The unemployment and reemployment experiences of Michigan auto workers: Preliminary report on the Michigan auto industry worker study

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THE UNEMPLOYMENT AND REEMPLOYMENT EXPERINCES OF MICHIGAN AUTO WORKERS

Preliminary Report

on the

MICHIGAN AUTO INDUSTRY WORKER STUDY

submitted to

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Introduction

The last five years have proven to be among the most tumultuous ever for American basic industry, especially for workers and families whose livelihood is tied to such manufacturing industries as auto, steel, and tires. In December 1978, for example, employment in the U.S. automobile industry was at its decade-long peak of 1.06 million. By November 1982, at the trough of the 1981-1982 recession, employment had plummetted to 646,000. More than one-third of the industry's workforce was on indefinite layoff.

By May 1984, as the economy recovered and auto production rebounded, industry employment had risen to 863,000. Yet, even with auto plants operating at near full capacity, more than 190,000 fewer jobs exist in the industry today than in 1978. Much of the remaining job loss is expected to be permanent, according to industry analysts.

The workers affected by indefinite layoff have faced two serious problems. The first is how to cope with long-term unemployment. The second (for a large number of workers) is how to rebuild their careers and incomes outside of the auto industry. How workers coped--both economically and socially--with long-term unemployment and how workers have fared after permanent displacement from the industry is still not well known.

Such experience in the auto industry prompts a number of important questions:

(1) How did auto worker families cope economically with long-term unemployment? What sources of income were relied upon? Did additional family members join the workforce? How much lost income was replaced by unemployment compensation, supplementary unemployment benefits, and various social safety net programs?

(2) What types of new jobs did permanently displaced workers find? What types of job training did workers pursue? To what extent are the new jobs good substitutes for the ones lost in the auto industry? Have many workers "skidded" down the occupational and income ladder? How do workers cope with their new employment conditions?

(3) What economic losses do auto worker families face? What has happened to family savings? How was health care insurance provided during unemployment? Is health insurance provided on the new jobs workers obtain? What types of consumption have been foregone?

(4) How have families managed socially? What strains have been placed upon the family by long-term joblessness? How did families cope with the strains? What informal networks and social services did families rely upon?

These, we believe, are important questions that need to be addressed in order to inform public policy concerning permanent employment declines in basic industry. Toward this end, The Social Welfare Research Institute at Boston College has been conducting research on the unemployment and reemployment experiences of General Motors, Ford, and Chrysler production workers in the State of Michigan.

Because of technological innovation, outsourcing, and other strategies used to reduce labor costs and increase productivity, at least 150,000 members of the 1978 U.S. auto industry labor force are expected to remain permanently displaced from the auto industry, even granted full recovery of the national economy. This prediction is already being borne out by employment and output data for 1984. In January and February of this year, the U.S. auto industry (the Big Three, American Motors, U.S. Volkswagen, Honda, and Nissan) were producing cars at a 12-million unit annual rate. This was nearly equal to the peak production record set in 1978. Nevertheless, these seven companies were producing at this near full-capacity level with only 560,000 hourly auto workers, 170,000 fewer than were employed in 1978. Moreover, the strong 1984 production performance was partly due to the voluntary export restrictions limiting Japanese car exports to the U.S. market. In the January-February sales period, the overall import share was down to 23.6 percent compared with 30 percent in the same period the previous year. One must assume that if the import share were to increase again -- as a result of expiration of the VERs in 1985 or relaxation of the restrictions over a number of years -- domestic production would suffer and so would employment.

Complicating the picture of unemployment is the fact that the displacement of auto workers varies greatly from region to region and has occurred in the context of major cyclical and structural shifts in the American economy. Our studies of unemployed autoworkers in Michigan offer an opportunity to examine the work and income histories of workers subject to the simultaneous effects of regional economic decline, the restructuring of the auto industry, the 1980 and

1981-1982 recessions, and the national trend toward a reduction in the number of workers in heavy manufacturing.

In this regard, our data on displaced auto workers provide a lens through which to examine the labor market transformations associated with the current structural shifts in the economy. Recent research chronicles the widespread plight of individuals and communities facing the permanent loss of jobs, as well as efforts to counter these trends through retraining and job creation programs. At the same time, this growing body of scholarship argues that structural unemployment and efforts to remedy it must be viewed in a broader economic context. The contention is that the national distribution of job opportunities and income has been starkly reshaped over the past decade. This may be leading to a decline in the proportion of middle income households, an increase in poverty, a rise in the duration of unemployment and in involuntary part-time employment, and an emerging pattern of reduced real wages for the structurally unemployed. This presumed phenomenon of downward mobility has been aptly termed "skidding."

Despite the increasingly close scrutiny accorded this structural transformation of the American economy, no systematic study has traced how individual workers are affected by changing job opportunities. Neglected thus far has been an examination of how these larger structural trends shape the actual work and income histories of individuals. Although limited to auto industry workers, the data examined in this report provide documentation of the changing economic resources available to workers during their unemployment exprience, the retraining and job search strategies used by displaced workers to find new employment, and the extent to which displacement results in

downward occupational mobility or skidding in earnings, skill level, hours, and job satisfaction.

Research Design

The data for this study are derived from a study conducted by the Social Welfare Research Institute at Boston College (SWRI) with the cooperation of the United Automobile Workers (UAW) and funded by the Office of Automotive Industry Affairs of the Department of Commerce through a subcontract from the University of Michigan's Industrial Development Division of the Institute of Science and Technology (IST). The SWRI subcontract was granted under the auspices of IST Project Director, Dr. Jeanne P. Gordus. At Boston College the surveys have been directed by sociologists Paul G. Schervish and Avery Gordon and by economist Barry Bluestone.

Under the contract awarded SWRI by the Commerce Department, the Institute has surveyed a carefully selected random sample of autoworkers in Michigan who experienced a permanent or indefinite layoff after 1978 from the original equipment manufacturers (OEMs): Chrysler, Ford, and General Motors.

Interviews with auto workers were begun in mid-February using part-time staff. By July 15, 320 telphone survey questionnaires were completed. To maximize the response rate, those willing to answer the survey were provided with $10 stipends following completion of all sections of the questionnaire. Descriptions of the sampling procedures and the survey instrument for the study are detailed in the

subsequent two sections.

The Research Sample

The OEM survey was designed so as to procure a representative sample of laid-off autoworkers from each of the six UAW Regions in the State of Michigan. (These are Regions 1, 1A, 1B, 1C, 1D, 1E.) This sample is representative of the workers who experienced an "indefinite" or "permanent" layoff during the period 1979-1982 from General Motors, Ford or Chrysler. An "indefinite" layoff is defined as one involving no recall date. In the present study, a "permanent" layoff results from the final shutdown of an auto facility.

Working with the UAW Information Systems Department in Detroit, the sample was drawn in the following manner. The total membership ("per capita") in each of the six regions was enumerated from the UAW Masterfile in order to arrive at the overall number of OEM members. Using indefinite and permanent layoff records supplied to the UAW by the OEMs, the proportion of GM, Ford and Chrysler layoffs in each of the six UAW regions was calculated. The total universe of OEM employees experiencing indefinite or permanent layoff between 1979 and 1982 was 112,510 persons. [The tapes from GM and Ford referred to the number on layoff by reason of such layoff in the Fall, 1981. For Chrysler, the only comparable tape referred to Spring, 1982.]

Because the OEM files do not contain phone numbers and these were necessary in order to contact interviewees, the OEM files were matched by name and address to the Master UAW Phone List compiled from R.L. Polk Co. records. The phone match to the 112,510 Michigan OEM employees captured 26,814 individuals. From these phone-matched individuals, a final sample of 614 unemployed OEM workers were randomly selected to match the region-firm distribution of the universe of unemployed OEM workers.

The distribution of these workers by firm and region is shown in Chart 1. The first entry in each cell represents the number of OEM employees for a particular firm and region who experienced an indefinite or permanent layoff. The second entry represents that firm's unemployment in the region as a percentage of the total universe (cell percent). The third entry is the percentage of a region's unemployment associated with each firm (column percent). Thus, the upper left-hand cell indicates that there were 5,704 GM layoffs in Region 1. This number comprises 5 percent of total OEM layoffs in Michigan and represents 34 percent of Region 1's total OEM layoffs.

The fourth entry in each cell represents the number of phone matched names by firm and region comprising the actual sampling base for interviews. In each cell this number approximates the universe cell percent given by the second entry. The sixth entry in each cell designates the number of phone-matched cases actually interviewed. The fifth and seventh entries are provided only for the marginal distributions. The fifth entry indicates the percent of phone matched names in the sampling base (entry 4). The seventh entry designates

the precent of phone-matched names actually interviewed (entry 6). The 320 completed interviews from the sample of 614 cases represent a response rate of 52% Moreover, as can be seen from Chart 1, there is a close approximation between the firm-region distribution of cases in the universe, the sampling base, and the actual interview sample. For instance, General Motors workers comprised 47% of the universe, 51.6% of the sampling base, and 53.1% of the actual interviews. Ford workers comprised 30% of the universe, 34.4% of the sampling base, and 34.1% of the interviews. For Chrysler workers, the percentages are, respectively, 24%, 14.0%, and 12.8%.

Chart 1

SAMPLE FRAME

FIRM	REGION 1	1A	1B	1C	1D	1E	TOTAL MICHIGAN
GENERAL MOTORS	5,704 5% 34% 36 - 15 -	4,663 4% 20% 28 - 18 -	9,531 8% 31% 59 - 28 -	17,107 15% 100% 101 - 58 -	10,176 9% 100% 61 - 28 -	5,242 5% 37% 32 - 23 -	52,423 47% 47% 317 (51.6%) 170 (53.1%)
FORD	4,608 4% 27% 29 - 17 -	15,865 14% 67% 97 - 44 -	4,759 4% 16% 30 - 17 -	NA*	NA	8,908 8% 63% 55 - 31 -	34,140 30% 30% 211 (34.4%) 109 (34.1%)
CHRYSLER	6,583 6% 39% 16 - 6 -	3,127 3% 13% 10 - 3 -	16,237 15% 53% 60 - 32 -	NA	NA	NA	25,947 24% 24% 86 (14.0%) 41 (12.8%)
TOTAL	16,895 15% 100% 81 (13.2%) 38 (11.9%)	23,655 21% 100% 135 (22.0%) 65 (20.3%)	30,527 27% 100% 149 (24.3%) 77 (24.1%)	17,107 15% 100% 101 (16.4%) 58 (18.1%)	10,176 9% 100% 61 (9.9%) 28 (8.8%)	14,150 13% 100% 87 (14.2%) 54 (16.9%)	112,510 100% 100% 614 (100%) 320 (100%)

LEGEND FOR CELL ENTRIES

1: number of OEM unemployed in universe by cell
2: percent of universe by firm and region (cell percent)
3: percent of unemployed by firm in each region (column percent)
4: number of phone-matched names by firm and region comprising sampling base (based on cell percent in entry 2))
5: percent of phone-matched names in sampling base (marginals only)
6: number of phone-matched names by firm and region actually interviewed
7: percent of phone-matched names actually interviewed (marginals only)

* NA = not applicable

The Survey Instrument

The questionnaire developed for the Auto Industry Employment Study consists of three parts, a cover sheet, a single block of questions (designated as Blocks A, B, C, and D), and a Respondent's Booklet. Each respondent was asked to answer only one of these blocks along with the Cover Sheet and Respondent's Booklet. Although each of the blocks asks essentially the same information, four separate forms were used in order to word questions in a manner appropriate to the differing employment statuses of the respondents at the time of interview.

Block A is designed for those auto workers who are currently (as of the date of interview) unemployed or employed on a part-time basis (less than 20 hours per week). Block B is designed for those who are currently reemployed on a full-time basis with a new employer. Block C is designed for those persons who are currently reemployed on a full-time basis with their previous OEM or IPS employer, while Block D is designed for those who are currently out of the labor force.

The Cover Sheet

The cover sheet consisted of two sections. The first solicited background information on demographic characteristics, as well as education levels including attendance in vocational or technical school. The second sought information on the respondent's labor force status at the time of interview and his/her work history since 1979. The work history chart provided a method for obtaining monthly data on a respondent's employment history, including the number of weeks unemployed, the number of weeks employed with the original employer, and the number of weeks employed with any other employer from 1979 to the date of the interview. Since we were principally concerned with three stages of the respondent's work history --the original auto industry job, the spell of unemployment, and current employment status--this chart provided the means of delineating the precise period of time in each stage.

Blocks A-D

Section I of Blocks A-D inquired about the economic circumstances of the respondent's employment and unemployment experience, the pattern and expectations of job search, and the pattern and expectations of job training.

The questions in these blocks first sought information on the immediate cause of unemployment and the circumstances under which respondents lost their jobs. This section also determined the extent of advance notification, the availability of transfer rights, and the likelihood of returning to the original auto industry employer.

Subsequent questions pertain to the respondent's experience of job search. In each Block, we determined whether a job search was or is being undertaken; the types of contacts or resources employed in the job search; the constraints or barriers which may have hindered the location of a new job; and the type of job and wage level the respondent both desired and would accept.

For those persons who have returned to work, those in Blocks B and C, a comparison of the intrinsic and extrinsic dimensions of their present and former jobs was sought in order to determine whether reemployment opportunities were comparable to former work experience.

Other questions addressed more detailed information on the respondent's original auto industry job, present job and any intermediate part-time or fulll-time jobs. Information on firm, job title, hourly wage, fringe benefits, shift, straight-time hours, overtime hours, unionization, and job tenure provide comprehensive data on the employment experience and job history of the sample.

The remaining questions in Blocks A-D measured the extent of participation in and the amounts received from various income sources at different periods of time. These sources include individual earnings, supplemental unemployment benefits, unemployment insurance benefits, social security and pensions, spouse earnings, and individual or spouse rental income, disability and survivors' insurance, public assistance, trade adjustment, food stamps, fuel assistance and any other financial assistance from family or friends. Participation and amounts received from any of these potential income sources are obtained for (a) the last month of employment in the original auto industry job (b) currently (c) for the first month of unemployment and (d) for the last month of unemployment.

The final questions examined the financial impact of unemployment to determine the extent to which individuals and their families suffer financial hardships beyond the loss of regular earnings.

Respondent's Booklet

In addition to the cover sheet and the Block booklets, respondents were mailed a booklet to complete and return. The booklet covered questions related to the physical and emotional health effects of unemployment and about the efficacy of various agencies in addressing the problems of the unemployed.

SURVEY RESULTS

The preliminary results of our survey are reported here and divided into four major sections: (1) characteristics of the sample (2) the unemployment experience (3) the transition from unemployment to reemployment and (4) the reemployment experience. In section 1, we discuss the personal characteristics of our sample, including a dicussion of the duration of layoff. In section 2, we report on various dimensions of the financial consequences of unemployment, including a discussion of income loss, income maintenance, use of savings, loss of health insurance and employment and earnings during unemployment. In section 3, we look at two dimensions of the transition from unemployment to reemployment, job search and training. Finally, in section 4, we discuss the reemployment outcomes prevalent in our sample and the differences between those who are currently recalled to their original firm and those reemployed with a new employer.

Characteristics of the Sample

Personal Characteristics

Two thirds of the sample of 320 auto workers (68%) were white males. White women made up 13% of the sample and black women 5%. Black men comprised 10% of the sample and the remaining 3% of the sample was comprised of hispanics and other ethnic groups (see Table 1). At the time of interview, the mean age of our sample was 36 years, with two-thirds (66%) falling between the ages of 21 and 39 (see Table 2).

Half the sample (49%) had completed a high school education by the time of interview while 17% had less than a high school degree. Of the 34% who pursued an education beyond the high school level, 5% completed a four-year college degree. The remaining 29% either completed a two year college program or completed less than a B.A. degree (see Table 3).

At the time of interview, three-fourths (73%) of the sample was married or living as a couple and 60% of the married respondents had children and a spouse at home. Single-parent households, 67% of which were headed by women, made up 7% of the sample. One-third (33%) of the entire sample had no children in their households (see Tables 4,5).

At the time of the interview, 70% of the sample had been recalled to their original auto industry firm, 15% were employed, full or part time with a new employer and the remaining 15% were either currently unemployed or out of the labor force. (See table 6). It is interesting to note that by the time of the interview, Chrysler had recalled 98% of the employees they had laid off while General Motors and Ford had recalled only 69% and 60% respectively. Of the respondents who originally worked at Ford 25% are currently employed with a new employer. Of those originally employed at General Motors 12% are with a new employer and none of the Chrysler employees are working in non-auto jobs (see Table 7).

The higher recall rate for Chrysler employees may reflect Chrysler having undergone a sizable reduction of its labor force prior to the 1980-1982 downturn in the economy or the peculiar characteristics of our Chrysler sample. In general, the high rates of return to the auto industry found in our sample may be attributed to the fact that the majority (83%) of our sample were laid off due to temporary cut backs in the labor force by the three major auto manufacturers. Only 15% of the sample were laid off due to plant closings. The remaining 3% voluntarily left the labor force (see Table 8).

Table 1

Race and Gender

	Race			
	Black	White	Other	Total
Women	15 (5%)	43 (13%)	2 (.6%)	60 (19%)
Men	33 (10%)	218 (68%)	8 (3%)	260 (81%)
	48 (15%)	261 (82%)	10 (3%)	320

Table 2

Age (Total Sample)

	Percent	N
21-29 Years	31%	(100)
30-39 Years	35%	(111)
40-49 Years	20%	(64)
50 + Years	14%	(43)

Table 3

Education Level (Total Sample)

	Percent	N
Less Than High School	17%	(54)
High School	49%	(156)
Some College	29%	(93)
College Degree or More	5%	(15)

Table 4

Marital Status (Total Sample)

	Percent	N
Single, living as couple	3%	(10)
Single, Never Married	14%	(44)
Married	70%	(224)
Divorced	9%	(30)
Widowed	2%	(6)
Separated	2%	(6)

Table 5

Family Composition (Total Sample)

	Percent	N
Spouse or Partner Present, No Children	13%	(42)
Respondent Only, No Children	20%	(63)
Respondent Only And Children	7%	(21)
Respondent, Spouse or Partner and Children	60%	(193)

Table 6

Current Labor Market Status

	Percent	N
Currently Unemployed	12%	(39)
Currently Reemployed, New Employer	15%	(49)
Currently Recalled to Original Employer	70%	(223)
Currently Out of Labor Force	3%	(9)

Table 7

Firm of Original Employment and Current Labor Market Status

	Currently Unemployed	Currently Reemployed	Currently Recalled	Out of Labor Force	Total Total
Ford	13 (12%)	28 (25%)	65 (60%)	3 (3%)	109 (34%)
General Motors	25 (15%)	21 (12%)	118 (69%)	6 (4%)	170 (53%)
Chrysler	1 (2%)	0 0	40 (98%)	0 0	41 (13%)
					320

Table 8

Reason for Layoff (Total Sample)

	Percent	N
Permanent Plant Closing	7%	(23)
Indefinate or temporary Plant Closing	8%	(25)
Workforce Cut Back in Plant	83%	(264)
Voluntarily Left Labor Force	2%	(8)

Duration of Layoff

The period of time for which we collected work history information was January 1979 to the interview date in the Spring of 1984. Since respondents had often experienced more than one layoff during this time, we specified a target layoff period to which our questions were primarly directed. This targeted layoff period is the respondent's longest spell of unemployment from the auto industry since 1979. For those respondents with multiple layoff periods of equal duration, the most recent layoff spell was designated the targeted layoff period.

The average length of the targeted layoff period was 64 weeks. Half (52%) of the sample experienced less than one year of unemployment, 29% were unemployed between one and two years, while almost one in five (19%) were unemployed for two years or more (see Table 9). Chrysler employees had the shortest average duration of unemployment (39 weeks) while Ford employees had the longest average duration of unemployment (71 weeks). General Motors employees were laid off an average of 65 weeks (see Table 10).

While age makes no significant difference in the duration of the layoff, the amount of seniority auto workers possess does have a significant effect on their length of unemployment. Those workers employed over ten years with the same firm were unemployed an average of 42 weeks, while those with only one to five years seniority experienced an average layoff of 76 weeks, an average 55 percent longer (see Table 10). Indeed, those employees with greater seniority also tend to enjoy greater eligibility for transfer rights within the

firm and thus better employment prospects. Only 17% of those with one to five years seniority had transfer rights, while 43% of those with ten or more years seniority had transfer rights.

The effect of seniority on duration of layoff is also demonstrated by the differences in length of layoff by gender. Women had an average layoff period of 79 weeks as compared to men (60 weeks) (see Table 10). Part of this difference may be attributed to the different levels of seniority women and men possess. Women were employed an average of 5 years with their firm, while men were employed an average of 8 years, a statistically significant difference (see Table 11). While marital status and family composition themselves have no direct effect on the layoff duration, those single parent households with children, of which the majority are headed by women, were unemployed an average of 77 weeks, 14 weeks longer than the other types of households.

Seniority and gender also appear to be important factors when we consider the total length of time respondents were not working from 1979 to the interview date. The average duration of time respondents spent with no work at all from 1979 to the interview date was 85 weeks. On average, our sample spent 31% of the time from 1979 to the interview date with no employment at all. For women, however, the ratio of time spent not working during this overall period is greater. On average, women spent 40% of this period with no employment while men spent 28% of the time from 1979 to the interview date with no work. Similarly, those with 10 or more years of seniority spent significantly less time with no work (20%) than those with one to five years seniority (37%) (see Table 12).

Other demographic characteristics, including race, did not have a significant impact on the duration of layoff, although those respondents who had obtained a college degree did experience a shorter average duration of layoff (49 weeks) than those with less education.

Summary

Half of our sample was laid off for more than one year during their longest layoff from the auto industry since 1979. The two central factors which affected the length of layoff were seniority and gender. Because recall rights are connected to seniority, auto workers who had the longest seniority tended to be unemployed a shorter period of time. Women, who traditionally have shorter tenure at work, had less seniority at the time of layoff and were unemployed a longer period of time. In addition to spending, on average, more than 15 months in continuous unemployment, our sample spent 31% of the entire time between 1979 and the interview date with no employment whatsoever.

Table 9

Duration of Targeted Layoff Period (Total Sample)

	Percent	N
Less than one year	52%	(166)
One to Two Years	29%	(94)
Two or More Years	19%	(60)

Table 10

Duration of Targeted Layoff Period by Selected Characteristics

	Number of Weeks
Original Firm	
Ford	71
General Motors	65
Chrysler	39
Seniority	
1-5 Years	76
6-9 Years	65
10 or more Years	42
Gender	
Women	79
Men	60

Table 11

Level of Seniority by Selected Characteristics

	Number of Years
Gender	
Women	5
Men	8
Duration of Layoff	
Less than one year	9
One to two years	5
Two or more years	6

Table 12

Percent Time with No Employment from 1979 to Interview Date

	Percent
Gender	
Women	40%
Men	28%
Seniority	
1-5 Years	37%
6-9 Years	29%
10 or more years	20%

The Unemployment Experience

Income Position

Detailed information on individual and household income was obtained for four periods of time: the month immediately preceeding the longest layoff from the auto industry (original income), the first month of this layoff period (designated hereafter as the "targeted" layoff), the last month of the targeted layoff period, and the time of interview (current). In this section, we describe the income loss experienced during the layoff period, compared to the auto workers' original income. Second, we describe the pattern of income maintenance during unemployment, detailing the composition or sources of income which made up the respondent's household income. Then, we look at income loss and patterns of income maintenance for various groups to see which workers exprienced more difficult unemployment experiences.

It should be noted that individual income includes individual earnings, social security and pension benefits, unemployment compensation and supplementary (SUB) benefits. All other income is included in household income. Assets, particularly household savings, are described in a subsequent section.

Individual and Household Income for the Total Sample

Table 13 demonstrates the substantial decline in income individuals experienced during their layoff. The average weekly income for individuals prior to their longest layoff from the auto industry was $335.56. During the first month of layoff, respondents lost, on average, 25% of their income for a weekly individual income of $252.15. By the last month of their layoff, auto workers had lost 60% of their original individual income, bringing their individual income to $135.65 per week. However, other forms of household income cushion the effect of unemployment. Average household income (including both families and unrelated individuals) prior to layoff was $404.24 per week. During the first month of unemployment, households lost 18% of their prior income for a total of $333.90 per week. By the last month of unemployment, average household income had fallen to $237.05, 59% of original weekly income. Hence, while the income of the unemployed worker had fallen by 60% by the end of the layoff period, the average loss to the entire household was limited to approximately 40 percent.

Table 13

Individual and Household Income (Total Sample)*

	Individual		Household	
	Amount	Percent of Original	Amount	Percent of Original
Original Job	$335.56		$404.24	
First Month Layoff	252.15	(75%)	333.90	(82%)
Last Month Layoff	135.56	(40%)	237.05	(59%)

*All income reported is after tax and transfer payments per week and in nominal terms (not adjusted for inflation).

Composition of Household Income for the Total Sample

Tables 14-17 present the composition of household income for the entire sample prior to the layoff and during the period of unemployment. These particular tables provide a comparison of the sources of income prior to and during unemployment without taking into consideration differences in household composition. While working at their original auto industry jobs, individual earnings constituted 83% of the household's total income. As expected, 100% of the sample had employment earnings while working in the auto industry, amounting on average to $335.56 per week. After earnings, the contribution of spouses provided the second largest source of household income (16%). On average spouses contributed $64.03 to the total household income. (Remember, this amount is an average across all households, whether a spouse is present or not, and thus underestimates the actual contribution of spouses in married households. See the section on Marital Status where separate analyses are carried out for married persons and non-married persons.) The remaining 1% of household income came from a variety of sources, but amounted to an average of only $4.28 per week (see Table 14).

During the first month of unemployment, unemployment compensation and supplementary benefits (SUB) replaced individual earnings as the principal source of income. Unemployment compensation provided 54% of household income with an average weekly benefit of $179.96. A full 97% of the sample had unemployment benefits during the first month of layoff. Supplementary Unemployment Benefits (SUB) provided 22% of household income with an average weekly benefit of $84.15. A large

majority of the sample, 85%, were receiving SUB during the first month of layoff. The contribution of spouses rose to 18% of household income, even though their absolute contribution of $58.03 is lower than during the original job. (This may be due to increased unemployment among spouses as the economy soured.) The remaining 6% of household income is derived principally from Trade Adjustment Assistance (TAA) which averaged $15.50 per week, and a combination of other types of income (see Table 15).

During the last month of layoff, average household income fell to $237.05, a 41% decline in household income from their original income. Although unemployment compensation remains the largest source of income, accounting for 41% of household income, the contribution of unemployment compensation is 25% less than during the first month of layoff. The contribution of supplementary benefits also declines from 22% of household income to 13%. What dramatically increases is the contribution of spousal and other income. In readjusting to the decline in unemployment compensation and supplementary benefits, households draw upon increased spouse income: from the first to last months of unemployment, the spousal contribution almost doubles from 18% to 30%. Similarly, households draw more heavily on other sources of income (e.g. food stamps, TAA, other family members, public assistance etc.) to meet their financial needs. The contribution of other income doubles from 6% to 12% during the last month of layoff. Almost half of this other income comes from TAA, which provides households with an average of $13.76 per week.

Although our sample is more likely to draw on the resources of other family members (other than a spouse) for support during their last month of unemployment (8%), there is still a substantial increase in the number of persons who use public assistance and food stamps. During their first month of layoff, virtually no one utilizes public assistance or food stamps, but 7% are drawing on these sources by the last month of their unemployment. As we discuss below, this trend is more dramatic the longer the layoff (see Tables 16 and 17).

Table 14

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

ORIGINAL AUTO JOB

HOUSEHOLD INCOME

Average Household Income

$ 404.24 (N=320)

	Average (mean)	% Receiving from source	% of total
Earnings	$334.56	100%	83%
Supplementary Benefits	N/A	N/A	
Unemployment Compensation	N/A	N/A	
Social Security	.61	.6%	
Pensions	.39	.6%	
Spouse Income	64.03	*	16%
Total Other	4.28	5%	1%
Other Family	.63	3%	
Friends	00	.09%	
Rental Income	1.90	2%	
Disability & Survivors Insurance	.79	.3%	
Public Assistance (AFDC, GR)	00	0%	
Trade Adjustment Assistance	.20	.3%	
Food Stamps	00	0%	
Fuel Assistance	00	0%	
Other	.76	2%	

* Spouse income is averaged across all households. Of those with spouses, 49% contributed, on average, $88.32 per week.

Table 15

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

FIRST MONTH OF LAYOFF

HOUSEHOLD INCOME

Average Household Income

$ 332.90 (N=320)

	Average (mean)	% Receiving from source	% of total
Earnings	$ 2.10	2%	
Supplementary Benefits	84.15	85%	22%
Unemployment Compensation	179.96	97%	54%
Social Security	0.00	00%	
Pensions	.04	.6%	
Spouse Income	58.03	*	18%
Total Other	21.27	21%	6%
Other Family	1.70	5.3%	
Friends	.31	.6%	
Rental Income	1.67	1.6%	
Disability & Survivors Insurance	.75	.3%	
Public Assistance (AFDC, GR)	.32	.6%	
Trade Adjustment Assistance	15.50	16%	
Food Stamps	.11	.3%	
Fuel Assistance	00	00%	
Other	1.14	2%	

* Spouse income is averaged across all households. Of those with spouses, 43% contributed, on average, $80.05 per week.

Table 16

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

LAST MONTH OF LAYOFF HOUSEHOLD INCOME

Average Household Income

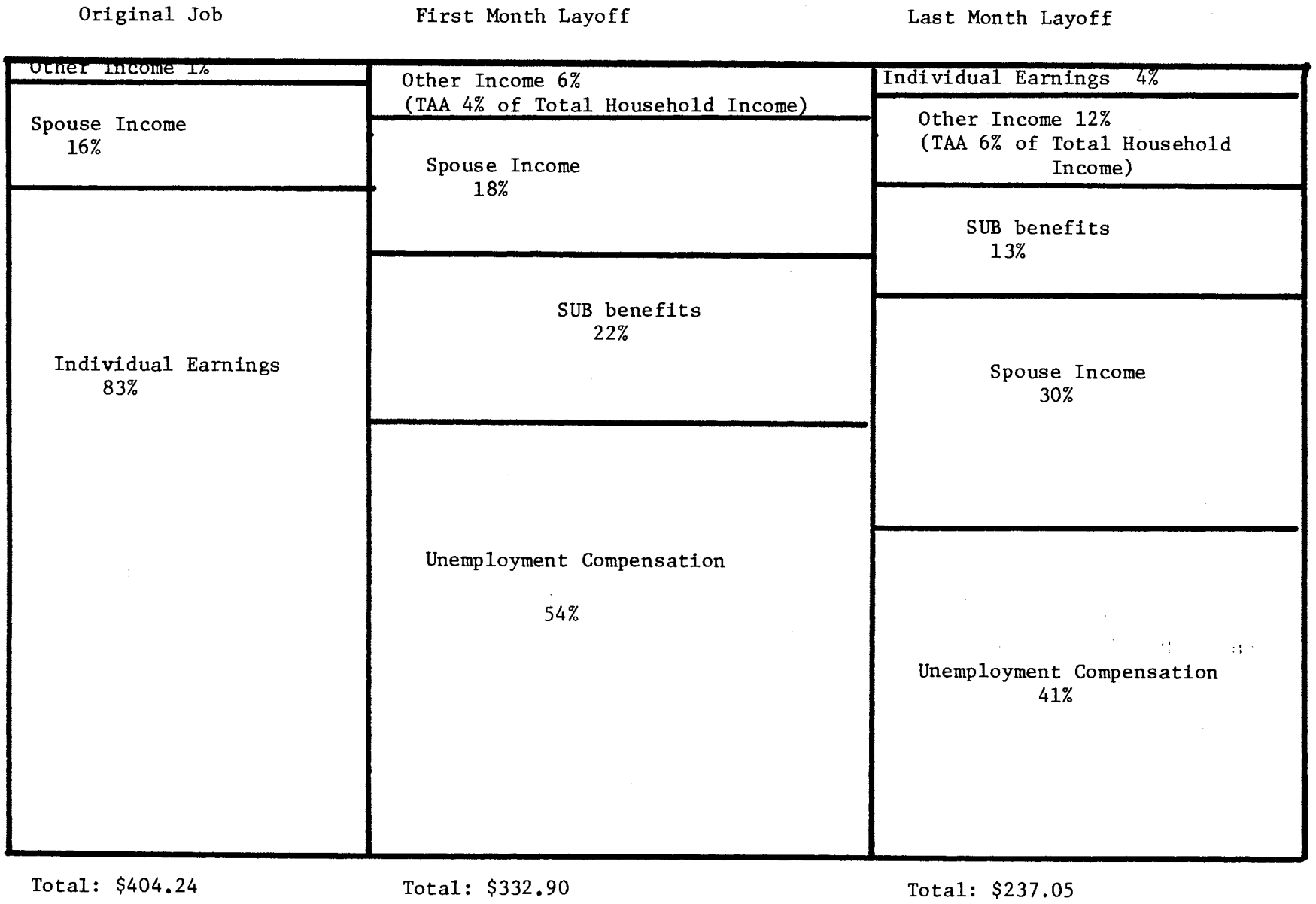
$ 237.05 (N= 320)

	Average (mean)	% Receiving from source	% of total
Earnings	$ 8.61	10.4%	4%
Supplementary Benefits	32.37	32.0%	13%
Unemployment Compensation	95.88	51.0%	41%
Social Security	0.00	0.0%	
Pensions	0.00	0.0%	
Spouse Income	69.88	*	30%
Total Other	29.17	31%	12%
Other Family	2.44	8%	
Friends	.02	.6%	
Rental Income	2.75	3%	
Disability & Survivors Insurance	.76	.3%	
Public Assistance (AFDC, GR)	5.21	7%	
Trade Adjustment Assistance	13.76	17%	
Food Stamps	2.09	6%	
Fuel Assistance	.05	2%	
Other	1.75	3%	

* Spouse income is averaged across all households. Of those with spouses, 52% contributed, on average, $95.97 per week.

Table 17

COMPOSITION OF HOUSEHOLD INCOME DURING UNEMPLOYMENT: TOTAL SAMPLE



Current Labor Market Status

Tables 18 and 19 indicate the relationship between current labor market status and income loss during the targeted layoff period. Looking at individual income, those currently unemployed experienced the greatest loss of income (81%) during layoff. Their individual income dropped from $354.41 while on the original job to $67.10 per week in the last month of unemployment. Those currently reemployed with a new employer experienced a 71% decline in income, reducing their individual income from $309.16 to $91.02 per week. For those individuals recalled to their original firm, their income loss was significantly less (54%), a reduction from $336.65 per week to $155.64. Table 19 shows a similar pattern of income loss for households when disaggregated by current labor market status, although the decline in income is not as substantial.

The relationship between individual income loss and current labor market status which Table 18 demonstrates is, however, somewhat spurious. The key factor affecting the relationship between current labor market status and income loss during layoff is the duration of the layoff. The reason those recalled have a smaller income loss is simply because they tend to be unemployed a shorter period of time. The average duration of layoff for those recalled is only 56 weeks, compared with those reemployed with a new employer (76 weeks) or those still unemployed at the time of the survey (97 weeks). And as we noted above, those currently recalled tend to have shorter lengths of unemployment because they have more seniority (8.5 years) than those either currently unemployed (4.5 years) or those currently reemployed

outside of the auto industry (4 years).

Table 18

Individual Income by Current Labor Market Status

	Currently Unemployed (N=39)		Currently Reemployed (N=49)		Currently Recalled (N=223)		Currently Out of the Labor Force (N=9)	
	Amount	Percent of Original	Amount	Percent of Original	Amount	Percent of Original	Amount	Percent of Original
Original	$354.41		$309.16		$336.65		$370.44	
First Month Layoff	$264.92	(74%)	$211.24	(68%)	$259.46	(77%)	$240.55	(65%)
Last Month Layoff	$67.10	(19%)	$91.02	(29%)	$155.64	(46%)	$167.44	(45%)

Table 19

Household Income by Current Labor Market Status

	Currently Unemployed (N=39)		Currently Reemployed (N=49)		Currently Recalled (N=223)		Currently Out of the Labor Force (N=9)	
	Amount	Percent of Original	Amount	Percent of Original	Amount	Percent of Original	Amount	Percent of Original
Original	$447.74		$369.80		$401.68		$466.89	
First Month Layoff	352.71	(79%)	298.10	(80%)	336.81	(84%)	342.56	(73%)
Last Month Layoff	200.19	(44%)	183.68	(50%)	253.06	(63%)	276.11	(59%)

Duration of Unemployment

The length of the unemployment period has a direct effect on both the amount of income lost and the patterns of income maintenance. Households not only lose a larger percentage of their income as their unemployment increases, but they also draw on different sources of income to meet their financial needs. Tables 20 and 21 describe the average individual and household income by length of layoff during the original job and during the first and last months of unemployment.

The impact of a lengthy spell of unemployment on individual income is dramatic. For those individuals unemployed one year or less, their income loss is 38%. Their individual income declines from $340.64 during their original job to $210.31 per week in the last month of unemployment. For those individuals unemployed from one to two years, the income loss is much greater, 79%. The income of these individuals drops from $327.71 during the original job to $70.42 during the last month of unemployment. Individuals unemployed for more than two years lose 91% of their original individual income. The average weekly income for these individuals is only $29.86 per week during their last month of unemployment, as compared with $333.77 per week on their original job (see Table 20).

The disaggregation of household income during layoff by length of layoff shows that households did readjust their income maintenance patterns to supplement the declining income of the unemployed auto worker. The income composition tables (Tables 21-23) describe the sources of income used during the last month of unemployment for those with longer and shorter lengths of unemployment.

For those households where the auto worker was unemployed one year or less household income was $299.61, a 27% decline from original household income. For this group, the majority of household income is accounted for by unemployment compensation (52%) and SUB benefits (16%). Spouses contributed 23% of household income and the remaining 7% is due to TAA and other income (see Table 21).

When the duration of unemployment is between one and two years, the decline in household income by the last month of unemployment is much greater (57%). For this group, the average household income during the last month of unemployment was $172.88 per week, as compared with $403.49 per week during the original job. The sources of household income are also altered when unemployment is of greater duration. As unemployment benefits and SUB are exhausted, their share of the total household income naturally declines. Unemployment compensation constitutes only 28% of household income during the last month of unemployment for individuals with a one to two year layoff, as compared with those who have a layoff of one year or less (52%). Similarly the contribution of SUB benefits to household income during the last month of unemployment for individuals with a one to two year layoff is 6%, as compared with those who have a layoff of one year or less (16%). The household income during the last month is clearly

supplemented by the increased contribution of spousal income (39%), the largest source of household income for those persons unemployed from one to two years. By the time workers are laid off between one and two years, in addition to utilizing TAA (7% of household income), they begin to draw on public assistance which represents 4% of household income. In addition, 11% of persons laid off between one and two years have some type of part-time or temporary full-time employment to supplement their household income (see the section on Employment and Earnings During Unemployment). Earnings represents 7% of household income, although on average the contribution of earnings is only $12.84 per week (see Table 22).

By the time the layoff exceeds two years, the necessity of meeting financial needs through means other than unemployment compensation and SUB benefits increases. The average household income during the last month of unemployment for those unemployed two years or longer is $160.86, a 59% decline from their original household income. Unemployment compensation (2%) and SUB benefits (13%) only contribute 15% to household income. The majority of household income is derived from the contribution of spouses (51%) and other income (30%) (e.g. TAA, food stamps, public assistance, relatives or friends, etc.). TAA makes up 10% of household income, a slightly larger percentage than for those unemployed between one and two years. This may be due to individuals using their TAA as savings, only depleting this source as the number of other income flows decreases.

What also significantly increases as the duration of unemployment is extended for two years or more is the use of public assistance and food stamps. A full 20% of those laid off two years or longer were receiving public assistance by their last month of unemployment. The contribution of public assistance to household income for this group is 10%, as compared to those laid off between one and two years (4%). Interestingly, the percentage of household income made up by the respondent's earnings declines as the duration of unemployment increases, even though more individuals report earnings as a source of income (14%). Individual earnings only make up 4% of household income for those laid off for two years or more, compared to 7% for those laid off between one and two years. Discouragement from unsuccessful job searching or expectations of recall may account for the diminished contribution of the respondent's earnings to household income (see Table 23).

Table 20

Individual Income by Duration of Layoff

	0-1 Year (N=166)		1-2 Years (N=94)		2 + Years (N=60)	
	Amount	Percent of Original	Amount	Percent of Original	Amount	Percent of Original
Original Job	$340.64		$327.71		$333.77	
First Month Layoff	260.33	(76%)	250.57	(76%)	231.78	(69%)
Last Month Layoff	210.31	(62%)	70.42	(21%)	29.86	(9%)

Table 21

Household Income by Duration of Layoff

	0-1 Year		1-2 Years		2 + Years	
	Amount	Percent of Original	Amount	Percent of Orginal	Amount	Percent of Original
Original Job	$411.08		$403.49		$386.50	
First Month Layoff	342.77	(83%)	330.04	(82%)	309.86	(80%)
Last Month Layoff	299.61	(73%)	172.88	(43%)	160.86	(41%)

0-1 YRS. LAYOFF

Table 21

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

LAST MONTH OF LAYOFF

Average Household Income

HOUSEHOLD INCOME

$ 299.61 (N=166)

	Average (mean)	% Receiving from source	% of total
Earnings	$ 6.78	9%	2%
Supplementary Benefits	50.09	54%	16%
Unemployment Compensation	156.16	84%	52%
Social Security	0.00		
Pensions	0.00		
Spouse Income	69.18	*	23%
Total Other	19.28	21%	7%
Other Family	.88	4%	
Friends	0.00		
Rental Income	2.84	3%	
Disability & Survivors Insurance	0.00		
Public Assistance (AFDC, GR)	.30	.6%	
Trade Adjustment Assistance	14.21	16%	
Food Stamps	.86	2%	
Fuel Assistance	0.00		
Other	.47	1%	

* Spouse income is averaged across all households. Of those with spouses, 48% contributed $89.73 per week.

1-2 YRS. LAYOFF

Table 22

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

LAST MONTH OF LAYOFF

HOUSEHOLD INCOME

Average Household Income

$ 172.88 (N=)

	Average (mean)	% Receiving from source	% of total
Earnings	$ 12.84	11%	7%
Supplementary Benefits	9.84	10%	6%
Unemployment Compensation	47.84	24%	28%
Social Security	0.00		
Pensions	0.00		
Spouse Income	65.21	*	39%
Total Other	34.64	35%	20%
Other Family	3.73	8%	2%
Friends	.03	1%	
Rental Income	3.88	3%	
Disability & Survivors Insurance	2.61	1%	
Public Assistance (AFDC, GR)	6.71	10%	4%
Trade Adjustment Assistance	11.63	16%	7%
Food Stamps	2.48	7%	1%
Fuel Assistance	.01	2%	
Other	2.09	3%	

* Spouse income is averaged across all households. Of those with spouses, 60% contributed, on average, $100.49 per week.

2+ YRS. LAYOFF

Table 23

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

LAST MONTH OF LAYOFF

Average Household Income

HOUSEHOLD INCOME

$ 160.86 (N= 60)

	Average (mean)	% Receiving from source	% of total
Earnings	$ 7.05	14%	4%
Supplementary Benefits	19.95	5%	13%
Unemployment Compensation	3.22	2%	2%
Social Security	0.00		
Pensions	0.00		
Spouse Income	79.12	*	51%
Total Other	48.64	50%	30%
Other Family	4.86	19%	
Friends	.08	2%	
Rental Income	.75	2%	
Disability & Survivors Insurance	0.00		
Public Assistance (AFDC, GR)	16.84	20%	
Trade Adjustment Assistance	15.81	20%	10%
Food Stamps	4.95	17%	
Fuel Assistance	.26	2%	
Other	4.80	7%	

* Spouse income is averaged across all households. Of those with spouses, 51% contributed, on average, $107.88 per week.

Seniority and Age

If, as we mentioned above, the length of unemployment is strongly influenced by the amount of seniority auto workers possess prior to their layoff, then we would expect that seniority should have a direct impact on income loss, but a smaller impact than the duration of the layoff. The amount of seniority auto workers possess affects the length of their layoff, but it is the duration of that layoff which most directly influences the loss of income experienced during unemployment. We found, as suggested, that the correlation between duration of unemployment and household income during the last month of unemployment is inverse and strong (-.368) and that the correlation between seniority and household income during the last month of unemployment is positive but not as strong (.171).

Tables 24 and 25 show the average individual and household income by seniority prior to the layoff and during the first and last months of unemployment. The tables indicate that there is little difference in income loss for individuals or households between those with one to five years seniority and those with six to nine years seniority. The effect of seniority on income loss is only apparent when the amount of seniority exceeds ten years. Individual income declined 28% in the first month of unemployment for both the 1-5 and 6-9 year seniority groups and household income declined approximately 20% for both groups. Similarly, the income loss in the last month of unemployment is almost identical for these two groups. There is a 66-69% loss of individual income for those with 1-5 or 6-9 years seniority and a 46% decline in their household income. However, the difference between

those with less than ten years seniority and those with ten or more years seniority is much greater. Those individuals with less than ten years seniority lose almost twice as much of their individual income as those with ten or more years seniority. Individuals with ten or more years seniority lost only 40% of their individual income by the last month of unemployment, while those with less than ten years of seniority lost 66-69% of their individual income. The loss of household income is not as great, but those with ten or more years seniority still suffer a smaller income loss (28%) compared with those with less than ten years seniority (46%).

While seniority is positively correlated with age (.431), the direct influence of age on income loss during unemployment is negligible. Tables 26 and 27 show that for both individuals and households age makes little difference in the amount of income lost from the original job to the last month of unemployment. While younger persons do tend to have a slighly greater loss of income during unemployment, it is not significantly greater than the income loss of persons older. Seniority, and not age, is what counts.

Table 24

Individual Income by Seniority

	1-5 Years		6-9 Years		10 + Years	
	Amount	Percent of Original	Amount	Percent of Original	Amount	Percent of Original
	N=162		N=64		N=92	
Original Job	$331.69		$342.02		$338.75	
First Month Layoff	240.43	(72%)	245.41	(72%)	276.89	(82%)
Last Month Layoff	102.87	(31%)	116.24	(34%)	204.52	(60%)

Table 25

Household Income by Seniority

	1-5 Years		6-9 Years		10 + Years	
	Amount	Percent of Original	Amount	Percent of Original	Amount	Percent of Original
Original Job	$406.13		$418.56		$393.34	
First Month Layoff	327.11	(80%)	331.41	(79%)	345.25	(88%)
Last Month Layoff	214.87	(53%)	227.28	(54%)	282.59	(72%)

Table 26

Individual Income by Age

	21-29 Years (N = 100)		30-39 Years (N = 111)		40-49 Years (N = 64)		50 + Years (N = 43)	
	Amount	% of Original	Amount	% of Original	Amount	% of Original	Amount	% of Original
Original Job	$318.29		$349.35		$329.56		$346.72	
First Month Layoff	244.20	(77%)	258.52	(74%)	251.56	(76%)	254.05	(73%)
Last Month Layoff	109.38	(34%)	145.27	(42%)	149.41	(45%)	150.58	(43%)

Table 27

Household Income by Age

	21-29 Years (N = 100)		30-39 Years (N = 111)		40-49 Years (N = 64)		50 + Years (N = 43)	
	Amount	% of Original	Amount	% of Original	Amount	% of Original	Amount	% of Original
Original Job	$369.16		$424.49		$429.14		$395.79	
First Month Layoff	315.96	(85%)	341.74	(80%)	360.00	(84%)	310.35	(78%)
Last Month Layoff	200.55	(54%)	256.50	(60%)	267.08	(62%)	226.02	(57%)

Gender

Tables 28 and 29 provide information on average individual and household income by gender prior to the layoff and during the first and last months of unemployment. These tables demonstrate that while women's individual income loss is much greater than men's, household income loss is no different. Indeed, women's household income both prior to and during layoff was greater than men's.

Women lost, on average, 71% of their original individual income by the last month of layoff, while men lost, on average only 57% of their original income (see Table 28). This was not unexpected given the fact that women had, on average, less seniority than men and were unemployed for a longer period of time. In addition, while employed in the auto industry, women's individual income was only 87% of men's. This gender gap in individual income may be due to two factors: women had a marginally lower hourly wage and they tended to work fewer overtime hours than men while employed in the auto industry.

The picture is quite different when we look at the differences in household income between women and men (see Table 29). The household income of women was, at each of these three periods of time, greater than men's. There is no difference at all in the household income loss for women and men: both women and men lost approximately 40% of household income by the last month of unemployment. Even though a higher proportion of men (77%) than women (55%) are married, and can potentially have a spousal income, there is a greater likelihood that the male spouse, rather than the female spouse, will be working, thus contributing to higher household income for female auto workers. In

fact, the contribution of the male spouse far outweighs the contribution of the female spouse at each point in time. Table 30 shows the contribution of spousal income to household income by gender. During their original job, women's spouses earned $243.97, compared to the $63.41 of men's spouses. During the first month of layoff, women's spouses earned $224.09 compared to the $57.00 of men's spouses. And during the last month of unemployment, women's spouses were earning $238.47, while wives of unemployed autoworkers were earning only $71.62. It is interesting to note that while the amount of income earned by husbands remained fairly constant over this period, the income of wives does marginally increase from the first month of unemployment to the last, suggesting, as we found above, that spousal income is a variable source of income which households use to readjust to income loss.

Table 28

Individual Income by Gender

	Women (N = 60)		Men (N = 260)	
	Amount	% of Original	Amount	% of Original
Original Job	$301.40		$343.44	
First Month Layoff	233.15	(77%)	256.57	(75%)
Last Month Layoff	88.12	(29%)	146.84	(43%)

Table 29

Household Income by Gender

	Women (N = 60)		Men (N = 260)	
	Amount	% of Original	Amount	% of Original
Original Job	$442.30		$395.46	
First Month Layoff	376.02	(85%)	322.88	(82%)
Last Month Layoff	260.40	(59%)	231.63	(58%)

Table 30

Contribution of Spousal Income by Gender

	Women (N = 60)	Men (N = 260)
	Amount	Amount
Original Job	$243.97	$63.41
First Month Layoff	224.09	57.00
Last Month Layoff	238.47	71.63

Marital Status

What happens to the amount and composition of household income when there is no spouse present to supplement the income lost by the displaced worker? Table 31 shows the average household income prior to and during unemployment for those married and not married. (These categories of marital status exclude persons who are currently not married, but who were married either prior to or during the layoff.)

As expected, those not married have a smaller household income before the layoff, 21% less than those married or living as a couple. However, the difference in income loss by the last month of unemployment is quite small. Non-married persons lost 50% of their income for an average weekly household income of $166.37 while married persons lost 40% of their original income, for an average weekly household income of $253.78. These figures take into account that 17% of the non-married respondents had no individual income at all during their last month of unemployment.

The household income composition tables for married and non-married persons demonstrate how married and non married individuals differ in their patterns of income maintenance (see Tables 32-35). During the last month of unemployment, spouses contributed 36% of household income for married couples. Unemployment compensation and SUB benefits provided the majority of the remaining household income (49%). For non-married individuals unemployment compensation is the largest source of household income (62%) and replaces the contribution that spouses make in married households. The contribution of SUB benefits to household income is virtually the

same for married and non-married individuals and the contribution of other income is about equal as well. A slightly larger percentage of non married individuals are working during their last month of unemployment so that individual earnings contributed twice as much to household income (8%) for non-married individuals than for married individuals (3%).

Our data show that, in general, married persons have a higher household income both prior to and during the layoff than non married persons and that non married persons draw on different sources of income to meet financial needs during unemployment. However, it is the gender of the spouse, not just the presence of a spouse that significantly alters either patterns of income maintenance during unemployment or the extent of income loss. As we discussed above, it is those households where unemployed women have working male spouses that suffer the smallest income loss and it is these households where the contribution of the spouse to the household income during unemployment is greatest.

Summary

In general, individuals suffered a significant loss of both individual and household income while they were unemployed. Those who were unemployed for a longer period of time, and those with less than ten years seniority experienced the greatest income loss. The principal sources of income during the first month of unemployment were unemployment compensation and SUB benefits, which replaced approximately 75% of original household income. When the layoff exceeded one year, spousal income replaced unemployment compensation and SUB benefits as the largest source of household income. Although a small percentage of the sample drew upon public relief programs, even those with a layoff of two years or more tended to meet their financial needs through the income of a spouse, rather than reliance on public assistance. The group most able to maintain their household income included married women with working male spouses. While women lost a greater percentage of their individual income than men, their household income during unemployment is greater than men's.

Table 31

Household Income by Marital Status

	Never Married (N = 78)		Married or Living as Couple (N = 234)	
	Amount	% of Original	Amount	% of Original
Original Job	$333.99		$423.82	
First Month Layoff	281.77	(84%)	349.31	(82%)
Last Month Layoff	170.75	(51%)	257.78	(60%)

NEVER MARRIED

Table 32

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

LAST MONTH OF LAYOFF

HOUSEHOLD INCOME

Average Household Income

$ 170.75 (N= 78)

	Average (mean)	% Receiving from source	% of total
Earnings	$ 12.64	12%	8%
Supplementary Benefits	24.35	28%	14%
Unemployment Compensation	105.12	54%	62%
Social Security	00		
Pensions	00		
Spouse Income	N/A		
Total Other	26.77	56%	16%
Other Family	2.27	12%	
Friends	.06	1%	
Rental Income	00		
Disability & Survivors Insurance	3.11	1%	
Public Assistance (AFDC, GR)	4.43	9%	
Trade Adjustment Assistance	13.08	13%	
Food Stamps	1.26	7%	
Fuel Assistance	.04	1%	
Other	.78	1%	

MARRIED OR LIVING AS COUPLE

Table 33

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

LAST MONTH OF LAYOFF

HOUSEHOLD INCOME

Average Household Income

$ 257.78 (N=234)

	Average (mean)	% Receiving from source	% of total
Earnings	$ 6.87	10%	3%
Supplementary Benefits	35.99	34%	13%
Unemployment Compensation	92.53	50%	36%
Social Security	00	00	
Pensions	00	00	
Spouse Income	95.39	52%	36%
Total Other	30.23	32%	12%
Other Family	2.47	6%	
Friends	.01	4%	
Rental Income	3.51	3%	
Disability & Survivors Insurance	00	00	
Public Assistance (AFDC, GR)	5.63	6%	
Trade Adjustment Assistance	14.11	18%	
Food Stamps	2.42	6%	
Fuel Assistance	.06	2%	
Other	2.13	3%	

MARRIED

Table 34

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

ORIGINAL AUTO JOB

HOUSEHOLD INCOME

Average Household Income

$ 423.82 (N=234)

	Average (mean)	% Receiving from source	% of total
Earnings	$335.85	100%	79%
Supplementary Benefits	N/A		
Unemployment Compensation	N/A		
Social Security	.83	1%%	
Pensions	.53	1%%	
Spouse Income	83.56	48%	19%
Total Other	3.96	5%	1%
Other Family	.85	3%	
Friends	00		
Rental Income	2.05	2%	
Disability & Survivors Insurance	00		
Public Assistance (AFDC, GR)	00		
Trade Adjustment Assistance	.27		
Food Stamps	00		
Fuel Assistance	00		
Other	.79	2%	

NEVER MARRIED

Table 35

COMPOSITION OF ORIGINAL AND LAYOFF INCOME

ORIGINAL AUTO JOB

HOUSEHOLD INCOME

Average Household Income
$ 333.99 (N= 78)

	Average (mean)	% Receiving from source	% of total
Earnings	$328.99	100%	99%
Supplementary Benefits	N/A		
Unemployment Compensation	N/A		
Social Security	00		
Pensions	00		
Spouse Income	N/A		
Total Other	4.98		1%
Other Family	00		
Friends	00		
Rental Income	1.00	1%	
Disability & Survivors Insurance	3.25	1%	
Public Assistance (AFDC, GR)	00		
Trade Adjustment Assistance	00		
Food Stamps	00		
Fuel Assistance	00		
Other	.76	1%	

Asset Position

Use of Savings

In the previous section, we described the financial impact of unemployment on individual and household income. Savings provide a stock of income which individuals can use to meet financial needs when other flows of income are insufficient. This section describes the extent to which individuals relied on accumulated savings to supplement their household income and asks who was most likely to use their savings while unemployed.

Of our entire sample, 80% had some savings prior to their layoff; 19% had no savings at all. Of this 80%, more than two-fifths (43%) depleted all of their savings during their unemployment. More than 70% used one third of their savings or more while unemployed. The average amount of savings used during the targeted layoff period was $2,315 (see Table 36).

Our results show that the people who use more of their savings while on lay off are those unemployed longer and those with less seniority. The positive relationship between duration of unemployment and use of savings is demonstrated in Table 37. Of those people unemployed one year or less, the average amount of savings used was $1,394, representing 28% of their savings. Those who had been unemployed for one to two years spent, on average, $3,354 or 53% of their savings. Those laid off two years or longer spent the largest proportion of their savings (76%), an average of $3,505.

The use of savings as a replacement for income during unemployment is also a function of seniority: greater seniority tends to reduce the length of unemployment and thus the amount of savings individuals are required to deplete. For example, the average number of years seniority those individuals who used 20 percent or less of their savings had was 10; those individuals using 30 to 50 percent of their savings had, on average, 8 years seniority and those individuals using 60 percent or more of their savings had, on average, only 6 years seniority.

Other demographic characteristics, such as marital status or gender, do not significantly affect the use of savings during unemployment. It is also interesting to note that there is not much difference in either the amount or composition of income during unemployment between those who had savings prior to the layoff and those who did not. The household income of those with no prior savings in the last month of unemployment did not differ significantly from those who had a stock of savings to draw from, although their use of public assistance and food stamps is slightly greater.

Summary

The majority of our sample drew upon their accumulated savings in order to meet their financial needs during their unemployment. Those individuals with greater seniority and shorter layoff periods tended to have larger stocks of savings to draw from and used a smaller percentage of their savings as a replacement for income during their layoff. Those individuals who had no prior savings to fall back on did not have significantly smaller household incomes during the last

month of their layoff, but apparently were forced to draw on public relief programs to a greater extent than those who had prior savings.

Table 36

Percent of Savings Used During Layoff

	Total Percent	Non-Missing Percent	N
0-20 Percent	16%	20%	(51)
30-50 Percent	16%	21%	(53)
60-90 Percent	13%	16%	(40)
100 Percent	34%	43%	(108)
No Prior Savings	19%		(61)

Table 37

Savings Used During Unemployment By Duration of Layoff

	Amount	Percent of Total Savings
0-1 Year Layoff	$1,394.35	28%
1-2 Year Layoff	$3,353.94	53%
2 + Years Layoff	$3,505.59	76%

Maintenance of Household Expenses

One way of looking at the financial impact of unemployment is to measure the household's success in meeting incoming bills. Our results show that paying various scheduled payments or monthly bills became a problem for a significant portion of our sample.

Housing payments, car payments and monthly credit card bills were the three items for which individuals had difficulty making payments. Twenty-three percent of the sample missed housing payments, either rent or mortgage and 18% of the sample missed payments on credit card bills. Not only did 15% of the sample miss car payments, but of the ten individuals who had items repossessed during their layoff, almost all of them had their car or truck repossessed.

Health Insurance and Medical Care

Another dimension of financial hardship during unemployment is loss of medical insurance. Sometime during their layoff from the auto industry, 58% of our sample were personally without employer paid health insurance. The remaining 42% remained covered by their previous employer as a result of extensions in benefit coverage made available by the 1982 collective bargaining agreement between the OEMs and the UAW. This agreement extended coverage of employer-paid benefits to all unemployed workers, according to the level of seniority attained prior to the layoff. Under this agreement, for instance, those with 6-10 years of seniority are covered by their employer during the month of layoff and for 13 additional months. Those with ten or more years seniority are covered for more than two

years (see "Public and Private Income Maintenance and Adjustment Programs Available to Displaced Auto Workers" by Jeanne P. Gordus).

Of the individuals who were not covered by one of the three auto manufacturers, half had no health insurance coverage whatsoever A full 28% of the entire sample were not covered by any medical insurance program at all during their unemployment. Of those who obtained medical insurance while unemployed, but who were not covered by their previous employer, 17% secured their own policies and paid for them; 15% were covered under a spouse's health insurance program; 9% were covered by Medicaid or Medicare; 1% were covered by their parents and 7% were covered by some combination of these sources.

The loss of health insurance, particularly during a period of unemployment, can cause insecurity about illness, even for normally healthy individuals. During their period of unemployment, 62% of our sample sought some type of medical care. Of those who sought medical treatment, the overwhelming majority (82%) used a private practitioner, one of the more costly forms of medical care. However, 12% of those who sought medical care used a public health clinic and 13% of the entire sample reported that they used a hospital emergency room for regular medical care because they could not afford to go to a private doctor's office or clinic. Most of those who did not seek medical care during their spell of unemployment did not do so because they required no medical assistance, but 17% did not seek needed medical assistance because they could not afford it.

Summary

Income loss is only one dimension, albeit important, of the financial consequences of long term unemployment. In addition to depleting accumulated savings, we found that a significant number of people were not covered by any health insurance during their layoff and were unable to seek medical treatment because of financial hardship. In addition, one fourth of the sample were unable to maintain scheduled payments or monthly bills.

Employment and Earnings During Unemployment

Ten percent of our sample reported earnings during their last month of unemployment. The percentage of our sample who worked sometime during their layoff period was even greater (38%). It appears that, rather than drawing on public relief programs while unemployed, a significant portion of our sample undertook temporary part-time or full-time jobs to supplement their declining income. During their targeted layoff period, 23% of the sample had one and 15% of the sample had two or more temporary part-time or full-time jobs (see Table 38). Although we collected information on the three most recent intermediate jobs respondents had during their layoff, we describe below only the most recent of these temporary jobs.

Once again, those individuals who were most likely to take temporary employment during their layoff were those with less seniority and longer durations of unemployment. Of those individuals with 1-5 years seniority, 53% had one or more intermediate jobs; 26% of those with 6-9 years seniority had one or more intermediate jobs and only 21% of those with more than 10 years seniority had one or more intermediate jobs. Those individuals who had one intermediate job were unemployed an average of 82 weeks, while those who did not take temporary employment during their layoff were unemployed an average of only 55 weeks (see Table 39).

The characteristics of the most recent intermediate job describe a job qualitatively different from regular auto jobs, but providing, nonetheless an important source of income during unemployment (see Table 41). Most of the intermediate jobs respondents reported were in the service sector (34%), or in retail trade (14%), while a smaller percentage found jobs in manufacturing firms (18%) (see Table 40). Eighty-one percent of the most recent intermdiate jobs were non-unionized, and a substantial percentage of these jobs apparently were not covered by social security (46%). The low level of social security coverage may indicate that many of these jobs involved 'under the table' unreported cash income.

It is important to note that the most recent intermediate job lasted, on average, 49 weeks. The average hourly wage reported for these jobs was $6.05 per hour, compared to their original hourly wage of $10.49. Weekly earnings from these job averaged $235.08, 30 percent less than their original weekly earnings of $337.65. The earnings per week are relatively high, not because of high wage rates, but because of the number of hours worked. Individuals were working an average of 38 hours per week during their most recent temporary job. Only 19% were working 20 hours or less during their most recent intermediate employment.

As we would expect, there were few fringe benefits associated with these intermediate jobs. During the most recent temporary part-time or full-time job: 65% were not covered by employer paid health insurance; 75% were not covered by employer paid life insurance; 77% were not covered by an employer paid pension plan; and 68% had no paid vacation time available to them (see Table 41).

Table 38

Employment During Layoff
(Total Sample)

	Percent	N
No Intermediate Jobs	62%	(197)
1 Intermediate Job	23%	(75)
2 Intermediate Jobs	11%	(35)
3 or More Intermediate Jobs	4%	(13)

Table 39

Employment During Layoff By Selected Characteristics

	No Intermediate Job	1 Intermediate Job
Seniority (In Years)	9 (N=195)	5 (N=75)
Duration of Layoff (Weeks)	55 (N=197)	82 (N=75)

Table 40

Industry of Most Recent Intermediate Job

	Percent	N
Auto Production	8%	(10)
Independent Parts and Suppliers	2%	(2)
Retail or Wholesale	15%	(18)
Other Manufacturing	18%	(22)
State, County, Municipal Government	1%	(1)
Service	54%	(66)
Agriculture	2%	(2)

Table 41

Characteristics of the Most Recent Intermediate Job

	Percent Covered	N
Social Security	54%	(65)
Employer-Paid Health Insurance	35%	(43)
Employer-Paid Life Insurance	25%	(30)
Employer-Paid Pension	22%	(27)
Employer-Paid Vacation	32%	(38)

* * *

Average Duration of Most Recent Intermediate Job:	49 weeks
Average Hourly Wage	$6.05
Average Hours Per Week	38
Average Weekly Take-Home Earnings	$235.08

The Transition to Reemployment: Job Search and Training

The majority of our sample (70%) was back at work by the time we interviewed them. In this section, we describe two dimensions of the transition from unemployment to reemployment: job search and training. First, we report on various aspects of job search: the characteristics of those who were most likely to look for a job while they were unemployed, the types of contacts respondents used, and the difficulties they encountered in their search for a job. Second, we look at those who pursued training and the types of training they undertook. Then, we look at the expectations auto workers had, while unemployed, about their prospective jobs and wages.

Job Search

Three-fourths of our sample reported searching for a job while they were unemployed. Those individuals who are currently employed outside of the auto industry were more likely to search for a job while they were unemployed than those who had been recalled at the time of the interview: 98% of those currently employed outside of the auto industry looked for a job compared to 68% of those currently recalled. Searching for a job was also more prevalent among those aged 21-39 and among those who the least seniority. The majority of those who did not search for a job while unemployed were laid off for less than one year (79%), had ten or more years seniority (51%) and were eventually recalled to their original firm (89%) (see Table 42).

The four sources of job information used most frequently by those who searched for a job were: state employment agencies, newspaper advertisements, friends and relatives. The types of contacts used most infrequently were: union referral services, union unemployment centers and private employment agencies. Although a much higher proportion of those reemployed with a new employer searched for a job compared to those recalled to the auto industry, both groups tended to use the same types of services in their job search. Both groups relied most heavily on newspaper advertisements, friends, relatives and the state employment agency. Both those recalled and those reemployed with a new employer used, on average, three different resources in their job search (see Table 43).

A large portion of our sample reported that they had difficulty in searching for a job. The most important obstacles to successful job searching which our sample reported were: the lack of adequate paying jobs (65%), the lack of jobs at pay comparable to their previous jobs (50%), a lack of job skills (40%) and the possession of recall rights to their previous employer (40%). In addition, 17% of those who searched for a job reported that their inability to be geograhically mobile made job searching difficult and 13% reported that their age or status as a union member made their searching more difficult. A small percentage of those who searched found their sex, race, health or present family resonsibilities obstacles to locating a job. As expected, age was more of a problem for those over forty than for those under 40 years of age and minorities were more likely to find race an obstacle to job searching than whites.

Table 42

Job Search by Selected Characteristics

	Did Search	Did Not Search
Average Age	35 (years)	40 (years)
Average Duration of Layoff	74 (weeks)	34 (weeks)
Average Seniority	6 (years)	11 (years)
	(N=240)	(N=80)

Table 43

Contacts Used During Job Search *

	Re-employed, New Employer		Recalled, Original Employer	
	% Using Source	N	% Using Source	N
State Employment Agency	41%	(19)	61%	(92)
Private Employment Agency	13%	(6)	13%	(19)
Newspaper Advertisements	78%	(36)	77%	(116)
Union Referral Service	11%	(5)	8%	(12)
Union Unemployment Center	4%	(2)	5%	(7)
Relatives	46%	(21)	58%	(88)
Friends	61%	(28)	62%	(94)

*Excludes those who did not search for a job during the targeted layoff

Participation in Training Programs

One-fourth of our respondents reported that financial assistance for retraining would have been the most helpful aid in making their unemployment less difficult. Fourteen percent of the respondents reported that better information on available training programs would have made their unemployment less difficult. Nevertheless, 28% of the auto workers we surveyed pursued training during the targeted period of unemployment.

The decision to pursue additional training during unemployment is influenced by a number of different factors. One of the most important is the worker's expectations about being recalled to their original job or firm. We found that the group most likely to pursue training while unemployed were those least likely to be recalled: those who were currently reemployed with a new employer at the time of interview (see Table 44). While 76% of those currently recalled did not pursue training, 43% of those currently employed with a new employer did pursue some type of training while they were laid off. Of those currently unemployed who did not pursue training, 67% still expect to be recalled to the auto industry. Conversely, 67% of those who were reemployed with a new employer at the time of interview, did not expect to be recalled to their original firm.

Expectations of recall are usually a function of seniority and duration of unemployment. In our sample, those who pursued training had, on average 5 years of seniority, while those who did not pursue training had considerably more seniority, 8.5 years. In addition, those individuals who pursued additional training while unemployed tended to be unemployed longer (79 weeks) than those who did not seek training (59 weeks) (see Table 45). Interestingly, it is those individuals who already possess more formal education who tend to pursue additional training. Of those individuals who sought training, 58% had some college education or a college degree.

Problems associated with meeting the cost of retraining may be one reason why only 28% of our sample pursued training. Of those who pursued, 36% paid for their retraining themselves, amounting, on average, to $1,490.82. However, when asked who should have the greatest responsibility for funding retraining efforts, the majority (34%) felt that their previous employer should bear the primary financial responsibility. Twenty-two percent felt the federal government should have this responsibility. While 36% of the respondents who received training paid for it themselves, only 21% of the sample felt that the individual should have the greatest financial responsibility for training. The UAW funded only 1% of those who pursued training, but 5% of the sample felt the union should have the greatest responsibility for paying for retraining.

The respondents who pursued training did so in a variety of areas. The two most frequent areas in which respondents pursued training were computers (10.5%) and mechanical and repair work (13%). Additional training programs which were pursued can be found in Table 46. Respondents reported that their choice of training was due to personal interest (22%), an expectation that the training would help secure employment (21%) or because the training was related to their current field or existing skills (15%).

In general, the majority of those who pursued training (84%) were satisifed with the training they undertook. Of those respondents who are currently employed with a non-auto employer and who pursued training, 68% felt that their retraining efforts helped them to secure their current employment. Dissatisfaction with the training program resulted from three problems: unfulfilled expectations, inability to complete the program, and the inability of the training to lead directly to a job.

Table 44

Pursuit of Training by Current Labor Market Status

	Percent Who Pursued	N
Currently Unemployed	28%	(11)
Currently Re-employed, New Employer	43%	(21)
Currently Recalled, Original Employer	24%	(53)

Table 45

Pursuit of Training by Seniority and Duration of Layoff

	Training	N	No Training	N
Seniority	5 Years	(88)	8 Years	(228)
Duration of Layoff	79 Weeks	(88)	59 Weeks	(230)

Table 46

Types of Training Pursued

	Percent	N
Accounting	6%	(5)
Computer Specialization	11%	(9)
Engineering, Professional	2%	(2)
Law	1%	(1)
Nursing	1%	(1)
Health Technology	4%	(3)
Engineering and Service Technicians	6%	(5)
Management and Administration	8%	(7)
Sales	1%	(1)
Clerical and Kindred	3%	(3)
Craftsworkers and Kindred	6%	(5)
Mechanics and Repairers	13%	(11)
Precision Machine Operatives	7%	(6)
Transport Equipment Operatives	4%	(3)
Food Service	1%	(1)
Personal Service	4%	(3)
Protective Service	1%	(1)
Quality of Work Life	2%	(2)
Community College, Unspecified	8%	(7)
Community College, General	2%	(2)
Unspecified Training Program	9%	(8)

Employment and Financial Expectations

The effect of long-term unemployment on employment and financial expectations can be dramatic, particularly in the context of a depressed industry or economy. While unemployed, when asked what type of job they wanted, 25% of the sample reported they wanted any job. When asked what type of job they would accept, 68% of the sample replied anything. When asked what they would accept as the lowest hourly wage for a full time job, one quarter of the sample reported the minimum wage or less.*

These reponses reflect a significant readustment of expectations in the quality of work individuals perceive as available to them and require closer examination. The average reservation wage for all respondents was $5.76 per hour, although one fourth of the respondents reported a reservation wage of $3.75 or less. The average reservation wage is 46% less than their original hourly wage of $10.61.

The reservation wage varies when we compare certain key populations in our sample (see Table 47). For instance, women have a considerably lower reservation wage ($4.65) than men ($6.01), even though their original hourly wage is not proportionately as low. The lower reservation wage women reported may reflect the presence of a working male spouse available to supplement household income or the kinds of opportunities women perceive as available to them outside of the auto industry. The reservation wage is not significantly different for married and non married individuals, although it is lower for the predominantly female heads of single-parent households

*These responses pertain only to those who searched for work.

($5.07).

Duration of unemployment also tends to lower the financial expectations of displaced auto workers and thus their reservation wage. Unemployment that exceeds one year causes the reservation wage to decline from $6.51 for those laid off less than one year to $5.07 for those laid off two years or longer. Similarly, individuals with greater seniority and thus a higher original hourly wage and greater eligiblity for recall, have a higher reservation wage ($6.68) than those with only one to five years seniority ($5.36) (see Table 47).

Summary

Most of our sample looked for a job while they were unemployed, and a smaller percentage pursued some type of retraining or additional education. Duration of unemployment, seniority and expectation of recall were the most significant factors influencing the decision to search for a job or retrain. In addition, displaced auto workers search for a job while experiencing a significant decline in expectations about their future employment prospects and financial rewards.

Table 47

Reservation Wage By Selected Characteristics

	Full-time Hourly Wage	
Gender		
Women	$4.65	(N=43)
Men	$6.01	(N=194)
Marital Status		
Married	$5.91	(N=60)
Non-Married	$5.34	(N=177)
Single-Parent Households	$5.07	(N=15)
Seniority		
1-5 Years	$5.36	(N=136)
6-9 Years	$5.84	(N=45)
10+ Years	$6.68	(N=54)
Duration of Unemployment		
0-1 Year	$6.51	(N=103)
1-2 Years	$5.26	(N=82)
2+ Years	$5.07	(N=52)

The Reemployment Experience

More than three quarters of our sample were back at work by the time we interviewed them and 12% were still unemployed. Because those currently unemployed have yet to be either recalled or reemployed with a new employer, we focus, in this section, on comparing the reemployment opportunities of those who were recalled and back in the auto industry with those who were displaced and have found employment outside the industry.

Place of Reemployment

Only 8% of those not recalled to their original auto employer were reemployed with another OEM. The remaining individuals found employment principally in the service sector (25%) or in other manufacturing firms (27%). Fourteen percent took public sector jobs and 22% were reemployed with retail or wholesale businesses (see Table 48). The small number of women who were reemployed with a new employer at the time of interview found jobs predominantly in the service sector.

One way to measure or compare the different kinds of jobs those reemployed secured is to look at their Specific Vocational Preparation (SVP) scores. The SVP score is a measure of the specific vocational preparation required of an individual to perform the duties of a particular job and thus represents an approximation of skill level. Interestingly, those reemployed with a new employer had higher SVP scores than those recalled. The mean SVP score for those recalled is 3.5, while the mean SVP score for those reemployed outside of the auto

industry is 4.7. Furthermore, 38% of those reemployed, as compared to 63% of those recalled, currently hold jobs with an SVP score of 3 or less. Indeed, a full 55% of those recalled have an SVP score of 2. The majority of those reemployed currently hold jobs with a higher skill level: 62% of those reemployed, compared to 37% of those recalled, have an SVP score between 4 and 8. The implications of these findings are not yet clear. More detailed analyses of the specific content of these jobs is necessary before any definitive conclusions about skill levels can be made.

Earnings, Income and Hours

While those reemployed appear to have higher skill levels associated with their jobs, only 33% of their jobs are unionized. The low level of unionization among those reemployed may account for the significantly lower earnings and income they currently have when compared with those recalled. Tables 49 and 50 show two distinct but related phenomenon. First, these tables illustrate the skidding or downward mobility of those reemployed with a new employer. Compared to their previous income levels, those reemployed, but not recalled, have suffered a decline in earnings and income. Conversely, those recalled to their previous employer are enjoying an increase in earnings and income. Second, these tables show that, relative to those recalled, those reemployed with a new employer are relatively worse off in terms of earnings potential and earnings received.

If we look first at earnings potential, Table 49 compares the original hourly wage and the present hourly wage for those recalled and those reemployed with a new employer. While both groups had an almost identical average hourly wage while employed in the auto industry, the present hourly wage of those reemployed is 34% less ($8.17) than those who are back to work with their original employer ($12.27). More importantly, those reemployed have lost 21% of their earning potential: Prior to their layoff, those currently reemployed had an average hourly wage of $10.28. Now, their average hourly wage is only $8.17. The opposite pattern is visible among those currently recalled. Their original hourly wage was $10.54 while their present hourly wage is $12.27, a 16% increase.

The significant improvement in weekly earnings for those recalled, shown in Table 50 is partially due to an increase in their wage rate, and to a lesser extent an increase in the number of overtime hours worked. Prior to layoff, the take home earnings of those currently recalled were $335.28 per week. Presently, the take home earnings of those recalled are 22% greater, $408.47. Those reemployed with a new employer, however, suffered a 19% decline in their take home earnings. Prior to the layoff, their weekly take home earnings were $308.87, but their current take home earnings are only $250.71. Thus, those reemployed with a new employer are earning only three-fifths (61%) as much as those recalled to Ford, General Motors or Chrysler.

The household income of those reemployed with a new employer has also declined but by a smaller amount (see Table 51). The household income of those reemployed with a new employer, prior to layoff, was $369.79. There has been a 4% decline in household income for this group: current household income is $353.96. Those reemployed suffered a decline in their household income even though the contribution of their spouses to the total household income increased absolutely ($55.93 to $95.79) and as a proportion of total household income (15% to 27%). Still, compared to those who were recalled, those individuals currently reemployed with a new employer have a total household income which is 30% less than that of those recalled at the time of interview. Prior to their layoff, those currently recalled had a total household income of $401.67. Currently these individuals have a household income of $498.94 per week, a 24% increase over their household income prior to the layoff. While the spouses of those who are presently recalled also increased their absolute contribution to the household income, the proportion that their income represents of total household income has not changed.

Fringe Benefits

In addition to suffering a serious decline in earnings and total household income, a significant percentage of those reemployed with a new employer no longer enjoy the fringe benefits they had while employed in the auto industry. Table 52 lists employer paid fringe benefits which are provided by the OEM's to its unionized employees and the percentage of those reemployed with a new employer whose new jobs provide similar employer paid benefits. Employer paid health insurance is available to only 59% of those reemployed with a new

employer; only 60% are provided life insurance coverage; only 44% are eligible for an employer paid pension and only 67% are provided paid vacation time.

The Subjective Dimension of Reemployment

The financial skidding which we have observed among those reemployed outside of the auto industry is, according to our respondents, not just the result of a lack of seniority in their new jobs. Half (52%) of those reemployed, but not recalled, reported that compared to their previous job, the pay opportunities in their current job were worse. However, along a variety of other dimensions, those reemployed found their new jobs an improvement. Fifty three percent of those reemployed reported a greater opportunity for promotion; 55% reported greater job security in their new job; 51% reported better working conditions in their new job and 59% reported greater job satisfaction (see Table 53). Indeed, 70% of those reemployed consider their new job a 'career' job, not just temporary employment.

Summary

The reemployment experience for those recalled and for those reemployed with a new employer differs significantly. While recall to the auto industry brought an improvement in earnings and income, reemployment outside of the auto industry brought a decline in earnings, income and fringe benefits. Nonetheless, the majority of those individuals currently reemployed with a new employer consider their new jobs permanent and find them to be an improvement over their previous auto jobs on a number of non-economic dimensions.

Table 48

Present Industry of Those Currently Re-employed, New Employer

	Percent	N
Auto Production	8%	(4)
Independent Parts and Supplies	4%	(2)
Retail or Wholesale	22%	(11)
Other Manufacturing	27%	(13)
Public Sector	14%	(7)
Service	25%	(12)

Table 49

Wages and Hours By Current Labor Market Status

	Re-employed, New Employer (N=49)		Recalled, Original Employer (N=223)	
Hourly Wage	Amount	% of Original	Amount	% of Original
Original Auto Job	$10.28		$10.54	
Present Job	$8.17	(79%)	$12.27	(116%)
Hours Working (per week)	Amount		Amount	
Original Job	46		47	
Present Job	41		46	

Table 50

Earnings by Current Labor Market Status

	Re-employed, New Employer (N=49)		Recalled, Original Employer (N=233)	
	Amount	% of Original	Amount	% of Original
Original Earnings (per week)	$308.87		$335.28	
Present Earnings (per week)	250.71	(81%)	408.47	(122%)

Table 51

Household Income by Current Labor Market Status

	Re-employed, New Employer (N=49)		Recalled, Original Employer (N=223)	
	Amount	% of Original	Amount	% of Original
Original Income (per week)	$369.79		$401.67	
Present Income (per week)	353.96	(96%)	498.94	(124%)
*Original Spouse Earnings (per week)	55.93		62.04	
*Present Spouse Earnings (per week)	95.79	(171%)	82.41	(133%)

*Spouse income is averaged across all households.

Table 52

Fringe Benefits by Current Labor Market Status

	Re-employed, New Employer	Recalled, Original Employer*
	% Receiving	% Receiving
Employer-Paid Health Insurance	59%	99%
Employer-Paid Life Insurance	60%	99%
Employer-Paid Pension	44%	99%
Employer-Paid Vacation	67%	99%

*At the time of interview, two individuals had not worked the 90 days required to be eligible for company-paid benefits.

Table 53

Comparison of Present vs. Original Job by Current Labor Market Status

	Re-employed, New Employer	Recalled, Original Employer
Opportunity for Promotion	53% More	27% More
	22% Less	21% Less
	14% Same	52% Same
Job Security	55% More	30% More
	20% Less	25% Less
	12% Same	45% Same
Work Conditions	51% Better	33% Better
	18% Worse	20% Worse
	25% Same	46% Same
Satisfaction	59% More	37% More
	25% Less	30% Less
	10% Same	33% Same
Pay Opportunities	25% Better	35% Better
	52% Worse	16% Worse
	23% Same	49% Same

Conclusion

This report has focused on four central questions concening the displacement of auto workers in the context of the 1980-1982 downturn in the auto industry:

*Duration of Unemployment. How long were auto workers unemployed? Was their unemployment short-term or a more permanent displacement from the auto industry? What factors influence the duration of unemployment and what impact does the length of unemployment have on the unemployment experience and reemployment opportunities?

*Income Loss and Income Maintenance During Unemployment. What proportion of earnings and household income do individuals lose while they are unemployed? Who is most likely to suffer greater declines in income? How do households meet their financial needs while unemployed? To what extent does unemployment compensation serve to supplement lost earnings? What additional financial hardships, apart from lost earnings, do individuals suffer while unemployed?

*Training. To what extent do individuals perceive their employment as permanent or structural and therefore requiring the acquisition of additional or new skills? What is the relationship between the pursuit of training and reemployment opportunities?

*Reemployment Outcomes. Did those who were laid off from the auto industry in 1980-1982 return to the industry or find employment elsewhere? What are the differences in employment and earnings potential between those recalled to their original employer and those currently reemployed with a new employer?

Our initial analysis suggests the following answers.

*On average, our sample was unemployed for over one year during their targeted layoff period. While, for many, unemployment was not short-term, it was also not permanent. Seventy percent of our sample had been recalled to their original employer by the time we interviewed them. While the strong recovery of the auto industry principally accounts for the large number of workers who have returned to work there, the central factor influencing whether individuals return to their previous job is their seniority. Seniority is the central determinant of length of layoff and it is the duration of unemployment which impacts most heavily on the loss of income during unemployment, the expectations about recall, the decision to retrain, and the likelihood of searching for a new job.

*We found that individuals suffered a significant loss of both individual and household income during their spell of unemployment. Unemployment compensation and SUB benefits constitute the central sources of income during the early stages of unemployment and replace a significant portion of lost earnings. However, as unemployment lengthens and these benefits run out, household income drops and is replaced principally by spouse's earnings, family dissaving, and earnings from temporary jobs. Public relief programs, such as welfare

or food stamps, did not appear to be an alternative source of income for our sample. Only a small percentage of our sample and only those laid off for over a year relied on these transfer payments as income during unemployment.

Those individuals who suffer the greatest financial losses during unemployment are those who have the least seniority and the longest lengths of unemployment. While this is the case for women as individuals, we found that they suffer the lowest loss in household income. Women with working male spouses are able to maintain a greater proportion of their household income during unemployment than men with working spouses.

In addition to the loss of earnings, a considerable portion of our sample had to use their accumulated savings as income during their unemployment. The loss of health insurance and the inability to meet regular household expenses are two additional dimensions of financial hardship suffered by those unemployed.

*Retraining or additional training was an option pursued only by a small percentage of our sample. Low seniority, a long-term layoff, and the expectation of recall tend to positively influence the decision to pursue training. In addition to considerations of cost, lack of knowledge about potential training programs was an obstacle which prevented the pursuit of training. We did find, however, that retraining or additional training was undertaken more frequently by those who were not recalled and eventually found employment elsewhere.

*The majority of our sample was recalled to their original employer at the time of interview. A smaller percentage was reemployed, but with a new employer. The reemployment experience of these two groups differ significantly. Those recalled are enjoying improvements in earnings and income while those reemployed outside of the auto industry have suffered both absolute declines in earnings and income and a decline in earnings and income relative to those recalled. While those reemployed with a new employer find the financial opportunities of their new jobs worse than their previous jobs, along a variety of other dimensions, including job skill, they rate their new jobs as an improvement.