

Fact Sheet

Discrimination against the Unemployed

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Research shows that unemployment creates a stigma that reduces jobseekers' chances of becoming reemployed.

The Great Recession Resulted in Historically High and Persistent Levels of Long-term Unemployment

- The long-term unemployment rate (i.e., the share of jobseekers unemployed for 27 weeks or longer) doubled, increasing from 18 percent in March 2007 to 36 percent in March 2014.¹
- The long-term unemployment rate usually increases during recessions. The Great Recession (which lasted from December 2007 to June 2009) differed from previous recessions because the long-term unemployment rate spiked to unprecedented levels, to more than 4 percent of the civilian labor force in April 2010. (See exhibit 1.) Even after declining substantially over the past few years, the long-term unemployment rate in March 2014 had fallen only to the previous peak level, 2.4 percent of the civilian labor force, reached during the 1983 recession.²

Jobseekers Who Have Been Unemployed for More than 6 Months Face Daunting Prospects in the Labor Market

- The chance of becoming reemployed decreases dramatically as the duration of unemployment increases. In 2013, only about 10 percent of jobseekers who had been unemployed at least 1 year could expect to find a job in the average month.³ (See exhibit 2.)
- People who have been unemployed for more than 6 months are unlikely to find steady, full-time employment—defined by one major study as working at one job for at least 4 months. Of those who were long-term unemployed in a given month, only 11 percent had steady employment 1 year later.⁴

The Likelihood of Long-term Unemployment Differs by Age and Race

- In 2013, about 48 percent of jobseekers ages 55 or older had been unemployed for 6 months or longer, compared with 36 percent of jobseekers under age 55. This disparity between older and younger jobseekers increases as the duration of unemployment increases. (See exhibit 3.)



Real Possibilities

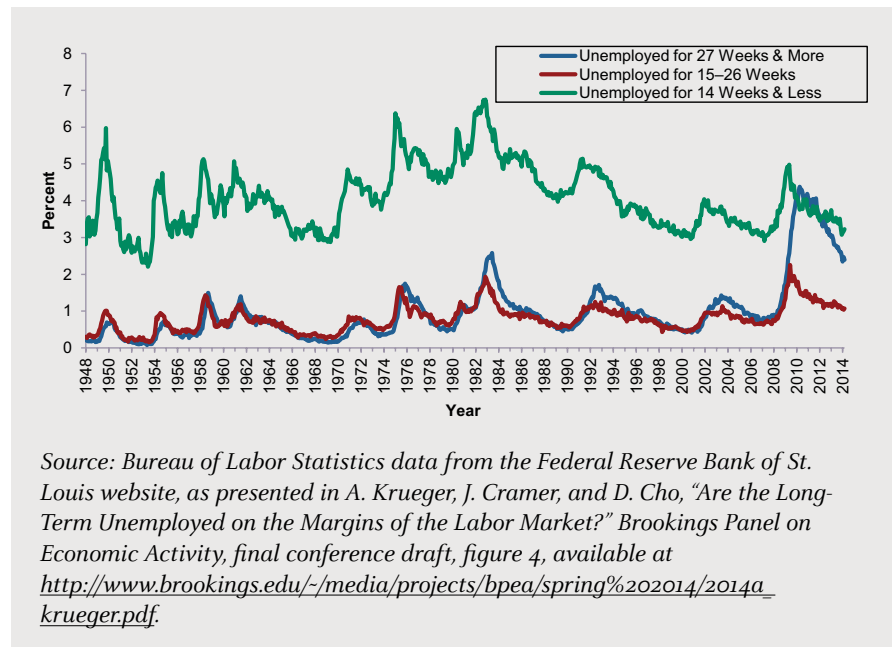
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- African American jobseekers were more likely than white jobseekers to have been unemployed for more than 6 months (43 percent vs. 36 percent).⁵

Many Employers Favor Job Applicants Who Are Currently Employed over Those Who Are Not

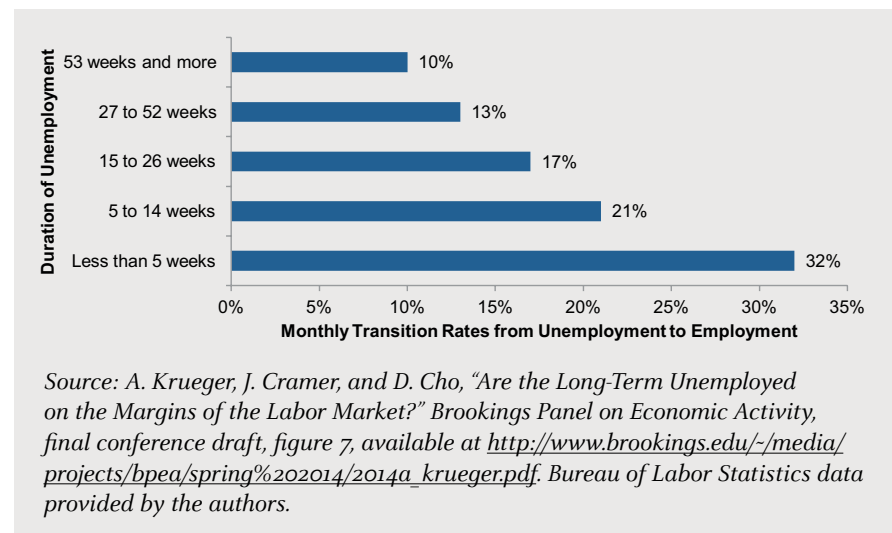
- Studies have found that job applicants with long spells of unemployment are significantly less likely than other applicants to be called for a job interview, regardless of their qualifications and experience. The call-back rate declines substantially after 6 months of unemployment, even for workers with relevant work experience. After 9 months, the probability of being called for an interview is about the same for a worker with relevant work experience as for someone with no relevant work experience.⁶
- Another study asked participants to evaluate a set of resumes that varied by employment status and length of unemployment. The unemployed were judged less competent and hireable than the currently employed, regardless of the length of their unemployment.⁷

EXHIBIT 1
Unemployment Rates by Duration, 1948-2014



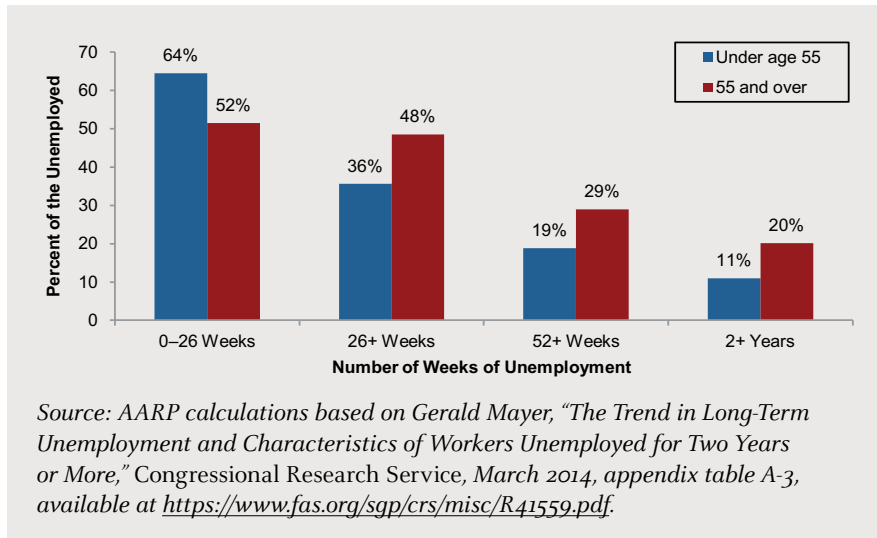
Source: Bureau of Labor Statistics data from the Federal Reserve Bank of St. Louis website, as presented in A. Krueger, J. Cramer, and D. Cho, “Are the Long-Term Unemployed on the Margins of the Labor Market?” Brookings Panel on Economic Activity, final conference draft, figure 4, available at http://www.brookings.edu/-/media/projects/bpea/spring%202014/2014a_krueger.pdf.

EXHIBIT 2
Probability of Transitioning from Unemployment to Employment by Duration of Unemployment, 2013



Source: A. Krueger, J. Cramer, and D. Cho, “Are the Long-Term Unemployed on the Margins of the Labor Market?” Brookings Panel on Economic Activity, final conference draft, figure 7, available at http://www.brookings.edu/-/media/projects/bpea/spring%202014/2014a_krueger.pdf. Bureau of Labor Statistics data provided by the authors.

EXHIBIT 3
Duration of Unemployment by Age, 2013
(in percentages)



- 1 Bureau of Labor Statistics, "The Employment Situation," March 2007, available at http://www.bls.gov/news.release/archives/empisit_04022004.pdf and March 2014 available at http://www.bls.gov/news.release/archives/empisit_04042014.pdf.
- 2 A. Krueger, J. Cramer, and D. Cho, "Are the Long-Term Unemployed on the Margins of the Labor Market?" Brookings Panel on Economic Activity, final conference draft, figure 4, available at http://www.brookings.edu/~media/projects/bpea/spring%202014/2014a_krueger.pdf.
- 3 Krueger et al., figure 7. See also Kroft, Lange, Notowidigdo, and Katz, "Long-Term Unemployment and the Great Recession: The Role of Composition, Duration Dependence, and Non-Participation," September 2013, p. 16, available at http://faculty.wcas.northwestern.edu/noto/research/KLNK_LTU_and_Great_Recession_june23_2014.pdf.
- 4 Krueger et al., p. 37.
- 5 AARP calculations based on Gerald Mayer, "The Trend in Long-Term Unemployment and Characteristics of Workers Unemployed for Two Years or More," Congressional Research Service, March 2014, appendix table A-3, available at <https://www.fas.org/sgp/crs/misc/R41559.pdf>.
- 6 R. Ghayad, "The Jobless Trap," Job Market Paper, available at http://media.wix.com/ugd/576e9a_f7ade4b6632949349fd75921699294fa.pdf.
- 7 G. Ho, M. Shih, D.J. Walters, and T.L. Pittinsky, "The Stigma of Unemployment: When Joblessness Leads to Being Jobless," Institute for Research on Labor and Employment, University of California-Los Angeles, December 12, 2011, available at <http://escholarship.org/uc/item/7nh039h1>.

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