



Survey of Income and Program Participation

by Wilfred Masumura
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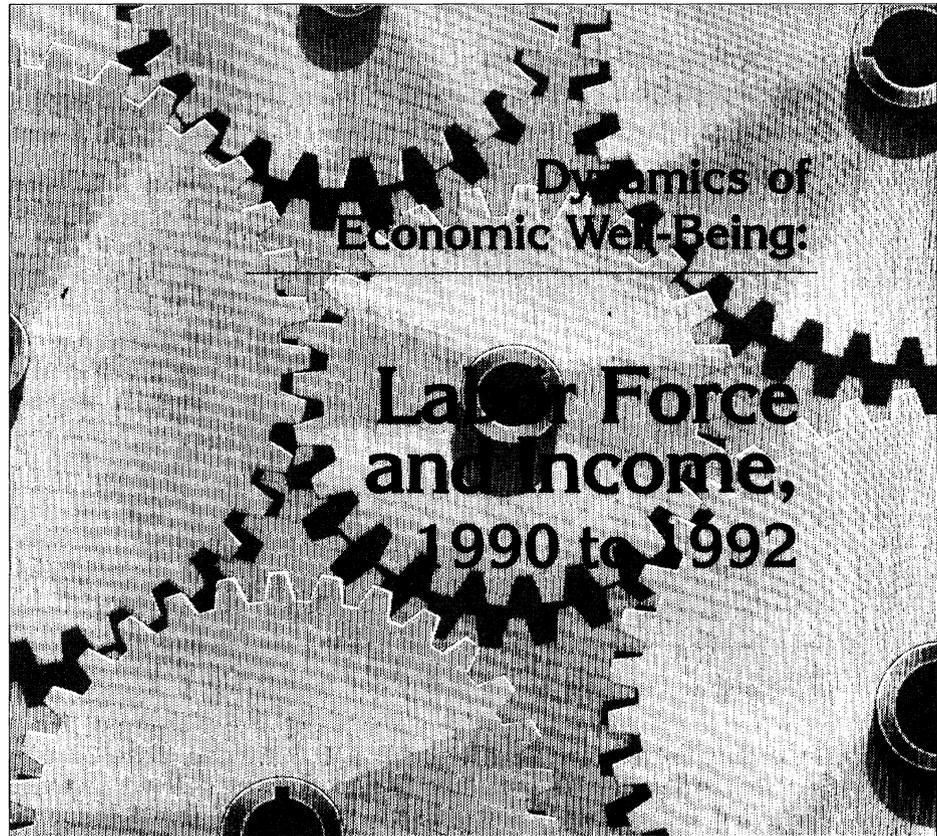
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Dynamics of Economic Well-Being: Labor Force and Income, 1990 to 1992

Note: All demographic surveys, including SIPP, are affected by undercoverage of the population. This undercoverage results from missed housing units and missed persons within sample households. Compared with the level of the 1980 decennial census, overall undercoverage in SIPP is about 7 percent. Undercoverage varies with age, sex, and race. For some groups, such as 20- to 24-year-old Black males, the undercoverage is as high as 27 percent compared with the census. It is important to note that the survey undercoverage is in addition to the decennial census undercoverage, which in 1980 was estimated to be about 1 percent overall and about 8.5 percent for Black males. The weighting procedures used by the Census Bureau partially correct for the bias due to undercoverage. However, its final impact on estimates is unknown. For details, see appendix C.

INTRODUCTION

After nearly a decade of rising employment and income levels, Government statistics from the early 1990's clearly show the effect of the 1990 to 1991 recession on income levels and the Nation's job market. The Department of Labor's Bureau of Labor Statistics (BLS) reported that the number of nonfarm payroll jobs, which had grown by almost 20 million between 1983 and 1990, fell from a monthly average of 109.4 million in 1990 to 108.5 million in 1992. The job loss was particularly severe in the goods-producing industries; the number of jobs in this sector declined from 24.9 million in 1990 to 23.1 million in 1992.

BLS's distressing news about jobs was matched by their equally distressing news about unemployment. The Nation's monthly civilian unemployment rate, which had fallen from an average of 9.7 percent in 1983 to 5.3 percent in 1989, shot up quickly to 7.4 percent in 1992.¹

¹The National Bureau of Economic Research reported that the peak of the last business cycle was reached in July 1990 and the trough in March 1991. The Nation's labor market developments are carefully monitored by the Department of Labor's Bureau of Labor Statistics (BLS) through various surveys and other information collecting efforts. Their monthly survey of employers' establishments—formally referred to as "Form 790, Report on Employment, Payroll, and Hours"—in the nonagricultural sector of the economy is used as a measure of job change. Their monthly survey of households—the Current Population Survey (CPS)—is used to measure both employment and unemployment and is the source of the Nation's unemployment rate.

The economy's inability to create jobs was part of the reason behind the falling incomes in the early 1990's.² Between 1989 and 1992, median household income in the United States fell by 6 percent in real terms, after rising by 10 percent between 1983 and 1989, according to the Current Population Survey (CPS).³ Between 1989 and 1992, the number of persons in poverty rose by 5.4 million, and the poverty rate grew from 12.8 to 14.5 percent.⁴

Comparisons can be made between this most recent period of economic decline and other recessionary periods. The table below indicates that the decline in real median household income from 1989 to 1991 approximated the income decline from 1973 to 1975. However, income declines were not as large in the two periods from 1980 to 1982 and from 1969 to 1971.⁵

Selected recessionary periods	Income years	Percent decline in real income
July 1990 to March 1991	1989 to 1991	5.1
January 1980 to July 1980 and July 1981 to November 1982	1980 to 1982	1.9
November 1973 to March 1975	1973 to 1975	5.7
December 1969 to November 1970	1969 to 1971	1.6

Note: Median household income adjusted to 1991 dollars using the CPI-U-X1 price deflator.

These kinds of broad, cross-sectional indicators represent the most common perspective through which we view the overall health of the economy, at least in terms of employment and income. That is, point-in-time estimates of employment and income are compared across time to gauge how well the economy is performing. During the early 1990's, as was shown, the picture was bleak.

²See Thomas Nardone, Diane Herz, Earl Mellor, and Steven Hipple, "1992: Job Market in the Doldrums," *Monthly Labor Review*, February 1993, pp. 3-14.

³*Money Income of Household, Families, and Persons in the United States: 1992*, Current Population Reports, P60-184, U.S. Bureau of the Census (Washington, D.C. USGPO), September 1993.

⁴*Poverty in the United States: 1992*, Current Population Reports, P60-185, U.S. Bureau of the Census (Washington, DC USGPO), September 1993.

⁵*Money Income of Households, Families, and Persons in the United States: 1991*, Current Population Reports, P60-180, U.S. Bureau of the Census (Washington, DC USGPO), August 1992, p. x.

The economy, despite its typically static depiction, is actually very fluid, with people continually moving into and out of jobs, into and out of the labor force, and into and out of poverty. These and other factors, such as changes in program participation, result in changing economic well-being over time. When we examine these inflows and outflows over time, we obtain another perspective on the economy: the “dynamic perspective.”⁶

This report examines labor force and income dynamics, primarily in the 1990 to 1992 period, using data from the 1990 panel of the Census Bureau’s Survey of Income and Program Participation (SIPP), a longitudinal survey designed to collect information on the economic well-being of persons, families, and households. Detailed information is collected on income, participation in Federal (and other) government transfer programs, and labor market activity over a 2-1/2 year period beginning in early 1990.

The first half of this report discusses SIPP labor force data from a number of dynamic perspectives. First, the 1990 to 1992 period is compared with the 1987 to 1989 period, with respect to labor market outcomes after job separations, changes in earnings for workers leaving and entering jobs, and durations of job looking and layoff. It then focuses on the characteristics of workers who left jobs and then found jobs in the 1990 to 1992 period in order to compare the kinds of jobs involved in their job transitions. And last, it examines the characteristics of jobs that persons were moving into (job accessions) and out of (job separations).

The second half of this report examines income dynamics in the early 1990’s. The first section of the second half of the report looks at various income measures before, during, and after the “official” recession, which lasted from July 1990 to March 1991. Then the report examines income changes during calendar years 1990 and 1991. It looks at the characteristics of persons who experienced declines and increases in income over the 1990 to 1991 period.

HIGHLIGHTS

(Note: The figures in parentheses signify the 90-percent confidence intervals of the estimates.)

Labor Force:

- The median spell length of a period of job looking or layoff for those workers who left jobs was 2.4 (± 0.09) months in the 1990 to 1992 period, compared with 1.8 (± 0.06) months in the 1987 to 1989 period.

⁶A common analogy is the water level in a bathtub. One can change the level in the tub between two points in time by either letting water in or letting water out, or some combination of the two. The static perspective is concerned with the level at two points in time, while the dynamic perspective is concerned with amounts of water let into the tub and/or let out of the tub.

- The proportion of workers who separated from jobs in the 1990 to 1992 period and then began looking for work or were on layoff was 33 percent (± 0.9) compared with 31 (± 1.2) percent in the 1987 to 1989 period.
- In the 1990 to 1992 period, of the men 25 to 54 who left full-time jobs and then entered full-time jobs, average earnings fell from \$529 (± 59) a week on their old job to \$423 (± 51) on their new job. In the 1987 to 1989 period, average earnings for men in this age group only fell from \$535 to \$490 a week, but these estimates were not statistically different from one another.
- For men and women 25 to 54 who first separated from a job, experienced a period of joblessness, and then found another job, the jobless period was less than 2 months for 44 (± 2.5) percent of the men and 35 (± 2.3) percent of the women.
- During the 1990 to 1992 period, 39.9 (± 0.7) million persons moved into wage and salary jobs—job accessions—and 42.7 (± 0.7) million moved out of jobs—job separations.
- For those men 25 to 34, who left wage and salary jobs, 55 (± 2.9) percent were looking for work or on a layoff the following month.
- Approximately 2.5 (± 0.2) million men and 2.0 (± 0.2) million women who left jobs in the 1990 to 1992 period had employer-provided health insurance coverage in their own name. However, as a result of the job separation, they had to either obtain coverage through some other means or be without health insurance.

Income:

- In contrast to income trends in the 1980’s, in the early 1990’s American households experienced more income declines than increases. Between 1990 and 1991, 40.3 (± 0.8) percent of all persons experienced income-to-poverty ratio declines of 5 percent or more, while 36.3 (± 0.8) percent experienced increases of at least the same magnitude.
- Reciprocity rates of income and assistance programs indicate that the financial well-being of Americans declined over a wider time span than the 9-month 1990 to 1991 recession. In January 1990, persons in households receiving cash public assistance income comprised 7.9 (± 0.7) percent of the population. The comparable figure in January 1992 was 8.9 (± 0.8) percent.
- Less than one-fourth (23.4 (± 1.2) percent) of all persons had stable incomes from 1990 to 1991 (i.e., their income-to-poverty ratio changed less than 5 percent).

- The elderly, persons 65 years old and over, had the most stable incomes of any age group from 1990 to 1991. Thirty-five (± 3.5) percent of the elderly were financially stable.
- Changes in people's work experience and number of workers in the family were strongly associated with income transitions between 1990 and 1991. Of individuals in households having more workers in 1991 than 1990, 65.5 (± 3.9) percent had higher income ratios in 1991 than in 1990. On the other hand, of persons in households with less workers in 1991 than 1990, 70.2 (± 3.6) percent had lower income ratios in 1991.
- As might be expected, there was also a strong relationship between means-tested reciprocity changes and income transitions. Of persons who participated in major assistance programs in 1991 but not 1990, 54.3 (± 6.6) percent had lower income ratios in 1991 than 1990. In comparison, income ratio declines from 1990 to 1991 occurred among just 33.5 (± 6.9) percent of persons participating in such programs in 1990 but not 1991.

LABOR FORCE

Dynamic Perspectives on the Labor Market

Background. A dynamic perspective of the labor market, in theory, can tell us how well the labor market is operating and how well our human resources are being utilized. This is because the information on the inflows and outflows of persons between various labor force statuses reflects the direct interaction of demand and supply forces in the labor market.

From the inflow and outflow data, for example, the amount of turnover in jobs, classified by occupation, industry, and so on, can be calculated. Related information can be obtained concerning why persons were moving into jobs (e.g., whether it was a new job, a recall to a job from being laid off, or a transfer from one job to another) and out of jobs (e.g., whether it was because of a temporary or permanent layoff, a voluntary quit or retirement, or an involuntary discharge). Other aspects related to labor turnover can also be collected relating to the types of jobs persons were moving into and out of, the wages and salaries that the jobs were paying, and the duration of time spent in jobs (job tenure), between jobs, or time spent looking for work or on layoff.

Dynamic labor market information such as this, however, is difficult and expensive to obtain. This report examines only a few of the above-mentioned aspects of labor market dynamics. Historically, labor turnover information has been collected through surveys of employers. For many years the BLS measured the basic labor turnover information—job accessions and separations

and the reasons for them—in an establishment survey called the Monthly Report on Labor Turnover. Although the information was considered "...a key economic indicator...", the program was discontinued in the early 1980's because of budgetary cutbacks.⁷ Since then, pilot programs have been started to collect, from employers, data on job openings, turnover, and marginal wages.⁸

Turnover-type information is also sometimes available from household surveys. Perhaps the most well-known survey yielding such information is the Current Population Survey (CPS) and its information on gross labor force flows. Although the CPS is primarily a source of static, point-in-time, labor force estimates, it can provide month-to-month data on the flow of persons between employment, unemployment, and not in the labor force, because the survey has a longitudinal aspect to it.⁹ Unfortunately, inconsistencies arise between the monthly point-in-time estimates of employment, unemployment, and those not in the labor force on the one hand and those that are derivable from the gross flows on the other. Researchers have attempted to make adjustments to the latter to enhance their usefulness.¹⁰ Consequently, while the gross flow data from the CPS have been used to examine labor force dynamics, they have met with only limited success.

Observing Labor Market Dynamics in the SIPP. The SIPP is a *completely* longitudinal survey from which it is possible to obtain not only monthly, point-in-time estimates, but also estimates of gross flows. The survey was designed to collect demographic, social, and economic information from the same individuals every 4 months for approximately 2-1/2 years (32 months in the 1990 SIPP panel and 28 months in the 1987 panel).¹¹ This means that individuals are interviewed every 4 months and the labor market information collected relate to the labor market experiences of persons in the 4 months prior to the interview, or the reference period (see appendix A for an overview of the SIPP).

In every SIPP interview, information is collected on up to two wage and salary jobs. This report focuses on

⁷See Carol M. Utter, "Labor Turnover in Manufacturing: The Survey in Retrospect," *Monthly Labor Review*, June 1982, pp. 15-17.

⁸See Richard M. Devens, Jr., "The Employee Turnover and Job Openings Survey," *Monthly Labor Review*, March 1992, pp. 29-32.

⁹The CPS is a monthly household survey of approximately 60,000 households; approximately three-fourths of the sample is common from month-to-month.

¹⁰See *Proceedings of the Conference on Gross Flows in Labor Force Statistics*, Papers and discussions presented at the Conference in Washington, D.C., July 19-20, 1984, U.S. Department of Commerce, Bureau of the Census, and U.S. Department of Labor, Bureau of Labor Statistics, June 1985.

¹¹Because SIPP's sample consists of four rotation groups, interviewed on a staggered basis over a 4-month period, the time periods covered by the 1987 and 1990 panels are slightly longer than 4 months. The 1987 panel covers the October 1986 to April 1989 period, and the 1990 panel covers the October 1989 to August 1992 period.

wage and salary jobs only.¹² In principle, information on job accessions and job separations can be derived from SIPP, as well as from monthly point-in-time estimates, because in any month of the reference period when a person reports holding a wage and salary job, the job is assigned an "id" number. By observing whether or not an individual has a job id number (or numbers) in the 4 months of the reference period, his or her job status can be identified as well as changes in job status. In other words, the operational definition of a *job accession* in this report is when the job id number between two months changes from a 0 (no job) to a positive number (with a job); similarly, a *job separation* is defined as when a person's job id number changes from a positive number (with a job) to a 0 (no job). By definition, therefore, a full calendar month must precede the job accession and follow the job separation (see appendix B for more information on the terminology used in this report).

The Aggregate Estimates. Figure 1 shows the monthly estimates of persons with wage and salary jobs from January 1990 to May 1992 derived from the 1990 SIPP

¹²Information is also collected on self-employment or businesses that persons may operate. During a 4-month reference period, information on up to two businesses is collected in the SIPP.

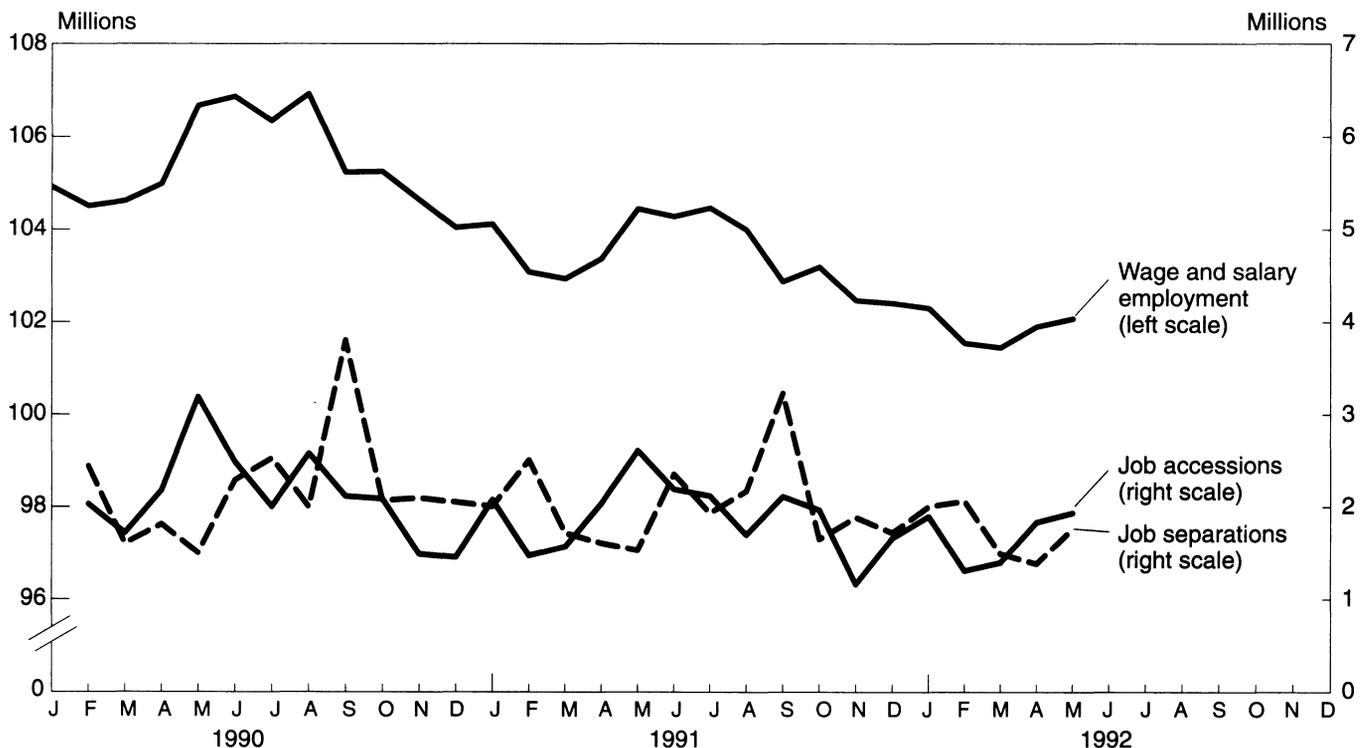
panel, as well as the monthly job accessions and job separations that determine the changes in the monthly estimates. The relationship between the monthly level and the accessions and separations is quite evident: When accessions exceed separations, employment rises and vice versa. Monthly wage and salary employment averaged 105.4 million in 1990 and 103.5 million in 1991, almost a 2.0 million decline, indicating that job separations were exceeding job accessions in the period.

For a number of reasons the estimates presented here are underestimates of the number of persons experiencing job accessions and job separations. For example, persons do move between jobs "within" months and they are not included; nor are persons who, while holding a wage and salary job, move into an additional job (multiple job holding).¹³

In this report, rather than examining the monthly accessions and separations month-by-month, they are cumulated over the entire life of the SIPP panel and then analyzed. Moreover, since in a 2-1/2 year period an individual may have held more than one job, we

¹³Another reason why these estimates are biased downward involves the sample design of the SIPP. In longitudinal surveys such as the SIPP, attrition bias is always problematic and although weighting procedures have been developed to cope with this problem, its success is difficult to quantify.

Figure 1.
Wage and Salary Employment, Job Accessions,
and Job Separations: 1990 to 1992



focus primarily on the *first* job accession or job separation an individual may have experienced in the survey period. The one exception is in the discussion of the duration of time persons spent looking for work or on layoff where all spells of job seeking or layoff are counted after a job separation has occurred.

Table A presents the cumulative estimates of persons who moved into wage and salary jobs and moved out of wage and salary jobs between two consecutive months in the 1990 to 1992 period. A few points about these estimates are warranted. First, even though our definition of job accessions and job separations is crude, the data reveal that persons experiencing job separations (42.7 million) exceeded those experiencing job accessions (39.9 million). This is suggestive of declining employment in a static sense and is consistent with what actually happened during this period. Second, about 67 percent of all the persons with job accessions experienced only one, and about 70 percent of all the persons with job separations experienced only one. And

third, approximately 32.2 million persons had at least one job accession and one job separation, so a considerable overlap exists between those who moved into jobs and those who moved out of jobs. (During the 1990 to 1992 period, 124.6 million persons held a wage and salary job at some time.)

Despite the overlap between persons with job accessions and job separations, there are well-known age differences associated with persons moving into jobs and out of jobs. As shown in table B, persons with job accessions tend to be younger in general (about 22 percent were teenagers) than those persons with job separation (about 18 percent were teenagers); and a greater proportion of the persons with separations were 55 or older (14 percent) compared with persons with accessions (8 percent). Nevertheless, young persons are more likely to be moving both into as well as out of the job market because of their inclination to job "shop" and to be involved in nonlabor market activities, such as going to school and entering the military. The data in

Table A. Frequency of Wage and Salary Job Accessions and Job Separations: 1990 to 1992

[Numbers in thousands; 1990 to 1992 covers October 1989 through August 1992]

Frequency	Accessions		Separations	
	Number	Percent	Number	Percent
Total persons	39,886	100.0	42,739	100.0
1 only	26,558	66.6	29,815	69.8
2 only	8,955	22.5	9,279	21.7
3 only	3,353	8.4	2,797	6.5
4 only	798	2.0	648	1.5
5 only	188	0.5	173	0.4
6 only	24	0.1	22	-
7 only	10	-	-	-

- Represents zero.

Table B. Persons with Job Accessions and Job Separations, by Age and Frequency: 1990 to 1992

[Numbers in thousands]

Age	Total persons	Frequency (in percent)		
		1 only	2 only	3 or more
JOB ACCESSIONS				
Total	39,886	66.6	22.5	10.9
16 to 19 years	8,821	47.3	31.2	21.5
20 to 24 years	7,014	63.9	24.8	11.3
25 to 34 years	10,307	72.8	19.9	7.3
35 to 54 years	10,465	75.4	17.5	7.1
55 years and over	3,279	76.7	17.7	5.6
JOB SEPARATIONS				
Total	42,739	69.8	21.7	8.5
16 to 19 years	7,725	49.5	34.6	15.9
20 to 24 years	6,882	63.9	26.0	10.1
25 to 34 years	10,859	73.5	18.9	7.6
35 to 54 years	11,516	76.5	17.9	5.6
55 years or more	5,756	83.4	12.4	4.2

table B also confirm this. About 22 percent of all teenagers with job accessions experienced at least three, and about 16 percent experienced at least three job separations. The comparable proportions among adult workers 35 to 54, on the other hand, were much lower.

For these reasons, when examining the data on job accessions and job separations separately, one should be mindful of these basic differences. Age differences between the groups will also imply an assortment of other differences, such as, differences in education and skills, occupation and industry attachments, tenure, work arrangements, and pay. Many of the tables, for this reason, present data by major age intervals, or for adults 25 to 54.

The Early 1990's Compared with the Late 1980's

A comparison of some of the SIPP data on labor market dynamics for the 1990 to 1992 period and the 1987 to 1989 period reflects the deterioration that occurred in labor market conditions over these periods.

Table C, for example, shows workers who experienced job separations and their subsequent labor force status in the following month during the 1987 to 1989 period and the 1990 to 1992 period. A larger proportion of persons who separated from jobs were looking for work or on layoff in the 1990 to 1992 period than in the 1987 to 1989 period (33.2 vs. 30.6 percent). At the same time, a somewhat smaller proportion (56.7 percent vs. 59.3 percent) remained outside the labor force.

The proportions of workers 25 to 34 who separated from a job and then became unemployed in the subsequent month increased over these two periods from 34.9 to 39.9 percent. There was also a significant decline in those who reported some other work activity in the following month, even though they had separated from their primary job. These individuals may have become self-employed or had a secondary job at the time of the separation from their primary job.

The data in table D show another aspect of the dynamic labor market data from SIPP: the average weekly wages and salaries of adult workers before a job separation and after a job accession in the 1990 to 1992 period compared with the 1987 to 1989 period. The average weekly earnings of the 3.3 million men 25 to 54 who worked in full-time jobs both before a job separation and after an accession dropped from \$529 to \$423 in the 1990 to 1992 period.¹⁴ In the 1987 to 1989 period, however, earnings (in terms of constant 1990 to 1992 dollars) for such men dropped only from \$535 to \$490, but the estimates were not statistically different from one another. Women in both periods experienced substantial declines in their earnings.¹⁵

¹⁴Average weekly earnings are based on workers who actually received earnings in either the month they entered a job or left a job and had worked some weeks. In some cases persons may have worked some weeks in a month but had not received any earnings in that month. These workers have been excluded.

¹⁵Average weekly earnings of those workers with earnings in the 1987 to 1989 period were adjusted for inflation by increasing nominal dollar earnings by 14.4 percent, which represents the increase in the Consumer Price Index (CPI-U) of the BLS between the average of 1990, 1991, and 1992 and the average of 1987, 1988, and 1989.

The difference between the amounts of \$529 and \$423 (men 1990 to 1992), the difference between \$535 and \$490 (men 1987 to 1989), the difference between the amounts of \$397 and \$305 (women 1990 to 1992), and the difference between \$417 and \$309 (women 1987 to 1989) are not significantly different. Nor are there any significant differences between the estimates of average earnings at the time-of-job accessions in both periods (\$490 and \$423 for men and \$309 and \$305 for women); the estimates of average earning at the time of job separations in both periods (\$529 and \$535 for men, \$397 and \$417 for women, and for 1990 to 1992 \$529 (men) and \$417 (women); the estimates of average earning at the time-of-job separations in the 1990 to 1992 period for men (\$529), and average earnings at the time-of-job accessions in the 1987 to 1989 period for men (\$490); the estimates of average earnings at the time-of-job separations in the 1990 to 1992 period for women (\$397), and the average earnings at the time-of-job accessions in the 1990 to 1992 period for men (\$423); the estimates of average earnings at the time-of-job separations in the 1987 to 1989 period for women (\$417), and the average earnings of the time-of-job accessions in the 1990 to 1992 period for men (\$423); and the estimates of average earnings at the time-of-job separations in the 1987 to 1989 period for women (\$417), and the average earnings of the time-of-job accessions in the 1987 to 1989 period for men (\$490).

Table C. Persons with Job Separations, by Their Labor Force Status in the Month After the Separation, by Age: 1990 to 1992 and 1987 to 1989

[Numbers in thousands; data as of the first separation during the periods]

Age	1990 to 1992				1987 to 1989			
	Total persons	Employed (percent)	Unemployed (percent)	Not in labor force (percent)	Total persons	Employed (percent)	Unemployed (percent)	Not in labor force (percent)
BOTH SEXES								
Total.....	42,739	10.1	33.2	56.7	40,900	10.1	30.6	59.3
16 to 19 years	7,725	1.4	25.7	72.9	8,503	1.8	25.8	72.4
20 to 24 years	6,883	5.3	38.2	56.5	6,946	6.7	35.2	58.1
25 to 34 years	10,860	12.6	39.9	47.5	9,958	15.3	34.9	49.8
35 to 54 years	11,515	16.5	38.7	44.8	9,971	15.5	37.5	47.0
55 years and over	5,757	10.3	13.6	76.1	5,522	7.8	12.0	80.2

Table D. Distribution of Average Weekly Earnings (in 1990 to 1992 Dollars) of Men and Women 25 to 54 Who Left and Then Entered Full-Time Jobs in the Month Job Left and the Month Job Entered: 1990 to 1992 and 1987 to 1989

[Numbers in thousands; data relate only to the person's first spell of joblessness during the period]

Earnings	1990 to 1992				1987 to 1989			
	Men		Women		Men		Women	
	Left	Entered	Left	Entered	Left	Entered	Left	Entered
Total	3,261	3,261	2,123	2,123	3,124	3,124	1,900	1,900
Less than \$208	17.2	25.0	29.2	44.3	19.1	21.1	33.6	38.6
\$209 to 399	31.6	36.8	35.7	30.8	32.5	33.8	37.8	39.8
\$400 to 599	25.8	20.7	15.5	14.7	18.0	21.2	16.3	15.4
\$600 or more	25.5	17.5	19.6	10.2	30.5	23.8	12.3	6.3
Mean	\$529	\$423	\$397	\$305	\$535	\$490	\$417	\$309
Standard error	\$59	\$51	\$44	\$30	\$27	\$30	\$56	\$23

The table also shows that the proportion of these men who left full-time jobs and entered full-time jobs AND had low earnings of less than \$208 a week—a weekly amount equivalent to the Federal government's poverty line for a family of three persons—rose from 17 to 25 percent.¹⁶ The data show that in the 1987 to 1989 period, the comparable proportions, 19 and 21 percents, are not statistically different from one another. For women, the proportion increased from 29 to 44 percent in the 1990 to 1992 period and from 34 to 39 percent in the 1987 to 1989 period, but the latter estimates were not statistically different from one another.¹⁷

A third example of dynamic labor market data involves the duration of time persons spent looking for work or on layoff in both periods. It is possible, using a survival data analysis technique, to estimate the median spell durations of persons who, during both the 1987 to 1989 and 1990 to 1992 periods, had experienced a spell *or spells* of looking for a job or layoff. This technique is particularly suited for estimating distributions of durations—and their medians—of various “survival times,” such as participation in Federal government transfer programs.¹⁸ In the context of spells spent looking for work or on

layoff, median spell lengths estimated this way are typically shorter than those based on a sample of spells at a point in time. This is because the latter is more likely to include persons with long spells (see appendix B for further discussion).

The universe used in this analysis consists of all persons who had experienced at least one job separation in the periods in question and had a spell or spells of looking for work or layoff. It is important to note that a spell of job looking or layoff may not necessarily occur after a job separation. Consequently, the universe relates only to individuals who had job separations, did not have jobs in a month (or months), and were actively looking for work or on layoff.¹⁹

Table E shows that in the 1990 to 1992 period the median duration of a spell of job looking or layoff was 2.4 months, but in the 1987 to 1989 period the comparable median was only 1.8 months. The table also shows that the duration for men increased from 1.9 to 2.7 months, but for women the duration only inched up from 1.7 to 2.0 months. Whether women were simply dropping out of the work force or more successful in finding jobs than men in the 1990 to 1992 period is a topic for further research. Among young men 25 to 34 the duration of job search and layoff jumped up from 1.8 months to 3.1 months. (The median duration estimates

¹⁶This figure was derived by averaging the Federal government's average poverty thresholds for a three-person family in 1990, 1991, and 1992 (\$10,419, \$10,860, and \$11,186, respectively), which was \$10,822, and then dividing by 52 weeks.

¹⁷Estimates of the proportion of men leaving jobs in both periods (17 and 19 percent) and entering jobs in both periods (25 and 21 percent), as well as estimates of the proportion of women leaving jobs in both periods (29 and 34 percent) and entering jobs in both periods (44 and 39 percent), were not significantly different from one another. In addition, differences between estimates of men leaving and entering jobs in both periods were not statistically significant, nor were comparable differences for women. Last, the differences between estimates of men leaving and entering jobs and women leaving and entering jobs in the 1987 to 1989 period were not statistically significant.

¹⁸See Martina Shea, *Characteristics of Recipients and the Dynamics of Program Participation: 1987 - 1988 (Selected Data from the Survey of Income and Program Participation)*, Current Population Reports, P70-31, U.S. Bureau of the Census (Washington, DC USGPO), November 1992.

¹⁹They are identified by using two of SIPP's eight employment status recodes (ESRs) (see appendix B for more discussion of these recodes and the survival data analysis technique). ESR 6 means that the individual spent the entire month either looking for work or on layoff, and ESR 7 means that the individual spent part of the month looking for work or on layoff and part outside the labor force. The presence of an ESR 6 or 7 in a month, therefore, identifies a spell of job looking or layoff which is ended by any other of the ESRs in the subsequent month. Consequently, a person may have left a job in one month, dropped out of the labor force for 2 months, and then started looking for work in the third month, and found a job in the fourth month. This person's spell of joblessness would have been 3 months except for the 1-month spell of job looking or layoff. In addition, all spells of job looking or layoff that were going on at the start of the survey are excluded from this analysis, but all spells that started in the survey period are included.

Table E. Median Duration of Spells of Looking for a Job or Layoff for Persons Who Experienced at Least One Separation from a Wage and Salary Job, by Age and Sex: 1990 to 1992 and 1987 to 1989

[In months]

Age and sex	1990 to 1992		1987 to 1989	
	Median	Standard error	Median	Standard error
Total	2.4	0.09	1.8	0.06
MEN	2.7	0.14	1.9	0.09
16 to 19 years	1.8	0.19	1.5	0.18
20 to 24 years	2.5	0.31	2.0	0.38
25 to 34 years	3.1	0.16	1.8	0.17
35 to 54 years	3.1	0.15	2.5	0.29
55 years or more	3.2	0.26	1.7	0.29
WOMEN	2.0	0.12	1.7	0.09
16 to 19 years	1.4	0.15	1.3	0.23
20 to 24 years	2.1	0.27	1.4	0.20
25 to 34 years	2.1	0.22	1.7	0.15
35 to 54 years	2.6	0.20	2.3	0.31
55 years or more	2.8	0.45	2.9	0.59

Note: Includes all spells of job looking or layoff experienced by an individual, except those experienced upon entering the SIPP.

in the 1987 to 1989 period for men and women combined, men 25 to 34, and women were not significantly different from one another.)

Persons Who Left Jobs and Then Entered Jobs: the Early 1990's

In the recent past, considerable media attention has focused on job displacement and specifically, the shifting of workers out of "good" jobs and into "bad" jobs.²⁰ This topic, of course, has not only been associated with the recent recession, but also, with many of the longer term changes taking place in the Nation's economy such as industrial restructuring, corporate downsizing, and growing global competition.

With data from the SIPP we can, not only, observe persons leaving jobs and entering jobs (many of whom are not the same), but also, observe the SAME individuals who left jobs and then subsequently entered jobs. Consequently, it is possible to shed some light on the "great job reshuffle" that has been going on in the Nation's labor market in recent years.

It is important to point out, however, that because of the relatively small size of the SIPP sample and for other technical reasons, only a limited view of this process is possible. It is also limited because the reason for an individual's job separation could have been either voluntary (e.g., a quit) or involuntary (i.e., a layoff).²¹

Of the 42.7 million persons with at least one job separation (as defined in this report) in the 1990 to 1992

period, 27.5 million also entered a job and therefore spent some time "jobless" (not necessarily unemployed) during the survey period. Many of these individuals were young, mixing school with labor force activities or job shopping, so they are excluded from the analysis. Also excluded are older workers, many of whom are in the process of ending work careers. Consequently, the following discussion focuses on persons 25 to 54 years of age. By doing so our universe of interest becomes approximately 14.0 million persons with periods of joblessness in the 1990 to 1992 period.

Table F shows that about 44 percent of all the men age 25 to 54 were jobless for 2 months or less, while about 35 percent of the women were jobless this long. Roughly the same proportions of men and women—25 and 24 percent, respectively—were without jobs 3 to 4 months (the estimates were not statistically different from one another). In terms of joblessness greater than 4 months, about 32 percent of the men were jobless this long compared with 42 percent of the women. In the following sections, we examine some of the characteristics of jobs these workers left and those into which they moved.

Changes in Hours of Work. Table G displays the proportions of adult men and women by their full-time, part-time status in the month they left a wage and salary job and by their full-time, part-time status in the month they began another wage and salary job. The data are also presented for various lengths of time between job categories.

²⁰See, for example, Louis Uchitelle, "Job Losses Don't Let Up Even As Hard Times Ease," *New York Times*, March 22, 1994, page 1.

²¹The perspective is limited also because some SIPP sample members were jobless upon entering the survey and upon leaving the survey. Furthermore, we examine only the first period of joblessness and some individuals experienced more than one.

Table F. Persons 25 to 54 Who Left Jobs and Then Entered Jobs, by Months Without A Primary Job and by Sex: 1990 to 1992

[Numbers in thousands; data relate only to the person's first spell of joblessness during the period]

Months	Total persons	Men	Women
Total	27,521	13,461	14,060
Total, 25 to 54	14,025	6,596	7,429
1.....	22.5	25.9	19.5
2.....	16.3	17.6	15.2
3.....	9.9	9.5	10.3
4.....	14.4	15.5	13.5
5 to 11	26.7	23.9	29.1
12	2.0	2.2	1.9
13 or more.....	8.2	5.5	10.6

Table G. Persons 25 to 54 Who Left and Then Entered Jobs, by Their Full-Time, Part-Time Status on the Job Left and the Job Entered, Months Between Jobs, and Sex: 1990 to 1992

[Numbers in thousands; data relate only to the person's first spell of joblessness during the period]

Status (First job/second job)	Months between jobs							
	Men, 25 to 54				Women, 25 to 54			
	Total	1 to 2	3 to 4	5 or more	Total	1 to 2	3 to 4	5 or more
Total	6,596	2,869	1,642	2,085	7,429	2,576	1,768	3,085
Full-time/full-time.....	71.8	72.9	71.6	70.3	42.8	47.7	43.8	38.1
Part-time/full-time	6.5	5.4	7.6	6.9	12.3	11.2	14.6	11.8
Full-time/part-time.....	13.2	11.8	11.6	16.5	17.6	16.0	15.6	20.2
Part-time/part-time	8.6	9.8	9.2	6.3	27.3	25.2	26.0	29.9

Of the 6.6 million men 25 to 54 who left a job in the 1990 to 1992 period, 72 percent had full-time jobs at the time of the job separation and also at the time of the job accession. However, a greater proportion of these men moved from full-time jobs to part-time jobs in this period than vice versa (13 vs. 7 percent, respectively).

About 43 percent of all the women 25 to 54 left a full-time job and returned to a full-time job, even though women are more likely to be in part-time jobs. As was the case with men, a greater proportion of women moved into part-time jobs from full-time jobs (18 percent) than from part-time into full-time jobs (12 percent).

Among men, the longer one remained jobless after having left a full-time job, the greater the chances were of entering a part-time job. Table G shows that almost 17 percent of the men who were jobless 5 months or more went from full-time to part-time jobs, compared with only 12 percent of the men who were jobless 1 to 2 months.

The proportion of women moving from a full-time job to another full-time job declined significantly as the period of joblessness increased. While 48 percent of all adult women jobless for 2 months or less maintained full-time employment, only 38 percent of the women who had 5 months or more of joblessness did so.

Changes in Occupations. In tables H and I, data for adult men and women, 25 to 54, are displayed showing their occupation distribution as of the time of the job separation, by the occupation distribution as of the time of the job accession. These are relatively broad occupational categories. Data in the diagonal of the matrix (underlined) represent those individuals who *did not change* their occupation, at least in a very broad sense.

Among the men in each category, anywhere from 50 percent (technical, sales, and administrative support workers) to 64 percent (machine operators, fabricators, and laborers) did not experience a change in their broad occupational classification (table H). However, significant numbers did experience changes. For the 1.0 million men who left executive, managerial, and professional jobs, 24 percent ended up in technical, sales, and administrative support or service occupations. These jobs, of course, tend to pay less. On the other hand, for the 1.0 million men formerly employed in technical, sales, and administrative support occupations, about 20 percent moved into the executive-managerial group and another 20 percent moved into occupations involving precision production, crafts, machine operation, and laboring (all these estimates were not statistically different from one another).

Table H. Men 25 to 54 Who Left and Then Entered Jobs, by the Broad Occupation Group of the Job Left and the Job Entered: 1990 to 1992

[Numbers in thousands; data relate only to the person's first spell of joblessness during the period]

Occupation of job left	Occupation of job entered						
	Total	Executive, professional	Technical, sales	Protective service, other service	Farming, forestry, fishing	Precision production, craft	Machine operator, laborer
Total	6,596	1,002	1,028	795	322	1,442	1,993
Executive, professional	1,025	592	175	73	16	57	113
Technical, sales	1,056	211	527	87	15	87	129
Protective service, other service	621	36	52	347	-	57	128
Farming, forestry, fishing	321	13	22	23	197	30	36
Precision production, craft	1,517	64	120	64	22	944	330
Machine operator, laborer	2,017	81	116	202	72	262	1,283

Note: Approximately 39,000 men did not report the occupation they left and 14,000 did not report the occupation they entered.

- Represents zero.

Table I. Women 25 to 54 Who Left and Then Entered Jobs, by the Broad Occupation Group of the Job Left and the Job Entered: 1990 to 1992

[Numbers in thousands; data relate only to the person's first spell of joblessness during the period]

Occupation of job left	Occupation of job entered						
	Total	Executive, professional	Technical, sales	Protective service, other service	Farming, forestry, fishing	Precision production, craft	Machine operator, laborer
Total	7,429	1,572	3,055	1,556	153	111	982
Executive, professional	1,734	1,073	511	113	6	9	23
Technical, sales	2,888	349	1,987	317	13	10	211
Protective service, other service	1,529	110	303	947	9	30	130
Farming, forestry, fishing	159	-	32	8	100	-	19
Precision production, craft	152	16	34	23	6	48	24
Machine operator, laborer	961	25	188	148	18	14	569

Note: Approximately 5,000 women did not report the occupation they left.

- Represents zero.

Another significant occupational shift occurred among men who had been employed in the precision production and crafts occupations. While 62 percent of the men 25 to 54 returned to these occupations after their periods of joblessness, 22 percent entered the occupations of machine operator, fabricator, and laborer, occupations which tend to pay less.

For the 1.7 million women who were in the ranks of the executive, managerial, and professional occupations before being separated, 62 percent returned to these types of jobs, but almost 30 percent entered the technical, sales, and administrative support occupations upon their return to the work force (table I). Almost 3 million women were involved in job separations from these same occupations, and although 69 percent returned to them, 12 percent moved into executive, managerial, and professional occupations and 11 percent entered service occupations (these last two estimates were not statistically different from one another).

Another significant occupational switch for women occurred among those who were working in the occupations involving machine operation, fabrication, and unskilled activities. Although 59 percent returned to these types of jobs, 20 percent moved into the technical, sales, and administrative support occupations and 15 percent entered service occupations (the last two estimates were not statistically different from one another).

Changes in Industry of Employment. The industrial restructuring of our Nation's economy, which has been going on for many years, is also reflected in the SIPP data. Tables J and K show a very broad industrial distribution for men and women 25 to 54 as of the time of a job separation by the industrial distribution as of the time of the job accession. The distribution is composed of manufacturing, other goods-producing industries (farming, forestry, and fisheries; mining; and construction),

Table J. Men 25 to 54 Who Left and Then Entered Jobs, by the Broad Industry Group of the Job Left and the Job Entered: 1990 to 1992

[Numbers in thousands; data relate only to the person's first spell of joblessness during the period]

Industry group of job left	Industry group of job entered				
	Total	Manufacturing	Other goods-producing	High-paying, service-producing	Low-paying, service-producing
Total	6,596	1,266	1,642	1,935	1,740
Manufacturing	1,377	811	114	215	237
Other goods-producing	1,721	117	1,225	190	190
High-paying, service-producing	1,952	178	184	1,213	377
Low-paying, service-producing	1,507	160	115	295	936

Note: Approximately 39,000 men did not report the industry they left, and 14,000 did not report the industry they entered. Other goods-producing industries are farming, forestry, and fisheries, mining and construction; high-paying, service-producing industries are transportation, communication and other public utilities, wholesale trade, finance, insurance, and real estate, professional and related services, and public administration; low-paying, service-producing industries are retail trade, business and repair services, personal services, and entertainment and recreation services.

Table K. Women 25 to 54 Who Left and Then Entered Jobs, by the Broad Industry Group of the Job Left and the Job Entered: 1990 to 1992

[Numbers in thousands; data relate only to the person's first spell of joblessness during the period]

Industry group of job left	Industry group of job entered				
	Total	Manufacturing	Other goods-producing	High-paying, service-producing	Low-paying, service-producing
Total	7,429	953	273	3,479	2,724
Manufacturing	1,028	506	16	253	253
Other goods-producing	308	20	147	71	70
High-paying, service-producing	3,462	219	61	2,441	742
Low-paying, service-producing	2,626	202	49	715	1,660

Note: Approximately 5,000 women did not report the industry they left. Other goods-producing industries are farming, forestry, and fisheries, mining and construction; high-paying, service-producing industries are transportation, communication and other public utilities, wholesale trade, finance, insurance, and real estate, professional and related services, and public administration; low-paying, service-producing industries are retail trade, business and repair services, personal services, and entertainment and recreation services.

high-paying, service-producing industries (transportation, communication, and other public utilities; wholesale trade; finance, insurance, and real estate; professional and related services; and public administration) and low-paying, service-producing industries (retail trade; business and repair services; personal services; and entertainment and recreation services).²²

²²High-paying and low-paying, service-producing industries were determined on the basis of the median earnings received by men who worked year round, full-time in 1991. The earnings in high-paying, service-producing industries were: Transportation, communication, and other public utilities—\$34,468; wholesale trade—\$30,224; finance insurance, and real estate—\$35,934; professional and related services—\$34,654; public administration—\$35,027. In the low-paying, service-producing industries, the medians were: Retail trade—\$21,313; business and repair services—\$24,940; personal services—\$20,313; and entertainment and recreation services—\$23,015. These medians, of course, are measures of central tendency. There are many low-paid workers in the high-paying, service-producing industries, just as there are many high paid workers in the low-paying, service-producing industries.

The data indicate that for the 1.4 million men who experienced job separations in the manufacturing sector of the economy in the 1990 to 1992 period, 59 percent eventually returned. However, 16 percent moved to the high-paying, service-producing industries and 17 percent ended up in the low-paying, service-producing industries (these estimates were not statistically different from one another). Of the men who left jobs from other goods-producing industries, 71 percent returned to that sector.

Almost 2.0 million men experienced job separations from the high-paying, service-producing industries and 20 percent of them found new jobs in the low-paying, service-producing industries. On the other hand, approximately the same proportion of the 1.5 million persons leaving the low-paying, service-producing industries moved to the high-paying, service-producing industries, reflecting the large ebb and flow of workers in the service sectors of the economy (these estimates were not statistically different). On balance, however, the low-paying, service-producing industries were "net" gainers

in this process—from 22.9 percent at the time of the separation to 26.4 percent at the time of the accession.

The situation for adult women was slightly more sanguine (table K). Approximately half of the women who left manufacturing jobs returned to that industry. One-fourth of them went to the high-paying service sector and the other fourth to the low-paying sector (these estimates were not statistically different from one another). A large proportion of the 3.5 million women who left the high-paying, service-producing industries eventually returned to this sector (71 percent). There was a significant inflow of workers from the low-paying, service-producing industries as well.

Changes in Average Weekly Earnings. Of the 14.0 million adult men and women 25 to 54 who, in the 1990 to 1992 period, reported a job separation, followed by a period of joblessness, and then a job accession, 5.4 million went from full-time jobs to full-time jobs. SIPP provides information on their average weekly earnings from both jobs.²³ Some of the data were discussed in the earlier section in which earnings changes in the 1990 to 1992 period were compared with changes in the 1987 to 1989 period. In this section, the data in tables L and M are presented somewhat differently than in table D, to obtain further insights into the job changing process in 1990 to 1992.

²³Earnings are not available for all of these full-time workers since earnings were not necessarily received in the month of the job separation and job accession or both.

The four broad earnings categories used earlier are used again, but in these tables the earnings intervals relating to the job separated from are cross-classified by the same earnings intervals relating to the job that was entered. The data in both tables suggest that a large amount of earnings mobility occurred in the 1990 to 1992 period.

As was shown earlier, the proportion of men 25 to 54 in full-time jobs with earnings below \$208 a week rose from 17 percent at the time of the separation to 25 percent at the time of the job accession. At the other end of the distribution, the proportion of men with average weekly earnings of \$600 or more fell from 25 percent to 18 percent.

The data in table L show how some of these changes came about. For example, the number of low earning men before and after the period of joblessness rose from 559,000 to 815,000. Approximately 200,000 of the 815,000 men had previously been earning over \$400 a week. Similarly, the number of men earning over \$600 a week fell from 831,000 to 572,000, and almost 300,000 saw their earnings fall to below \$400 a week (the estimates of 200,000 and 300,000 are not statistically different from one another).

Table M displays similar data for women 25 to 54. Of the number of women who had full-time jobs but were involved in job separations, 29 percent, or 619,000, were receiving low earnings of less than \$208. After the period of joblessness, the comparable proportion of women in full-time jobs with earnings at or below this

Table L. Men 25 to 54 Who Left and Then Entered Full-Time Jobs, by Their Average Weekly Earnings from the Job Left and the Job Entered: 1990 to 1992

[Numbers in thousands; data relate only to the person's first spell of joblessness during the period]

Weekly earnings on job left	Weekly earnings on job entered				
	Total	Less than \$208	\$209 to 399	\$400 to 599	\$600 or more
Total	3,261	815	1199	675	572
Less than \$208.....	559	303	174	63	20
\$209 to 399.....	1,030	312	481	170	67
\$400 to 599.....	840	105	348	252	134
\$600 or more	831	96	195	189	351

Table M. Women 25 to 54 Who Left and Then Entered Full-Time Jobs, by Their Average Weekly Earnings from the Job Left and the Job Entered: 1990 to 1992

[Numbers in thousands; data relate only to the person's first spell of joblessness during the period]

Weekly earnings on job left	Weekly earnings on job entered				
	Total	Less than \$208	\$209 to 399	\$400 to 599	\$600 or more
Total	2,123	940	653	313	217
Less than \$208.....	619	462	128	13	16
\$209 to 399.....	758	290	333	99	36
\$400 to 599.....	329	58	118	124	30
\$600 or more	416	130	74	76	136

level rose to 44 percent, or 940,000 women. As shown in the table, most of the inflow of low earning women came from those who previously had average weekly earnings of between \$208 and \$400 a week.

Job Accessions and Job Separations: the Early 1990's

A strictly economic interpretation of why workers move into and out of jobs involves workers' and employers' assessments of their economic returns compared with their economic costs. But the lines of causality are considerably more complex than this and involve numerous behavioral responses that are motivated by non-economic factors as well. Consequently, it is difficult to directly link all of the changes just discussed to the downturn in economic activity that took place in the early 1990's. This is particularly true when we examine worker's job separations and job accessions separately.

As was pointed out earlier, the labor market is characterized by a large amount of worker mobility, mobility that is essential for the smooth and efficient operation of the economy. Indeed, it may surprise some to learn that millions of people were finding jobs from 1990 to 1992 and that millions of people who left jobs did so on their own volition (even though many lost jobs involuntarily as well). These facts, as reflected in the data about to be discussed, simply reflect the dynamic nature of the job market during a period of lackluster economic activity.

Sex, Race, and Hispanic Origin. Table N shows that almost 55 percent of all the persons experiencing job accessions at least once in the 1990 to 1992 period were women. About 53 percent of the persons with job separations were women. This representation of women is considerably larger than their share of the monthly civilian employment levels during this period (not shown in table).²⁴

²⁴In 1990, women averaged 45.3 percent of monthly civilian employment, in 1991, 45.6 percent, and in 1992, 45.7 percent, according to the BLS.

Total job accessions and separations were dominated by White workers. However, Blacks and persons of Hispanic origin made up disproportionate shares of total accessions and separations relative to their shares of monthly civilian employment (not shown in table).²⁵

Full-Time vs. Part-Time Jobs. As shown in table O, approximately two out of every three jobs men were moving into during the 1990 to 1992 period were full-time. Of course, this proportion was much higher for adult men 25 to 54 (almost 80 percent) and much lower for teenagers (45 percent).

Among women, job accessions were much more likely to be part-time. About 53 percent of all their accessions were part-time, with the highest proportions for teenage women (65 percent) and older women age 55 and over (67 percent) (the latter two estimates are not statistically different from one another). About 50 percent of all the first accessions experienced by women age 25 to 54 were full-time.

It is also possible with the SIPP data to find out whether the jobs that workers were leaving were either full-time or part-time. For men, about 73 percent who experienced a job separation did so from a full-time job; for women the comparable proportion was 52 percent. In other words, somewhat larger proportions of men and women were leaving full-time jobs than the proportions of men and women entering full-time jobs during the early 1990's.

Labor Force Status: Before Accession and After Separation. As was indicated above, the reasons workers enter and leave jobs, even when economic conditions are poor, are not always clear cut. The SIPP provides information on the labor force status of persons for each month; it is possible to identify what an individual's labor force status was before a job accession occurred and after a job separation occurred.²⁶

²⁵In 1991, Blacks accounted for 10.1 percent of annual average civilian employment and persons of Hispanic origin, 7.5 percent.

²⁶Labor force activity in the course of a month is summarized in SIPP with the use of employment status recodes (ESRs). (See appendix B for a discussion of these recodes.)

Table N. Persons with Job Accessions and Job Separations, by Race, Hispanic Origin, and Sex: 1990 to 1992

[Numbers in thousands]

Race and Hispanic Origin	Accessions			Separations		
	Total persons	Men (percent)	Women (percent)	Total persons	Men (percent)	Women (percent)
Total.....	39,886	45.9	54.1	42,739	47.1	52.9
White.....	33,537	45.5	54.5	36,066	46.8	53.2
Black.....	4,866	48.7	51.3	5,313	48.9	51.2
Other races.....	1,484	45.6	54.4	1,360	49.6	50.4
Hispanic origin.....	3,595	46.9	53.1	3,678	49.1	50.9

Table O. Persons with Job Accessions and Job Separations, by Full-Time and Part-Time Status of Job Entered and Job Left, and by Age and Sex: 1990 to 1992

[Numbers in thousands; data as of the first accession and separation in the period]

Age	Men			Women		
	Total persons	Full-time (percent)	Part-time (percent)	Total persons	Full-time (percent)	Part-time (percent)
JOB ACCESSIONS						
Total.....	18,303	67.2	32.8	21,583	46.7	53.3
16 to 19 years	4,316	45.1	54.9	4,505	34.9	65.1
20 to 24 years	3,389	72.3	27.7	3,624	56.2	43.8
25 to 34 years	4,512	79.2	20.8	5,795	50.1	49.9
35 to 54 years	4,334	79.4	20.6	6,131	50.1	49.9
55 years or more.....	1,752	50.4	49.6	1,527	33.1	66.9
JOB SEPARATIONS						
Total.....	20,140	72.9	27.1	22,599	52.2	47.8
16 to 19 years	3,802	45.8	54.2	3,923	34.5	65.5
20 to 24 years	3,282	74.7	25.3	3,601	55.9	44.1
25 to 34 years	4,828	84.2	15.8	6,031	56.2	43.8
35 to 54 years	5,155	84.4	15.6	6,360	59.4	40.6
55 years or more.....	3,072	67.3	32.7	2,684	47.6	52.4

Table P shows that not all persons moving into jobs were necessarily unemployed (that is, actively looking for work or on layoff) in the previous month. As shown in the table, 41 percent of the men and 60 percent of the women moved into jobs after reporting that they were out of the labor force. In other words, some individuals simply hear about job openings, apply, and are hired.

Significant proportions of both men and women, however, do enter wage and salary jobs after a period of job search and layoff. About 43 percent of the men reported looking for work or on a layoff before finding a job in the next month, and 33 percent of the women did as well. The proportion for men 25 to 54 was 53 percent.

A small proportion of other workers who have moved into a wage and salary job in one month reported that they had some employment in the previous month, most likely a second job or self-employment. About 13 percent of all men did so, and upwards of 24 percent of the middle-aged men 35 to 54 had a similar situation.

With respect to workers who left jobs, it is also the case that not all of them become unemployed. Obviously, many persons may be returning to school or entering the military or starting a family, for example. Approximately 2 out of every 3 women who separated from a job dropped out of the labor force in the following month during the 1990 to 1992 period. (While many no doubt chose to do so voluntarily, others may have sensed that there were no jobs available at that time.) Approximately 25 percent, however, did report looking for work or on layoff.

Men who separated from jobs were more likely to become unemployed than women—of all men experiencing separations, 42 percent reported looking for

work or on layoff in the following month. This proportion hit 55 percent for young men 25 to 34. A small proportion of men who separated from a job (13 percent) reported in the subsequent month that they had some employment, perhaps a secondary job that they had held previously or self-employment.

Occupations Entered and Left. Table Q shows that, even though the economy was in a recession during this period, some persons were moving into occupations that typically pay well. For example, among the men who moved into full-time wage and salary jobs, almost 16 percent found them in the executive, administrative, managerial, and professional specialty occupations; among women the comparable proportion was 18 percent.

Significant proportions of persons who found full-time jobs, however, found them in typically low-paying occupations. For example, 14 percent of the men found full-time jobs as handlers, equipment cleaners, helpers, and laborers—and this proportion was substantially higher than the proportion of all men employed in these occupations in an average month of 1991 (6.0 percent). Almost 47 percent of all the women moved into full-time administrative (including clerical) support-type jobs or service occupations.

Persons who moved into part-time jobs during this period—approximately 44 percent of all persons—found them, for the most part, in the occupations with high concentrations of part-time workers. Among the men, 49 percent of the job accessions were in the sales, service, and laboring-type occupations. About 73 percent of the women who entered part-time wage and salary jobs did so in the sales, administrative support,

Table P. Persons with Job Accessions and Job Separations by Their Labor Force Status in the Month Before the Accession and After the Separation, by Age and Sex: 1990 to 1992

[Numbers in thousands; data as of the first accession and separation in the period]

Age	Men				Women			
	Total persons	Employed (percent)	Unemployed (percent)	Not in labor force (percent)	Total persons	Employed (percent)	Unemployed (percent)	Not in labor force (percent)
JOB ACCESSIONS								
Total	18,303	13.3	42.5	41.4	21,583	7.6	32.8	59.6
16 to 19 years	4,316	1.2	36.3	62.5	4,505	0.4	28.7	70.9
20 to 24 years	3,389	6.5	48.4	45.2	3,624	1.5	36.8	61.7
25 to 34 years	4,512	18.0	53.6	28.4	5,795	8.6	35.3	56.1
35 to 54 years	4,334	24.1	51.5	24.5	6,131	14.1	34.9	51.0
55 years or more	1,752	17.7	24.5	57.7	1,527	13.3	17.2	69.5
JOB SEPARATIONS								
Total	20,140	12.9	41.8	45.3	22,599	7.8	25.4	66.8
16 to 19 years	3,802	1.8	28.4	69.8	3,923	1.2	23.0	75.8
20 to 24 years	3,282	8.6	48.9	42.5	3,601	2.3	28.5	69.2
25 to 34 years	4,828	17.7	55.2	27.1	6,032	8.5	27.6	63.9
35 to 54 years	5,155	20.5	50.8	28.7	6,360	13.4	28.8	57.8
55 years or more	3,073	10.5	15.1	74.4	2,684	10.0	12.0	78.0

Table Q. Persons with Job Accessions and Job Separations, by the Occupation They Entered and Left, and by Sex and Full-Time, Part-Time Status: 1990 to 1992

[Numbers in thousands; data as of the first accession and separation in the period]

Occupation	Accessions				Separations			
	Men		Women		Men		Women	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Total persons	12,295	6,008	10,089	11,494	14,673	5,467	11,807	10,792
Total (percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Executive, administrative, managerial	8.5	4.0	8.0	2.7	9.5	5.0	10.9	2.9
Professional specialty	7.4	9.1	10.0	9.3	6.9	8.0	9.8	10.6
Technicians	2.5	2.3	3.5	1.6	3.1	2.0	3.2	2.0
Sales	8.8	10.7	10.3	22.6	8.9	11.7	12.6	20.5
Administrative support	6.2	8.8	28.5	21.6	6.1	8.0	27.0	22.0
Private household	-	-	1.8	2.4	-	-	1.3	2.8
Protective service	2.4	2.3	0.9	0.8	2.4	2.6	0.9	1.1
Service	7.9	23.6	18.0	29.1	6.9	22.8	16.0	27.6
Farming, forestry, fishing	7.0	4.7	2.4	1.7	5.5	5.4	1.8	1.5
Precision production, craft	17.7	9.5	1.7	0.6	20.9	9.2	2.5	1.1
Machine operator, fabricator	8.4	3.2	11.0	3.1	8.4	3.8	10.5	3.9
Transportation, material moving	9.2	6.6	1.2	1.6	9.2	7.8	0.8	1.4
Handlers, laborers	14.0	14.7	2.9	3.0	11.6	13.7	2.8	2.6
Not reported	0.1	-	-	-	0.4	-	-	-

- Represents zero.

and service occupations. Table Q also shows the full-time and part-time occupations from which workers were separated. A slightly greater proportion of men *left* full-time employment in the executive, professional, and precision production, craft, and repair occupations than entered (37.3 vs. 33.6 percent). Among the women who had full-time jobs from which they subsequently

separated, 43 percent were in administrative support and service occupations.

Health Insurance: Before and After Job Separations.

A major worry for many workers in recent years has concerned health insurance coverage for themselves and their families when the coverage is provided through one's employer. This has been especially the

case during the recent period of economic recession and readjustment when employers were particularly conscious of costs.

The SIPP data on job separations can be used to find out what happened to those workers who experienced job separations and had health insurance provided by their employer. Table R shows that, of the 20.1 million men who experienced their first job separation, 37 percent had employer-provided health insurance coverage in their own name before the separation, or about 7.4 million men. In the month following the separation only 25 percent were receiving their coverage through their employer, or 4.9 million men.²⁷ The difference, almost 2.5 million, were men who either became insured through some other means or went without coverage. Among women, the proportions who had health insurance coverage in their own name through an employer were much lower, both before (23 percent) and after (14 percent) the separation, and nearly 2.0 million women either had to obtain coverage through some other means or have no coverage.

Average Weekly Earnings: Jobs Entered and Jobs Left. Table S shows the mean earnings of persons who moved into full-time jobs by occupation, as well as by the mean earnings of persons in the jobs

from which they separated. All of these averages, of course, are affected by the characteristics of the workers involved (e.g., job tenure, occupation, education, and age).

As can be seen in the table, there was a significant difference in the overall average weekly earnings of persons moving into jobs and out of jobs. For the men who found full-time jobs in the 1990 to 1992 period, their average weekly earnings (in current dollars) in the month they entered the job was \$312; for those men who left full-time jobs, their average weekly earnings had been \$456. The comparable averages for women were \$197 and \$321, respectively (the estimates for men who entered jobs and women who left jobs are not statistically different from one another).

Weekly earnings for men who entered executive-type jobs in this period averaged \$637 and those moving into professional specialty occupations, \$513 (these estimates are not statistically different from one another). These relatively high averages contrast sharply with the average of \$222 a week for those men finding full-time jobs as handlers and laborers.

The weekly earnings of women entering administrative support occupations in which they were employed full-time averaged \$210, while the average in the service occupations was only \$141. In the higher-paying occupations, specifically the professional specialty occupations, the average weekly earnings of women entering these jobs was \$259, but for those leaving them, \$602 (the estimates for women entering administrative support occupations and professional specialty occupations are not statistically different from one another).

²⁷Some workers are allowed to continue their health insurance coverage under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA requires that employers who provide health insurance and have 20 or more employees allow participants and other beneficiaries to purchase continuing coverage for at least 18 months after coverage would have ceased because of job loss, death, or divorce.

Table R. Persons with Job Separations by Method of Health Insurance Coverage Before and After Job Separation, by Age and Sex: 1990 to 1992

[Numbers in thousands; data as of the first job separation in the period]

Age and sex	Before job separation				After job separation			
	Total	Own name		Not own name or none (percent)	Total	Own name		Not own name or none (percent)
		Employer provided (percent)	Other (percent)			Employer provided (percent)	Other (percent)	
MEN								
Total	20,140	36.5	9.0	54.5	20,140	24.5	10.4	65.1
16 to 19 years	3,802	5.4	3.2	91.4	3,802	1.7	4.1	94.3
20 to 24 years	3,282	22.8	10.8	66.3	3,282	11.9	10.9	77.2
25 to 34 years	4,828	39.5	8.5	52.0	4,828	23.4	9.5	67.2
35 to 54 years	5,155	50.0	7.9	42.1	5,155	34.3	10.2	55.5
55 years or more	3,073	62.3	16.6	21.2	3,073	51.3	19.5	29.2
WOMEN								
Total	22,599	23.2	7.1	69.7	22,599	14.4	8.3	77.3
16 to 19 years	3,923	4.9	2.5	92.6	3,923	1.6	3.7	94.7
20 to 24 years	3,601	22.6	4.8	72.6	3,601	10.6	6.6	82.7
25 to 34 years	6,032	26.1	3.6	70.3	6,032	14.4	5.1	80.5
35 to 54 years	6,360	26.8	6.4	66.8	6,360	17.1	7.7	75.2
55 years or more	2,684	36.1	25.8	38.1	2,684	32.1	25.8	42.1

Table S. Persons with Job Accessions and Job Separations by Their Average Weekly Earnings on the Full-Time Jobs They Entered and Left, and by Occupation: 1990 to 1992

[Data as of the first accession and separation in the period]

Occupation	Men				Women			
	Accession		Separation		Accession		Separation	
	Mean	Standard error	Mean	Standard error	Mean	Standard error	Mean	Standard error
Total.....	\$312	\$ 27	\$456	\$ 37	\$197	\$ 14	\$321	\$ 25
Executive, administrative, managerial.....	637	236	932	259	293	56	452	89
Professional specialty.....	513	115	827	195	259	52	602	176
Technicians.....	351	109	586	152	225	70	436	99
Sales.....	327	84	514	129	190	39	276	47
Administrative support.....	247	62	397	83	210	28	320	27
Private household.....	-	-	-	-	(B)	(B)	(B)	(B)
Protective service.....	190	59	378	134	(B)	(B)	(B)	(B)
Service.....	191	34	204	28	141	27	204	26
Farming, forestry, fishing.....	169	31	255	96	86	39	(B)	(B)
Precision production, craft.....	319	37	421	47	(B)	(B)	314	124
Machine operator, fabricator.....	269	54	341	58	173	47	220	28
Transportation, material moving.....	280	60	374	59	(B)	(B)	(B)	(B)
Handlers, laborers.....	222	44	294	37	132	37	242	69

- Represents zero. B Base less than 200,000.

Another perspective on the earnings received by persons who entered jobs and the earnings received by workers who left jobs can be obtained by examining the distribution of weekly earnings. Table T shows that of all those persons with earnings who moved into a job the first time during the 1990 to 1992 period, almost two-thirds of them were earning less than \$208 a week—a weekly amount equivalent to the Federal governments' poverty line (on an annual basis) for a family of three persons.²⁸ This large proportion, of course, includes part-time workers as well as workers of all ages, education backgrounds, and other characteristics.

When this universe is restricted to men and women 25 to 54 who found full-time jobs, the proportions with weekly earnings below \$208 were 26 percent and 50 percent, respectively. At the other end of the distribution of adult men and women, 19 percent of the men 25 to 54 received \$600 or more a week at their full-time jobs, and 8 percent of the women did so.

With respect to workers leaving jobs, it is clear that much larger proportions of "high earning" workers—specifically those with weekly earnings above \$600 a week—were leaving such jobs than taking them in the 1990 to 1992 period. Approximately 30 percent of the men 25 to 54 who left jobs had earnings this high, compared with 17 percent for the women.

INCOME

Historical Perspective

Unlike generally upward income trends in the 1980's, American households experienced more decreases than

increases in income from 1990 to 1991. Accordingly, average (median) household income (in 1991 dollars) dropped from \$31,203 in 1990 to \$30,126 in 1991.²⁹ Clearly, the recession, which officially lasted from July 1990 until March 1991, was associated with this decline.

Some earlier SIPP reports, entitled *Transitions in Income and Poverty Status*, examined the effect of the expanding economy of the 1984 to 1988 period by showing the proportion of persons who experienced increases or declines of 5 percent or more (in real terms) in their household income-to-poverty ratio (or income ratio) from 1984 to 1985, 1985 to 1986, and 1987 to 1988.³⁰ In all three periods, more persons experienced gains than losses from one year to the next. From 1984 to 1985, 42.3 percent of persons increased their income-to-poverty ratios by 5 percent or more, while 33.6 percent suffered declines of at least the same magnitude. From 1985 to 1986, the figures were 47.1 and 30.3 percent, respectively. From 1987 to 1988, 44.2 percent experienced gains, and 32.3 percent had losses.³¹

In contrast to the growth periods of the 1980's, from 1990 to 1991, the proportion of persons who increased their income ratios fell to 36.3 percent. Moreover, the proportion of persons experiencing income ratio declines expanded to 40.3 percent (see table U.)

²⁸See table A, *Money Income of Households, Families, and Persons in the United States: 1991, P60-180*, Current Population Reports, U.S. Bureau of the Census, September 1992, p. xi.

³⁰An income-to-poverty ratio standardizes incomes by family size and composition, while accounting for economies of scale, by dividing a person's family income by its poverty threshold. For further explanation, see section in this report entitled "Income Disparities."

³¹The 1984 to 1985 decline of 33.6 percent was not significantly different from the 1987 to 1988 decline of 32.3 percent.

²⁸See footnote 16.

Table T. Distribution of Average Weekly Earnings of Persons with Job Accessions and Job Separations, by Sex, Age, and Full-Time Status: 1990 to 1992

[Numbers in thousands; data as of the first job separation in the period]

Earnings	Job accessions			Job separations		
	Total persons	Full-time workers		Total persons	Full-time workers	
		Men, 25 to 54	Women, 25 to 54		Men, 25 to 54	Women, 25 to 54
Total.....	30,723	5,697	4,531	34,802	7,013	5,940
Less than \$99	30.8	4.6	13.0	23.6	2.5	5.9
\$100 to 207	33.5	21.2	37.0	27.1	13.4	26.8
\$208 to 299	12.2	18.0	17.6	13.4	16.3	18.6
\$300 to 399	9.3	18.6	12.1	11.0	14.1	16.6
\$400 to 499	4.9	10.5	9.2	7.2	14.1	9.9
\$500 to 599	2.8	8.0	2.7	4.7	9.5	5.6
\$600 and over	6.5	19.0	8.4	13.0	30.0	16.7

Table U. Year-to-Year Percentage Change in Income-to-Poverty Ratios

Years	Total (thousands)	Declined 5 percent or more	Changed less than 5 percent	Increased 5 percent or more
1984 to 1985	222,426	33.6	24.1	42.3
1985 to 1986	226,477	30.3	22.6	47.1
1987 to 1988	230,989	32.3	23.5	44.2
1990 to 1991	235,811	40.3	23.4	36.3

In 1991, less than a one-fourth, 23.4 percent, of all persons showed no significant changes in income ratios, i.e., differed less than 5 percent from their income, ratios in 1990. The three previous periods in the 1980's also show that less than one-fourth of all persons had income ratios which remained about the same from one year to the next. Apparently, this means that the large majority, about three-fourths, of all persons are subject to some kind of economic fluctuation from one year to the next regardless of the stage of the business cycle.

The 1990 to 1991 Recession

To ascertain the financial and public assistance concomitants of the 1990-91 recession, data were tabulated for 4 months:

1. January 1990, 6 months before the start of the recession;
2. July 1990, the first month of the recession;
3. March 1991, the last month of the recession; and
4. January 1992, 9 months after the recession had officially ended.

The data in table V demonstrate that many of the indicators of a downturn in the economy stayed down (or up) longer than the 9 months officially designated as the recent recession.

Earned income. Households with earned income are those in which one or more persons in the household acquired at least part of their income through earnings (labor income). The percentage of persons in such households decreased from 82.0 percent of all persons in January 1990, 6 months before the recession, to 80.1 percent in January 1992, 9 months after the recession had officially ended.

Unemployment compensation. In January 1990, 3.2 percent of persons were in households in which someone was receiving unemployment compensation. By January 1992, 5.3 percent were in such households.

Medicaid. Medicaid is a health coverage program for the financially needy. Before the recession, in January 1990, the percentage of persons in households covered by Medicaid was 10.0. Nine months after the recession, January 1992, the percentage was 12.2.

None of the types of income and assistance programs in table V indicate economic improvement from the pre-recession period to the post-recession period. Furthermore, there was no apparent improvement between the end of the recession (March 1991) and 9 months afterward (January 1992). The types of financial measures in table V are not available for other recessions, because the SIPP did not begin until 1983, after the previous recession which ended in 1982.

Table V. Reciprocity Rates Before, During, and After the 1990 to 1991 Recession

Characteristic	Monthly percentages			
	Before recession, January 1990	First month, July 1990	Last month, March 1991	After recession, January 1992
Total, all persons	100.00	100.0	100.0	100.0
In households with earned income	82.0	82.1	81.0	80.1
In households with asset income	68.8	67.4	68.2	67.4
In households with unemployment compensation	3.2	2.5	4.3	5.3
In households with cash public assistance income	7.9	8.2	8.5	8.9
In households with Supplemental Security Income (SSI)	3.2	3.5	3.6	3.9
In households with AFDC or General Assistance income	4.9	5.1	5.3	5.4
In households with Medicaid	10.0	10.7	11.3	12.2
In households with food stamps	7.5	7.7	8.1	8.5

Cross-Cutting Income Declines

As was true of the income gains in the 1980's, the income declines from 1990 to 1991 cut across age, sex, racial, and other lines (see table W). Overall (in constant 1991 dollars), from 1990 to 1991, 40.9 percent of all persons suffered declines in household income of 5 percent or more, while 36.1 percent experienced income increases of 5 percent or more. (Only 23.0 percent of the population had stable incomes, i.e., lived in households where incomes changed less than 5 percent.)

Sex. From 1990 to 1991, for both males and females, household incomes fell more often than they rose. Income gains and declines were quite similar for men and women. Among men, 41.2 percent had income declines, while just 36.2 had income increases. The corresponding percentages for women were 40.6 percent and 36.0 percent.

Age. From 1990 to 1991, significantly more declines than increases in household income were experienced by three of the five age cohorts: (1) young adults, 18 to 24; (2) middle-aged persons, 45 to 64; and (3) the elderly, 65 and over. The differences between income declines and increases were not statistically significant for the other two age cohorts, persons under 18 and those 25 to 44.

In both the 1990 to 1991 and the 1987 to 1988 periods, the elderly, those 65 years and over, had the most stable incomes. From 1990 to 1991, 35.0 percent of them had incomes that changed less than 5 percent. Similarly, from 1987 to 1988, the proportion of stable incomes among the elderly was 37.4 percent. This is as expected, since a large proportion of the elderly have fixed incomes that are not tied to business cycles.

Race and Hispanic origin. Though Whites, Blacks, and Hispanics have substantially different amounts of income, all three had more declines than increases in

household income from 1990 to 1991. Of Whites, 40.6 percent experienced income drops; 36.2 percent enlarged their incomes. For Blacks, the comparable percentages were 42.9 and 35.0; and, for Hispanics, the respective percentages were 43.5 and 36.3.

Education. From 1990 to 1991, of the four levels of educational attainment displayed in table W, only one did not show more people experiencing decreases than gains in income — those having 4 or more years of college. Among this group, the proportions experiencing gains and losses in household income were quite similar, 38.0 percent suffering income declines, while 39.1 percent had higher incomes than previously.

Region. Three of the four regions of the country underwent significantly more declines than increases in household income from 1990 to 1991. The difference between income gains and losses was not significant in the West, where 39.6 percent had declining incomes, but 38.8 percent had rising incomes.

Marital status. Among those whose marital status was the same in both 1990 and 1991, persons experienced more household income decreases than increases regardless of whether they were married, widowed, divorced, or never married. (The small number of persons separated from their spouses caused the income gains and losses among the separated to be statistically insignificant.)

Work. Among those whose work status was identical in 1990 and 1991, considerably more household income decreases than increases occurred: (1) among persons who had not worked either year and (2) persons who had worked both years, but not full-time.

Table W. Characteristics of Persons and Percentage Change in Household Income: 1990 to 1991

Characteristic	Total (thousands)	Declined 5 percent or more	Changed less than 5 percent	Increased 5 percent or more
All persons	235,811	40.9	23.0	36.1
SEX				
Male	113,681	41.2	22.6	36.2
Female	122,131	40.6	23.4	36.0
AGE				
Under 18 years	60,732	40.1	21.0	38.9
18 to 24 years	22,903	44.3	17.5	38.2
25 to 44 years	78,857	39.9	21.8	38.4
45 to 64 years	45,908	44.0	23.4	32.6
65 years or more	27,411	37.5	35.0	27.5
RACE AND HISPANIC ORIGIN				
White	198,579	40.6	23.3	36.1
Black	28,982	42.9	22.2	35.0
Hispanic ¹	18,565	43.5	20.2	36.3
White, not Hispanic	182,646	40.4	23.7	35.9
EDUCATIONAL ATTAINMENT				
Persons 18 years and over	175,079	41.2	23.7	35.1
Not a high school graduate	36,701	40.4	27.4	32.2
High school graduate, no college	66,051	43.3	23.0	33.7
One to three years of college	37,636	41.1	22.1	36.9
Four or more years of college	34,692	38.0	23.0	39.1
REGION				
Northeast	47,722	42.4	23.6	34.1
Midwest	62,034	40.7	24.8	34.5
South	79,138	40.9	22.1	37.0
West	46,916	39.6	21.6	38.8
MARITAL STATUS				
Same marital status both years	168,963	41.0	24.3	34.7
Married	104,265	40.8	24.1	35.1
Widowed	12,207	36.6	34.2	29.2
Divorced	13,301	41.9	25.1	33.0
Separated	2,736	43.3	22.2	34.5
Never married	36,453	42.6	21.5	36.0
WORK EXPERIENCE				
Worked year-round, full-time both years	68,330	37.6	26.0	36.5
Worked both years, but not year-round, full-time	32,448	46.1	16.3	37.6
Did not work either year	43,563	37.2	32.6	30.2

¹Persons of Hispanic origin can be of any race.

The difference between income declines and increases failed to be significant among individuals who, in both 1990 and 1991, worked year-round, full-time. Among this group, 37.6 percent had income declines and 36.5 percent had income gains.

Income Disparities

The previous section has shown that most segments of the population were more likely to experience income decreases than increases from 1990 to 1991. These changes were based upon comparisons of income between one year and the next. Within any one year, various population segments can exhibit substantial

differences in income as well; and these income disparities tend to exist in recession and non-recession periods as well. This section discusses income disparities in 1991.

Income-to-poverty ratios. In order to examine incomes over time or across groups, it is useful to adjust for differences in family size. One way of standardizing incomes for family size is to use a per capita income measure. However, per capita income does not take into account the economies of scale available to persons living together, arising from the sharing of rent and other fixed expenses, which allow people to live more cheaply together than separately.

To account for economies of scale while adjusting for family size and composition differences, this report adjusts incomes by using poverty thresholds as an "equivalence scale." For example, each person in a four-person family in 1991 with a family income of \$20,000 would have an income-to-poverty ratio of 1.43 (i.e., \$20,000/\$13,924). A ratio under 1.00 implies that the person was below the poverty level for the calendar year.

Income-to-poverty ratios control for both family size and economies of scale, enabling more reasonable comparisons of economic well-being between individuals. The ratios were calculated for each calendar year by dividing the summed monthly family income of each person by the appropriate summed monthly poverty threshold.

The family income ratios in this report reveal many differences in financial well-being, which are associated with various population characteristics. Table X presents these distributions for several characteristics of persons.

Sex. In 1991, males were better off economically than females. Among males, 8.9 percent were in poverty (i.e., had a household income ratio of under 1.00), compared with 12.2 percent of females.

At the other end of the income scale, 33.4 percent of males were comparatively well-off (i.e., had a household income ratio of 4.00 or more), while 29.2 percent of females were in this category.

Age. Of all age groups, children (persons under 18) fared worst economically in 1991, 17.2 percent were in poverty and 20.4 percent were well-off.

The proportion of the elderly in poverty, 8.5 percent, was about half that of children. However, the percentage of the aged that was well-off, 24.7 percent, was not much higher than that for children.

The age cohort which was economically best off were persons 45 to 64 years of age. Only 6.8 percent of persons in this age group were in poverty, while 44.2 percent were well-off.

Race and Hispanic origin. Whites fared considerably better than Blacks and Hispanics. Only 8.1 percent of Whites were in poverty, compared with 24.7 percent of Hispanics and 27.1 percent of Blacks. Similarly, 34.0 percent of Whites were well-off; only 12.9 percent of Blacks and 12.0 percent of Hispanics were well-off.³²

Education. A strong correlation exists between economic well-being and educational attainment. Only 11.5 percent of those without a high-school diploma were well-off, but 63.7 percent of those with 4 or more years of college were well-off. In contrast, 19.4 percent of

non-high school graduates were below the poverty level; however, this was true for only 2.0 percent of persons with 4 or more years of college.

Work experience. A substantial relationship also exists between working and amount of income. Of those whose work status remained unchanged during both 1990 and 1991, year-round, full-time workers fared best. About one-half (49.3 percent) of them were well-off, compared with 20.5 percent of those who did not work both years. On the other hand, just 1.2 percent of 1990 to 1991 year-round, full-time workers were poor, compared with 16.4 percent of persons who had not worked in 1990 and 1991.

Marital status. Married people, on average, have higher household incomes than do the unmarried. Among persons whose marital status was unchanged in 1990 and 1991, poverty was faced most often by those separated from their spouses, 30.8 percent. By contrast, just 4.3 percent of persons who stayed married were below their respective poverty thresholds.

Family status. Persons who are part of families, particularly married-couple families, were, on average, financially better off. Among individuals whose family status was the same for both 1990 and 1991, persons in married-couple families were least likely to be in poverty, 5.4 percent, compared with 30.3 percent in other types of families and 15.9 percent for unrelated individuals.

Number of workers. An important aspect of household composition is the number of workers in the household. Marked differences in financial well-being are associated with the number of workers in the household. In households with no workers during 1990 and 1991, 11.9 percent were well-off, in contrast to 57.7 percent of households with three or more workers in 1990 and 1991.

Income Transitions

From 1990 to 1991, the household incomes of most people changed. Less than a quarter, 23.4 percent, of the population resided in households with income ratios that remained stable, i.e., changed less than 5 percent from one year to the next. Many, if not most, of the income fluctuations may be linked to general trends in the economy, but at least some income changes may be less closely tied to broad economic cycles.

This section and table Y show how family income changes, or transitions, are correlated with changes in individual or family circumstances from year to year. This section discusses changes in financial situations by continuing to use the income-to-poverty ratio (or income ratio), the equivalence-adjusted index of family income.

³²The proportions of Blacks and Hispanics who were well-off were not significantly different from one another.

Table X. Percentage Distribution of Persons by Income-to-Poverty Ratios: 1991

Characteristic	Total (thousands)	Under 1.00	1.00 to 1.99	2.00 to 3.99	4.00 or more
All persons.....	235,811	10.6	20.1	38.0	31.3
SEX					
Male.....	113,681	8.9	18.9	38.7	33.4
Female.....	122,131	12.2	21.2	37.3	29.2
AGE					
Under 18 years.....	60,732	17.2	24.1	38.3	20.4
18 to 24 years.....	22,903	12.1	20.0	39.0	28.9
25 to 44 years.....	78,857	8.0	17.5	39.4	35.1
45 to 64 years.....	45,908	6.8	14.5	34.5	44.2
65 years or more.....	27,411	8.5	28.6	38.2	24.7
RACE AND HISPANIC ORIGIN					
White.....	198,579	8.1	18.6	39.3	34.0
Black.....	28,982	27.1	30.6	29.3	12.9
Hispanic ¹	18,565	24.7	32.4	31.0	12.0
White, not Hispanic.....	182,646	6.6	17.4	40.0	36.0
EDUCATIONAL ATTAINMENT					
18 years of age or more.....	175,079	8.3	18.8	37.9	35.0
Not a high school graduate.....	36,701	19.4	33.4	35.7	11.5
High school graduate.....	66,051	7.6	20.2	42.8	29.4
One to three years of college.....	37,636	4.6	13.6	40.4	41.4
Four or more years of college.....	34,692	2.0	6.0	28.2	63.7
WORK EXPERIENCE					
Worked year-round, full-time in both 1990 and 1991.....	68,330	1.2	10.2	39.2	49.3
Worked both years, but not year-round, full-time.....	32,448	10.8	21.7	37.9	29.5
Did not work either year.....	43,563	16.4	28.0	35.2	20.5
MARITAL STATUS					
Same marital status in both 1990 and 1991.....	168,963	8.2	18.7	38.0	35.1
Married.....	104,265	4.3	15.9	39.7	40.1
Widowed.....	12,207	15.8	35.5	32.2	16.5
Divorced.....	13,301	15.1	21.5	39.2	24.3
Separated.....	2,736	30.8	25.5	30.7	13.0
Never married.....	36,453	12.7	19.5	35.3	32.4
FAMILY STATUS					
Same family status in both 1990 and 1991.....	223,779	10.4	19.8	38.2	31.6
Family member.....	195,647	9.6	18.8	38.8	32.9
Married-couple family.....	162,539	5.4	17.4	40.5	36.8
Other family type.....	33,108	30.3	25.6	30.5	13.6
Unrelated individual.....	28,132	15.9	27.1	33.8	23.1
NUMBER OF WORKERS IN HOUSEHOLD					
(18 years or more)					
Same number of workers in both 1990 and 1991.....	183,393	10.3	19.6	37.8	32.2
None.....	35,232	33.1	28.1	27.0	11.9
1 worker.....	67,307	9.1	26.9	38.7	25.3
2 workers.....	69,497	1.6	10.7	42.6	45.2
3 workers or more.....	11,357	0.5	4.6	37.3	57.7

¹Persons of Hispanic origin can be of any race.

As mentioned previously, between 1990 and 1991, 36.3 percent of persons lived in households with rising income ratios, 40.3 percent in households with declining income ratios, and the remainder lived in households with stable incomes.

Income ratio levels. Of those in one of the four income-ratio categories in 1990, the poor in 1990 (i.e., persons with income ratios of less than 1.00) were the most likely to see their relative incomes rise in 1991, 49.1 percent.

Table Y. Persons by Percentage Change in Income-to-Poverty Ratios: 1990 to 1991

Characteristic	Total (thousands)	Declined 5 percent or more	Changed less than 5 percent	Increased 5 percent or more
All persons	235,811	40.3	23.4	36.3
INCOME-TO-POVERTY RATIO IN 1990				
Less than 1.00	23,849	27.8	23.1	49.1
1.00 to 1.99	45,536	36.5	21.9	41.6
2.00 to 3.99	90,532	39.8	24.1	36.1
4.00 or more	75,894	47.2	23.5	29.3
HOUSEHOLD ASSET INCOME				
Income from assets both years	174,385	40.2	23.7	36.1
Income from assets in 1991, but not 1990	7,943	32.0	16.6	51.4
Income from assets in 1990, but not 1991	10,116	51.9	17.2	30.9
No income from assets either year	43,368	39.5	24.9	35.6
HOUSEHOLD EARNINGS				
Earnings both years	199,430	41.3	21.2	37.5
Earnings in 1991, but not in 1990	2,700	8.2	15.0	76.8
Earnings in 1990, but not in 1991	5,016	75.6	8.7	15.7
No earnings either year	28,665	30.5	41.9	27.6
WORK EXPERIENCE				
Year-round, full-time in 1990 to:				
Not year-round, full-time in 1991	11,092	64.5	14.2	21.3
Did not work in 1991	119	88.6	0.0	11.4
Not year-round, full-time in 1990 to:				
Year-round, full-time in 1991	10,148	28.8	15.0	56.2
Did not work in 1991	6,035	63.2	13.8	23.0
Did not work in 1991 to:				
Year-round, full-time in 1991	93	11.3	23.6	65.1
Not year-round, full-time in 1991	3,251	27.4	14.2	58.4
NUMBER OF WORKERS IN HOUSEHOLD				
Less workers in 1991 than in 1990	27,818	70.2	11.1	18.7
More workers in 1991 than in 1990	24,600	20.5	14.1	65.5
MARITAL STATUS				
From married in 1990 to other in 1991	2,240	63.1	8.7	28.3
From other marital status in 1990 to married in 1991	3,190	30.0	11.8	58.3
FAMILY STATUS				
From married couple to:				
Other family type	3,119	73.7	6.9	19.4
Unrelated individual	2,253	72.5	8.1	19.4
From other family type to:				
Married couple	2,225	29.6	8.1	62.2
Unrelated individual	1,451	70.6	6.4	23.0
From unrelated individual to:				
Married couple	1,920	17.0	11.7	71.3
Other family type	1,063	34.3	12.5	53.2
From family member to unrelated individual	3,705	71.8	7.5	20.8
From unrelated individual to family member	2,983	23.2	12.0	64.9

Table Y. Persons by Percentage Change in Income-to-Poverty Ratios: 1990 to 1991—Continued

Characteristic	Total (thousands)	Declined 5 percent or more	Changed less than 5 percent	Increased 5 percent or more
HOUSEHOLD COMPOSITION				
No change in number of adults:				
Same number of children.....	187,575	38.3	25.7	36.0
Less children.....	3,794	30.7	17.3	52.0
More children.....	10,207	64.8	13.9	21.2
More adults in 1991 than 1990:				
Same number of children.....	6,852	29.2	11.9	58.9
Less children.....	9,579	36.0	18.8	45.2
More children.....	1,710	45.1	8.8	46.1
Less adults in 1991 than 1990:				
Same number of children.....	12,026	59.3	12.7	28.0
Less children.....	3,425	50.6	11.9	37.5
More children.....	643	70.4	11.7	17.9

The higher the income ratios in 1990, the less likely persons were to have rising income ratios in 1991. The smallest increase in income ratios was among the well-off, persons with income ratios of 4.00 or more, 29.3 percent.

Conversely, the higher the income ratios in 1990, the greater the likelihood of lower income ratios in 1991. The proportions whose income ratios diminished were 47.2 percent of the well-off in 1990 but 27.8 percent of the poor.

Between a fourth and a fifth of persons in all four income-ratio brackets had stable incomes, i.e., their income ratios changed less than 5 percent from 1990 to 1991.

Household asset income. Year-to-year changes in economic well-being are affected by having or not having income from assets. Of the four household asset income categories, persons in households with income from assets in 1991, but not 1990, had the largest proportion of income ratio increases, 51.4 percent, and the smallest proportion of income ratio losses, 32.0 percent.

Conversely, persons with asset income in 1990 but not 1991 had the highest proportion of income ratio declines, 51.9 percent, and the smallest proportion of income ratio gains, 30.9 percent.

Household earnings. Whether a household has someone who is an earner, i.e., holds a job, greatly affects year-to-year financial transitions. Of persons in households which had earnings in 1991, but not 1990, 76.8 percent lifted their income ratios in 1991.

Conversely, of persons in households having earnings in 1990, but not 1991, 75.6 lowered their income ratios in 1991.

Work. Earnings are dependent upon work status. Of those who did not work in 1990 but were full-time workers in all of 1991, 65.1 percent lifted their income

ratios. In contrast, of year-round, full-time workers in 1990 who did not work in 1991, a large majority, 88.6 percent, suffered income ratio drops.

Number of workers. Household earnings are dependent upon the number of workers within the household. Of persons in households which had more workers in 1991 than in 1990, nearly two-thirds, 65.5 percent, had larger income ratios in 1991. Conversely, of those in households with fewer workers in 1991 than in 1990, over two-thirds, 70.2 percent, had smaller income ratios in 1991.

Marital status. Households comprised of married couples are likely to have more workers than do other households. Among persons who were married in 1991 but not 1990, a substantial majority, 58.3 percent, raised their income ratios from 1990 to 1991. On the other hand, among persons who changed from married in 1990 to another marital status (including separated) in 1991, only 28.3 percent enlarged their income ratios from 1990 to 1991.

Conversely, among those who were married in 1990 but were separated or not married in 1991, a wide majority, 63.1 percent, suffered income ratio declines from 1990 to 1991. In contrast, among those not married in 1990 but married in 1991, a minority, 30.0 percent, had income ratio losses.

Family status. Typically, married-couple households have higher incomes than do other household types; and family households typically have greater incomes than do nonfamily households. Of persons switching to married-couple family membership in 1991 from other family types in 1990, a considerable majority, 62.2 percent, increased their income ratios from 1990 to 1991. Similarly, of persons changing family status from unrelated individuals in 1990 to family members in 1991, 64.9 percent realized income ratio gains.

Conversely, lower income ratios in 1991 were suffered by about 70 percent who changed from married-couple households in 1990 to other family or nonfamily households in 1991. Similarly, of persons shifting from family member in 1990 to unrelated individual in 1991, another large majority, 71.8 percent, suffered income ratio declines.

Household composition. The number of adults and children in a household are correlated with income ratios. Persons in households with more adults in 1991 than in 1990 had a higher proportion of income-ratio gainers, compared with households comprised of less adults in 1991 than in 1990, as shown in table Y.

Conversely, those with less adults in 1991 had more income ratio declines than did those with more adults.

Adding children, rather than having the same number or fewer than the previous year, was related to larger declines in income ratios from one year to the next. Among households with no change in the number of adults, 64.8 percent of households with more children had income ratio losses.

Government Program Participation

Federal, State, and local governments have instituted a number of cash and noncash assistance programs, partly to cushion people from the adverse effects of sharp income drops. This section indicates: (1) that income reductions result in a greater likelihood of participating in government assistance programs, and (2) that income gains result in lower reliance on governmental assistance programs. This is not surprising, since the programs are means-tested, so that eligibility is closely tied to income changes.

Program participation. To measure participation in such programs, an index of "program participation" has been developed. This index measures involvement in one or more of six major governmental programs:

1. Aid to Families with Dependent Children (AFDC)
2. General Assistance
3. Supplemental Security Income (SSI)
4. Medicaid
5. Food stamps
6. Federal and State rent assistance.

During 1990 and 1991, nearly a quarter, 22.9 percent, of the population participated at one time or another in at least one of these six programs.

As expected, persons who began participation in government assistance programs were more likely to have suffered income losses than those who did not

participate in such programs. Of persons who changed from nonparticipant in government programs in 1990 to participant in 1991, a majority, 54.3 percent, had lower income ratios in 1991 than 1990 (see table Z). In contrast, of persons who participated in government programs in 1990 but not 1991, only about a third, 33.5 percent, lost income in 1991.

Conversely, income gains can change program participants to nonparticipants. Of persons who changed from program participants in 1990 to nonparticipants in 1991, slightly less than a majority, 48.9 percent, significantly raised their income ratios. In comparison, income gains were experienced by just 28.8 percent of 1991 government program participants who had not participated in 1990.

AFDC. As expected, of individuals receiving AFDC in either 1990 or 1991 or both years, members of households that received AFDC in 1991 but not 1990 had the greatest proportion with lower income ratios in 1991, 52.9 percent. By contrast, income ratio declines from 1990 to 1991 were experienced by only a third, 33.0 percent, of persons in households that received aid in 1990 but not 1991.

Conversely, of AFDC recipients in 1990, 1991, or both, persons that showed the highest percentage of income ratio gains were those in households receiving AFDC in 1990 but not 1991, 52.8 percent.

Medicaid. Like AFDC, persons in households with members covered by Medicaid in 1991 but not 1990 experienced the largest proportion of income ratio declines from 1990 to 1991, 51.7 percent. In contrast, lower income ratios in 1991 were experienced by only 32.2 percent of persons covered by Medicaid in 1990 but not 1991.

Conversely, persons in households covered by Medicaid in 1990 but not 1991 had the largest proportion elevating their income ratios, 48.5 percent. On the other hand, income ratio gains were experienced by merely 31.0 percent of persons in households covered by Medicaid in 1991 but not 1990.

Food stamps. Like Medicaid and AFDC, persons who suffered the greatest percentage of income ratio declines from 1990 to 1991 were those in households receiving food stamps in 1991 but not 1990, 60.8 percent. Among those who received food stamps in either 1990, 1991, or both years, the smallest proportion of income ratio losses, 28.3 percent, was among 1990 (but not 1991) food stamp recipients.

Furthermore, persons having the largest percentage of income ratio increases from 1990 to 1991 were those receiving food stamps in 1990 but not 1991, 62.5 percent. Among those receiving food stamps in 1990, 1991, or both, the smallest proportion of income ratio gains, 25.8 percent, was for food stamp recipients in 1991 (but not 1990).

**Table Z. Persons by Percentage Change in Income-to-Poverty Ratios for Program Participation:
1990 to 1991**

Characteristic	Total (thousands)	Declined 5 percent	Changed less than 5 percent	Increased 5 percent or more
All persons	235,811	40.3	23.4	36.3
PROGRAM PARTICIPATION				
No change in participation:				
Participated both years	36,867	39.8	22.9	37.3
Did not participate both years	181,680	40.0	24.0	36.0
Change in participation:				
Participant to nonparticipant	7,691	33.5	17.6	48.9
Nonparticipant to participant	9,573	54.3	16.9	28.8
AFDC				
Household received aid both years	12,773	42.7	19.5	37.8
Household received aid in 1991, but not 1990	3,846	52.9	14.2	35.5
Household received aid in 1990, but not 1991	2,784	33.0	14.2	52.8
Household did not receive aid either year	216,408	40.1	23.9	36.0
MEDICAID				
Household covered both years	28,359	40.3	21.7	38.0
Household covered in 1991, but not 1990	8,332	51.7	17.3	31.0
Household covered in 1990, but not 1991	5,145	32.2	19.3	48.5
Household not covered either year	193,975	40.1	24.0	35.9
FOOD STAMPS				
Household received stamps both years	20,264	39.3	21.2	39.4
Household received stamps in 1991, but not 1990	5,271	60.8	13.3	25.8
Household received stamps in 1990, but not 1991	4,048	28.3	9.2	62.5
Household did not receive stamps either year	206,228	40.2	24.1	35.7
UNEMPLOYMENT COMPENSATION OR BENEFITS				
Household compensated both years	12,437	54.5	30.7	29.5
Household compensated in 1991, but not 1990	16,458	55.6	14.3	30.1
Household compensated in 1990, but not 1991	11,811	40.6	15.9	43.5
Household not compensated either year	195,106	38.1	25.0	36.8
SUPPLEMENTAL SECURITY INCOME				
Household received benefits both years	8,532	32.6	24.7	42.6
Household received benefits in 1991, but not 1990	2,080	30.7	19.7	49.6
Household received benefits in 1990, but not 1991	1,609	40.1	19.2	40.8
Household did not receive benefits either year	223,591	40.7	23.4	35.9
SOCIAL SECURITY (AND RAILROAD RETIREMENT INCOME)				
Household received benefits both years	50,200	36.6	30.2	33.3
Household received benefits in 1991, but not 1990	4,513	45.0	12.2	42.8
Household received benefits in 1990, but not 1991	3,240	50.9	15.2	34.0
Household did not receive benefits either year	177,858	41.1	21.9	37.0
PENSION AND PRIVATE DISABILITY INCOME				
Household received benefits both years	37,746	37.1	29.2	33.7
Household received benefits in 1991, but not 1990	8,633	44.8	14.7	40.5
Household received benefits in 1990, but not 1991	7,845	56.6	17.6	25.9
Household did not receive benefits either year	181,588	40.1	22.8	37.1

Unemployment compensation/benefits. The pattern for households on unemployment compensation was somewhat similar to that for food stamps, Medicaid, and AFDC. However, several of the expected percentage differences failed to be statistically significant. For example, the percentage of persons in households receiving unemployment compensation in 1991, but not 1990, with income ratio declines (55.6 percent) was not significantly different from the percentage of income ratio declines among persons receiving unemployment benefits in both 1990 and 1991 (54.5 percent).

However, as expected, individuals in households getting unemployment benefits in 1990 but not 1991 had the highest percentage of income ratio increases from 1990 to 1991, 43.5 percent.

SSI. Not fitting the pattern for other programs of public assistance to the needy were the income transitions for Supplemental Security Income (SSI). There were no statistically significant differences between income ratio declines for: (1) persons in households that received SSI in 1991 but not 1990; (2) persons in households that were SSI recipients in 1990 but not 1991; and (3) persons in households receiving SSI both years. Similarly, no statistically significant differences appeared among income ratio gains for these three groups.

Social Security (and railroad retirement income). Income transitions for public aid for the needy are distinct from types of programs not designed for the needy. Social Security pension and disability payments were intended to only partially cushion individuals from sudden income drops. Hence, the patterns of income

gains and losses for recipients of such payments are not expected to be the same as for the previously mentioned government programs (except perhaps SSI); and they are not. Among the three categories of persons in households receiving Social Security in 1990, in 1991, or in both years, income ratio gains from 1990 to 1991 were highest for those getting Social Security benefits in 1991 but not 1990, 42.8 percent. This suggests that receiving Social Security adds appreciably to the financial well-being of households.

Pension and private disability income. The receipt of pension and private disability income also appears to add considerably to a household's economic well-being. Among persons in households receiving pensions and private disability income in 1990, in 1991, or both years, income ratio gains were highest, 40.5 percent, among those receiving such income in 1991 but not 1990. In contrast, income-ratio gainers comprised only 25.9 percent of persons receiving such benefits in 1990 but not 1991.

USER COMMENTS

The Census Bureau welcomes the comments and advice of data users. If you have suggestions or comments, please write to:

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