



EBRI News

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New Research From EBRI:

Public-Sector Workers Have Longer Median Job Tenure

WASHINGTON—Workers who have public-sector jobs typically have longer job tenure than those employed by private companies, and the difference has increased in recent years, a new study by the nonpartisan Employee Benefit Research Institute (EBRI) shows.

The study notes that tenure trends may affect the composition of government work forces in coming years, especially once the more senior and experienced workers begin to retire.

In 2004, the EBRI study found, public-sector workers' median (midpoint) tenure on the job was seven years, nearly double the 3.6 years for those employed by private businesses. (As a result of changes in the labor market over the last two decades (1983–2004), the median job tenure for government workers was about 80 percent longer than that of private-sector workers.)

Overall, the study found that “career jobs” (staying in one job for an entire career) never existed for the great majority of American workers, and certainly do not exist today. Median job tenure of all wage and salary workers was 4.9 years in 2004, virtually unchanged from five years two decades earlier.

Still, the EBRI study noted significant differences exist among workers, depending on their age and gender. For example:

- The median tenure for all older male workers (ages 55–64) declined from a peak of just over 15 years in 1983 to 10 years in 2004—the largest change for any age group in the study.
- The median tenure for all older women workers (ages 55–64) stood at 9.3 years in 2004. This median has remained relatively constant since 1983.
- Job tenure for all male workers declined during the 20-year period— from just under a median of six years (5.9) to just over five years (5.1). But for all women, median job tenure increased over the same period—from 4.2 years in 1983 to 4.7 years in 2004.

The study, “Employee Tenure: Stable, but Male and Female Trends Differ,” appears in the March issue of *EBRI Notes*. It is available on the EBRI Web site at www.ebri.org. The EBRI study, involving workers 25 and older (20 and older in some data-breaks and in some cases only wage and salary workers), was based on data from January 2004 by the Census Bureau.

“These tenure results indicate that, historically, most workers have repeatedly changed jobs during their working careers,” said Dallas Salisbury, EBRI president. “All evidence suggests that workers will continue to do so in the future.”

The EBRI study described as “quite striking” the differences in median job tenure between those working for private companies and those employed in government jobs, with important implications for the future. While private employers have been able to maintain a fairly constant percentage of long-term employees (25 or more years of tenure), government agencies have had an increasing percentage of long-term employees, a trend that

has continued in recent years. “Consequently, public-sector employers are soon going to be facing—if they are not already—the retirement of a significant number of their most experienced workers,” the study noted.

Beyond that, the study said that continued job change has important implications for workers’ potential retirement income. Since most “traditional” defined benefit pensions are based on a formula using tenure and average salary, workers who frequently change jobs will not receive the full advantage of these pension plans because they are unlikely to remain with the same employer long enough to qualify for the maximum benefit—and, in some cases, may not qualify for any pension benefit at all.

In addition, a worker who changes jobs must decide what to do with any retirement plan assets he or she has accumulated—a situation that has become more prevalent with the growth in retirement plans that allow lump-sum distributions. If workers do not preserve these pension benefits in a savings plan for retirement, the study concluded, they may forego an important source of supplemental income to Social Security and may be forced to remain in the work force longer than they planned.

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