

John J. Heldrich Center for Workforce Development

working paper

Categorizing the Unemployed by the Impact of the Recession

by Dr. Cliff Zukin, Dr. Carl E. Van Horn, and Charley Stone*

In August 2009, the John J. Heldrich Center for Workforce Development at Rutgers, The State University of New Jersey began following a nationally representative sample of American workers who lost a job during the height of the Great Recession. The research began with a cross-sectional sample of 1,202 who had said they had lost a job at some point in the preceding 12 months (between August 2008 and 2009). They were resurveyed in March 2010, again in November 2010, and then in August 2011. A total of 3,972 individual surveys were completed over the two years. Well over half of the original respondents participated in all four waves of the project, meaning they spent, on average, 50 minutes of their time responding to roughly 200 questionnaire items.

BUILDING THE TYPOLOGY

It is no easy task to summarize these data on the condition of the unemployed in the United States and give voice to their experiences. But we do so in this analysis using answers to three of the questions on the survey. We present a typology, or a way to characterize the experiences of the unemployed, based upon their combination of answers. The three questions are:¹

1. How would you rate your own personal financial situation: excellent shape, good shape, only fair shape, or poor shape?
2. Overall, has the recession caused: a major change in your lifestyle, a minor change in your lifestyle, or no change in your lifestyle?
3. Do you think the impact on your standard of living will be permanent or temporary? (Asked of those who said major or minor change in item #2.)

* Dr. Cliff Zukin is Professor of Public Policy and Political Science at the Edward J. Bloustein School of Planning and Public Policy and the Eagleton Institute of Politics at Rutgers University and a Senior Research Fellow at the Heldrich Center. Dr. Carl Van Horn is Professor of Public Policy and Director of the Heldrich Center. Charley Stone is a graduate student in the public policy program at the Bloustein School.

¹ The marginal distributions on these variables can be found at the end of this paper.

This resulting measure combines an assessment of the respondent/family's current economic status with the magnitude of change in the quality of daily life, with an assessment of whether this change represents a new normal or is a temporary stay in limbo. Combining answers to these three questions result in a typology with five groups, defined as follows:

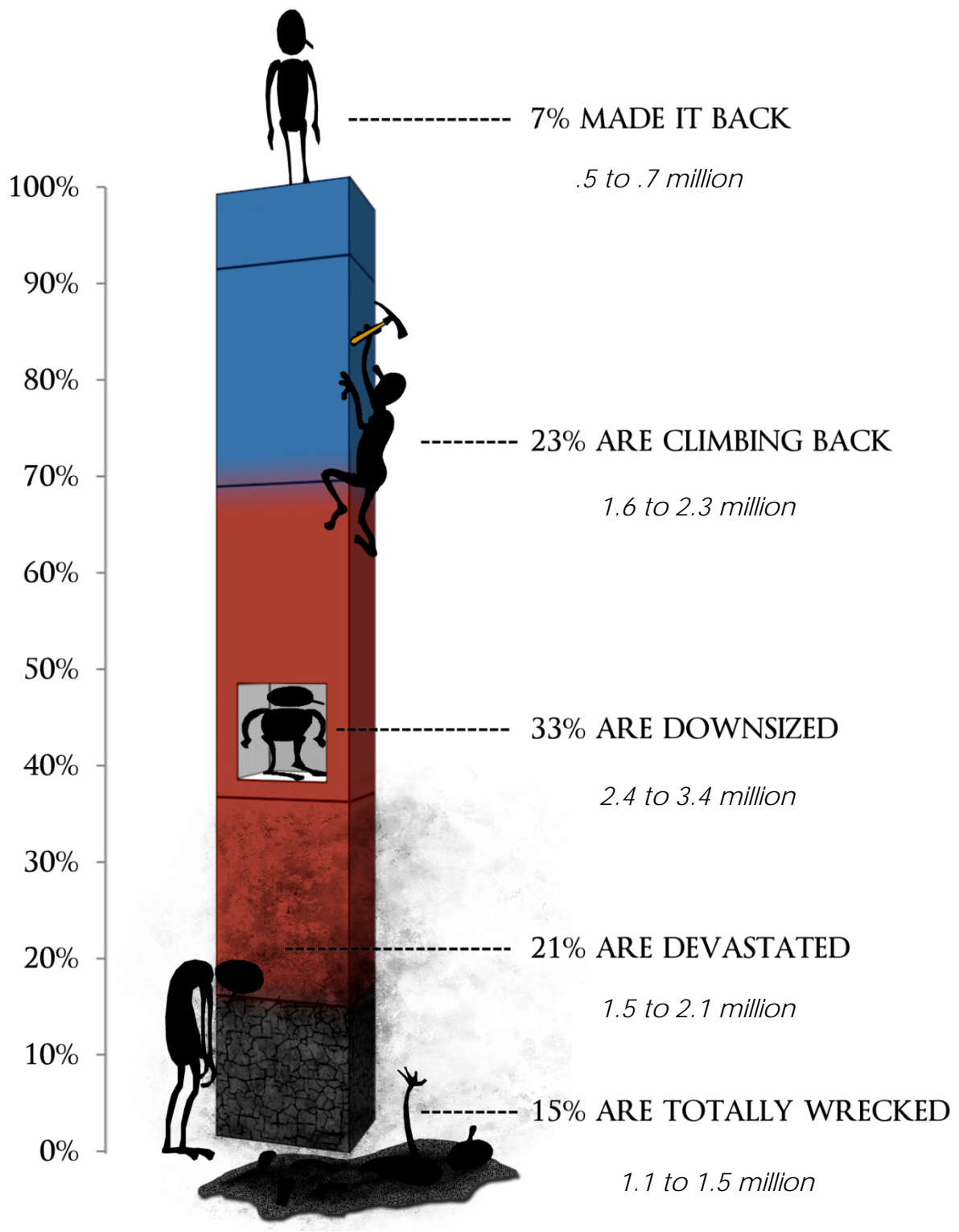
- Workers who have MADE IT BACK consider themselves in *excellent, good, or fair* financial shape and have experienced no change in their standard of living due to the recession.
- People ON THEIR WAY BACK have largely experienced a *minor* change to their standard of living, but say the change is *temporary*. They also consider themselves in *excellent, good, or fair* financial shape.
- Workers who have been DOWNSIZED meet one of three conditions; they have experienced: a *minor* change that is *permanent*; a *minor* change that is *temporary*, but they are in *poor* financial shape; or a *major* change in their standard of living that is *temporary* and they are in at least *fair* financial shape.
- Workers classified as DEVASTATED have experienced a *major* change to their lifestyle due to the recession. They can be either in *poor* financial shape and think the change is *temporary*, or in *fair* financial shape but think this change is *permanent*.
- Workers that have been TOTALLY WRECKED by this recession have experienced a *major* change to their lifestyle that is *permanent* and are in *poor* financial shape.

Table 1: Categorizing Respondents by Financial Situation, Lifestyle Change, and Permanence of Condition

Size of Group Percent	Size of Group in United States*	Category	Personal Financial Situation	Degree of Change in Lifestyle	Whether Change is Permanent or Temporary
7%	490,000 to 700,000	Made it back	Fair or better	None	-----
23%	1,610,000 to 2,300,000	On the way back	Fair or better	Minor	Temporary
33%	2,380,000 to 3,400,000	Downsized**	Fair or better 10	Minor	Permanent
			Poor 11	Minor	Temporary
			Fair or better 9	Major	Permanent
21% + 15%	2,520,000 to 3,600,000	Devastated	Poor 15	Major	Temporary
			Fair 6	Major	Permanent
99%		TOTAL	Poor 15	Major	Permanent

*Population estimates based on range of 7 to 10 million people.

**Includes 3% from other combinations of responses.



Graphic by Alex Karpati and Mark Szeltner

Using this typology, just 7% of the unemployed initially contacted by the Heldrich Center in the summer of 2009 have made it back to where they were before the recession. And just another 23% are on the way back — they have experienced a minor downward change in their quality of life that they believe will be temporary. Another third of those participating in the initial August 2009 survey can be thought of as downsized. Many here (11%) have taken a minor quality of life hit and say their financial situation is poor, but believe they will work their way out of it in time. Another 10% are in at least fair financial shape but report a minor downward change in their lifestyle they believe will be permanent.

The remaining 36% speak of cataclysmic effects of the Great Recession on them and their families. They comprise two groups, both of whom can be said to have been *devastated*. We consider 21% to be devastated because they are in poor financial shape and have suffered a major quality of life change, even if they believe it to be temporary. Also included in this group are respondents who report being in fair economic shape, but who have experienced a major decline in their lifestyle they expect to be permanent. Finally, there is a sizeable 15% who appear to have been *wrecked* by the recession. They are at the bottom on all three measures — they are in poor financial shape, have suffered a major change in lifestyle, and believe this new state of affairs will be a permanent condition.

DEMOGRAPHIC CHARACTERISTICS OF THE TYPOLOGY GROUPS

In this section, the first and last groups of the typology have been collapsed inward. Combining groups increases the sample size, reducing the sampling error and increasing the reliability of percentage estimates, which may be projected to the entire population of unemployed American workers. We refer to those who have either made it back (7%) or are on the way back (23%) as *recovering* from the recession. *Downsized* stays as an independent category. We have kept the label *devastated* for the final group, which now includes those described as “wrecked.”

Table 2 presents the demographic composition of each group, and is read with the percentages totaling to 100% reading down. Each of the three columns of *recovering*, *downsized*, and *devastated* can be compared quickly to the *total* column on the far right to see which demographic categories are over- and under-represented in each group. The devastated column contains far more of those with less formal education than the sample as a whole. Those with a high school education or less comprise 58% of this group, compared to 47% of the downsized and 42% of the recovering. Men make up 64% of the devastated group. Also over-represented in that group are *older* workers, Caucasians, and, of course, those with lower incomes.

Table 2: Composition of Each Group by Demographic Categories

Demographics	Recovering	Downsized	Devastated	Total
Education				
High school or less	42%	47%	58%	50%
Some college	28%	33%	30%	31%
College graduate or more	30%	20%	12%	20%
Total	100%	100%	100%	100%
Gender				
Male	56%	54%	64%	59%
Female	44%	46%	36%	42%
Total	100%	100%	100%	101%
Age				
18-29	37%	40%	23%	32%
30-44	33%	26%	35%	32%
45-59	22%	26%	35%	28%
60+	8%	8%	8%	8%
Total	100%	100%	100%	100%
Income				
\$30,000 or less	32%	46%	53%	45%
\$30,000 - \$59,000	27%	22%	25%	25%
\$60,000 or more	40%	33%	23%	31%
Total	100%	100%	100%	100%
Race				
White	52%	57%	63%	58%
Other	48%	44%	37%	42%
Total	100%	100%	100%	100%
Number of Respondents	(~331)	(~331)	(~379)	(~1,041)

Table 3 presents data on how each demographic group is spread *across* the three typology groups, and is read with the row percentages totaling to 100%. Among those with a high school degree or less formal education, 24% are recovering, 30% have been downsized, and 46% have been devastated. College graduates, with 44% in the recovering category, are doing better coming back from the effects of the recession. In other comparisons, 43% of men have been devastated, compared to 34% of women. And older workers have the most difficult row to hoe — 48% of those between the ages of 45 and 59 have been devastated by the recession, compared to 27% of those between 18 and 29, and 43% of those between 30 and 44.

Table 3: Distribution of Each Demographic Group Across the Typology Categories

Demographics	Recovering	Downsized	Devastated	Total	Number of Respondents
Education					
High school or less	24%	30%	46%	100%	(219)
Some college	27%	34%	39%	100%	(414)
College graduate or more	44%	32%	24%	100%	(408)
Gender					
Male	28%	29%	43%	100%	(441)
Female	31%	35%	34%	100%	(600)
Age					
18-29	33%	39%	27%	99%	(144)
30-44	31%	26%	43%	100%	(269)
45-59	23%	29%	48%	100%	(459)
60+	28%	32%	40%	100%	(169)
Income					
\$30,000 or less	21%	33%	46%	100%	(316)
\$30,000-\$59,000	32%	28%	39%	99%	(297)
\$60,000 or more	38%	33%	29%	100%	(428)
Race					
White	26%	31%	43%	100%	(762)
Other	33%	33%	35%	101%	(279)

***Percentage totals may not add to 100% due to rounding

EXPERIENCES OF THE GROUPS

The full four surveys of the unemployed released earlier² chronicle in full how workers have tried to cope with the recession and the economic, social, and psychological costs they have incurred along the way. We've picked seven items to profile the typology groups. Table 4 shows the percentage of each group having engaged in each of the seven activities. For example, two-thirds of the devastated report having borrowed money from family or friends to stay afloat, as did half of those who have been downsized and a quarter of those who are recovering. Two-thirds of the devastated, 41% of the downsized, and 18% of the recovering report having sold possessions to help make ends meet. Roughly similar numbers — 60% of the devastated, 46% of the downsized, and 23% of the recovering — have cut back on medical visits or treatment. Two-thirds of the devastated and half of the downsized have reduced their spending on food so much that it has affected their daily lives. Almost three quarters of the

² The surveys are available at:

http://www.heldrich.rutgers.edu/sites/default/files/content/Heldrich_Anguish_of_Unemployment.pdf, http://www.heldrich.rutgers.edu/sites/default/files/content/Work_Trends_May_2010_0.pdf, http://www.heldrich.rutgers.edu/sites/default/files/content/Work_Trends_23_December_2010.pdf, and http://www.heldrich.rutgers.edu/sites/default/files/content/Work_Trends_September_2011.pdf.

devastated report feeling embarrassed or ashamed, as do more than half of the downsized and even 43% of the recovering.

Table 4: Experiences Reported by Each Typology Group

	Recovering	Downsized	Devastated
Sold possessions to make ends meet	18%	41%	66%
Borrowed money from family or friends	25%	50%	66%
Cut back on medical visits	23%	46%	60%
Reduced spending on food so much it affects daily life	29%	48%	67%
Feeling ashamed or embarrassed	43%	53%	72%
Strain in family relations	52%	60%	79%
Sought professional help for depression or substance abuse	8%	14%	11%

Table 5 shows the employment status of each of the typology groups. The percentages here total to 100% reading down each column.

Table 5: Employment Status of Each Typology Group

Which of the following best describes your current job situation?

Employment Status	Recovering	Downsized	Devastated	Total
Employed full time	32%	21%	16%	22%
Unemployed and looking for work now	21%	43%	49%	39%
Working part time and looking for full-time work	12%	8%	7%	9%
Unemployed but not looking for work now	14%	12%	11%	12%
Working part time but not looking for full-time work	8%	9%	1%	6%
Attending graduate school or professional school, employed part time or full time	4%	3%	1%	2%
Attending graduate school or professional school, not employed	5%	1%	5%	4%
Self-employed	3%	3%	7%	5%
Volunteer	2%	2%	3%	2%
Total	100%	100%	100%	100%
Number of respondents	(330)	(331)	(378)	(1,039)

The three typology component variables are listed below, with the full sample distributions for each one.

How would you rate your own personal financial situation?

Excellent shape	1%
Good shape	16%
Only fair shape	36%
Poor shape	47%

How much has the economic situation affected you and your family?

Major impact	58%
Minor impact	37%
No impact at all	5%

Do you think the impact on your standard of living will be:

Permanent	41%
Temporary	59%

About the Heldrich Center

The John J. Heldrich Center for Workforce Development, based at the Edward J. Bloustein School of Planning and Public Policy at Rutgers University, is a dynamic research and policy center devoted to strengthening the nation's workforce. It is one of the nation's leading university-based centers dedicated to helping America's workers and employers respond to a rapidly changing 21st Century economy.

The Center's motto — "Solutions at Work" — reflects its commitment to offering practical solutions, based on independent research, that benefit employers, workers, and job seekers. The Center's policy recommendations and programs serve a wide range of Americans at all skill levels.

Learn more about the Heldrich Center at <http://www.heldrich.rutgers.edu>.

