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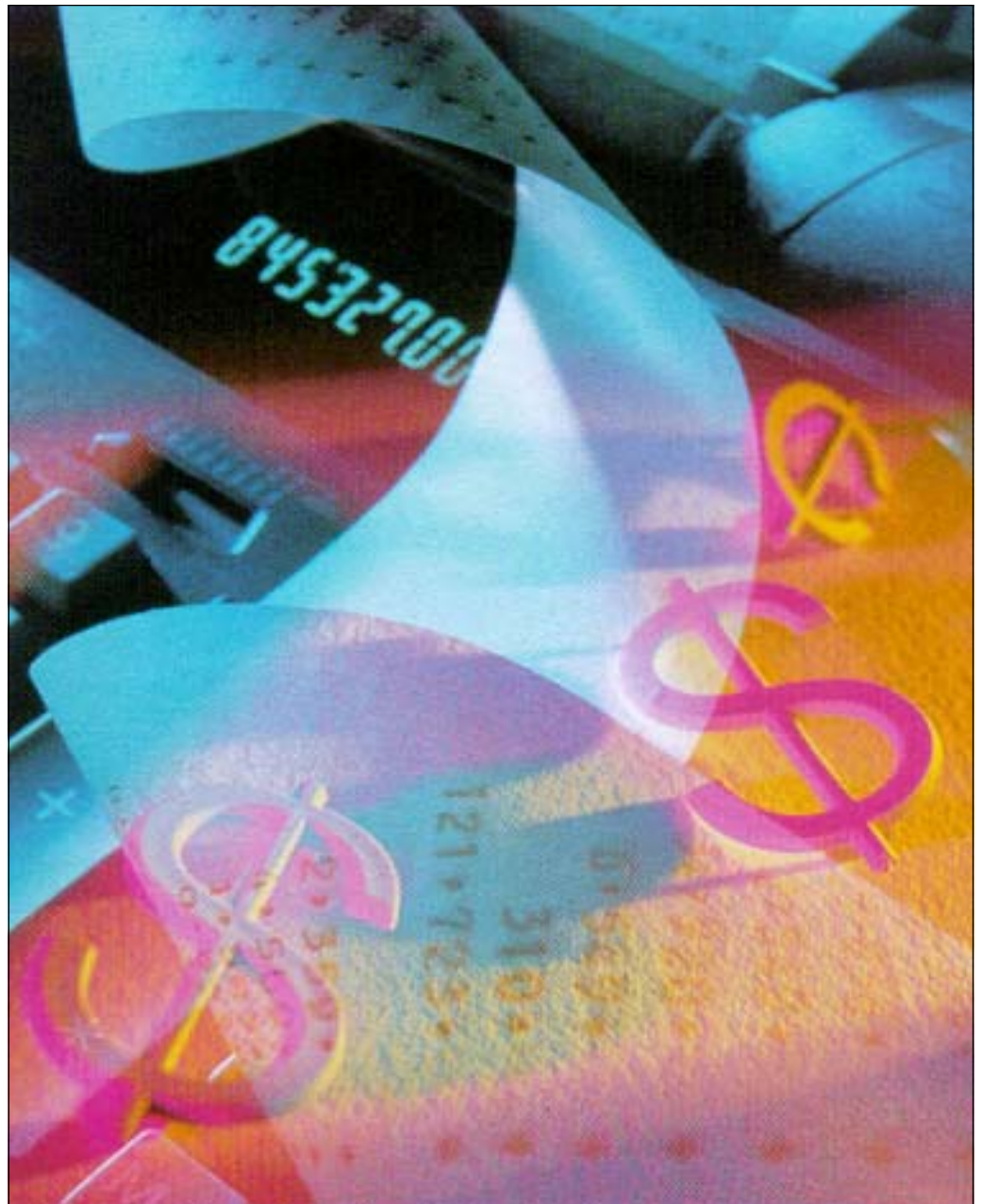
ON LABOUR AND INCOME

NOVEMBER 2001

Vol. 2, No. 11

■ TRENDS IN PART-TIME
JOB SEARCH

■ 1999 INCOME: AN
OVERVIEW



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Highlights

In this issue

■ Trends in part-time job search

- In 2000, 1.1 million people were unemployed. Of these, 757,000 were looking for full-time jobs, 207,000 were seeking part-time work, and the rest (126,000) were either on temporary layoff or were starting a job in a few weeks.
- In phase with the business cycle, the share of full-time job seekers among the unemployed fluctuated between 75.0% and 81.7% from 1976 to 1996. This share plunged to 73.4% in 1997, and declined steadily thereafter to reach 69.5% in 2000. In contrast, the share for seekers of part-time work showed a slight but steady upward trend (from 11.7% to 14.8%) between 1976 and 1996. A large increase (to 17.3%) in 1997 was followed by increases in the next two years. The share stabilized at 19.0% in 2000. Changes to the Labour Force Survey questionnaire in 1997 were mainly responsible for the large changes in the full- and part-time job-seeking shares between 1996 and 1997.
- Focusing only on the 1976-to-1996 period, almost all (99%) of the overall increase in the share of the part-time job-seeking group can be attributed to a trend effect. Changes due to demographic factors had hardly any net effect on the increase. Youth accounted for all of the trend effect.
- Unemployed people seeking part-time work are a heterogeneous group. In 2000, the majority were women, were between the ages of 15 and 24, and had no children under 16.

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Trends in part-time job search

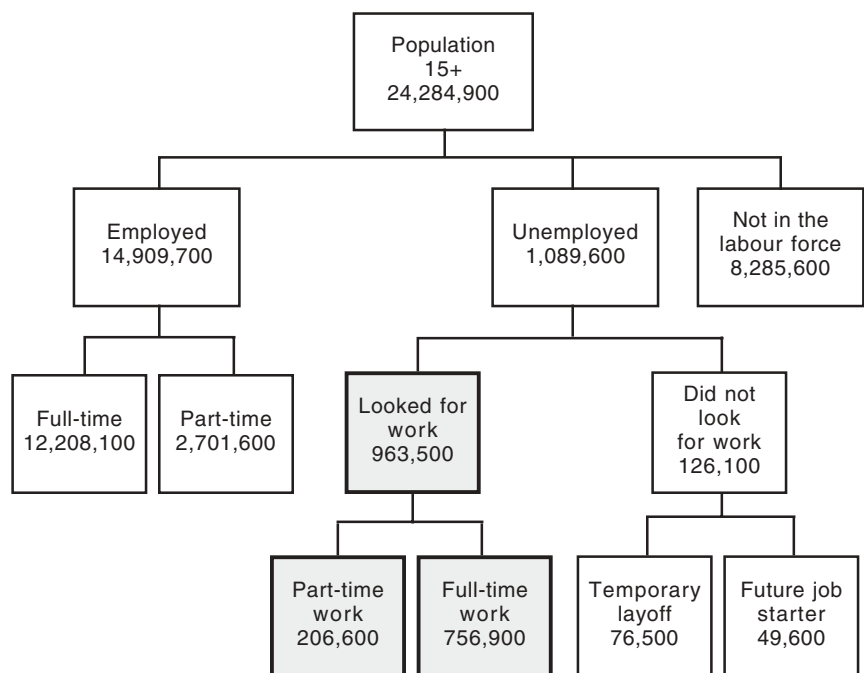
Berouk Terefe

PART-TIME WORKERS have garnered considerable interest over the years. Are they increasing as a proportion of the labour force? Do they work part time by choice? Do they receive fewer benefits than full-timers? Perhaps not surprisingly, the focus has been almost exclusively on people who are employed. The Labour Force Survey (LFS) does, however, ask the unemployed whether they are looking for full- or part-time work. Are the trends and characteristics of the two groups different? This paper explores these issues.

The first part of the paper discusses trends in unemployed *job seekers* of full- and part-time work between 1976 and 1996, and between 1997 and 2000. The second part isolates the contribution of demographic factors (such as the increased participation of women in the labour force and the aging of the labour force) and trend (all other factors) to changes in the overall part-time share between 1976 and 1996 (to exclude the effect of the 1997 LFS redesign). The third part looks at the demographic characteristics of the two groups of unemployed job seekers in 2000.

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Labour force status, 2000



Source: Labour Force Survey

The unemployed labour force consists of two main groups: a very large job-seeking component, and a much smaller non-job-seeking group. The job-seeking group splits into two sub-components: those looking for full-time work (30 hours or more per week), and those looking for part-time work (less than 30 hours). The non-job-seeking unemployed group also consists of two sub-groups: persons on temporary layoff, and

those starting a job in the next few weeks (often referred to as future starts) (see *Labour force status, 2000*).

Trends in full- and part-time job seeking

The number of unemployed increased by 95% (from 738,200 to 1,436,900) between 1976 and 1996. Even though a larger numerical increase was recorded for full-time job seekers (531,200), part-time job seekers had a higher percentage

increase (146% versus 96%). The number of unemployed men seeking full-time work increased by 96%, as did the number of women. In contrast, the number of unemployed men seeking part-time work increased by 188% while the corresponding rise for women was 124%.

In line with the business cycle, the share for full-time job seekers fluctuated between 75.0% and 81.7% from 1976 to 1996 (Chart A). The level in 1996 (75.5%) was virtually the same as in 1976 (Table 1). On the other hand, the part-time job seekers' share showed a slight but steady upward trend between 1976 and 1996, from 11.7% to 14.8%.

Between 1996 and 1997, the number of full-time job seekers fell from 1,084,800 to 1,012,400 and their share declined sharply (from 75.5% to 73.4%). In contrast, the number of part-time job seekers rose from 212,400 to 238,600 (all of the increase occurring among women) and their share jumped from 14.8% to 17.3% (Chart B).¹

Between 1997 and 2000, the numbers of both full- and part-time job seekers registered steady declines—to 756,900 and 206,600 respectively—as could be expected in good economic times. However, their shares diverged—full-time job seekers dropping to 69.5%, part-time climbing to 19.0%. These changes in shares could be attributed mainly to revisions to the LFS questionnaire in 1997 (see *The 1997 LFS questionnaire redesign*).

Factors affecting part-time job seeking

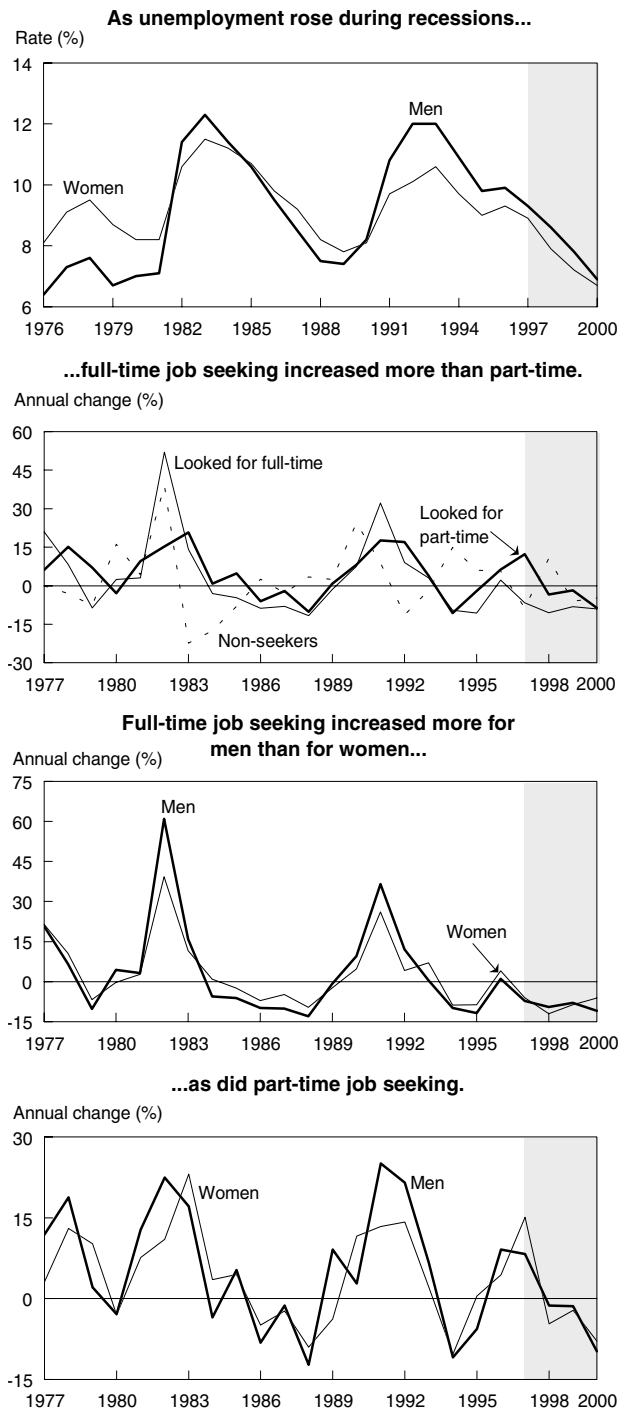
Because of the break in time series caused by the 1997 Labour Force Survey redesign, this section focuses on 1976 to 1996. The change in the share of part-time job seekers between 1976 and 1996 (3.1 percentage points) was decomposed to isolate the contributions resulting from changes in demographic composition (sex and age), and from trend (see *Decomposition formula*).

The rise in part-time jobs sought between 1976 and 1996 was due almost entirely to trend. The contribution of the trend was 99% (3.06 percentage points), while only 1% (0.02 points) of the rise was due to demographic shifts (Table 2). Almost all of the trend contribution came from 15 to 24 year-olds.

Characteristics of job seekers

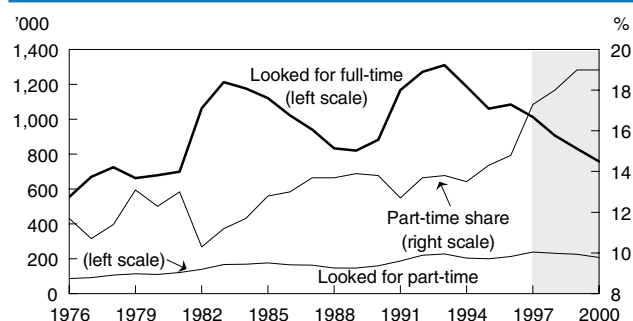
In 2000, of the 1,089,600 people who were unemployed, 69% were looking for a full-time job while 19% were looking for a part-time job.² The rest were

Chart A: Unemployed by type of job sought



Source: Labour Force Survey

Chart B: The share of part-time job seeking increased after the 1997 LFS revision.



Source: Labour Force Survey

on temporary layoff (7%) or waiting to start a job in the near future (5%). More than 58% of those seeking full-time work were men, while 60% of those seeking part-time jobs were women (Table 3).

More men than women were seeking full-time jobs, by a ratio of 1.4 to 1. Most of these people were aged 25 to 54, and 55% of both men and women had no more than high-school equivalent education (compared with about 80% for the 15-to-24 year olds). Single men made up the largest proportion (48%) of full-time job-seeking men, while among women, most (55%) were married.

Part-time job seekers, on the other hand, were mostly women, by a ratio of 1.5 to 1. Most were between 15 and 24, with high-school equivalent or less education, and single with no children. Women also accounted for 91% of part-time job seekers aged 25 to 54 with children under 16 at home.

Employed part-time workers are a very heterogeneous group (Blank, 1994). Most women use part-time work as a temporary alternative to full-time work or to being out of the labour market; few women use

it as a transition to full-time employment. Also, women with younger children, more children, or higher levels of other sources of income are more likely to work part time.³ The current study indicates, however, that only 25% of part-time job-seeking women have younger children at home; of these women, 13% had preschool-aged children and 12% had children aged 5 to 12.

Summary

Over the last 25 years, the proportion of people seeking part-time work has increased steadily. The rise in the share of part-time job seekers in 1997 was significantly large—mainly because of revisions of ambiguous wording in the Labour Force Survey questionnaire.

Between 1976 and 1996, the increase in the share of part-time job seekers among the unemployed can be attributed almost entirely to trend, rather than to any demographic shifts. In 2000, part-time jobs were

Table 1: Share of unemployment

Year	Total	Looked for full-time	Looked for part-time	On temporary layoff	Future job starter		
						%	
1976	100.0	75.0	11.7	9.4	4.0		
1977	100.0	77.9	10.7	7.9	3.5		
1978	100.0	78.3	11.4	6.8	3.5		
1979	100.0	76.7	13.1	6.7	3.5		
1980	100.0	76.2	12.3	8.3	3.2		
1981	100.0	75.5	13.0	8.2	3.3		
1982	100.0	78.7	10.3	8.8	2.2		
1983	100.0	81.1	11.2	5.7	2.0		
1984	100.0	81.7	11.7	4.6	2.0		
1985	100.0	80.9	12.8	4.1	2.2		
1986	100.0	80.0	13.0	4.9	2.1		
1987	100.0	79.0	13.7	4.9	2.4		
1988	100.0	77.9	13.7	5.7	2.7		
1989	100.0	77.4	13.9	5.7	3.0		
1990	100.0	76.3	13.8	7.4	2.5		
1991	100.0	78.9	12.7	6.8	1.7		
1992	100.0	79.4	13.7	5.4	1.5		
1993	100.0	79.6	13.8	4.9	1.7		
1994	100.0	78.3	13.5	5.9	2.3		
1995	100.0	76.2	14.3	6.9	2.6		
1996	100.0	75.5	14.8	7.3	2.4		
1997	100.0	73.4	17.3	6.3	3.0		
1998	100.0	70.9	18.0	7.6	3.4		
1999	100.0	69.9	19.0	7.3	3.9		
2000	100.0	69.5	19.0	7.0	4.5		

Source: Labour Force Survey

Table 2: Effects of various factors on the share of part-time job seekers between 1976 and 1996

	Change in part-time job seeking rate	Proportion of change due to	
		Demographic shift*	Trend**
Both sexes	3.08	0.02	3.06
Men	1.93	-0.02	1.95
Women	1.15	0.04	1.11
15 to 24	2.36	-5.57	7.94
25 to 54	0.70	1.58	-0.88
55 and over	0.01	0.09	-0.08

Source: Labour Force Survey

* Keeping the rate of part-time job seeking constant, this represents the change in part-time job seeking rate due to changes in the share of the specific sex group or age group.

** Keeping the share of the specific sex group or age group constant, this represents the change in the rate of part-time job seeking due to changes in the rate of part-time job seeking.

sought mainly by women aged 15 to 24. Most were single with no children, and had no more than a high-school equivalent education.

Perspectives

Notes

1 The redesigned LFS questionnaire was gradually phased in beginning with September 1996. By January 1997, the process was complete. The questionnaire changes affected mostly women since they form the overwhelming majority of part-time job seekers.

2 In 2000, approximately 18% of employed persons worked part time.

3 Blank's study analyzes the dynamics of adult women's labour market behaviour over a 14-year period between 1976 and 1989. The study explores labour supply choices among full-time, part-time, or no labour-market work.

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Decomposition formula

The data source used for the study is the Labour Force Survey. A decomposition was performed using a shift share analysis in order to isolate the contribution of the selected demographic variables, sex and age, and of the trend to changes in the growth of part-time job seekers. The end points used in the decomposition are 1976 and 1996. The decomposition was performed using the following formula.

$$X_{t+h} - X_t = \sum_{i=1}^n \left[\left(\frac{y_t^i + y_{t+h}^i}{2} \right) * (x_{t+h}^i - x_t^i) \right] + \sum_{i=1}^n \left[\left(\frac{x_t^i + x_{t+h}^i}{2} \right) * (y_{t+h}^i - y_t^i) \right]$$

X_t = overall part-time job seekers share at time t

x_t^i = part-time job seekers share for sex i or age group i at time t

y_t^i = total unemployment for sex or age group i at time t as a proportion of total unemployment

h = the number of years between the base year and the end year of the analysis

Table 3: Unemployed job seekers, 2000

	Both sexes		Men		Women	
	Full-time job seekers	Part-time job seekers	Full-time job seekers	Part-time job seekers	Full-time job seekers	Part-time job seekers
Total	756,900	206,600	442,500	81,800	314,400	124,800
	%					
All ages	100	100	100	100	100	100
15 to 24	24	61	25	79	22	50
25 to 54	69	32	67	15	71	43
25 to 34	25	11	24	6	25	15
35 to 44	26	12	26	5	27	17
45 to 54	18	9	17	5	19	11
55 and over	8	6	8	6	7	6
Education						
15 to 24 years	100	100	100	100	100	100
High school or less	80	94	82	95	77	92
Postsecondary certificate or diploma	16	5	14	5	18	6
University degree	4	1	4	1	6	1
25 years and over	100	100	100	100	100	100
High school or less	55	55	55	56	55	54
Postsecondary certificate or diploma	30	30	30	29	30	31
University degree	15	15	15	15	15	15
Marital status	100	100	100	100	100	100
Single	42	65	48	83	32	53
Married	48	29	44	14	55	39
Other	10	6	8	3	13	8
Family status	100	100	100	100	100	100
With children at home	34	23	28	7	42	34
Preschool age	10	9	9	3	12	13
5-12 years	12	8	10	2	16	12
13 years and over	11	6	9	2	15	9
Under 16, with parent(s) aged 25-54	24	17	21	4	30	25
Without children	66	77	72	93	58	66
Canada	100	100	100	100	100	100
Newfoundland	4	1	4	1	4	1
Prince Edward Island	1	0	1	0	1	0
Nova Scotia	4	3	4	3	4	3
New Brunswick	4	2	4	2	3	2
Quebec	31	21	32	19	30	23
Ontario	31	41	29	45	34	39
Manitoba	2	3	3	3	2	3
Saskatchewan	2	2	3	2	2	2
Alberta	7	10	7	10	7	10
British Columbia	13	15	14	14	12	16

Source: Labour Force Survey

The 1997 LFS questionnaire redesign

To improve data quality, several changes were made to the Labour Force Survey (LFS) questionnaire during the 1997 redesign. One was the removal of possible ambiguities related to the classification of full-time and part-time unemployed job seekers.

Prior to 1997, the relevant question was:

Is ... looking for a full-time or part-time job?

Full-time (30 or more hours per week) Part-time (less than 30 hours per week)

Because the definitions of full-time and part-time were often not read to respondents by interviewers, people were free to provide their own interpretation. To remove the ambiguity, definitions for full-time and part-time were built into the question:

Did ... want a job with more or less than 30 hours a week?

The result was an increase in the proportion of unemployed persons seeking part-time work, with a corresponding decrease in the proportion looking for full-time work. This was clearly demonstrated during the phase-in period. In November 1996, three LFS rotation groups answered the old questionnaire, while the remaining three groups answered the new questionnaire.

Additional data sets, covering different periods, support the conclusions reached from the November 1996 results.

The 1997 introduction of the redesigned 1997 questionnaire resulted in a break of the LFS series on full-time/part-time job seekers—an upward shift in the share of those seeking part-time work, and the reverse for full-time work.

1999 income: an overview

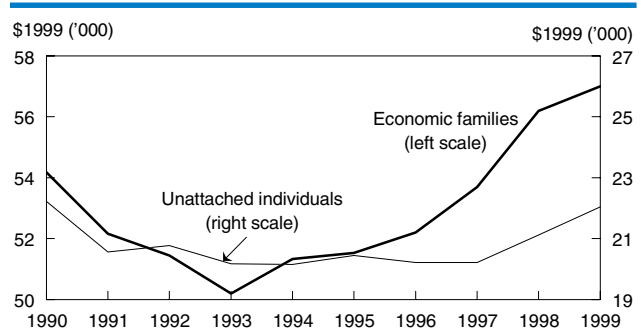
Cathy Cotton, Philip Giles and Heather Lathe

Market income

Average market income for Canadian families of two or more people was \$57,000 in 1999, up 1.4% from the previous year after adjusting for inflation. This marks the sixth year of sustained growth, although at a slower rate than in the two previous years. Average market income increased by 13.6% from 1993 when it was at a low of \$50,200.

Average market income for persons not living in families (unattached individuals) was \$22,000 in 1999, up by 4.3% from the previous year. This was the second year in a row that the growth in average market income of unattached individuals exceeded 4%. Mainly because of the increases in 1998 and 1999, the average market income of unattached individuals finished the decade at basically the same level as 10 years earlier.

Chart A: Market income

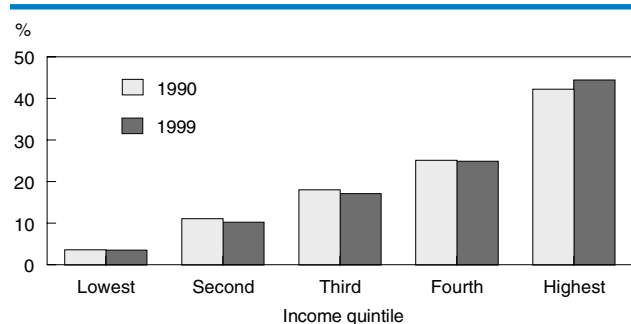


Sources: Survey of Consumer Finances, 1990-1995; Survey of Labour and Income Dynamics, 1996-1999

Inequality of market income

If families are ranked by their income level from lowest to highest, the top 20% of families earned 44.4% of all market income in 1999, compared with 3.5% for the bottom 20% of families. For every dollar earned by the bottom 20%, nearly 13 dollars were earned by the top 20%.

Chart B: Market income shares



Sources: Survey of Consumer Finances, 1990; Survey of Labour and Income Dynamics, 1999

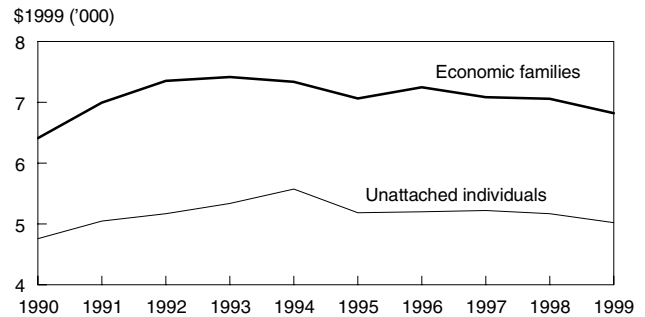
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Downward trend in government transfers

Families of two or more persons received an estimated \$6,800 in government transfers in 1999, a decline of 3.3% from 1998. Government transfers to families peaked in 1993 and have since fallen by 8.0%.

Unattached individuals received \$5,000 on average in transfers in 1999, down 2.9% from 1998 and 10.0% from the peak reached in 1994.

Chart C: Average government transfers



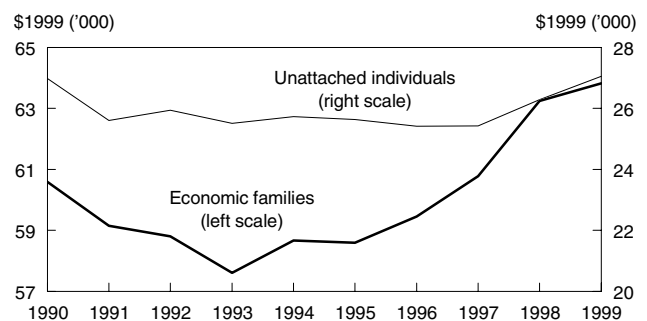
Sources: Survey of Consumer Finances, 1990-1995; Survey of Labour and Income Dynamics, 1996-1999

Total income

When all income sources are considered, Canadian economic families received an average of \$63,800 in total income in 1999, an increase of 0.9% from 1998. Average total income for unattached individuals was \$27,100, an increase of 2.9%. Total family income increased 10.8% from 1993, when it was at its lowest level for the decade.

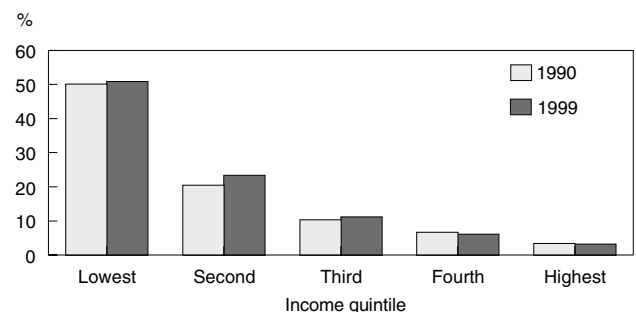
For the 20% of families with the lowest incomes, government transfers contributed about half (50.8%) of all income received in 1999. For families in the top quintile, only 3.2% came from transfers. Because of transfers, the distribution of total income is more 'equal' than market income. On the basis of total income, the top 20% of families received about six and a half dollars for every dollar received by the bottom quintile. In aggregate terms, the top 20% of families got 40.9% of total income, versus 6.3% for the bottom 20% of families. This sharing is slightly more unequal than ten years ago when the percentages were 39.1% and 6.4%.

Chart D: Average total income



Sources: Survey of Consumer Finances, 1990-1995; Survey of Labour and Income Dynamics, 1996-1999

Chart E: Transfers as a proportion of total income



Sources: Survey of Consumer Finances, 1990; Survey of Labour and Income Dynamics, 1999

Data sources and definitions

Data for this study are taken from two sources: The **Survey of Labour and Income Dynamics** is a longitudinal household survey that began in January 1993. The **Survey of Consumer Finances** was an annual supplement to the Labour Force Survey.

Market Income: total earnings (from paid employment or self-employment), investment income, retirement income (private pension plan) and "other income." It excludes government transfers. Market income is also known as income before taxes and transfers.

Government transfers: all direct payments to individuals and families by the federal, provincial and municipal government: Old Age Security pensions, the Guaranteed Income Supplement, Spouse's Allowance, Canada and Quebec Pension Plan benefits, Child Tax Benefits, Employment Insurance benefits, workers' compensation benefits, credits for the GST/HST, provincial or territorial refundable tax credits, social assistance payments and other government payments.

Total income: income from all sources before deduction of federal and provincial taxes; that is, market income plus government transfer payments.

After-tax income: total income minus income taxes.

Economic family: two or more persons who live in the same dwelling and are related to each other by blood, marriage, common law or adoption.

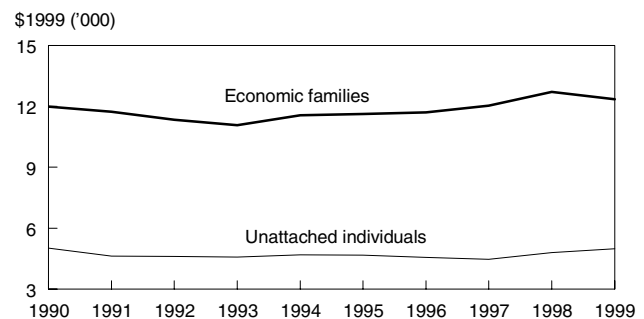
Quintiles: For all measures of income, quintiles are formed by ranking the families in ascending order of income and dividing the entire sample into five equal parts. The top quintile consists of the 20% of families with the highest after-tax incomes, and the bottom quintile, the 20% of families with the lowest incomes.

Drop in income taxes for families

In 1999, the average family paid \$12,300 in income taxes. This is a decrease of 2.8% from 1998 when taxes were at their highest level for the decade.

The proportion of tax paid by each income group has shifted during the last 10 years. The proportion of taxes paid by families in the bottom quintile has increased but remains relatively low, having moved from 1.6% in 1990 to 1.9% in 1999. Families in the highest quintile also paid a somewhat larger share of taxes in 1999, accounting for 51.8% of aggregate income taxes versus 48.7% in 1990.

Chart F: Average income taxes



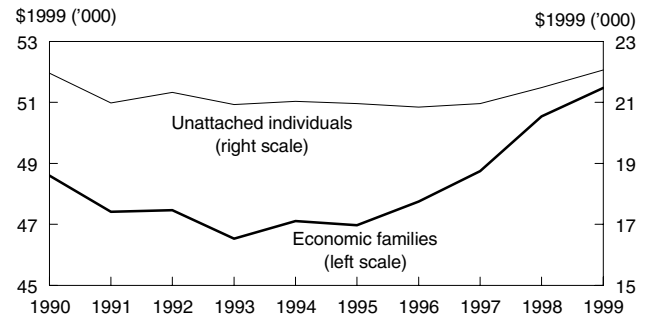
Sources: Survey of Consumer Finances, 1990-1995; Survey of Labour and Income Dynamics, 1996-1999

After-tax income

The average family received an estimated \$51,500 in after-tax income in 1999, up 1.9% from 1998. For unattached individuals, the average after-tax income was \$22,100, up 2.7% from the previous year.

Like transfers, taxes reduce income inequality. The top 20% of families received 38.3% of all after-tax dollars compared with 7.4% for the bottom quintile—a ratio of about 5 to 1.

Chart G: Income after tax



Sources: Survey of Consumer Finances, 1990-1995; Survey of Labour and Income Dynamics, 1996-1999

Fewer families in low income in 1999

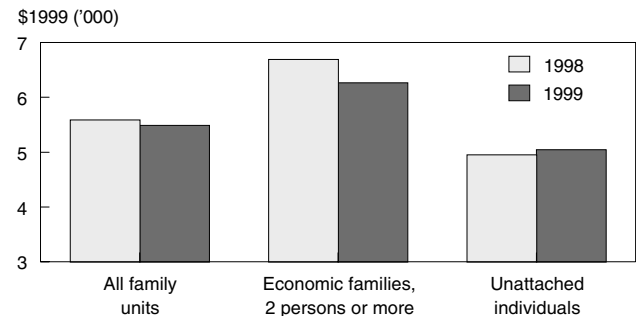
An estimated 723,000 families were in low income after tax in 1999, down from 737,000 in 1998. The family low income rate was 8.6%, the lowest rate since 1990 (8.5%). The financial situation of families below the low income cutoff also showed some improvement. On average, these families would have needed an additional \$6,300 in after-tax dollars to reach the low income cutoff, compared to \$6,700 in 1998.

Among unattached individuals, 1,280,000 were in low income in 1999, virtually the same as in 1998. They would have needed an additional \$5,000 to rise above the low income cutoff in 1999.

The low income rate for persons dropped as well. In 1999, 11.8% of all Canadians, about 3.6 million persons, were in low income based on their income after tax. After climbing throughout the early 1990s, the prevalence of low income peaked in 1996 at 14.0% and has been declining ever since.

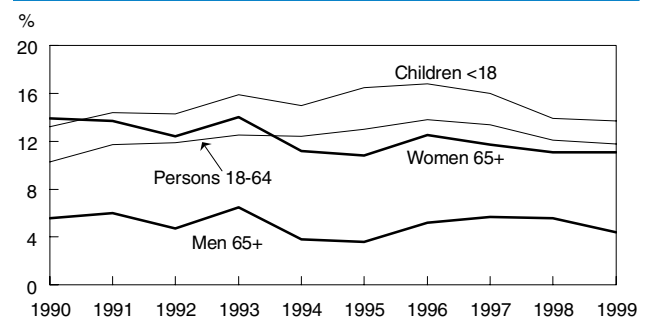
In 1999, 962,000 children lived in low income families, down from 978,000 in 1998. The proportion has been falling since 1996 when it peaked at 16.8% on an after-tax basis. The rate then fell to 13.9% in 1998 and 13.7% in 1999.

Chart H: Average after-tax amount needed to reach low income cutoff



Source: Survey of Labour and Income Dynamics

Chart I: Low income rates based on income after tax

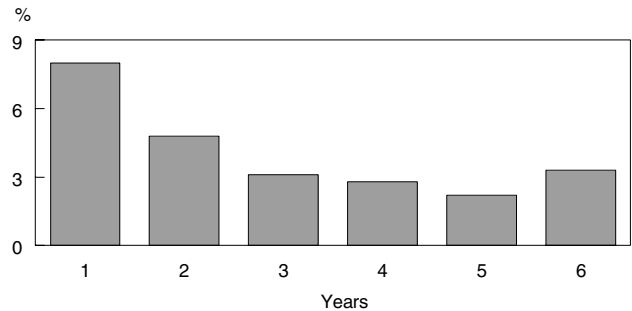


Sources: Survey of Consumer Finances, 1990-1995; Survey of Labour and Income Dynamics, 1996-1999

Low income touches almost one in four over a six-year period

About a quarter of Canadians experienced low income for at least one year during the six-year period starting with 1993. More specifically, 8.0% experienced one year of low income and 4.8% experienced two years (not necessarily consecutive). At the other extreme, 3.3% of the population remained in low income throughout the full six years.

Chart J: Low income persistence, 1993-1998



Source: Survey of Labour and Income Dynamics

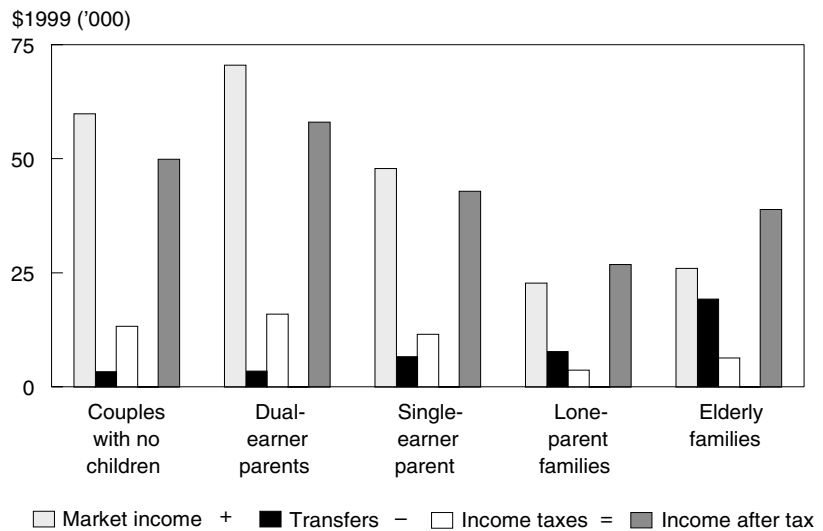
Effect of transfers and taxes across family types

The average married couple with no children at home earned about \$59,900 in market income in 1999. They received an additional \$3,300 in government transfers but paid out \$13,300 in taxes. So, on average, they received \$49,900 after tax; after netting out taxes and transfers, they retained 83.4% of their market income.

Dual-earner parents had higher market income (\$70,500) and higher after-tax income (\$58,100), but the portion of market income they retained was much the same—82.4%. Single-earner couples with children had substantially lower levels of market income in 1999, \$47,800 on average. But with somewhat higher government transfers and lower income tax, their after-tax income, at \$42,900, was 89.7% of their market income.

Lone-parent families averaged \$22,800 in market income in 1999. They received more in government

Chart K: Transfers and taxes by family type



Source: Survey of Labour and Income Dynamics

transfers than they paid in taxes; after-tax income was therefore higher at \$26,800. The same is true for families headed by a senior. Their market income averaged \$25,900 in 1999 while after-tax income was \$38,800.

Unattached seniors, particularly women, registered very low levels of income. Senior unattached men averaged \$22,600 after tax, while women averaged \$18,400.

Perspectives