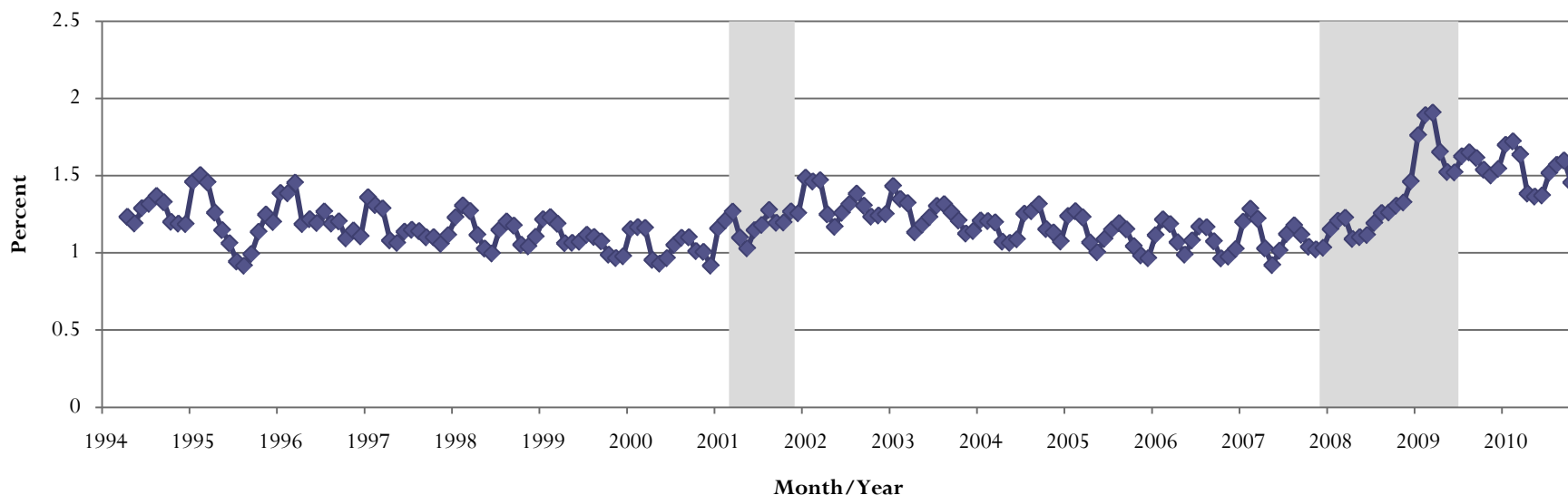


In the late 1990s, the employment rate among adults hit an all-time high (over 64%). After falling consistently through the end of 2009, it stabilized at approximately 58.5%. For a labor force of 150 million persons, this decline represented 9 million jobs.



The monthly layoff rate rose 50% during the recession.

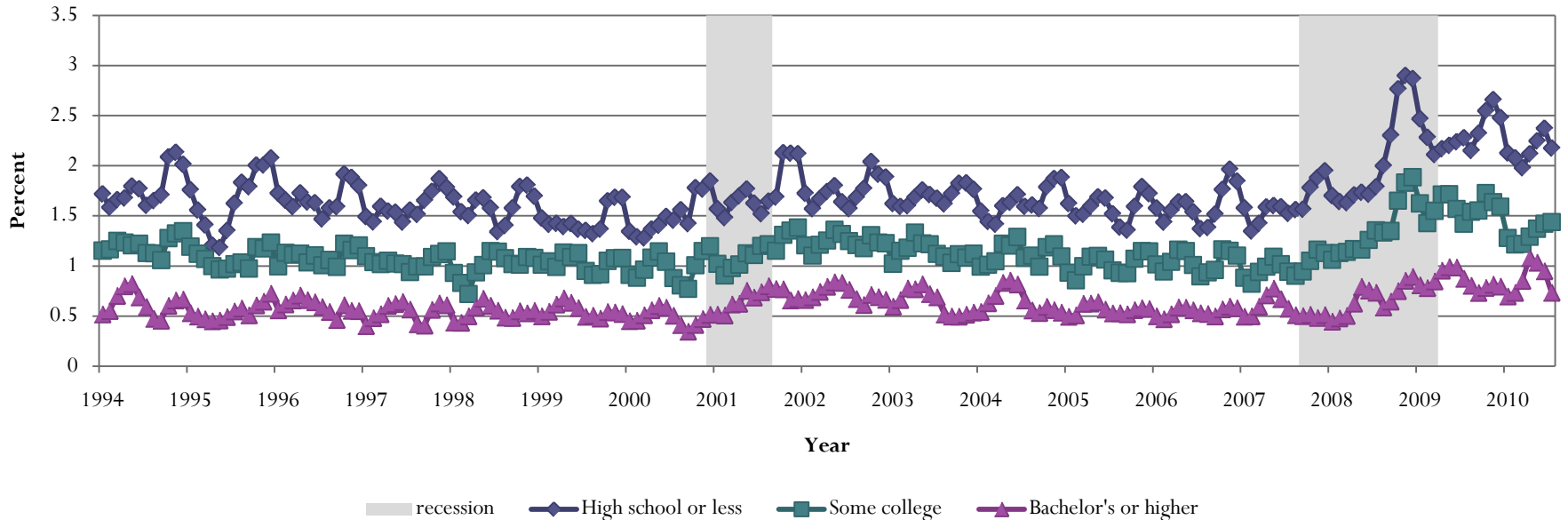
### Monthly Transition from Employed to Unemployed, 1994-2010



From 1994 through 2008, approximately 1.3% of workers were laid off from their jobs each month. In the last months of 2008 and first months of 2009, the layoff rate rose to a maximum of 2%. After reaching this peak, the layoff rate steadily declined to 1.5% by the beginning of 2010.



# College-educated workers have much lower layoff rates than those with just a high school diploma.

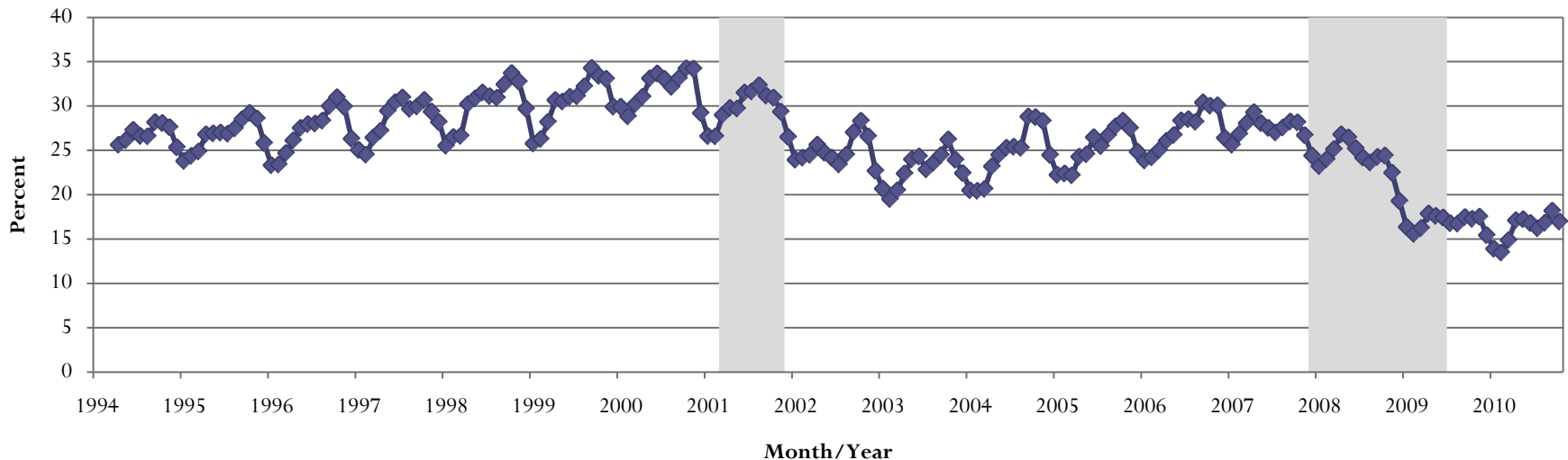


From 1994 through 2008, more educated workers had a one-third lower probability of being laid off than workers with a maximum of HS diploma. In the last months of 2008 and first months of 2009, the monthly layoff rate rose above 2.5% for high school-educated workers; by contrast, the rate for those with Bachelor's degrees rose only to 0.8%. By 2010, the high school rate fell below 2.5% and the Bachelor's degree rate rose to 1%.



Rehiring rate of unemployed fell by 40% with the onset of the recession and stayed low after the recession officially ended.

### Transition from Unemployed to Employed, 1994-2010

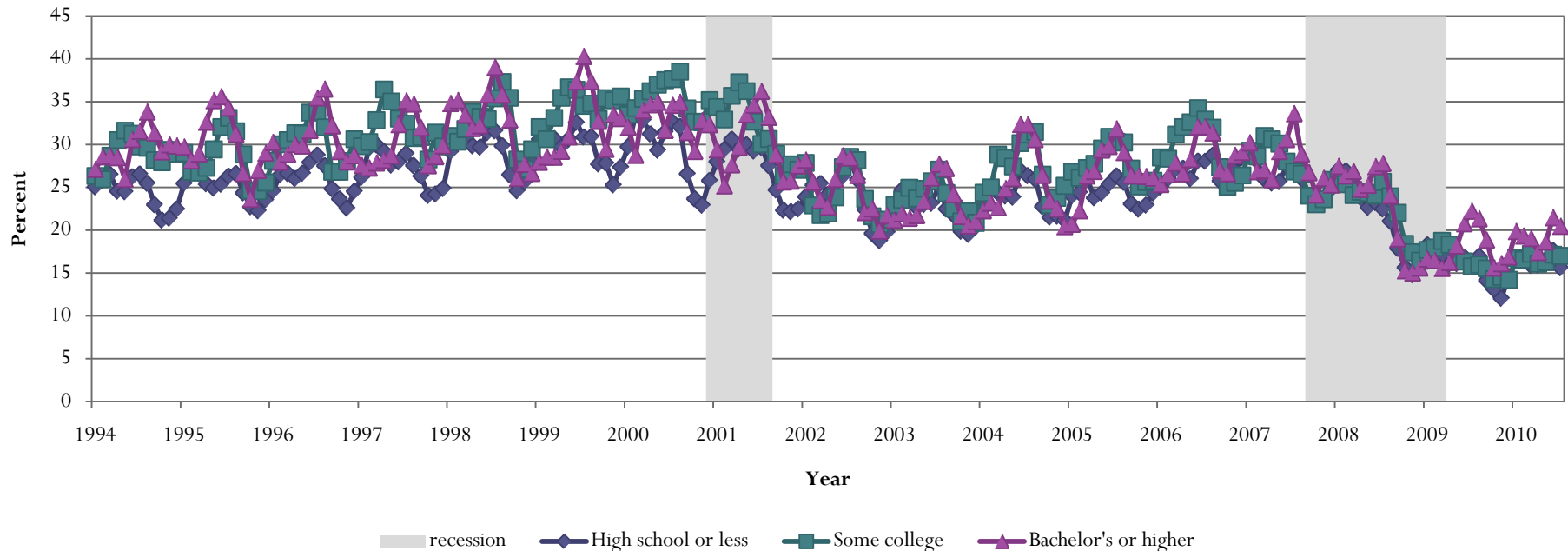


During economic prosperity, a little more than 25% of unemployed workers each month found new jobs. In the last months of 2008 and first months of 2009, the reemployment rate fell to 15% and remained at this level through the end of 2010.



# Faster rehiring of more educated unemployed workers during the recession, Measure 1.

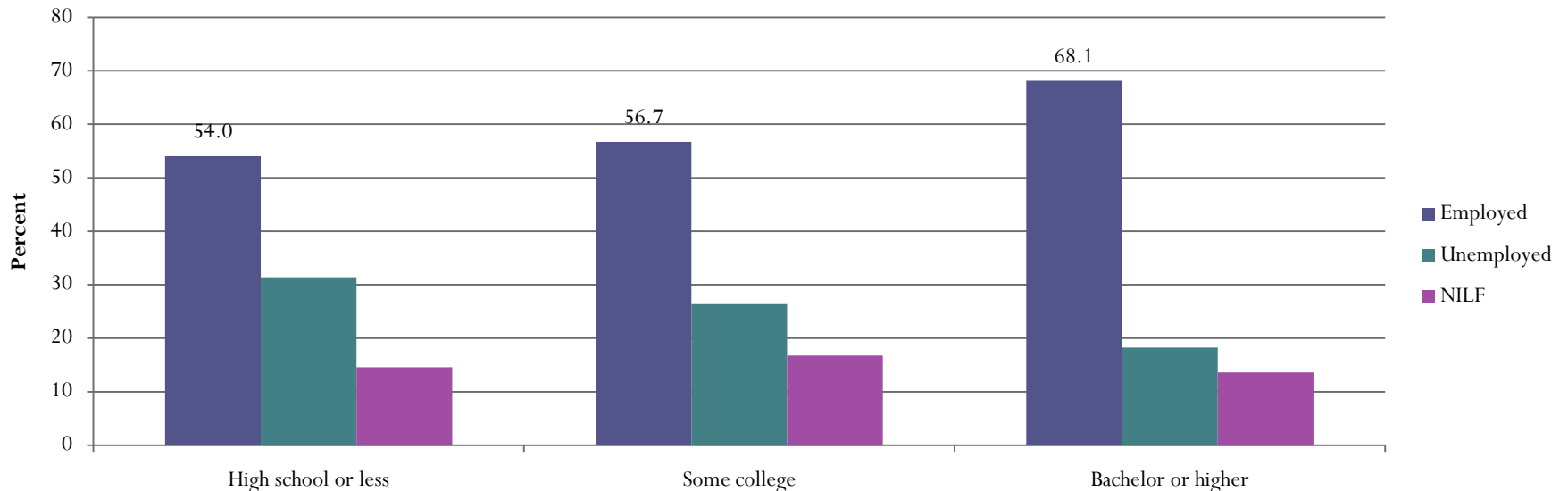
## Transition from Unemployed to Employed by Education Level, 1994-2010



During economically prosperous months, the monthly rate of reemployment of the unemployed did not vary much depending on the education of the workers. Starting in 2009, workers with a Bachelor's or graduate degree were more likely to become reemployed than other workers.



# Faster rehiring of more educated unemployed workers during the recession, Measure 2.

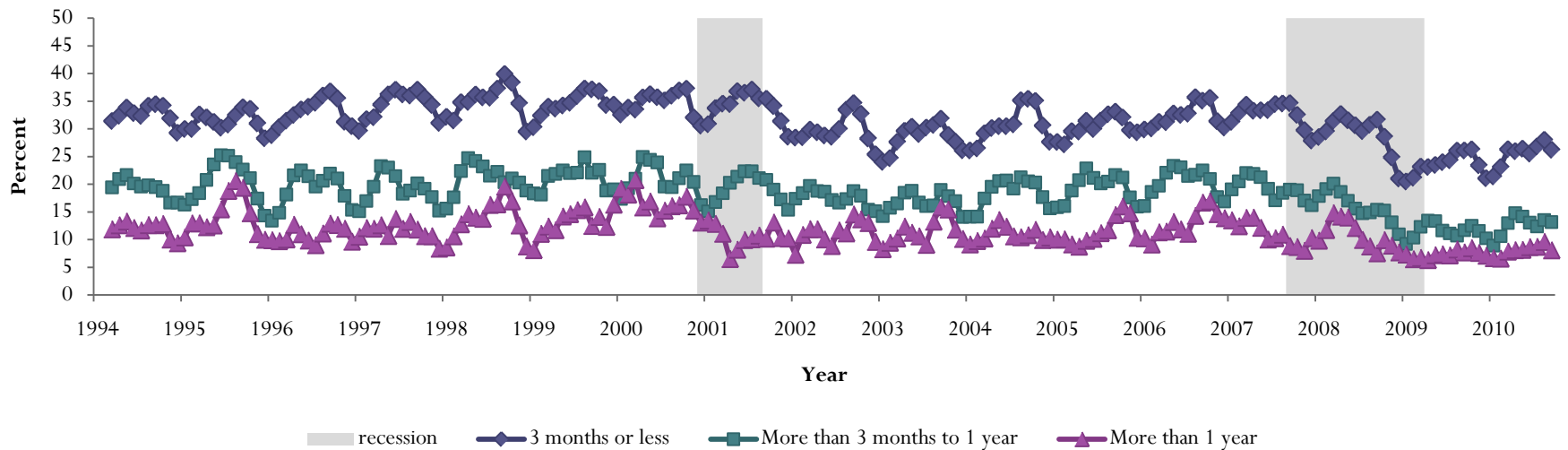


During the current recession, workers who were laid off with Bachelor's or graduate degrees were much more likely to be employed 12 months after losing their jobs than workers without a four-year degree.



# Lower rehiring rate for long-term unemployed.

**Transition from Unemployed to Employed, 1994-2010,  
By Duration of Unemployment**



In 2010, 25% of the unemployed who were unemployed less than 3 months were rehired each month; by contrast, under 10% of those who were unemployed over a year got new jobs in a given month.

