Public Policy & Aging Report

National Academy on an Aging Society

Winter 2011 Volume 21, Number 1

Older Workers: Problems and Prospects in an Aging Workforce

Senior Service America

From the Editor

A Precarious Decade for Older Workers

Robert B. Hudson, Editor

This issue of *PP&AR* explores the uneven experiences of older workers during the first decade of the 21st century. Macro-level economic circumstances and well-known population characteristics account for this variegated pattern. Among a modest amount of good news was an increase in labor force participation among older workers and in median income throughout the decade (despite very high levels of unemployment during 2008 and 2009). Yet, when unemployment did strike, the length of time out of work was notably greater for older than younger workers. And, among those workers, the decline in income was dramatic even when new work was found.

The articles here disentangle the employment experiences today's older workers. Bob Harootyan and Tony Sarmiento provide an historical context, addressing aggregate trends in labor force participation (LFP), the roles of gender and education in determining those rates, employer attitudes toward older workers, and public policy shortcomings in improving employment prospects. Neeta Fogg and Paul Harrington explore the odd juxtaposition of relatively high demand for older workers during this decade against high rates of unemployment among them. They find something of a "substitution" of older workers for younger ones in many arenas, yet many categories of workers have nonetheless experienced job losses across the board in the more recent period.

Andrew Sum, Ishwar Khatiwada, and Mykhaylo Trubskyy turn attention to the especially problematic experiences of low-income older workers. Unemployment among these workers rose sharply during the decade, notably among women, minorities, high school drop-outs, the unmarried, and very old workers. These individuals experienced very high rates of unemployment and had severe problems regaining employment once unemployed. Carl Van Horn, Nicole Corre, and Maria Heidkamp buttress these findings through survey data gathered through the Heldrich Center at Rutgers, examining the fate of the long-term unemployed. They explore the difficulties for these workers in finding new employment, the devastating economic and psychological consequences of prolonged absence from the labor force, and feelings of pessimism about theirs and the country's economic future.

Sara Rix's article focuses on the aging baby boomer cohort, reviewing the likelihood of their remaining in the labor force at older ages and why that may be the case. LFP among "early" boomers was higher than for any age 55-to-64 cohort in the last 60 years. Factors promoting this include financial need, the significant increase in LFP among women, and new and different work experiences while "in retirement." Finally, Judith Gonyea and I review the legislative and administrative history of the Senior Community Service Employment program (SCSEP) that emerged as part of the Great Society and now constitutes Title V of the Older Americans Act. In addressing the needs of low-income older workers, the program has served multiple functions: income maintenance, job training, and civic betterment. Not surprisingly, there has been ongoing tension between the community service and private sector employment objectives of the program, but they remain dual program goals. Most recently, SCSEP has been caught up in the larger deficit reduction initiatives taking place in Washington.

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Public Policy & Aging Report is a quarterly publication of the National Academy on an Aging Society (www.agingsociety.org), a policy institute of The Gerontological Society of America.

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ISSN 1055-3037

The Future for Older Workers: Good News or Bad?

Bob Harootyan • Tony Sarmiento

Does the future look promising for older workers? It depends. Factors such as age, educational attainment, gender, work history, workforce demands, desires, and—ultimately—income/assets/financial security for retirement are key elements in determining whether older adults remain in the labor force. Social, political, and economic forces create the environment in which these individual characteristics play a role. Simply relying on past trends is unlikely to yield a clear picture of what lies ahead. For example, the labor force participation rate (LFPR) of the older population (persons aged 55 and over) steadily declined for 45 years after World War II. But that trend reversed after 1990—and it applied only to the LFPR for older men. In contrast, since 1950 the LFPR of older women increased, leveled off, and increased again in the late 1990s.

But history does not necessarily repeat itself. We review key factors related to recent patterns of work and retirement, especially among those who are approaching "traditional" retirement ages, and discuss their implications for older workers in the future. We also note the growing economic and cultural diversity within the older population and indicate the special challenges faced by the least advantaged older adults. Finally, we discuss how programs targeted to disadvantaged older workers can make a difference in addressing their needs.

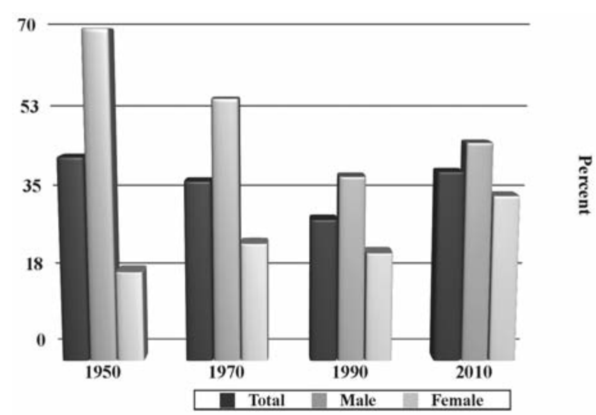
Older Workers during the Last 60 Years: Gender Makes a Difference

Although some observers in the 1980s may have expected the steadily declining aged-55-and-over LFPR to level off, few would have projected that rates would turn upward to the extent seen since the early 1990s, most noticeably for older women. Older men's labor force behavior accounted for the persistent decline in the LFPR of all older adults from the 1950s through the early 1990s.[1] During the 1950s, older women's LFPR—while only about one-third the rate of older men's—increased moderately, while older men's LFPR sharply decreased. For the next 30 years, the age-55-and-over-female LFPR remained quite stable in mid-20 percent range. In contrast, the age-55-and-over-male LFPR continued its steady decline, from about 60 percent in 1960 to below 40 percent by the early 1990s. From that point forward, *both* the male and female rates have significantly increased (Johnson, Butrica, & Mommaerts, 2010). Today, nearly 40 percent of persons aged 55+ are in the labor force (i.e., employed for pay or unemployed and looking for paid work). As shown in Figure 1, older women's LFPR in late 2010 (35 percent) was the closest it has ever been to the LFPR of older men (46 percent).

These gender-related changes in the age-55-and-over LFPR since the end of World War II reflect large-scale societal changes that are now evidenced in the older population's workforce characteristics. These post-industrial forces include the growing social and economic roles of women, the growth of dual-income family households, delayed marriage and child-bearing, fewer children and higher rates of childcare outside the home, higher proportions of mothers in

Figure 1

Labor Force Participation Rates of the Aged 55+ U.S Population by Gender; Selected Years 1950–2010



the labor force, higher rates of divorce and single-parent families, declines in manufacturing jobs and increases in service and white collar jobs, and the increasing educational attainment of both men and women (Lee & Mather, 2008; Mosisa & Hipple, 2006). These factors have influenced labor force trends for over half a century, culminating in today's older workforce—double the proportion of women aged 55 and over, but only two-thirds the proportion of men aged 55 and over compared to 60 years ago.

Beyond Gender: An Aging Population and an Aging Workforce

Gender-specific changes in the LFPR of the older population are only part of the picture. As greater proportions of older adults remain in the labor force, differences by race/ethnicity, educational attainment, and other characteristics add to the complexity of these changes. They reflect increased aging of the U.S. population, growing proportions of minorities in the older workforce, and improvements in educational attainment for most groups. Yet, despite the slow and steady aging of the U.S. population between 1950 and 2000, the workforce did not follow suit. The proportion of persons aged 55 and over in the total workforce was at its highest level in the mid-1950s—18.4 percent (for those aged between 55 and 64, the apex was 1966 to 1967, at 14 percent). Between then and the mid-1990s, the proportion of age-55-and-over workers in the total labor force steadily declined, reaching a low of 11.9 percent in the mid-1990s (Johnson & Kaminski, 2010). Until that period, demography was not destiny for the age distribution of the U.S. labor force. The secular trend of ever-lower LFPRs and earlier retirement of older men was the dominant force.

But the aging of America is accelerating, and the U.S. workforce is now aging as well. The earliest cohort of baby boomers reached age 55 in 2001. Nearly three-fourths of boomers, now aged 47-to-65, remain in the labor force—the highest proportion since 1950. Average life expectancy is 36 years at age 45 and nearly 19 years at age 65, and fertility rates have remained low since the 1970s (National Center for Health Statistics, 2011). These factors have combined with recent economic forces to yield an increasingly older workforce. By 2009, workers aged 55 and over comprised 18.8 percent of the labor force, the highest level since 1948. Workers aged between 55 and 64 were 14.6 percent of the total, also the highest since 1948. And workers aged 65 and over, at 4.2 percent of the total workforce, were at their highest proportion in more than 40 years (Johnson & Kaminski, 2010). The most recent gains in older workers are telling. Despite the recession, from December 2009 to December 2010 nearly one million more workers aged 55 and over (977,000) were added to the labor force, one-third of whom were women (U.S. Bureau of Labor Statistics, 2011).

Education and Labor Force Participation

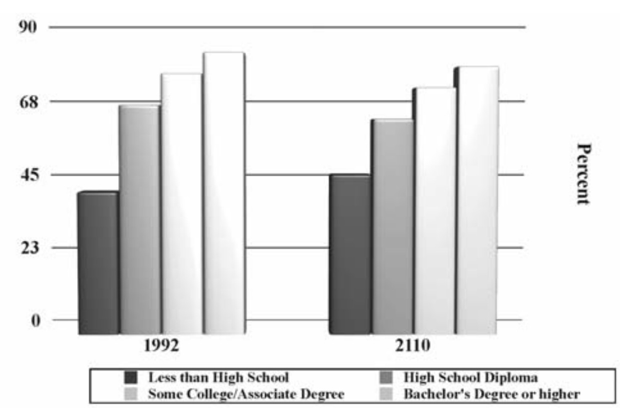
Along with the aging population and the notable increase in older female workers, other factors help explain the growing LFPR of older adults. Educational attainment is linearly associated with labor force participation; persons with higher levels of education have notably higher LFPR than persons with lower levels of education. In 2010, only 46.6 percent of adults age 25 and over with less than a high school diploma were in the labor force, compared with 61.6 percent who had a diploma and 76.7 percent of those with a college degree or better (U.S. Bureau of Labor Statistics, 2011). However, the differential is shrinking. The 30-percentage-point difference in the LFPR between the lowest and highest educational groups in 2010 was 10 percentage points less than in 1992, when only 41.2 percent of non-diploma persons worked compared to 81.3 percent for the college-degreed group. As seen in Figure 2, the only increase in LFPR was among adults without a high school diploma.

This relationship between education and labor force participation helps explain the increasing LFPR of older adults. Even the pre-boomer cohorts, who are now age 65 or over, are much more likely to be high school graduates than were seniors in previous decades. In 1970, only 28 percent of persons age 65 and over had a high school diploma, compared with 78 percent in 2009 (U.S. Census Bureau, 2010). This trend will continue as more boomers fill the ranks of the age-55-and-over population; 89 percent of all boomers have a high school diploma (higher for whites and slightly lower for blacks and Hispanics).

But these educational improvements have not been uniform across all subgroups of the older population. In 2009, 85 percent of whites age 55 and over but only 73.7 percent of blacks and 53.5 percent of Hispanics age 55 and over had a high school diploma (U.S. Census Bureau, 2010). Minority persons age 55 and over are highly over-represented among those without a high school diploma (see Figure 3).

Figure 2

Labor Force Participation Rates of the Aged 25+ U.S. Population by Educational Attainment: 1992 and 2010



Unemployment among Older Workers: Good News and Bad

Despite these large-scale improvements in educational attainment among boomers and all persons age 55 and over, a significant subgroup of older people face various limitations in their labor force participation. Not only are less-educated elders less likely to work than their more-educated counterparts, but those who do work are less likely to have full-time jobs and more likely to earn the lowest hourly wages, often with few or no fringe benefits (Employee Benefit Research Institute, 2010a; Employee Benefit Research Institute, 2010b; Sum & Khatiwada, 2010).

Less educated and lower income older workers—disproportionately minority persons and women—work fewer hours and have fewer benefits than their better educated, high-income counterparts. Their recent increases in LFPR are tempered by limited work options that make them the most economically vulnerable among all older workers. Although unemployment rates of older workers during the recession were lower than those for workers under age 55, by early 2010 the age-55-and-over unemployment rate reached its highest level since 1948 (7.6 percent).

More importantly, risk of unemployment varies greatly by education level and by race/ethnicity. Workers age 55 and over without a high school diploma have consistently higher unemployment rates than all others. When the recession began in late 2007, unemployment among non-diploma older workers was 4.8 percent—more than twice the rate of their college- graduate peers (2.3 percent). This disparity in unemployment is even greater today. By January 2010, when the full effects of the recession were felt, the non-diploma rate was 12.4 percent, compared to only 5.4 percent for the college graduates (see Figure 4). The differences remain, even as unemployment rates have begun to ebb. In December 2010, unemployment for older workers without a diploma was 2.5 times higher than for college-degreed older workers—10.7 percent versus 4.1 percent, respectively (U.S. Bureau of Labor Statistics, 2011).

Because minority status is related to lower educational attainment, it is no surprise that the unemployment rates of black and Hispanic older workers during the recession have been nearly twice those of non-Hispanic white workers aged 55 and over. Figure 5 indicates these persistent disparities since November 2007.

In turn, lower educational attainment and minority status are directly related to lower family income. Low-income older workers are far more likely to be unemployed or underemployed than high-income older workers.[2] Soon after the recession began, the least educated and lowest income seniors were the most likely to be unemployed. Furthermore, older unemployed workers in general remain unemployed for longer periods of time than their younger counterparts. Various surveys confirm the special burdens faced by older unemployed workers in finding jobs. One analysis of long-term unemployment found that workers age 45 and over—as well as minorities and women—were notably more likely than others to be unemployed in excess of 99 weeks (Mayer, 2010). Other reports indicate that in late 2010, older job seekers were unemployed for an average of 40.6 weeks, compared to 31.6 weeks for younger workers (Heidkamp, Corre, & Van Horn, 2010).

Special Consequences of Unemployment for Older Workers

Thus, for many older workers—especially the most disadvantaged—recent gains in employment have dramatically reversed in the last three years. Most economists believe that it will take at least three to five more years for unemployment rates to approach their pre-recession levels. The longer periods of unemployment that confront older workers attest to the barriers they face in the job market. Recent national surveys on the plight of unemployed workers paint a dismal picture for older people seeking reemployment (Borie-Holtz, Van Horn, & Zukin, 2010; also see Van Horn et al.'s article in this issue of *Public Policy & Aging Report*). Those age 55 and over were only half as likely to be reemployed as those under age 55 during the same time period (15 percent versus 28 percent respectively). Older unemployed workers face difficult economic pressures, with two-thirds saying they dipped into savings and

Figure 3

Percent of all Person Aged 55+ and Percent Without a High School Diploma, by Race and Ethnicity: U.S. Population, 2009

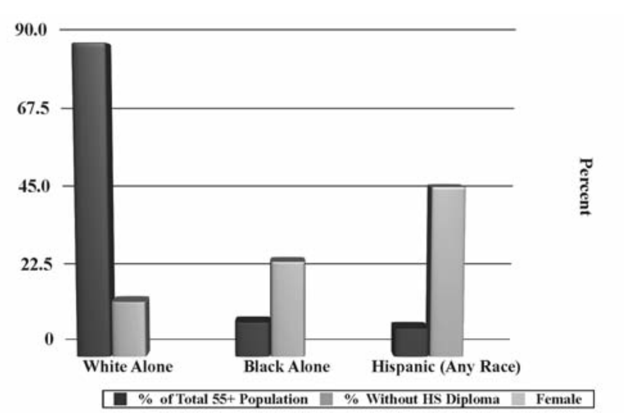


Figure 4

Unemployment Rates of the Aged 55+ U.S. Population, by Educational Attainment: Nov. 2007–Dec. 2010

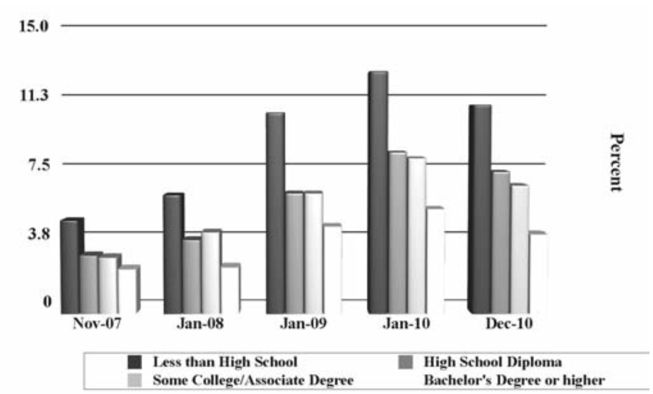
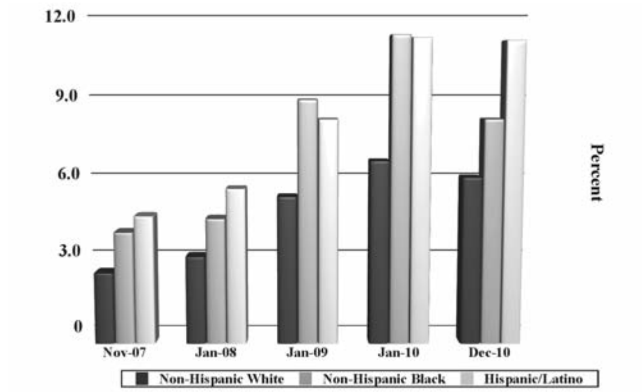


Figure 5

Unemployment Rates of the Aged 55+ U.S. Population, by Race and Ethnicity: Selected Months, Nov. 2007–Dec. 2010



nearly one-third reporting they had to increase their credit card debt to make ends meet.

The consequences of long-term unemployment reach far beyond economic ones. Emotional stress and discouragement characterize the feelings of long-term unemployed older adults (Borie-Holtz et al., 2010). These reactions can have devastating effects on one's self esteem, as well as relationships with family members and friends. The reemployment challenges faced by older workers go beyond issues of adequate pay, health benefits, and necessary skills. A large proportion of older workers who had been unable to find another job believed that age discrimination was an important reason. While difficult to document formally, these workers felt strongly that such discrimination was a major barrier. To quote from two survey respondents, "As an older American, it is cheaper […] to hire younger, lower-paid […] workers. We are expendable," and, "Age discrimination is alive and well" (Borie-Holtz et al., 2010, p. 49).

Their perceptions are supported by a study showing that employers were more likely to request an interview with a younger job applicant than an older one, even though their resumes were the same (Lahey, 2005). The study involved sending similar resumes in response to ads for entry-level jobs. The jobs were traditional female positions; all resumes were for women. The applicant's age was not specified but could be inferred from the date of high school graduation, which was the only major difference in the resumes submitted for the same type of job. The imputed ages of the applicants ranged from 35 to 62. The outcome measure was an employer's offer for a job interview. Applicants under age 50 were more than 40 percent more likely to be offered a job interview than those aged 50 or older. Although the results varied by type of job, this large age-based disparity was consistent across all cases.

A similar conclusion is suggested in a recent report that analyzed three waves of the Survey of Income and Program Participation. Noting that employers seem reluctant to hire workers over age 50, the authors suggest that employers may not *believe* that investing in older workers (e.g., training) is good business (return on investment), that older workers either do not have updated skills or are less willing to learn new ones, and that they are more costly (pay scale, fringe benefits) than younger workers (Johnson & Mommaerts, 2011). No wonder, then, that unemployed older workers perceive such discrimination and become discouraged.

Faced with these barriers, older workers are more likely than others to become discouraged and drop out of the labor market. In January 2011 the national unemployment rate dropped to 9.0 percent from the previous month's 9.4 percent, even though only 36,000 new jobs were created. The rate declined largely because so many people dropped out of the labor force. For discouraged workers aged 62 or older, taking early Social Security retirement may be considered a necessary option, whether or not they previously intended to. This is particularly true for lower income older workers, whose workforce dislocation and inability to find new jobs is two-to-three times worse than for others (see Sum et al.'s article in this issue of *Public Policy & Aging Report*). Moreover, among all older workers, a majority still choose early retirement even though it entails a permanent 25-to-30 percent reduction in their monthly benefit. It is ironic that despite the increased LFPR of persons age 55 and over (especially those between ages 55 and 64), age 62 remains the most prevalent retirement age (Johnson et al., 2010).

Economic Insecurity and Labor Force Behavior: Money Counts

These trends suggest that the demographic potential of older workers taking the place of fewer available younger workers (i.e., labor substitution) is only partly assured. Age 62 remains a major transition point. Recent surveys indicate that adults' expectations about their future work lives differ from the actual patterns of current retirees. Prior to the recession, the average worker expected to retire at age 61 (Pew Research Center, 2006; Merrill Lynch & Co., Inc., 2006). But as one's age increases, so does expected retirement age—to a point. In a Pew Research Center (2006) survey, workers age 50 and over had an expected retirement age of nearly 64 years, compared to 59 years for workers aged between 18 and 29. Workers approaching retirement age appear to reassess their ability to retire comfortably, leading them to work somewhat longer than planned (if possible). This factor seems even more relevant because of the recent recession (AARP, 2010).

But the traditional definition of retirement also may be changing. In the Merrill Lynch (2006) survey, baby boomers expected on average to retire at 61, but also expected to continue working in some capacity for an average of nine more years. It seems like an oxymoron, but working in retirement may be the new reality for many older people, whether by choice or necessity.

A 2008 national survey indicated that one-fifth of persons age 50 and over said they had retired from their main job or career but were still "working in retirement" (Brown, Aumann, Pitt-Catsouphes, Galinsky, & Bond, 2010). The main reasons they retired were "health issues" (33 percent), "employer push," including being fired and laid off (21 percent), "pursue other interests" (20 percent), and "financial pull of benefits" (20 percent). In contrast, financial considerations dominated their reasons for working in retirement. More than half (53 percent) cited the need to earn more money for retirement, and 18 percent said they did not have enough income from other sources. In comparison, 31 percent sought to avoid boredom from not working. Feeling useful (18 percent), family caregiving demands (16 percent), enjoying the job (15 percent), and staying physically and mentally active (12 percent) were other reasons. Only 6 percent said they needed health insurance.

This primacy of financial considerations for working in retirement is mirrored in the Pew Research Center (2006) survey results. Among respondents who were currently employed (and not retired) and who expected to work for pay after they retired, disadvantaged workers were most likely to cite economic necessity. Fully 38 percent who were only high school graduates or less said they would need to continue to work, compared with only 24 percent who were college graduates. Even more dramatic were the differences by income. Less than one-fifth (18 percent) with family incomes over $100,000 said they would "have to" work after retirement, compared to 45 percent of workers with family incomes less than $30,000. Disadvantaged older workers are unlikely to have the luxury of choice about work and retirement.

Even for those who are not disadvantaged, the recession has led many to reassess their ability to leave the labor force, engendering a new level of insecurity and stress among potential retirees (Borie-Holtz et al., 2010). The dramatic shrinking of retirement portfolio values, loss of asset wealth, and declining home equity (Soto, 2009; VanDerhei, 2009) have induced some older workers to postpone their retirement plans. Accumulations in retirement accounts bottomed out in the first quarter of 2009 and have since climbed to nearly the same level as prior to the recession (Butrica & Issa, 2011), but their impact on delayed retirement persists. One analysis suggests that the recession has induced older workers to delay retirement an average of 1.2 years.

These portfolio losses are only part of the story. Workers' prospects for economic security in retirement have become less certain with the decline in the proportion of workers with pension coverage. In 1979, 51 percent of private sector nonagricultural workers aged 25 to 64 participated in a pension plan. By 2008, that proportion had decreased to 44 percent (Munnell & Quinby, 2009). Even for these covered workers, the trend away from defined benefit plans means greater insecurity in retirement. By 2009, only 20 percent of workers were participating in a defined benefit plan, compared to 43 percent of workers covered by a defined contribution plan (U.S. Census Bureau, 2011).[3] This shift in prevalence from defined benefit to defined contribution pension plans has reduced employers' risk of retirement benefit obligations while increasing the risk of unpredictable retirement payments for plan participants.

The prospects of inadequate retirement income are much greater for lower income than higher income workers. In 2008, only 12 percent of male workers and nine percent of female workers aged 25 to 64 in the bottom earnings quintile were private pension participants. In contrast, 65 percent of males and 64 percent of females in the top earnings quintile were plan participants. The picture for future retirement security is further dimmed by the latest information about Americans' savings habits. A November 2010 Harris poll found that one-fourth of boomers reported having no retirement savings and 26 percent reported no personal savings (Harris Interactive, 2011).

Let's be clear. Delaying retirement due to losses in retirement accounts and asset values is quite different from being unable to afford to retire. Workers with substantial assets may need to delay retirement or expect a somewhat lower standard of living in retirement. But those portfolios have rebounded and prospects are less dim. Their delayed retirement could soon end. For disadvantaged older workers, however, the time frame for retirement income adequacy may simply be month-to-month or paycheck-to-paycheck. With little or no retirement savings or discretionary income, they have little or no choice about leaving the labor force—assuming they can keep their jobs or find new ones when unemployed.

Disadvantaged Older Workers: Special Needs, Special Assistance Programs

Although poverty rates among the elderly have declined in recent years, the *number* of elders below the federal poverty level ($10,890 in 2011 for a person who lives alone) has not declined, due to the sheer numbers of the baby boom bulge. In 2009, one-third of those age 65 and over—about 13 million persons—lived in low-income families, defined as having less than twice the federal poverty level. The oldest seniors (age 75 and over), minority persons (blacks, Asians, American Indians, and Hispanics), those who live alone, and persons without a high school diploma were much more likely to be low-income.

These startling figures exist at a time when income and wealth inequality in the U.S. is greater than any time in the past 50 years. In 2009, the top one-fifth of households accounted for 87.2 percent of all wealth, while the bottom one-fifth actually had *negative* net worth of -1.4 percent. From 2000 to 2007, the average income of the top one percent of earners grew by more than 20 percent, accounting for 23 percent of total income and equaling more than the total income of the lowest half of the U.S. adult population (Economic Policy Institute, 2011).

For older workers in the lowest income quartile and those who are least educated, the income disparities are even more severe. Their high rates of unemployment are particularly devastating, given their limited resources. In 2010, the average unemployment rate of persons aged 55-to-74 with household income less than $20,000 was 20.9 percent, compared to 7.1 percent for all persons aged 55-to-74 (see Sum et al.'s article in this issue of *Public Policy & Aging Report*). Their labor market challenges are particularly difficult and require targeted assistance. But most workforce programs have had minimal impact in providing training and job development for low-income older workers. The U.S. workforce development system is primarily authorized by the Workforce Investment Act (WIA), which operates through local One-Stop Career Centers that provide employment development and job search assistance for unemployed persons, including older workers.

WIA programs, however, historically have not responded well to the needs of older workers, particularly those who are low-income and least educated. One review of the nation's workforce system notes that the education and training needs of adults have been a residual priority that has been mired in bureaucracy and lacking in its attention to the needs of the clients it serves (Marshall & Plotkin, 2010). This assessment of the WIA mirrors its limited role in serving older workers. Although the Act specifies coordination with other programs, One-Stops serve relatively few older workers, no matter their socioeconomic status. For the year ending March 31, 2010, persons age 55 and over represented only 11.6 percent of all adult exiters in WIA programs (U.S. Department of Labor, 2011). WIA performance measures serve as disincentives for assisting older unemployed workers, especially those who need basic skills training, are unlikely to find employment with substantially higher wages, and who may only seek part-time work. WIA programs remain focused on younger workers and respond largely to demand-side considerations of employers, with less attention to supply-side needs for enhanced job skills development, old or young.

Yet, vulnerable older unemployed workers are most in need of targeted job-related skill development and job search assistance. Unemployed older workers are more likely to be women, over the age of 60, blue collar or service workers, poor, and minority persons. In contrast to WIA programs, the Senior Community Service Employment Program (SCSEP), authorized by Title V of the Older Americans Act (OAA), specifically serves the special needs of unemployed persons aged 55 and over whose family incomes are below 125 percent of the federal poverty level (currently $13,613 per year for a person living alone). SCSEP recently celebrated its 45th anniversary and served 127,700 participants who provided 74 million hours of community service in FY 2010. Twenty-five percent of those hours were provided by participants who worked in agencies and organizations that specifically serve older Americans. SCSEP is administered by the U.S. Department of Labor (USDOL) through 18 national grantees and all U.S. states and territories. SCSEP programs operate in nearly every county of the nation.

The special nature of SCSEP has been reiterated and reinforced during the past decade. Amendments to Title V of the OAA and recent changes in SCSEP rules have reinforced the intent of Congress, which stresses the multiple purposes of the program. They include providing job-skills training for SCSEP participants through work assignments with non-profit and public agencies that serve the community (known as host agencies). At least three-fourths of SCSEP funding must be used for participants' wages and benefits. Host agencies provide on-the-job training to enhance participants' job skills and to improve their ability to find unsubsidized employment. This structure provides a win-win in America's communities. SCSEP participants perform community service while developing their job skills. In so doing, participants also gain a sense of accomplishment in helping others, remaining engaged, and improving their physical and emotional well-being. And in the spirit of the OAA, SCSEP programs target those who are most in need, including veterans, those who are disabled, persons with low literacy and English-speaking skills, persons living in rural areas, and those who are age 65 or older.

Thus, SCSEP is more than a workforce training program. In fact, in 2010, USDOL issued a new rule to affirm that unsubsidized employment may not be an appropriate goal for some SCSEP participants. The rule also emphasized a person-centered focus in assisting SCSEP participants. Because community service and civic engagement are important components of the program, USDOL proposed another rule in late 2010 that includes volunteer work as a measurable outcome for participants who exit SCSEP. These changes reinforce SCSEP's multiple goals and its service to disadvantaged older workers. It stands alone as a targeted program that serves the most vulnerable among unemployed older adults. There is no other program like it.

We have discussed the major trends affecting the LFPR of older persons during the last half-century, pointing out their growing participation in the labor force. This trend is likely to continue through the next decade, especially among persons age 55 to 64. But age 62 remains the most prevalent retirement age. And those who have delayed retirement are likely to remain in the labor force for only about one additional year, especially as the economy improves. We also emphasized the special labor force difficulties of disadvantaged older workers. The economic challenges, retirement insecurity, and employment difficulties that confront many older workers are far more serious and compounded for those who are poorly educated, low-income, and minority persons. For many, choosing to retire is not an option. The SCSEP program serves their needs at a time when the nation's employment challenges are particularly great. Yet each year SCSEP serves less than two percent of the eligible population. It is unique and it should not only be preserved but expanded in the future.

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Endnotes

1. 1948 was the first year that the Bureau of Labor Statistics measured labor force participation rates.
2. For a detailed explanation of measures for underemployment, see Sum, A., Laughlin, J., & Khatiwada, I. (2010). *The deteriorating labor market plight of lower income older adults in the U.S.: The case for an expanded Senior Community Service Employment Program*. Boston, MA: Center for Labor Market Studies, Northeastern University.
3. The two percentages are not additive, since some workers participate in both a defined benefit and a defined contribution plan. In 2009, 51 percent of private sector workers were covered by some type of private plan.

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Rising Demand for Older Workers Despite the Economic Recession: Accommodation and Universal Design for the New American Workforce

Neeta P. Fogg • Paul E. Harrington

Introduction

Each year since 2001, when the leading edge of the baby boom generation, born in 1946, celebrated their 55th birthday, additional waves of baby boomers have crossed over this age threshold and will continue to do so until 2019 when the youngest members of this generation will turn 55. The aging of this large segment of the population along with an increase in life expectancy and the lower fertility rates of the baby boom generation compared to their parents are expected to rapidly age the nation's population.[1] Indeed, the age 55-plus population is growing and is projected to grow at a much faster pace than the under-age-55 population. Between 2000 and 2009 the rate of growth per year of the nation's older population was four times that of the under-age-55 population. The projected growth of the older population per year between 2009 and 2020 is nearly six times higher than that of the under-age-55 population (McLaughlin, Khatiwada, & Sum, 2010). In 2009, nearly one-quarter of the nation's total population was age 55 years and older. The median age of the population was 36 in 2009 and is projected to be 39 in 2030 (Ortman & Guarneri, 2008).

The effects of this seismic demographic shift brought about by the aging of the baby boom generation have been analyzed for wide ranging issues such as the adequacy of retirement savings and incomes, the impacts on the labor market from older workers' decisions to continue to work or retire, the financial sustainability of social security and other retirement programs, and the rising demand and costs of providing healthcare to the aging population (Bosworth & Burtless, 2010; Eberts & Hobbie, 2008; Munnell & Sass, 2008). The number of Social Security beneficiaries per 100 workers is projected to increase from 33 in 2009 to between 43 and 50 in 2030, and the number of years spent in retirement will increase as life expectancy increases (Social Security Administration, 2010).

If increasing numbers of older workers stay in the labor market and defer retirement, some of these impacts from the aging of the nation's population can be mitigated. A historical look at the labor force attachment of older workers reveals that, although their labor force attachment declined steadily since 1948 (when the BLS began gathering data on the employment status of the population), the trend has reversed in the mid-1990s (see Figure 1). The entire decline between 1948 and the mid-1990s came from the declining labor force participation of older men. The labor force participation of older women rose steadily until the mid-1970s when it leveled off until the mid-1990s and started to rise again.

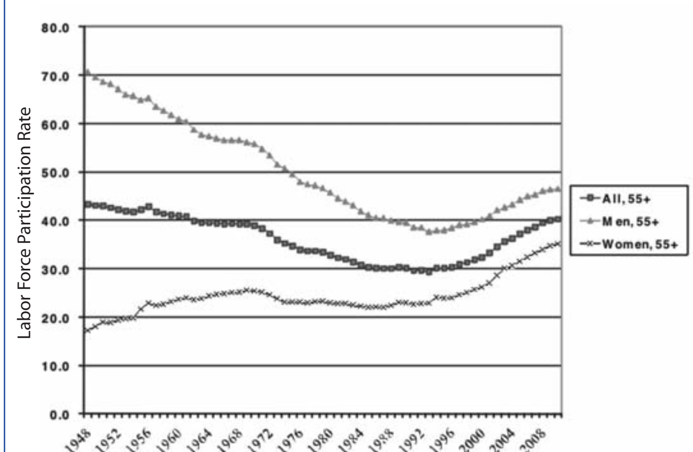
More recently, the labor force participation of the older population in the nation has continued to grow during the past decade, while the participation of the under-age-55 population has declined, with much sharper declines occurring among the 16-to-24 year olds. The employment rate of the older population also increased during the past decade while that of their under-age-55 counterparts declined (McLaughlin et al., 2010).

The Organization of this Paper

These trends in the employment rates of the nation's older population (age 55-plus) and the under-age-55 population during the past decade suggest that that

Figure 1

The Labor Force Participation Rate* of the Older Population (55 years and older) in the U.S., 1948-2010



Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, http://www.bls.gov/cps/home.htm, tabulations by authors.
*The labor force participation rate of the older population at any given point in time measures the proportion of the older population that was either employed for pay or profit or that was not employed but actively seeking employment and available to take a job at that point in time.

employers may be substituting older workers for the young, particularly during the recession of 2008 and 2009 when all of the employment declines that occurred during the recession were concentrated among those under the age of 55, while the employment levels actually increased considerably among older workers. In this article, we examine the degree to which such substitution took place by examining the labor market experiences of different age groups of the population between 2007 and 2010.

This paper then presents findings on the industry and occupation demand for older workers with an examination of the industries and occupations where the nation's older workers are most likely to be employed. Changes in the proportion of older workers within the workforces of the nation's major industries and occupations are presented over the 2003-to-2010 period.

The paper ends with a brief look at the economic outlook in some of the sectors that have seen the largest increase in the share of older workers followed by a discussion of the policy implications of the changes in the labor market behavior and outcomes of the older population and their choice of employment within different industry sectors.

Data and Concepts

This paper is based on our analysis of the public-use, micro-records data files from the Current Population Survey (CPS). The CPS is a monthly survey of about 50,000 households conducted by the U.S. Census Bureau for the U.S. Bureau of Labor Statistics. The CPS gathers data on a variety of demographic and labor market characteristics of the nation's population such as employment, unemployment, and labor force status of the working-age population and many other labor market measures including information on the industries and occupations of workers.

We have combined the monthly CPS micro-record data files for 2003, 2007, and 2010 to create annual data files for those years. Beginning in January 2003, the classification system of industries and occupations on the CPS was changed. The new classification was derived from the 2002 North American Industrial Classification System (NAICS) and the 2000 Standard Occupational Classification (SOC). Industry and occupation data on the CPS prior to 2003 are not comparable. Therefore the industry and occupation employment trends in this paper are examined for the 2003-to-2010 period.

The analysis of labor market outcomes in this paper utilizes three key measures of the labor market outcomes that are based on the classification of the working-age (16 or older) population into three groups—employed, unemployed, and not in the labor force—based on their primary activity during the reference week of the CPS survey. An employed person is one who worked for pay or profit or was temporarily absent from work due to sickness or paid vacation, etc. during the CPS reference. An unemployed person is one who did not have a job but was actively looking for a job and available to take a job during the CPS reference week. The remainder of the age 16 and over population is classified as not in the labor force. The labor force consists of the sum of all employed and unemployed persons.

The three labor force outcomes are measured as follows:

- Labor force participation rate: (number in the labor force/number in the working-age population)*100
- Unemployment rate: (number unemployed/number in the labor force)*100
- Employment to population ratio: (number employed/number on the working-age population)*100

The Extent of Labor Market Substitution of Older Workers for Younger Workers During the 2008-2009 Recession

In this section we examine the labor market outcomes of older and younger populations over the three-year period between December 2007 and December 2010. Over these three years, as the nation lost over 7.5 million jobs, employment opportunities sharply declined, causing a large withdrawal from the labor force and a nearly two percentage point decline in the labor force participation rate (see Table 1). Although the labor force withdrawals were particularly large among 16-to-24 year olds (a decline in the labor force participation rate by 4.5 percentage points or 7.6 percent), the nation's prime-aged population (ages 25 to 54) also withdrew from the labor force evident in a 1.3 percentage point or 1.6 percent decline in their labor force participation rate. In sharp contrast, even as the nation shed payroll jobs at historic magnitudes, the rate of labor force participation among older workers *increased* by 1.2 percentage points or 3 percent (from 38.9 percent to 40.1 percent).

Over the three years since December 2007, the nation's age 55-plus workforce *increased* by 3.2 million or 12 percent while the youngest (ages 16 to 24) labor force *declined* by 1.4 million or 6.5 percent and the prime-aged (ages 25 to 54) labor force declined by 2.1 million or two percent. In previous recessions, older workers have responded to a weak labor market by withdrawing from the workforce rather than becoming unemployed; but this recession has brought additional older workers in the workforce despite rising unemployment among them (Garr, 2009; Munnell, Muldoon, & Sass, 2009; Sok, 2010). Many reasons are cited for the increased labor force participation among older workers during this recession including depleted stock market balances of defined contribution retirement accounts, early retirement disincentives from fewer retirement income options to counter the reduction in lifetime Social Security benefits due to early retirement, shrinking of traditional pension plans, and rising Medicare premiums (Johnson, 2008; The Economist, 2009).

Between December 2007 and 2010, the unemployment rate of the older labor force doubled, from 3.2 percent to 6.9 percent, but still remained under seven percent. The unemployment rate of prime-aged workers also doubled, from 4.1 percent to 8.5 percent. Because many younger workers withdrew from the labor market, their unemployment rate did not increase as sharply as the prime-aged or older workers, from 11.7 percent to 18.1 percent representing a 55 percent increase over the course of the downturn. Despite a doubling during the recession, the unemployment rate of older workers continued to remain lower than that of the youngest and prime-aged workers.

In the three years since the beginning of the recession in December 2007, the age 16-to-24 and 25-to-54 year olds withdrew from the labor market and saw their unemployment rates rise. As a result, their employment-to-population ratios declined by 7.4 percentage points among the 16-to-24 year olds and 4.8 percentage points among 25-to-54 year olds. In contrast, the increased entry into the labor force of the older population countered most of their rise in unemployment. The employment-to-population ratio of the nation's older population declined by only 0.3 percentage points during the three years since the recession began in December 2007. Between December of 2007 and 2010, the number of employed workers *increased* by 2 million or 7.6 percent among older workers and *decreased* by 2.6 million or 13.2 percent among 16-to-24 year olds and by 6.5 million or 6.5 percent among workers ages 25 to 54.

Not only did the older population enter the workforce in large numbers during the recession, but employers expressed a preference for older workers by continuing to employ them even as they reduced their overall workforce. The increased employment of older workers in an environment when overall employment sharply declined suggests a certain amount of substitution in the labor market of older workers for younger and prime-aged workers.

Industry and Occupation Employment of Older Workers

In this section of the paper, we examine the proportion of older workers in different industries and occupations in the nation's labor markets and how these proportions have changed between 2003 and 2007, and between 2007 and 2010. In the four years between 2003

Table 1

The Civilian Labor Force Participation Rate, Unemployment Rate and Employment to Population Ratio in the U.S., by Age December 2007 and December 2010 (seasonally adjusted)

	Dec. 2007	Dec. 2010	Absolute Change (Percentage points)	Relative Change (%)
Labor force participation rate				
16 and over	66.0	64.3	-1.7	-2.6%
16-24	59.2	54.7	-4.5	-7.6%
25-54	83.1	81.8	-1.3	-1.6%
55 and over	38.9	40.1	1.2	3.1%
Unemployment rate				
16 and over	5.0	9.4	4.4	88.0%
16-24	11.7	18.1	6.4	54.7%
25-54	4.1	8.5	4.4	107.3%
55 and over	3.2	6.9	3.7	115.6%
Employment to population ratio				
16 and over	62.7	58.3	-4.4	-7.0%
16-24	52.2	44.8	-7.4	-14.2%
25-54	79.7	74.9	-4.8	-6.0%
55 and over	37.7	37.4	-0.3	-0.8%
Number Employed			(Number)	
16 and over	146,272	139,206	-7,066	-4.8%
16-24	19,596	17,011	-2,585	-13.2%
25-54	100,465	93,962	-6,503	-6.5%
55 and over	26,240	28,234	1,994	7.6%

Source: Labor Force Statistics from the Current Population Survey, U.S. Bureau of Labor Statistics, tabulations by authors. Available at: http://data.bls.gov/pdq/querytool.jsp?survey=ln and 2007, the share of older workers in the nation's labor markets increased by more than two percentage points (from 15.5 percent to 17.7 percent), representing a 0.55 percentage point growth per year (see Table 2). The concentration of older workers in the nation's labor markets accelerated during the recession as the employment of older workers increased while that of younger workers declined. By 2010, over one in five employed persons in the nation were 55 or older, representing an increase of 2.4 percentage points or 0.8 percentage points per year between 2007 and 2010.

The older worker share increased sharply in the goods-producing sector that employs many more blue-collar workers than the service sector. Employment in the construction industry is closely related to developments in the housing market. The housing market's collapse prior to the 2008-2009 recession led to a sharp decline in residential (and later non-residential) construction sector employment. The construction sector accounted for 5.4 percent of the nation's jobs, and nearly 26 percent of the nation's total job loss between December 2007 and 2010. Remarkably, while overall employment in the construction sector declined, older worker employment in the construction industry increased—again an indicator of a substantial substitution of older workers for those under age 55. As a result, the share of older workers in this industry increased sharply during the recession, from 13 percent in 2007 to 16.4 percent in 2010. The older worker share in this industry had started to increase before the recession. Between 2003 and 2010, older workers increased their share of construction sector employment from 11.6 percent to 16.4 percent; an increase of nearly five percentage points or a relative increase of 42 percent.

Employment in the nation's other goods-producing industry, manufacturing, had been declining long before the recession began and the decline continued and accelerated during the recession. The nation's manufacturing sector lost 2.2 million jobs between December 2007 and 2010 representing a relative decline of nearly 16 percent. Job losses in the manufacturing sector accounted for 28 percent of the total jobs lost over the three years since December 2007, yet the older worker employment in this industry continued to increase. In 2010, one in five manufacturing workers in the nation was age 55 or older; up from less than 15 percent in 2003; an increase of 5.1 percentage points or 35 percent.

Similarly, the transportation and utilities industry saw a sharp increase in older workers among its employees. Between 2003 and 2010, the share of older workers in this industry increased by 5.5 percentage points or 33 percent (from 16.4 percent to nearly 22 percent). The mining industry, which represents a very small proportion of the nation's workforce, also has aged at a disproportionately higher rate.

Older workers increased their share of employment across industries in the service sector as well. The healthcare industry saw sharp increases in older workers. In 2003, a little over 15 percent of all healthcare workers were age 55 years or older. By

Table 2

The Proportion of All Employed Persons Consisting of Workers Aged 55 Years or Older, by Major Industry Sector, U.S., 2003, 2007, and 2010

Industry Sector	Jan. to Dec. 2003	Jan. to Dec. 2007	Jan. to Nov. 2010	Absolute Change 2007-2010 (percentage points)	Relative Change, 2003-2010 %
Total	15.5%	17.7%	20.1%	4.6	30%
Agriculture, forestry, fishing, and hunting	29.4%	30.5%	33.3%	3.9	13%
Mining	12.3%	17.0%	17.1%	4.8	39%
Construction	11.6%	13.0%	16.4%	4.8	42%
Manufacturing	14.7%	17.5%	19.8%	5.1	35%
Wholesale and retail trade	15.5%	17.3%	18.9%	3.5	23%
Transportation and utilities	16.4%	18.6%	21.9%	5.5	33%
Information	11.5%	14.3%	16.0%	4.5	39%
Financial activities	17.5%	19.2%	21.0%	3.5	20%
Professional and business services	15.2%	18.0%	20.2%	5.0	33%
Educational services	19.2%	22.2%	25.3%	6.0	31%
Health services	15.4%	19.0%	21.3%	5.9	38%
Leisure and hospitality	9.7%	10.5%	11.5%	1.8	19%
Other services	19.3%	20.9%	23.0%	3.7	19%
Public administration	17.5%	20.4%	22.5%	5.0	28%

Source: Monthly Current Population Survey Public Use Micro Datafiles, 2003 (January through December), 2007 (January through December), and 2003 (January through November); tabulations by authors.

2010, this ratio had increased to over 21 percent; an increase of nearly six percentage points in the share of older workers in this industry, representing a relative increase of 38 percent. Health care has been among the few bright spots in recent years, generating substantial growth in employment levels, even during the recession. Yet, despite this growth the industry has sharply increased its share of older workers—again suggesting that employers are substituting older workers for young.

The professional and business services sector also grew older as the share of older workers in this industry increased by one-third from 15 percent in 2003 to 20 percent in 2010. The education services sector employed older workers to fill 25 percent of its workforce needs in 2010, up from 19 percent in 2003; a growth of six percentage points or 31 percent.

The information sector, which accounts for a little over two percent of the nation's employment, saw a 39 percent increase in the share of older workers. The concentration of older workers increased in all of the remaining industries ranging from relative increases between 2003 and 2010 of 19 percent in the leisure and hospitality services and the repair, maintenance, and personal services industries, 23 percent in the trade sector, and 28 percent in public administration.

In 2010, one in five workers in the nation was 55 years or older (see Figure 2). The share of older workers across industry sectors varied from one-quarter in the education sector; 22 percent to 23 percent in the repair, maintenance, and personal service sector, public administration sector, and transportation and utilities sector; to under 12 percent in the leisure and hospitality sector. The share of older workers was between 19 percent and 21 percent among employees of the health, financial services, professional and business services, manufacturing, and trade sectors. One in six construction sector workers were age 55 or older in 2010. This industry sector has seen the most rapid growth in the share of older workers over the past seven years. The manufacturing sector also saw a rapid growth in the aging of its workforce since 2003. In 2010, one out of five workers in the nation's manufacturing sector was 55 or older.

Figure 2

The 2010 Proportion of Older Workers (55 and older) Among Employed Persons by Major Industry Sectors, U.S.

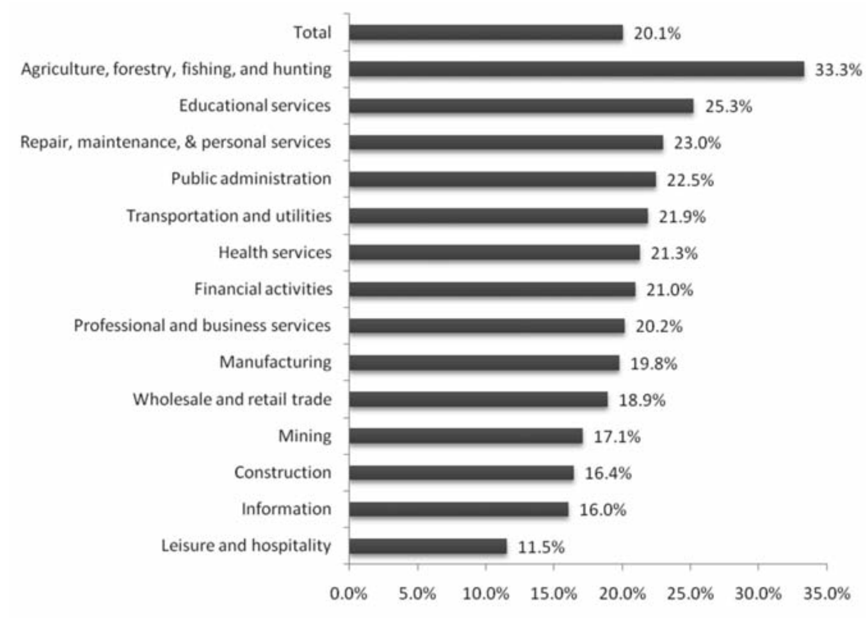


Table 3

The Proportion of Employed Residents Consisting of Workers Aged 55 Years or Older, by Major Occupation, U.S., 2003, 2007, and 2010

Occupation	2003	2007	2010	Absolute Change, 2003-2010 (percentage points)	Relative Change, 2003-2010 %
Total	15.5%	17.7%	20.1%	4.6%	30%
Management, business & financial operations	19.9%	21.8%	24.9%	5.0%	25%
Professional and related	15.4%	18.8%	21.2%	5.8%	38%
Service	13.1%	14.7%	16.4%	3.3%	25%
Sales and related	16.8%	18.6%	19.9%	3.2%	19%
Office and administrative support	16.0%	19.0%	21.3%	5.3%	33%
Farming, fishing, & forestry	13.5%	15.0%	15.9%	2.3%	17%
Construction and extraction	10.2%	11.5%	14.6%	4.4%	43%
Installation, maintenance & repair	13.2%	15.3%	17.5%	4.3%	33%
Production	14.6%	16.4%	18.4%	3.7%	26%
Transportation and material moving	15.6%	18.1%	20.4%	4.8%	31%

Trends in the older worker concentration across occupations mirror the changes in their concentration across industries. Construction and extraction occupations mirror trends in the construction industry with a sharp increase in the older worker share from 10.2 percent in 2003 to 14.6 percent in 2010, representing a 43 percent increase over seven years (see Table 3). Other blue-collar occupations also saw large increases in the share of older workers. Installation, maintenance, and repair occupations saw a one-third increase in the share of older workers, from 13.2 percent in 2003 to 17.5 percent in 2010. The older worker share in the transportation and material moving occupations increased by 31 percent or by 4.8 percentage points from 15.6 percent in 2003 to 20.4 percent in 2010. Production occupations saw the proportion of older workers increase from 14.6 percent in 2003 to 18.4 percent in 2010, a relative increase of 26 percent.

The rapid graying of the workforce also occurred in white-collar occupations including professional and management, business and financial occupations. These increases mirror the sharp increases in older worker shares within the nation's education, healthcare, and professional and business services industries. The share of older workers increased by one-third in clerical occupations, by one-quarter in service occupations, and by almost one-fifth in sales occupations.

Implications of the Changes in Industry Employment of Older Workers

The examination presented in the preceding section reveals large substitutions of older workers for younger workers across most industries and occupations between 2003 and 2010, with particularly sharp increases in such substitution in the construction and manufacturing industries. Disproportionate increases in the share of older workers also occurred across diverse sets of industries including the professional and business services, information, education and healthcare, and other services including personal services and automotive and electronic repair and maintenance. In 2010, one out of five workers in the nation were 55 years and older.

Occupation-based increases in older worker employment mirrored the nation's trends in industry-based increases in older worker employment. Blue collar occupations of construction and extraction, installation, maintenance, and repair, transportation and material moving and production occupations, and white-collar jobs in professional and related occupations and management, business, and financial operations saw sharp increases in the proportion of age 55-plus workers. What are the implications of these changes for the older workers themselves, for employers, for workforce development, and other public policies?

Let us begin with developments in the two goods-producing industries. The manufacturing sector began losing jobs long before the recession and continued to lose jobs during the recession; 16 percent or 2.2 million jobs were lost between December of 2007 and 2010. Moreover, most observers believe that manufacturing employment will continue to decline for the remainder of the decade. The construction sector also saw a sharp employment decline during the recession; a one-quarter decline in employment—a loss of 2 million jobs in just three years. There is still considerable weakness in this industry sector as the nation's housing market struggles and prospects for a robust construction sector jobs recovery do not appear bright at this time.

Even though older worker employment in the construction and manufacturing industries has increased, they also have experienced sharp increases in unemployment in these sectors. The biggest percentage point increase in the unemployment rate of older workers in the nation has occurred in the manufacturing and construction sectors (Johnson & Mommaerts, 2010). Moreover, when they do become unemployed, older workers are much less successful in their reemployment efforts Than are their younger counterparts (Johnson & Mommaerts, 2011).

Therefore, increasing shares of older workers in these industries also means that they face a higher risk of being displaced with weaker reemployment prospects. The nation's workforce development system will need to address the labor market problems faced by increasing numbers of older workers in the labor market, particularly in the manufacturing and construction industries, and provide them with the training and job placement services necessary to improve their employment prospects in growing sectors of the economy.

Also important is the issue of accommodation. The incidence of disabilities typically increases with age, and many older workers develop functional limitations that are oftentimes hidden. Moreover, the more physical nature of work in the blue-collar occupations within goods-producing industries places older workers at a higher risk of injury and disability. Industries that are seeing rapid increases of older workers in their workforce will need to make changes to accommodate their rapidly aging workforce that is prone to age-related functional limitations and job-related disabilities, both open and hidden. These changes include both the physical spaces in which older workers are employed, as well as changes in job duties, work tasks, and hours of work. As employers opt to rely more intensively on older workers, the need to accommodate both the open and hidden limitations that characterize the older worker population will rise.

Out of necessity and/or choice, older workers today remain in the workforce longer than their parents did. These trends call for a sharper focus of public policy and workforce development strategies on workforce issues of older workers. It calls for a better preparation of the workplace to accommodate older workers and a serious consideration of strategies such as universal design including work schedule flexibility to accommodate the increasing numbers of older adults who are choosing to stay in the workforce past the traditional retirement age.

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Endnote

1. Life expectancy at age 65 has increased from 13.8 years in 1949-51 to 18.7 years in 2007; see: National Vital Statistics Reports, Vol. 58, No. 21, June 28, 2010, Table 11; and National Vital Statistics Reports, Vol. 58, No. 19, May 20, 2010, Table 7. The national fertility rate reached a 17-year high in 2007 at 69.5 per 1000 women aged 15-44 and has been declining steadily since then down to 65.5 per 1000 women aged 15-44 in the 12-month period ending June 2010; see: Paul D. Sutton, *Recent Trends in Births and Fertility Rates Through June 2010*, Division of Vital Statistics, National Center for Health Statistics, December 2010.

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The Labor Market Experiences and Problems of America's Low Income Older Workers in Recent Years

Andrew Sum • Ishwar Khatiwada • Mykhaylo Trubskyy

Introduction

The past decade in the U.S. can with justification be labeled America's Lost Decade (Sum, 2010; Sum, 2011). For most American workers and their families, the decade was a period of stagnation if not marked decline. Total payroll employment in 2010 fell below its level at the start of the decade for the first time ever since the end of World War II. All of the small gain in total civilian employment was due to increased employment of new immigrant arrivals. Employment among native born workers under age 55 declined sharply, especially for young (under age 30), blue collar, and non-college educated workers (Sum & Khatiwada, 2010a). The unemployment rate in 2010 was nearly 2.5 times as high as it was in 2000, and overall labor underutilization rates approached 18 percent.

Older workers (age 55 and older) and their families, however, fared substantially better over the decade than their younger counterparts. Due to a combination of a rising population level and an increasing employment rate, total employment of 55-to-74 year olds increased by more than nine million over the decade, a gain of more than 53 percent. The employment rate of these older workers rose in every age subgroup, especially among those over age 65, while the employment rates of all younger groups, particularly those under age 35, fell sharply (Sum & Khatiwada, 2010b). While the employment-to-population ratio of 55-to-74 year olds rose by nearly 26 percentage points, it fell by 15 percentage points among 16-to-24 year olds. The real median weekly earnings of the full-time employed aged 55 and older rose by nearly 9 percent over the decade while those of most other younger groups declined (U.S. Bureau of Labor Statistics, 2011). The median real household income of older households (head age 55 or older) grew over the decade while those of younger households often declined, and the poverty rates of adults over age 60 fell while those of age 18-to-59 year olds increased, especially among younger adults with children.

The labor market fate of older workers, however, was not uniform across age, educational attainment, race-ethnic, and household income subgroups. Less educated and lower income older adults often experienced severe labor market difficulties that would hamper their ability to obtain employment and adequate earnings throughout the decade. Worker dislocation rates of older workers also were quite high at the end of the decade. This chapter describes the size and demographic characteristics of these low-income older adults and their households, assesses their employment behaviors and difficulties at the end of the decade, and highlights their income problems including the problems of the poor in being trapped in poverty for fairly lengthy periods of time.

The Number of Older Households with An Annual Income Under $20,000 and their Relative Income Position, 2009

Our paper is focused on the labor market experiences and labor market problems of persons ages 55 to 74 in recent years in the U.S. To identify the number of U.S. households headed by a person age 55-to-74 years old with an annual household income under $20,000 and their comparative income positions, we analyzed the findings of the March 2010 Current Population Survey (CPS) work experience and income supplement. There were 33.5 million households headed by an individual aged between 55 and 74 years old in 2010, a substantial increase of 8.6 million, or more than one-third, over the number of such households in March 2001 largely due to the influx of the early members of baby boom generation into the ranks of the age 55 and over population following 2001 (Jones, 1980).[1] The money incomes of these older households in 2009 at the 10th, 20th, 50th, 90th, and 95th percentiles of the income distribution are displayed in Figure 1.[2] A household headed by a 55-to-74 year old at the 10th percentile of the distribution received only $12,100 in money income during 2009 while a household at the 20th percentile received slightly more than $20,000 (see Figure 1). Thus, approximately between 1 and 5 households headed by an older adult would fall into our definition of the low income older adult population. The median income of all older households was $48,500 in 2009; thus, these lower income households, on average, had only about one-fourth of the income of the median household, and they received only a tiny fraction (well under one-tenth) of the annual incomes received by their more affluent peers at the 90th and 95th percentiles of the distribution ($143,000 and $189,000, respectively).

Over the past few decades (especially between 1980 and 2000), the distribution of income among older households has become increasingly more concentrated at the top, especially among those in the top decile.[3] In 2009, the mean household income of those in the top decile was $230,165 or 32 times as high as that of households in the bottom decile ($7,112; see Table 1). Households in the top quintile (20 percent) of the income distribution obtained 51 percent of all of the pre-tax money income received by older households. In substantial contrast, the bottom fifth of the households received only 3.4 percent of the total income pie of all older households.

Characteristics of the Households of Low Income Older Persons (ages 55 to 74) and the Demographic Characteristics of These Low-Income Older Americans

To identify key household characteristics and demographic characteristics of low-income, older persons (ages 55-to-74) in the U.S. in 2010, we analyzed data from the March 2010 CPS work experience and income supplement and the monthly CPS household surveys from January to November 2010. Findings of the March 2010 CPS work experience supplement revealed that there were 6.411 million households headed by a person between age 55 and 74 years old in the U.S. who had an annual, pre-tax money income of less than $20,000 in 2009 (see Table 2). Nearly two-thirds of these low-income households were one-person households, another 23 percent of them consisted of two persons, and slightly over 10 percent contained three or more persons.

Nearly 56 of every 100 of these older low-income households would have been classified as poor by existing federal poverty income standards, and three of every four would have been considered poor or near poor with all of those families containing three or four persons meeting the poor/near-poor definition (Denavas-Walt, Proctor, & Smith, 2010; see Table 3). All households with annual incomes under $20,000 would have met the criterion of being low income in that year.

Figure 1

Annual Money Incomes of U.S. Households Headed by Persons 55-74 Years Old at Selected Percentiles of the Household Income Distribution, 2009 (in $1000s)

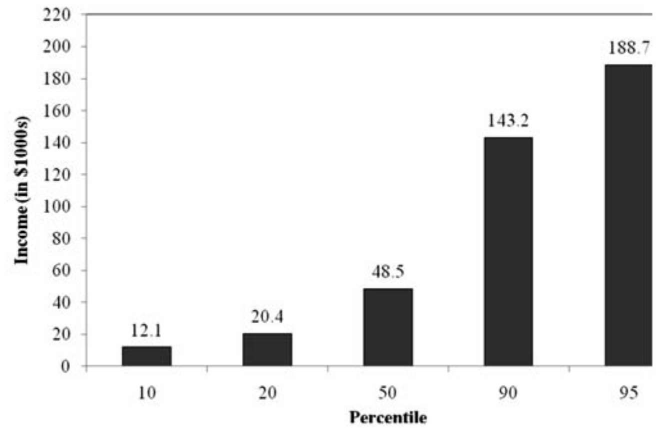


Table 1

Mean Annual Incomes and Shares of Total Household Income of All Older Households (55-74 Years Old) Received by Selected Deciles of the Income Distribution in 2009

Decile	(A) Mean Annual Income	(B) Per Cent Share
Lowest	7,112	1.0
Second Lowest	16,339	2.4
Bottom Two Deciles	11,725	3.4
Second Highest	119,175	17.3
Highest	230,165	33.5
Top Two Deciles	174,670	50.8

Table 2

Distribution of Older Households (Head 55-74) With an Annual Income Under $20,000 by Number of Persons in Family, March 2010

Family Size	(A) Number	(B) Percent of All Low Income Households
1	4,246,705	66.2
2	1,493,277	23.3
3	310,838	4.8
4 or more	360,815	5.6
Total	6,411,638	100.0

Source: March 2010 CPS survey, Annual Social, Economic, and Demographic File, public use surveys, tabulations by authors.

During 2010, there were slightly more than 8.33 million persons between 55 and 74 years old living in households/families with an annual income under $20,000. They represented just under 15 percent of all 55-to-74 year olds in the civilian, non-institutional population of the U.S. this past year.[4] The members of the low-income older population have demographic traits that differ somewhat from those of the general population of 55-to-74 year olds. They are more likely to be female, older, Black or Hispanic, a high school dropout, and unmarried (see Table 4). Nearly one-third of the low income older population were Black or Hispanic versus only 18 percent of the total older population; 31 percent lacked a high school diploma versus only 13 percent of the overall older population; and only 11 percent of the low-income older population held a bachelor's or higher degree versus close to 30 percent of the total older population. The low-income older population was only about half as likely to be married as their non-low income counterparts (37 percent versus 72 percent). The absence of a second potential adult earner in a high fraction of these older, low income households substantially increases the risk that a jobless household head will end up being a member of the low-income population (Commonwealth Fund, 1987).

Table 3

Distribution of Older Households (Head 55-74) With An Annual Income Under $20,000 by Poverty, Poverty/Near Poverty, or Low Income Status, March 2010

Family Size	(A) Number	(B) Per Cent Poor	(C) Per Cent Poor or Near Poor	(D) Per Cent Low Income
1	4,246,705	49.3	68.0	100.0
2	1,493,277	56.8	84.0	100.0
3	310,838	82.4	100.0	100.0
4 or More	360,818	100.0	100.0	100.0
Total	6,411,368	55.5	75.1	100.0

Table 4

A Comparison of the Demographic and Human Capital Characteristics of Low Income 55-74 Year Olds and All 55-74 Year Olds in the U.S. in 2010 (in %)

Demographic Characteristics	(A) Low Income 55-74 Year Olds	(B) All 55-74 Year Olds
Number (in Millions)	8.334	56.972
Gender		
• Female	58.1	52.5
• Male	41.9	47.5
Age Group		
• 55-64	56.0	62.9
• 65-74	44.0	37.1
Race-Ethnic Group		
• Asian	3.5	5.2
• Black	17.4	9.9
• Hispanic	13.9	8.6
• White, not Hispanic	62.8	76.0
Educational Attainment		
• <12 years, no diploma/GED	31.2	12.9
• High school diploma/ GED	36.5	32.4
• Some college, including Associate's	21.4	25.3
• Bachelor degree	7.5	16.9
• Master's or higher degree		3.3 12.3
Marital Status		
• Married	37.3	66.6
• Widowed	18.5	9.4
• Divorced, separated	31.4	17.0
• Never married	12.7	6.9

Source: Monthly CPS household surveys, January-November 2010, public use files, tabulations by authors.

The Labor Force Participation Behavior and Unemployment Problems of Low-Income Older Adults in 2010

Many of the low-income problems encountered by the older population in recent years are related to low rates of employment during the year and frequently low weekly wages while employed and limited retirement income when they leave the labor force. During 2010, slightly over one-half of the nation's 55-to-74 year olds were actively participating in the civilian labor force (either working or actively looking for work) during an average month (see Table 5). These labor force participation rates, however, ranged from a low of slightly under 28 percent for those in the low-income group to 52 percent for those with incomes between $40,000 and $60,000 and to a high of over 73 percent for those with annual incomes over $100,000. Unemployment rates of the older population also were strongly associated with their level of household income. The low-income older labor force faced an unemployment rate of just under 21 percent (Heidkamp, Corre, & Van Horn, 2010). The rate dropped steadily and steeply with household income,

Table 5

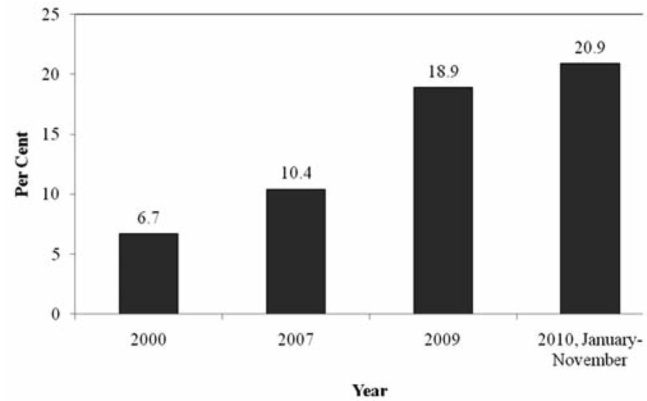
The Civilian Labor Force Participation Rates and Unemployment Rates of 55-74 Year Olds by Household Income in 2010 (January-November Averages)

Household Income	(A) Civilian Labor Force Participation Rate (in %)	(B) Unemployment Rate (in %)
Under 20,000	27.7	20.9
20-39,999	40.2	10.4
40-59,999	52.5	7.3
60-74,999	60.3	5.1
75,000-99,999	64.7	4.2
100,000+	73.4	3.0
All	50.5	7.1

Source: January-November 2010 monthly CPS surveys, public use files, tabulations by authors.

Figure 2

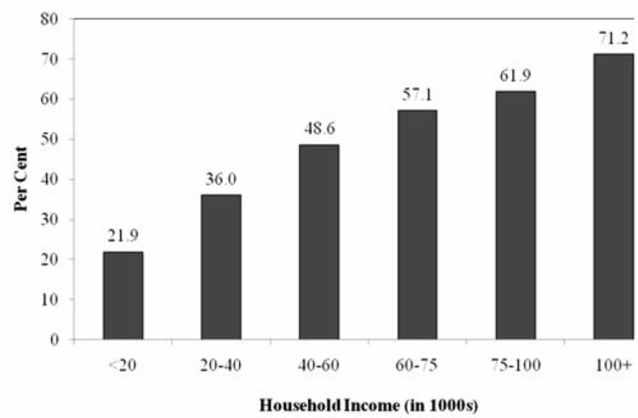
Unemployment Rates of 55-74 Year Olds With A Household Income Under $20,000, Selected Years, 2000-2010 (in %)



Source: Monthly CPS survey, public use files, 2000, 2007, 2009, 2010, tabulations by authors.

Figure 3

Employment Rates of 55-74 Year Olds in the U.S. in 2010 by Household Income, January-November Averages (in %)



falling to 7 percent for those with incomes between $40,000 and $60,000 and to a low of 3 percent for older workers in households with incomes over $100,000. The unemployment rate of low-income older workers in 2010 was seven times as high as it was among older workers in the more affluent households.

The unemployment rates of older low-income workers have risen very sharply over the past decade. In 2000, at the peak of the labor market boom of the past decade, the unemployment rate for older lower income workers (making under $20,000) was only 6.7 percent. Their unemployment rate in 2007 was slightly over 10 percent,[5] but then rose very sharply during the Great Recession and its aftermath, doubling to 20.9 percent in 2010. Their unemployment rate was three times higher at the end of the decade than at the beginning. Low-income older workers clearly were experiencing a radically more slack labor market.

As a consequence of their below-average labor force participation rate and their above-average unemployment rate, the share of low-income older adults that was employed in 2010 was only 22 percent (see Figure 2). The employment-to-population ratios of older adults also rose very steadily and strongly with their household income, rising to nearly 49 percent for those living in households with incomes between $40,000 and $60,000 to a high of 71 percent for those residing in the most affluent households (an annual income of $100,000+; see Figure 3).[6]

Underemployment, Hidden Unemployment, and Labor Underutilization Problems Among Older, Low-Income Americans

The labor market problems of low-income older workers in recent years unfortunately go well beyond those of official unemployment. Older workers also have experienced growing underemployment problems, hidden unemployment, and other forms of labor underutilization, including mal-employment (Sum & Fogg, 1991). The underemployed are those employed individuals who are working part-time (under 35 hours per week) but would prefer to be working full-time (Sum & Khatiwada, 2010c). In the U.S. in recent years, underemployment problems have grown substantially. There were more than nine million underemployed

Table 6

The Incidence of Underemployment Problems Among Employed 55-74 Year Olds in the U.S. by Household Income in 2010

Household Income	(A) Employed (in 1000s)	(B) Employed Part-Time for Economic Reasons (in 1000s)	(C) Per Cent Employed Part-Time for Economic Reasons
Under 20,000	1,825	257	14.1
20-39,999	4,410	337	7.6
40-59,999	4,375	217	5.0
60-74,999	2,899	104	3.6
75-99,999	3,440	91	2.6
100,000+	6,236	132	2.1
All	26,714	1,289	4.8

Table 7

The Composition of the Underutilized Low Income Labor Force (55-74 Year Olds) in the U.S., January-November 2010 (Numbers in 1000s)

Variable	(A) Number (in 1000s)
Unemployed	482
Underemployed	257
Labor Force Reserve	254
Total Underutilized	993
Adjusted Civilian Labor Force	2,562
Underutilization Rate (in %)	38.8%

individuals per month in 2010, the largest number in post-World War II history.

Among the older employed, there were 1.29 million underemployed in 2010, representing close to five percent of all of the older employed. The incidence of underemployment problems also varied markedly by household income. Among the low-income employed, 14 of every 100 were underemployed. The incidence of underemployment problems also fell markedly with household income, declining to five percent among the older employed with incomes between $40 and $60 thousand and dropping to two percent for the more affluent employed (see Table 6). Employed members of low-income households were seven times as likely to be underemployed as the more affluent, older employed in 2010. There are high personal economic costs associated with being underemployed. On average, underemployed workers in the U.S. in 2009 worked for only between 21 and 22 hours per week versus between 41 and 42 hours for the full-time employed, and the mean hourly wage of the underemployed was below that of full-time workers in similar age/education groups.

In addition to the problems of open unemployment and underemployment, older workers with limited formal schooling and low incomes also experience a high incidence of hidden unemployment problems.[7] These hidden unemployed or members of the labor force reserve are those individuals who were not actively looking for work at the time of the CPS labor force survey but express a desire for immediate employment. In 2010, there were on average 254,000 low-income older adults who were members of this labor force reserve, equivalent to 11 percent of the number of low income older adults in the official civilian labor force (see Table 7).

The estimates of the number of low-income older adults who were unemployed, underemployed, and

Figure 4

Labor Underutilization Rates of 55-74 Year Olds in the U.S. by Household Income, 2010 (January-November Averages, in %)

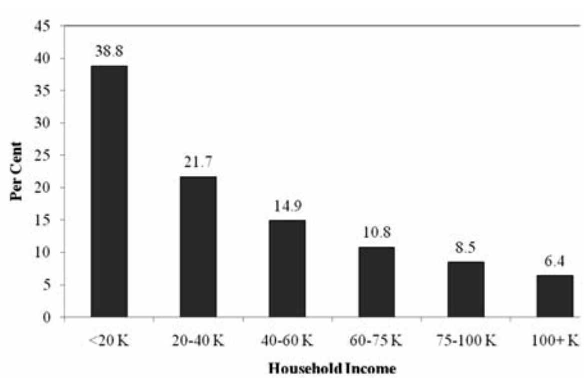


Table 8

Displacement Rates of Older Workers (55-74) and Workers Under 55 Between 2005-2007 and 2007-2009, U.S. (in %)

Age Group	(A) 2005-2007	(B) 2007-2009	(C) Percentage Point Change 2005-07 to 2007-09
55 – 59	5.2	9.5	+4.3
60 – 64	5.2	9.2	+4.0
65 – 69	4.7	10.3	+5.6
70 – 74	5.4	6.3	+.9
All 55 – 74	5.2	9.3`	+4.1
Under 55	6.7	11.3	+4.6

Source: January 2008 and January 2010 CPS Dislocated Worker Surveys, public use files, tabulations by authors.

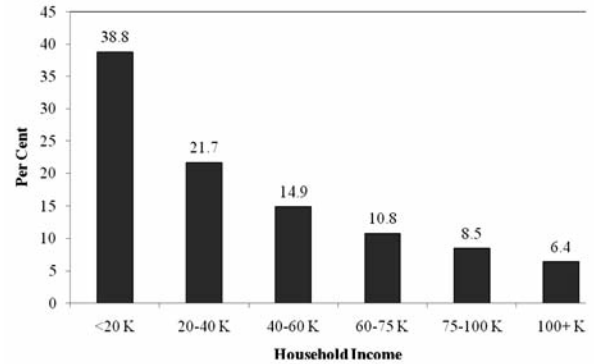
Table 9

Displacement Rates of Older Workers 55-74 by Educational Attainment Between 2005-2007 and 2007-2009, U.S. (in %)

Educational Attainment	(A) 2005 – 2007	(B) 2007 – 2009
<12 or 12, no diploma	7.9	10.2
High school diploma/GED	5.3	10.6
13-15 years, no degree	6.6	10.4
Associate degree	4.8	11.6
Bachelor's degree	4.6	8.2
Master's or higher degree	3.3	5.5

Figure 5

Displacement Rates of 55-74 Year Old Workers from 2007-2009 by Household Income (in %)



members of the hidden unemployed can be combined to form an estimate of the pool of underutilized labor. In 2010, there were nearly one million low-income older adults who were members of this underutilized pool, yielding an underutilization rate of just under 39 percent.[8]

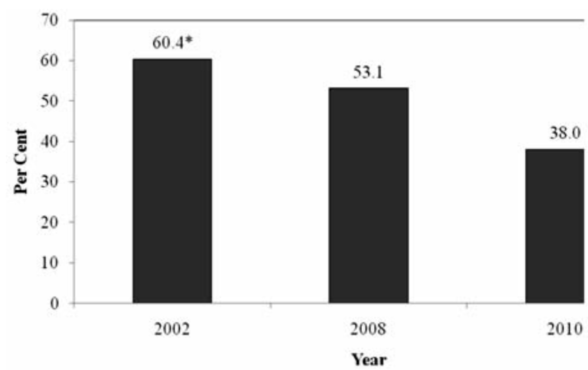
The underutilization rates of the nation's older adults declined steadily and substantially with their household incomes. Workers in the second lowest income group (earning between $20,000 and $40,000) faced an underutilization rate of 22 percent. This rate declined to just under 15 percent for those with household incomes between $40,000 and $60,000 and to a low of 6.4 percent for the most affluent group of workers (see Figure 4). The labor underutilization rate of low income older adults (39 percent) was six times higher than that of the most affluent group. In 2010, the nation's low-income older adults were in the midst of a Great Depression in labor markets while older workers in more affluent families operated in what appeared to be close to a full employment labor market. For older adults, there is not one America but multiple Americas with widely varying labor market and income problems. Very similar patterns in labor underutilization rates across household income groups prevailed for all working-age adults in the U.S. in 2009 (Sum & Khatiwada, 2010d).

Dislocation Problems of Older Workers Across Educational Attainment and Household Income Groups and Their Re-Employment Experiences

Among the adverse consequences of the Great Recession of 2007-to-2009 were the sharp jump in the number of U.S. workers who were permanently displaced from their jobs and their substantially increased difficulties in finding any re-employment (U.S. Bureau of Labor Statistics, 2010).[9] Over the 2007-to-2009 time period, 15.4 million workers (aged 20 and older) were

Figure 6

Re-Employment Rates of Dislocated Workers 55 and Older at the Time of the January 2002, January 2008, and January 2010 Dislocated Worker Surveys (in %)



*Note: Findings only apply to those who were dislocated in 1999-2000.

permanently displaced from their jobs versus only 8.25 million over the previous 2005-2007 period (U.S. Bureau of Labor Statistics, 2008). At the same time, the ability of this much larger number of dislocated workers to obtain new employment was sharply reduced. At the time of the January 2010 survey, only 48.8 percent of the dislocated had gained new employment either part-time or full-time, many of which involved lower wages and skill downgrading, versus a 66.6 percent re-employment rate for dislocated workers at the time of the January 2008 survey. This 49 percent employment rate in January 2010 was the lowest ever recorded in the history of the dislocated worker survey dating back to 1984.

The nation's older workers (aged between 55 and 74 years) also have experienced sharply rising dislocation problems in recent years and continue to encounter the greatest difficulty in finding new employment. This is especially true for workers with limited schooling and in

Figure 7

Re-Employment Rates of Dislocated Workers 55 and Older at the Time of the January 2010 Dislocated Worker Survey by Household Income (in %)

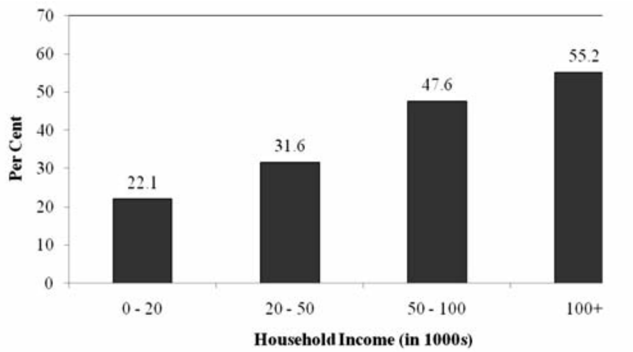
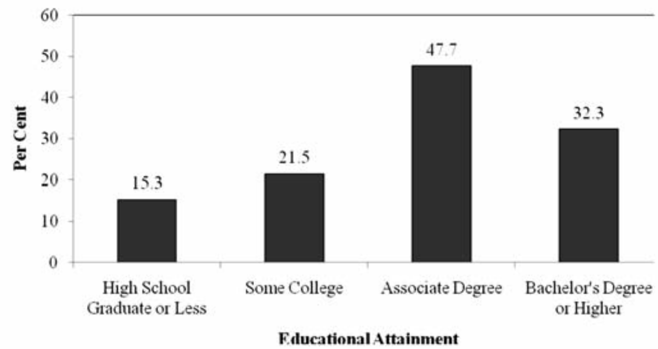


Figure 8

Re-Employment Rates of Low Income Dislocated Workers at the Time of the January 2010 Dislocated Worker Survey by Educational Attainment (in %)



low-income households. Over the 2007-to-2009 period, 9.3 percent of all 55-to-74 year old workers were dislocated from their jobs, which is up sharply from the 5.2 percent dislocation rate of 2005-2007. Dislocation rates for older workers were in the nine-to-ten percent range for workers in the age 55-to-59, 60-to-64, and 65-to-69 age groups over the 2007-to-2009 period (see Table 8).

Displacement rates of the nation's older workers over the 2007-to-2009 period were in the 10-to-11 percent range for each educational group below the bachelor's degree level (see Table 9). In the earlier period, dislocation rates were highest for high school dropouts (7.9 percent) and fell fairly steadily with education to a low of 3.3 percent for those with a Master's or higher degree.[10] Dislocation rates of older workers also varied widely across household income groups, ranging from a high of 20 percent for workers in low-income households (income under $20,000) to 12 percent for workers in the $20-to-$50 thousand range to a low of five percent for those with household incomes over $100,000 (see Figure 5). Low-income workers were four times as likely to be dislocated as their more affluent peers.

As found by other recent surveys of the job finding difficulties of unemployed older workers (Godofsky, Van Horn, & Zukin, 2010), older dislocated workers have encountered severe difficulties in regaining employment (see Figure 6). Only 38 percent of older dislocated workers were employed in January 2010 versus 53 percent at the time of the January 2008 survey and 60 percent of those displaced between 1999 and 2000.

The re-employment rates of older dislocated workers in January 2010 varied widely across household income groups, with low-income adults faring the worst. Only 22 percent of the dislocated in low-income families held any type of job versus 32 percent of those in households with an income between $20,000 and $50,000 and 55 percent of those with incomes over $100,000 (see Figure 7). Among the low-income displaced, re-employment rates also varied widely across educational attainment groups, being equal to only 15 percent for those with a high school diploma or less schooling versus one-third to nearly one-half of those holding an Associate's or higher degree (see Figure 8).

Upon becoming re-employed, many older workers experience severe weekly earnings losses due to a combination of lower weekly hours of work and lower hourly wages which are often influenced by a need

Table 10

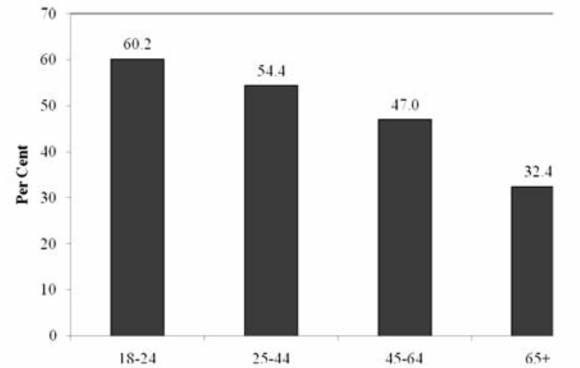
Mean Weekly Earnings of Re-employed Older Dislocated Workers on Old and New Jobs by Household Income, January 2010

Household Income	(A) Mean Weekly Earnings on Job from Which Displaced	(B) Mean Weekly Earnings on New Job	(C) Absolute Change in Mean Weekly Earnings	(D) Percent Change in Earnings
<20,000	465	286	-179	-38%
20-50,000	713	514	-199	-28%
50-100,000	912	787	-125	-14%
100,000+	1,860	1,572	-288	-15%
All	998	807	-191	-19%

Source: January 2008 and January 2010 CPS Dislocated Worker Surveys, public use files, tabulations by authors.

Figure 9

Persons (18+) Who Were Poor in 1996 but Who Had Exited from Poverty by 1999 by Selected Age Groups (in %)



Source: John Iceland, Dynamics of Economic Well-Being: Poverty 19969-1999, U.S. Census Bureau, July 2003.

Table 11

Per Cent of Poor Persons in 2001 Who Were No Longer Poor in 2002 or 2003, All and by Major Age Group

Age Group	(A) Not Poor In 2002	(B) Not Poor In 2003
All	32.4	40.5
<18	29.5	37.4
18-64	35.2	44.7
65+	29.2	30.8

Source: U.S. Census Bureau, "SIPP Surveys, 2001, 2003", web site.

to shift to new occupations and industries to obtain re-employment. For all re-employed older workers, mean weekly earnings fell from $998 on the jobs from which they were displaced to $807 on their new jobs: a loss of $191 or 19 percent (see Table 10). Re-employed older workers in each household income group saw their mean weekly earnings decline, but the largest relative decline was experienced by the dislocated in the lowest income group; their mean weekly earnings in January 2010 were only $286 per week, a decline of $179 or nearly 38 percent from their mean weekly wages on the jobs from which they were displaced.

While older dislocated workers have consistently faced the lowest re-employment rates and frequently large wage losses upon becoming re-employed, they often have been poorly served by federally funded workforce development programs under the former Job Training Partnership Act (JTPA) and the current Workforce Investment Act (WIA). In Program Year 1998, older workers (age 55 and over) accounted for only 2.5 percent of all terminees from JTPA Title II A programs for low-income adults and only 10 percent of the terminees from JTPA Title III programs for dislocated workers. In Program Year 2007, older adults accounted for only nine percent of all terminees from WIA Title I Adult programs and only one of nine received any training or education services (Sum &

Appendix Table A1

The Annual Money Incomes Equivalent to the Poverty Threshold, the Poverty/Near Poverty Threshold, and the Low Income Threshold for Households Containing 1, 2, 3, or 4 Persons in U.S., 2009

Household Size	(A) Poverty Line	(B) Poverty/Near Poverty Line	(C) Low Income Threshold
1	$11,1611	13,951	22,322
2	14,3661	17,958	28,732
3	16,781	20,976	33,562
4	22,128	27,535	44,256

Note: We used the poverty line for households with a person under 65 to represent the poverty line for all older households containing 1 and 2 persons.

Appendix Table A2

The Poverty, Poverty/Near Poverty, and Low Income Status of Older Households with Annual Money Incomes Under $20,000 in 2009 by Household Size

Number of Persons In Household	(A) Poor	(B) Poor or Near Poor	(C) Low Income
1	Nearly one-half (49%)	Majority (68%)	All
2	A majority (57%)	Most (85%)	All
3	Most (82%)	All	All
4 or More Persons	All	All	All

Khatiwada, 2008). During the same program year, older workers accounted for only 13 percent of all terminees from WIA Title I Dislocated Worker programs even though they represented 17 percent of all dislocated and 25 percent of those still jobless in January 2008 (U.S. Bureau of Labor Statistics, 2008).

Persistence of Poverty Among Older Persons

During the past decade, the poverty rate among older persons (age 60 and over) declined while that of nearly all younger groups increased. There is, however, a factor that should be considered by the nation's political leaders as they debate the need to expand programs to boost the employability and earnings of older Americans. This factor is the higher rate of year-to-year persistence in poverty among older Americans. The Survey of Income and Program Participation (SIPP) has tracked representative samples of U.S. households for multiple years over the past two decades. Findings of the 1996-to-1999 SIPP surveys allow us to identify exit rates out of poverty over time as well as new entrants into the ranks of the poor over time.

Among those members of the age 18 and older population who were poor in 1996, the fraction who were able to escape from poverty by 1999 varied quite considerably by age group, tending to decline with age. Over 60 percent of the age 18-to-24 year old poor in 1996 had exited poverty by 1999 versus 54 percent of those ages 25 to 44, 47 percent of those ages 55 to 64, and only 32 percent of those age 65 and older (see Figure 9).[11] Similar findings prevailed for an analysis of poverty exit rates over the 2001-to-2003 time period. While 45 percent of the nation's poor who were between ages 18 and 64 in 2001 were no longer poor in 2003, only 31 percent of the elderly poor (age 65 and over) were able to escape from the ranks of the poor (see Table 11). For the less-educated members of the older poor population, the mobility rates out of poverty appear to be even lower. Many of these more elderly, less educated poor will face a high probability of being poor or near poor over the bulk of their remaining lives. These high poverty rates are accompanied by lower levels of mental and physical health and overall life satisfaction. For too many of the nation's elderly poor, the "Golden Years" are not very golden.

Appendix A: Defining the Annual Income Thresholds Representing the Low Income, Poor/Near Poor, and Poverty Populations of Older Persons (Ages 55 to 74) in 2009

This paper uses an annual household income cutoff of $20,000 to represent the low-income population of older persons (ages 55-to-74 years old). We apply this cutoff to all older persons regardless of their household size. Our definition of low income is a quite conservative one given prevailing definitions in the social welfare literature even though a modest number of older persons living by themselves or with only one other person with incomes under $20,0000 would not be classified as officially poor or poor/near poor under the current federal poverty guidelines.

In the poverty, income inequality, and welfare reform literature, a number of researchers have used an annual income twice the existing federal government's poverty line to represent the low-income population (Acs, Phillips, & McKenzie, 2000; Sum, Fogg, & Mangum, 1999). The annual income thresholds equivalent to twice the poverty line for households of one, two, three, and four persons are displayed in Column C of Appendix Table A-1. A review of these low income thresholds reveals that all of them are above $20,000, including a $22,300 income threshold for a one-person household.[12] Thus, any older person living in a household with an annual income under $20,000 would automatically meet the definition of being low income.

The poor and near poor are those individuals living in a family with an annual income under 125 percent of the official poverty line. The income thresholds for the poor/near poor by family size are displayed in Column B of Appendix Table A1. They range in value from slightly under $14,000 for a one-person household to slightly more than $27,000 for a four-person family. All older persons living in a family with three or more persons that had an income under $20,000 would be classified as poor/near poor as would 84 percent of those in two-person families and slightly over two-thirds of those living on their own (see Appendix Table A2). A very high fraction (56 percent) of those between ages 55 and 74 years with annual household incomes under $20,000 also would be classified as poor under existing official poverty lines, and an even higher fraction would be categorized as poor under the new alternative poverty income cutoffs used by the U.S. Census Bureau.

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Endnotes

1. The baby boom generation is typically defined as those persons who were born between 1946 and 1964.
2. The money income measure includes all earnings from wage and salary employment, self employment, property income, cash transfers from government, including Social Security retirement and unemployment benefits, private pensions, and alimony/child support. It excludes capital gains from the sale of assets and the receipt of in-kind transfers such as food stamps, rental subsidies, Medicare or Medicaid health insurance.
3. The top quintile share of combined household income was about the same in 2000 (51 percent) as it was in 2009 (50.9 percent).
4. Residents of institutions, such as jails, prisons, nursing homes, mental hospitals, are excluded from the analysis. They are not interviewed by the CPS survey.
5. The household incomes in 2000, 2007, and 2009 are measured in nominal terms not adjusted for inflation; however, the rate of inflation as a measured by the CPI-U index rose modestly by only 5 percent between 2007 and 2010.
6. The employment/population ratio (E/P) for any given demographic group represents the share of those in the civilian non-institutional population that are employed. The value of the E/P ratio is influenced by the labor force participation rate and the unemployment rate.
7. In a late 1970s book on these labor market problems, the late Eli Ginzberg referred to members of this group as the labor force overhang. See: Eli Ginzberg, (1979). *Good jobs, Bad jobs, No jobs,* Cambridge, MA: Harvard University Press.
8. The underutilization rate is calculated by dividing the pool of underutilized labor by the adjusted civilian labor force, which includes the official civilian labor force and the labor force reserve.
9. The national dislocated worker surveys of the U.S. Bureau of Labor Statistics are administered as part of the monthly CPS survey once every two years. The most recent survey was conducted in January 2010 and it covered the dislocation experiences of persons 20 and older over the 2007-2009 period. In its analysis of the findings of these dislocated worker surveys, the U.S. Bureau of Labor Statistics has confined most of its research to those dislocated workers who held their last job for at least three years.
10. The one exception to this pattern were those older adults with 1-3 years of post-secondary schooling, but no formal degree. Their dislocation rate was 6.6 percent, a rate above that of high school graduates.
11. The ability of the elderly non-poor to remain out of poverty over time is quite strong. Only 3 percent of non-poor adults (age 65 and over) in 1996 had entered poverty by 1999.
12. We have used the official poverty income threshold for a person under age 65 to represent the poverty line for all older persons ages 55 to 74. The U.S. Census Bureau has a smaller poverty threshold for a person age 65 and older, but a newer set of poverty guidelines would increase poverty thresholds for one person households.

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Older Workers, The Great Recession, and The Impact of Long-Term Unemployment

Carl E. Van Horn • Nicole Corre • Maria Heidkamp

The Great Recession and Older Workers

December 2010 marked the three-year anniversary of the start of the Great Recession. Though technically over in June 2009, the Great Recession has left 15 million people unemployed, 2.1 million of them over age 55. In addition, the Bureau of Labor Statistics (BLS, 2011a) reported that there were 1.3 million "discouraged workers" in December 2010—individuals who no longer count as unemployed because they have given up actively searching for work, believing none is available. Workers across the demographic, educational, and income spectra have all been affected, though men, minorities, and those with limited education have had a particularly challenging time, and male-dominated construction and manufacturing have been especially hard hit. The nation's unemployment rate has been at or above nine percent for a record 20 months, and economists predict the rates will remain this high or higher throughout 2011 (Boushey, 2011).

Also breaking all records since the Great Recession began is the duration of unemployment, which is at historic highs. As of December 2010, there were 6.4 million long-term unemployed individuals who were unemployed 27 weeks or more, representing 44.3 percent of the unemployed (BLS, 2011a). This is the highest proportion of long-term unemployment since the BLS began keeping records in 1948, and greatly exceeds the previous peak of 26 percent, reached in 1983 (Allegretto & Lynch, 2010). In fact, as a result of what it calls "an unprecedented rise in the number of persons with very long durations of unemployment during the recent labor market downturn," the BLS and the U.S. Census Bureau have announced that starting in January 2011, they will change how they record long-term unemployment, adding a new category that reflects durations of unemployment up to five years, instead of stopping at two years, as they have done for the past three decades (BLS, 2011b). Because lengthy periods of unemployment negatively affect an individual's likelihood of returning to work, unprecedented levels of long-term unemployment are a very serious concern (Fogg, Harrington, & McMahon, 2010).

While workers of all ages and backgrounds have been affected by the Great Recession, older workers (age 55 and up) have fared especially poorly. Though less likely to become unemployed than younger workers—those age 55 and over had an unemployment rate of 7.2 percent in December 2010 compared to 8.5 percent for workers between ages 25 and 64—once they do lose a job, they are likely to remain out of work for longer (Pew Fiscal Analysis Initiative, 2011). According to the BLS (2011a), the average unemployment duration for older workers in December 2010 was about 43 weeks, compared to 32 weeks for younger job seekers. More than half (55.5 percent) of the 2.1 million unemployed older job seekers are classified as long-term unemployed, compared to 42.4 percent of younger job seekers. The Pew Fiscal Analysis Initiative (2011) found that over 40 percent of older workers have been unemployed for at least a year.

Not only are older job seekers less likely to get reemployed, they also tend to experience sharper declines in wages than younger workers in their new jobs. Analyzing longitudinal data from the Survey of Income and Program Participation, Johnson and Mommaerts (2011) found that median hourly wages on the new job are 20 percent lower than the median wage of the previous job for men ages 50 to 61. For those age 62 or over, the new median wage was 36 percent below their previous median wage. In contrast, younger men (ages 35 to 49) experienced only a four percent drop in wages, and those between ages 25 and 34, only a two percent decline. (Older displaced women also faced significant wage losses compared to younger ones, but not as dramatic a decline as for men.) Put differently, the probability of losing one's job may be lower for older workers, but, controlling for demographics, education, health status, job characteristics, and economic status, older job seekers' odds of getting reemployed are lower and their wage losses on the new job far exceed those for younger workers.

The Heldrich Center's Work Trends Survey of Unemployed Workers, 2009-2010. Researchers from the Heldrich Center for Workforce Development at Rutgers University examined the effects of the recession on unemployed workers in detail through several national random sample surveys of unemployed workers. In August 2009, the Heldrich Center interviewed a national random sample of 1,202 people who reported that they had lost a job at some point during the 12 months between September 2008 and August 2009. The Internet-based survey was fielded by Knowledge Networks, a survey research firm based in Menlo Park, California. In March 2010, 908 of these respondents were re-interviewed, and 764 respondents were re-interviewed in November 2010.

These national *Work Trends* surveys conducted between the summer of 2009 and the end of 2010 provide a unique profile of the American workforce. Unlike other surveys of unemployed workers, this series interviewed the same individuals three times over a 15-month period as they struggled with the harshest unemployment the United States has experienced since the 1930s. This article highlights the key findings from the Heldrich Center's effort to document the experiences of older and younger American workers during the worst labor market in a generation.[1]

Limited Success in Finding Another Job

Based on the Heldrich Center's *Work Trends* data, older workers (age 55 and over) have the lowest reemployment rate of any demographic group. By November 2010, almost twice as many workers *under* the age of 55 had found a full-time job (28 percent) than workers who were age 55 or older (15 percent). Older workers' reemployment rate (15 percent) compares unfavorably with all subgroups (see Table 1).

Given the dismal reemployment rate for older workers, it is not surprising that over a quarter of the older unemployed respondents (27 percent) left the labor force and stopped looking for work, compared to 17 percent of younger job seekers who did so. Two-thirds (67 percent) of those older workers said they dropped out because they were discouraged, compared to 51 percent of younger respondents.

For those one in six older workers who found another job, half were forced to take a pay cut and, in many cases, a very substantial one. Fourteen percent said the income from their new job was more than 50 percent less than their previous job. Twenty-nine percent said their pay was between 31 percent and 50 percent lower, and another 29 percent said their new income was between 21 percent and 30 percent lower than their prior income. In addition to earning lower wages, half of the older workers who found new jobs described it as something they accepted just to get by while they looked for something better. And, most of the reemployed workers (66 percent) were either somewhat or very concerned that their new job was not a secure one they could count on.

Table 1

Reemployment Rates for Demographic Groups: August 2009 through November 2010 (n=764)

Workers 55 and older	15%
Workers 18-34	41%
Workers 35-54	32%
High school education or less	33%
Some college	28%
Bachelor's degree or higher	43%
Black, non-Hispanic/Other, Hispanic	29%
Income less than $30K	27%
$30K-$60K	29%
More than $60K	56%

Table 2

Percentage of Older Workers who Cut Back Expenditures On: (n=235)

Entertainment	88%
Travel/Vacations	86%
Clothing	79%
Food	62%
Health care	52%
Transportation	46%
Housing/home upkeep	45%

Table 3

Percentage of Older Workers who have Done the Following Since Becoming Unemployed: (n=235)

Increased credit card debt	39%
Sold some of your possessions to make ends meet	33%
Taken a job below your education or experience levels	26%
Taken a job you did not like	23%
Borrowed money from family or friends, other than adult children	18%
Missed a mortgage or rent payment	16%
Forced to move to a different house or apartment	13%
Borrowed money from adult children	9%

As noted earlier, long-term unemployment in the United States is at historic highs for all job seekers, with nearly 10 percent of job seekers looking for work for two years or longer, according to BLS data. Older workers are overrepresented among the long-term unemployed, comprising 14 percent of all unemployed job seekers, and

Table 4

Older Workers' Assessment of their Financial Situation (n=235)

Percentage of older workers who rate their personal financial situation as:	
Poor shape	45%
Only fair shape	39%
Good shape	16%
Percentage of older workers who believe that, over the next year, their family's finances will:	
Stay the same	42%
Get worse	34%
Get better	23%
Percentage of older workers who think that, over the next several years, their finances will:	
Remain at the level they are now	76%
Get back to where they were before the recession began	21%

Table 5

Older Workers' Assessment of the Economy (n=235)

The U.S. economy is experiencing fundamental and lasting changes	72%
The Great Recession represents a temporary downturn	27%
Percentage of older workers who believe the elderly will not be able to retire when they want to	67%*
It will be many years before the unemployment rate will return to where it was before the Great Recession	53%
The unemployment rate will never return to the way it was	40%
Job security will return to what it was before	35%
Job security will not return to pre-Great Recession levels	55%
The availability of good jobs at good pay for those who want to work will return to pre-Great Recession levels	46%
The availability of good jobs at good pay for those who want to work will never return to pre-Great Recession levels	46%
It will be many years before workers will not have to take jobs below their skill level	54%
Going forward, workers taking jobs below their skill level will be the norm	40%

**This question represents all survey respondents over age 50.*

18 percent of those who are unemployed over 52 weeks (BLS, 2011a).

Results from the Heldrich Center's *Work Trends* surveys were similarly grim. The surveys found that of the older unemployed respondents, more than half (52 percent) have been looking for over two years and more than a third (34 percent) have been searching for work for between one and two years. This compares to 31 percent and 28 percent respectively for those job seekers under age 55. Among older job seekers, one in five (20 percent) expect it will be another one to two years before they start a new job compared to only 5 percent of the more optimistic younger job seekers.

Devastating Consequences of Long-Term Unemployment

Prolonged unemployment has had a profound impact on the lives of older unemployed workers. They have been forced to cut back on spending, increase credit card debt, change their lifestyles, and find new, often uncomfortable, ways to make ends meet. The vast majority (82 percent) of the older workers contacted by the Heldrich Center have less in savings compared to when the recession began; 62 percent of them indicated they have "a lot less." More than one-third (35 percent) have seen their savings cut in half in the past year alone, and one-fourth have lost between 26 percent and 50 percent. Most will not have time to recoup their losses, leaving a lingering scar on their future retirement prospects. To adjust to their new financial circumstances, nearly a third (31 percent) of the older respondents cut spending on essential items, and 59 percent have given up some things that are not essential, but desirable (see Table 2).

To endure prolonged unemployment, older job seekers have sought alternative means to make ends meet. In the absence of a regular paycheck, a substantial number of older unemployed workers increased credit card debt, while an alarming number also sold possessions, borrowed money from family or friends, borrowed money from adult children, missed a mortgage or rent payment, or moved to a different house or apartment (see Table 3).

In addition to the difficulties caused by reduced income, roughly a third (32 percent) of older unemployed workers no longer have any health insurance. One-third (33 percent) are enrolled in Medicare or Medicaid, another 10 percent have insurance through a family member, and 11 percent have other arrangements. Only 10 percent have insurance from a current employer, and four percent from a prior employer. In the March 2010 survey, over half (51 percent) of older workers indicated that they went without medical care for themselves or their family members (Borie-Holtz, Van Horn, & Zukin, 2010). These uninsured older workers will have serious implications for health care costs as they are more likely to seek care in costly hospital emergency rooms.

Pessimistic about Jobs, Retirement, and the U.S. Economy

The challenges faced by older workers in the *Work Trends* surveys expose a stark contrast to how Americans have traditionally viewed their retirement years. Comparing their overall financial situation to two years ago, 71 percent of respondents age 55 and older said they were in worse shape; 24 percent were about the same. More than half of older workers (58 percent) said the recession has caused a major change in their lifestyle, and many feel this lifestyle represents a "new normal."

Essentially refuting a fundamental tenet of the American dream, only a quarter (27 percent) of older respondents agreed that most people who want to get ahead can make it if they're willing to work hard, while three-quarters (72 percent) believe that hard work and determination are no guarantee of success for most people. Older workers are deeply pessimistic about getting jobs, their long-term future, and what they believe are fundamental and lasting changes in the economy.

More broadly, older workers in the Heldrich Center's surveys express a bleak outlook on the new economic reality Americans will face as the economy emerges from the Great Recession. Many of the respondents believe a legacy of the Great Recession will be a permanently higher unemployment rate for the United States, as well as a very different view toward when and how Americans will be able to retire. More than half of older workers believe it will be at least one to two years before the economy begins to recover, a prediction that results in similarly grim expectations regarding their own personal finances for the next several years (see Table 4).

The experience of prolonged unemployment is causing a substantial number (68 percent) of those panelists over age 50 to rethink their retirement. Their new reality is leading them either to retire earlier than planned, presumably because they cannot find work, or later than planned, on the assumption that they cannot afford to stop working after prematurely dipping into their retirement savings. Two-thirds (68 percent) of older respondents expect to collect Social Security as soon as they are eligible, or already have done so. Given the demographics of an aging workforce, early retirement may have profound implications for the Social Security system, and for the reduced income individuals can expect by going on benefits earlier than they might have otherwise. For these individuals, however, the changes they have experienced during the course of the recession signal drastic and lasting changes that will permanently affect American workers.

Older workers also express pessimistic views about the labor market conditions that workers of all ages will face in the wake of the long-term changes caused by the Great Recession. In many ways, older workers believe the labor market will never be the same. They fear that, as one older respondent predicted, "The unemployed will not recover from their earnings, savings, and retirement fund losses" (see Table 5).

What is the Government's Role?

Older and younger unemployed workers have similar views about the role of government in ameliorating joblessness. Four in ten workers age 55 years or older said that the government should be mainly responsible for helping laid-off workers, whereas 45 percent of younger workers preferred that response. Older workers are also somewhat more likely to say that the individual (34 percent) should be mainly responsible than younger workers (24 percent).

What, then, do the older workers think policymakers should do to help unemployed workers? Providing Unemployment Insurance for unemployed workers is the most important service that government can provide, according to 58 percent of the respondents. Only 17 percent said they think job placement services are more important and only seven percent said that job training programs are essential (Godofsky, Van Horn, & Zukin, 2010).

While seven in ten older workers reported that they considered changing their careers to find a new job, only 12 percent enrolled in a training course for that purpose (Godofsky et al., 2010). The gap between the need to change careers and the relatively small percentage of those who actually enrolled in training to do so can be explained by several factors. First, many workers, accustomed to finding reemployment quickly were reluctant to change careers before first attempting to reconnect with their former employer or with another employer in their industry. Surely, the lack of personal resources to pay for the costs of education and training also deters workers from entering new training programs, and older job seekers appear to be underserved by publicly funded training programs compared to younger job seekers.

Contemporary governmental policies are not well suited to address the problems of a prolonged recession. This is especially true for older workers who face longer durations of unemployment and may need to undertake long-term—and expensive—retraining programs in order to find another job. The federal government's primary strategies for helping the unemployed consist of partial-income replacement through Unemployment Insurance and short-term training programs for younger adult workers. While Unemployment Insurance continues to be of great value, it should be linked with education and retraining services for older workers who are too young or financially unable to retire. These workers need financial aid to pay for education and training in new careers that are in demand. In addition, given expectations of long-term unemployment remaining high for the foreseeable future, there may be a need to expand opportunities for subsidized on-the-job training and community service employment programs targeted to older workers. Without additional assistance, millions of older workers will be left behind when the economy recovers and will suffer continued financial crises. As it currently stands, there is evidence that older job seekers tend to be underserved by the federally funded employment and training programs of the Workforce Investment Act. The Senior Community Service Employment Program (SCSEP), the sole federal program exclusively devoted to providing assistance to very low income, low-skilled older jobseekers, is not adequately funded to meet the demand for its services.

Although this article focuses on the financial impacts of job loss on older Americans, respondents to the Heldrich Center's *Work Trends* surveys also reported devastating emotional impacts from long-term unemployment, including anxiety, depression, anger, hopelessness, and stress (Godofsky et al., 2010). Many older workers also suspect that age discrimination may be a factor in their inability to find new jobs, which must be addressed along with improving access to education and training resources. Several of the November 2010 survey respondents who were over age 55 said they believed their age was a key factor in their prolonged unemployment. Failure to improve the job opportunities for older job seekers will lead to a significantly diminished quality of life as these workers enter what were supposed to be the "golden" years of retirement (Heidkamp, Corre, & Van Horn, 2010).

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Endnote

1. Full reports are available at: http://www.heldrich.rutgers.edu.

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Boomers Sail into Retirement—or Do They?

Sara E. Rix

It was inevitable—not that boomers would start turning 65, but that their doing so would be attended to with such fanfare. The generation that trusted no one over age 30 has begun to apply for Medicare, the sign of a future very different from the one that greeted them when they graduated from college. Boomers may not view themselves as old, and they may relish the assertion that 60 (or better yet, 65) is the new 40, but they are now waking to arthritic aches, blood pressure pills, and cholesterol concerns. Can the headline "First Boomer Dies of Old Age" be far behind?

Boomers' main claim to fame lies, of course, in their numbers. The 76 million Americans born from 1946 through 1964 and the two million immigrants in the same cohort gave the country plenty to deal with. Boomers required vastly more slots in public schools, colleges, and the labor force. They will likewise put increased pressure on retirement programs as they move into and through old age. Some of that pressure might be abated by longer work lives on the part of this huge segment of the population.

Pushing back the date of retirement, at least for those who are fit, manage to stay employed, and enjoy what they do, has many advantages. These include more years to save, more years to contribute to any employer-provided retirement savings plan and get the employer match if offered, the possibility of substituting low earnings from early in a career with later higher earnings in the Social Security benefit formula, and fewer years of retirement to finance, although it is not clear that this last "benefit" is a strong selling point among workers. Longer work lives could help mitigate labor shortages anticipated as a result of slow labor force growth and the retirement of the boomers, lessen the stress on retirement support systems, increase tax revenues, and contribute to economic growth.

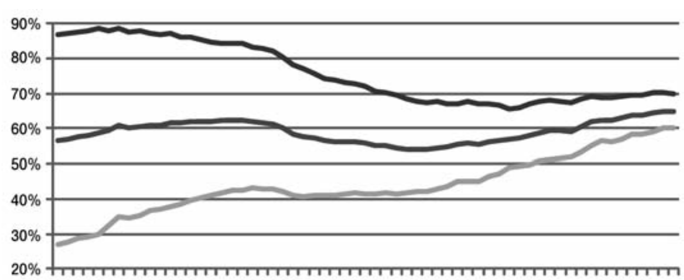
Boomers in the Workforce

Despite the fact that the nation's baby boomers are anything but young any longer, they are likely not yet dwelling on their own mortality. Nor are they necessarily ready to slip into an old age that resembles that of their parents or grandparents—full and generally permanent withdrawal from the labor force at relatively young ages. For years, working boomers have been saying that they plan to work in retirement (AARP, 1998; AARP, 2004; AARP, 2008), and some of them already appear to be doing just that. Of employed boomers surveyed on the eve of turning 65, more than one in three reported having retired from a previous career (AARP, 2010). Johnson, Butrica, and Mommaerts (2010) talk of increasingly "complex" exits from the labor force as one moves from the GI Generation through the Silent Generation and on to the early boomers. Given the heterogeneity of the boomer generation and the fact that the majority of boomers are not yet of retirement age, even greater complexity—or variation—in patterns of work and retirement can be expected as they get set to retire.

As of 2010, nearly 74 percent of persons aged 45 to 64 (almost all of whom were boomers and an age group that included all boomers) were in the labor force, up from 62 percent in 1950 and 66 percent in 1985. By 2010, 55-to-64-year-olds—the "early" boomers or leading edge of that population explosion—were more

Figure 1

Labor Force Participation Rates for Persons Aged 55–64, 1950–2010



Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey at http://data.bls.gov/pdq/querytool.jsp?Survey=1n.

Table 1

Labor Force Participation Rates for Men and Women Aged 55–64 by Single Year of Age, 1991-2010 (in percents)

Men

Age	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
55	82.2	83.4	83.8	81.7	81.8	80.6	81.2	81.7	82.3	82.0	79.8	82.5	82.7	83.4	81.8	81.1	80.8	83.5	84.0	82.5
56	81.6	80.4	79.6	79.7	78.8	79.6	79.8	79.0	79.3	78.3	79.7	81.1	80.7	80.0	80.8	79.9	79.9	80.0	82.4	82.7
57	77.6	77.5	77.4	77.7	75.8	77.6	77.6	76.9	77.2	78.3	77.9	79.5	77.9	78.8	78.2	76.6	76.8	78.2	77.7	79.4
58	76.4	75.6	78.0	76.2	76.5	75.8	74.6	75.6	75.8	74.7	75.6	74.5	75.3	76.0	73.9	77.2	74.4	75.4	77.3	76.3
59	73.7	72.3	74.6	73.1	75.0	73.6	72.8	72.9	73.8	72.2	71.0	72.2	73.4	73.9	73.6	71.5	72.1	73.7	73.4	74.2
60	69.0	69.4	68.9	70.4	70.2	67.7	66.6	69.0	68.2	69.5	66.2	68.4	67.8	68.3	67.5	68.9	65.9	68.4	68.6	70.7
61	65.8	66.6	66.8	66.4	64.2	63.5	63.3	64.5	66.3	65.8	65.9	64.2	66.2	63.8	64.8	62.0	63.6	63.8	65.7	66.5
62	59.0	60.6	56.6	57.5	57.2	57.7	55.8	56.3	57.1	54.4	53.0	52.7	53.7	52.6	51.5	51.3	49.2	52.0	51.8	51.0
63	54.1	52.4	54.5	51.1	52.9	51.1	50.4	47.7	48.5	47.5	44.0	46.8	46.3	46.1	45.2	43.2	45.1	45.8	45.7	44.7
64	49.7	50.7	47.5	46.8	46.8	47.5	45.5	43.8	44.9	42.3	43.2	40.7	41.3	39.5	40.6	40.3	40.9	40.8	41.1	40.6

Women

Age	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
55	72.8	73.2	71.3	70.3	70.9	69.8	69.2	69.8	69.9	66.5	65.2	65.9	67.5	65.7	66.0	64.6	65.1	62.4	62.1	59.4
56	70.9	69.8	70.3	69.6	69.2	66.8	68.0	66.8	64.8	62.2	64.9	64.4	63.4	64.3	61.2	62.0	60.1	59.5	58.3	59.2
57	68.2	69.7	69.0	66.4	66.6	66.7	64.1	65.5	64.2	63.6	61.8	63.0	61.4	60.7	59.2	59.0	60.8	56.7	58.0	55.1
58	66.0	66.4	65.3	64.7	64.2	64.3	63.1	62.2	61.5	59.5	58.4	59.6	58.0	56.5	57.6	57.1	55.1	55.9	54.0	53.4
59	63.1	62.0	62.1	61.8	62.4	59.1	58.6	61.1	56.8	56.1	55.6	54.6	53.6	54.8	53.7	53.5	54.1	50.1	50.4	51.2
60	61.0	58.3	59.4	56.7	56.4	55.7	55.4	56.5	53.4	52.2	51.5	49.2	48.3	50.0	47.9	49.2	46.8	44.8	47.7	45.2
61	54.8	56.6	53.7	54.6	52.6	51.7	52.5	50.9	52.2	48.6	46.4	43.3	46.3	45.6	46.4	42.6	43.6	45.4	43.7	42.1
62	49.7	48.9	48.0	46.4	45.5	44.6	42.6	44.6	41.7	40.6	38.7	37.7	39.3	40.0	36.1	36.3	37.4	36.3	33.8	33.4
63	44.3	43.3	39.3	40.1	41.6	39.4	38.4	37.2	36.3	37.8	33.6	32.7	33.3	32.7	31.1	33.5	31.9	30.7	30.4	29.3
64	41.0	37.9	38.4	39.2	37.3	35.1	34.5	33.6	34.6	31.3	29.9	30.6	27.1	27.7	28.3	28.0	30.2	28.3	27.1	25.3

Note: Shaded figures are participation rates for boomers born in 1955 or earlier.
Source: U.S. Department of Labor, Bureau of Labor Statistics, unpublished data.

likely to be in the labor force than at any time in the past sixty years (see Figure 1's total for both sexes). With a participation rate that rose from 27 percent in 1950 to 60.2 percent in 2010, boomer women, who had helped fuel the dramatic rise in female labor force participation rates in the 1960s and 1970s, can be given credit for this increase. The participation rate for leading edge boomer men remains well below what it was in 1950—70 percent in 2010 versus 86.9 percent. As a result, the male/female gap in participation for this age group has shrunk to less than 10 percentage points from nearly 60 six decades ago. The "older" labor force is increasingly a female labor force.

Figure 1 obscures some of the nuances of the labor force developments experienced by leading edge boomers and their earlier counterparts at the same ages. These can be seen in Table 1's participation rates by single year of age for persons aged 55 to 64 since 1991. Boomers (shaded sections) started turning 55 in 2001. Rates have changed little for men aged 55 through 61 in any year over the past two decades. They have, however, risen rather sharply for those at or after the age of early eligibility age for Social Security retired worker benefits—ages 62, 63, and 64—since 1991, and particularly since 2000 or so. Although this upward trend started with pre-boomers, it has for the most part continued among early

Table 2

Unemployment Rates and Average Duration of Unemployment, December 2007, June 2009, and December 2010, by Age Group*

Unemployment Rate**	**December 2007**	**June 2009**	**December 2010**
Total labor force, aged 16+	4.8%	9.7%	9.1%
Post-boomers (born after 1964)	6.0%	11.6%	10.5%
Late boomers (born 1956-1964)	3.7%	7.1%	7.6%
Early boomers (born 1946-1955)	3.0%	6.9%	6.6%
Pre-boomers (born before 1946)	3.2%	6.5%	6.9%
Average Duration of Unemployment (in weeks)**			
Total labor force, aged 16+	16.4	22.5	34.0
Post-boomers (born after 1964)	14.8	20.3	30.7
Late boomers (born 1956-1964)	18.9	25.7	39.1
Early boomers (born 1946-1955)	20.6	29.2	42.0
Pre-boomers (born before 1946)	19.8	30.3	45.5

*December 2007 and June 2009 were, respectively, the official beginning and end of the recent recession.
**Not seasonally adjusted.
Source: U.S. Census Bureau, DataFerrett. Current Population Survey, December 2007; June 2009; December 2010.

boomer men. Once again, women's growing attachment to the labor force is evident in rising participation rates at every age from 55 to 64 since 1991.

Also apparent is the marked decline in the participation rates from ages 55 to 64 for both men and women, boomers as well as pre-boomers, in every year over the past twenty. With rising participation, however, the decline—or gap between the rate at age 55 and that at 64—has become less pronounced than in the past.

In 2010, more than two-fifths of boomer 64-year-olds were in the labor force. For a variety of reasons, many of them seem poised to remain there as more of them move into their mid- to late-60s.

Financial Insecurity on the Threshold of Retirement

Boomers have a variety of explanations for expecting to work in their so-called "retirement": they want to remain active; they want to feel useful; they enjoy what they are doing; and they need the money and/or access to health insurance that employment provides. Over the years, financial reasons seem to have achieved greater salience as a reason for planning to work in retirement (AARP, 2002; AARP, 2008).

Estimates of how prepared boomers are for a retirement free of work vary, but on the whole, the picture is not a rosy one. To be sure, Butrica and Uccello (2004), using the Urban Institute's DYNASIM Model, did find some reason for optimism with respect to absolute wealth levels, at least shortly after retiring. Early boomers (those born between 1946 and 1955) were estimated to have more wealth and income at age 67 than those before them. Relative well-being, or post-retirement income compared to that in pre-retirement or to workers' incomes, however, failed to show the same degree of improvement. Employing another methodology, Munnell, Webb, and Golub-Sass (2009) concluded that 41 percent of early boomer households are "at risk" of having insufficient funds to maintain their standard of living in retirement. Moreover, if EBRI's simulations are any guide, the recent recession has put more boomers at risk. According to VanDerhei (2011), nearly half (47.2 percent) of boomers born between 1948 and 1954 may be at risk of not having enough income for basic retirement expenses or uninsured health care costs. A recent Harris poll has reported that one-fourth of boomers (aged between 46 and 64) have no retirement savings (Harris Interactive, 2011).

Boomers themselves appear pessimistic about their financial situation. More than half believe that they will be less comfortable in retirement than earlier generations (Marist College Institute for Public Opinion, 2011), and it is by no means certain that earlier generations were as well off as commonly assumed. EBRI's Dallas Salisbury (1997) has testified about the paucity of traditional defined benefit plans or employer-provided retiree health benefits among boomers' retired parents, few of whom apparently saved for retirement. Compared to their parents' generation—as opposed to some mythical golden age of retirement—boomers might not be so bad off. Still, boomers probably do not regard their parents' lifestyles as their frame of reference but rather look to their own pre-retirement standard of living (or the one they may have had before the recession and fall in housing values) as the standard they would hope to maintain.

A full year after the recession officially ended, boomers (who were between the ages of 50 and 64) were more likely than other age groups to say their households' financial situations were in worse shape than before the recession. They were also less optimistic that it would improve over the next year and were more likely to have tightened their belts, according to the Pew Research Center (2010).

While such attitudes are likely to improve as the economy strengthens, boomers do not have much time to recover from the market downturn, shrinking property values, and, for a substantial number, wages lost as a result of unemployment. Many have exhausted their savings or gone into or further into debt. These occurrences cannot help but have thrown a wrench into retirement plans. Indeed, the recent recession has apparently prompted older workers to revise their expected retirement age upward (Brown, 2009; Helman, Matthew Greenwald & Associates, Copeland, & VanDerhei, 2010). The MetLife Mature Market Institute (2010) has speculated that the recession may have made boomers more risk averse. Consequently, they may be more anxious about replacing a paycheck with a retirement benefit, at least right now. The media's focus on the inadequacy of retirement savings among boomers approaching retirement might, it has been suggested, have enhanced awareness of the need to remain longer at work; boomers could also be worried about what they read about the solvency of programs they will be dependent on when they fully retire (AARP, 2008).

More Work to the Rescue

Options for making oneself whole are few, and continued employment seems to be the most promising. Workers may have little influence over what happens to housing values or the stock market, but they do have more control—albeit not total control—over when to retire. Protected by the federal Age Discrimination in Employment Act and state age discrimination laws eliminating mandatory retirement, most workers can legally work well beyond the ages at which their parents retired. However, although the past quarter century has witnessed sharp increases in the labor force participation rates of both men and women aged between 65 and 69—an age range that encompasses what is typically referred to as the "normal" retirement age—the majority of workers still opt to retire before age 65. Johnson et al. (2010, p. 30) observe that "the most common retirement age by far" is 62.

Certainly not everyone can or will work longer; ill health or job loss will make that impossible. An employer who really wants to get rid of a worker can generally figure out a way to do so. In addition, some workers simply do not want to continue punching the time clock.

On a more positive note, factors other than the recent recession provide incentives to work longer. These include improved health, or, at least, improvements in self-perceived health, and increases in educational attainment, both of which are associated with longer work lives. Today's workers are less likely to be exposed to physically demanding jobs and thus under less pressure to exit the workforce because the work is too much for them. Policy changes over the past quarter century also have played a role by rewarding more work (the ability to earn any amount without losing Social Security benefits after the full retirement age and the greater actuarial fairness of Social Security's delayed retirement credit) and by increasing the penalty for early retirement (as Social Security's full benefit eligibility age is phased in). Older workers indicate that other inducements, such as phased retirement opportunities, more attractive part-time work, and/or more flexible work schedules, might keep them longer in the labor force by making continued employment more feasible and attractive.

But Not All and Not Forever

Boomers who want or need to work have not had an easy time of it since the recession began or since it ended. Although their unemployment rate was and remains lower than that of younger workers (see Table 2), it has soared since the start of the recession in December 2007 and has continued at a high level since the official end in June 2009. Among early or leading-edge boomers, for example, the unemployment rate in December 2010 was more than double what it had been at the beginning of the recession and not much below what it was at the end. Late boomers (those born between 1956 and 1964) had even higher rates at the three dates included in Table 2.

Of greater concern, perhaps, is how long boomers remain unemployed; average duration of unemployment for leading-edge boomers was 42 weeks as recently as the end of 2010—also more than double what it had been at the start of the recession. These figures are expected to improve, but the fact is, the longer boomers are out of work, the more difficult it will be for them to find work, and if they do succeed, it may well be under conditions far less favorable than they had before, particularly when it comes to salary (Johnson & Mommaerts, 2011). Many may never become reemployed and may drop out of the labor force as a result. As of January 2010, 21 percent of workers aged 55 to 64 (boomers) who had been displaced from jobs between January 2007 and December 2009 were no longer in the labor force (U.S. Department of Labor, Bureau of Labor Statistics, 2010).

So while working longer may be an option for boomers who have jobs, those who do not have them will not find it easy to push back their expected date of retirement, as much as they might need the earnings. Ill health will continue to propel other boomers out of the labor force, sometimes before even the early age of eligibility for Social Security.

Boomers overall may expect to work longer, but it is not clear how much longer they really want to work—at least in the jobs that they have. In fact, many boomers say that they cannot wait to retire (AARP, 2004). Jobs may be less arduous than a generation or two ago, but home health aids, police officers, city bus drivers, grocery store stockers, fast food workers, and others like them who have been doing these jobs for years might not savor the prospect of postponing retirement as much as those with indoor work and no heavy lifting. When boomers say they expect to work in retirement, what exactly do they have in mind? Continuing to do what they are currently doing? Going into business for themselves? Recareering into something new and less stressful? Moving to something that enables them to do good? How realistic are their expectations and aspirations? Why is it, as Johnson et al. (2010) ask, that there has been so little improvement (i.e., decrease) in the percentage of persons retired by age 62? Are there additional public policy interventions that would enable boomers in particular to realize any employment dreams or, short of that, continue on with what they are doing? Or must the enticement to remain at work come from employers who presumably know what they need?

Even if participation rates at older ages continue to rise, boomers are not going to work forever—their bodies may give out on them; their cognitive capabilities may deteriorate; their employers may give up on them; or they may simply give up on their jobs. The closer boomers get to retirement, the better it may look. The key question is how best to enhance performance, productivity, and the ability to work at older ages and push upward—if only by a year or two, more if possible—the age at which workers want to or must retire and thus leave the labor force for good. Retirement support systems, the economy, and some of the more than 76 million boomers still alive all stand to benefit as a result. Now those would be boomer outcomes to celebrate!

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Promoting Employment and Community Service among Low-Income Seniors: The Successes and Challenges of the Senior Community Service Employment Program

Judith G. Gonyea • Robert B. Hudson

While numerous challenges face the older worker population, the most pressing ones are found among low-income older workers. Their work life has often been marked by physically demanding and intermittent employment, a combination that can render them both exhausted and poor. In later life, low-income older workers often find themselves confronted with one or both of two unpalatable situations: an inability to maintain their footing in the labor market and/or an inability to settle into a retirement where their material and other needs can be satisfactorily met. Beyond the institution of early retirement benefits under Social Security (for women in 1956 and for men in 1961), public policy has done little to address the special needs of this population.

The one ongoing program that has done so is the Senior Community Service Employment Program (SCSEP), Title V of the Older Americans Act. SCSEP, administered by the U.S. Department of Labor (DoL), is the only federal jobs program targeted at low-income older adults. The program provides subsidized part-time community-service employment for lower income individuals aged 55 and older who have poor employment prospects. The program currently serves just over 100,000 enrollees who are working in a variety of community-based non-profit organizations and government agencies as nurse's aides, librarians, day care workers, and teacher's aides. DoL administers the program through a combination of national contractors and state agencies, with roughly three-quarters of contract dollars being directed to the national organizations. Periodic evaluations have generally given high marks to the program, reporting that both enrollees and employers are very satisfied (Centaur Associates, 1986; Charter Oak Group, 2003; Charter Oak Group, 2007) and that it may lower enrollment in both the Food Stamp and Supplemental Security Income programs (Borzilleri, 1978). Until very recently, the program has also enjoyed considerable political support over the years, nowhere more clearly reflected than in the failure of the Reagan Administration to consolidate the program in 1983 (U.S. House of Representatives, 1989). However, in 2010 SCSEP appropriations were cut by 45 percent after two consecutive years of increases of 20 percent or more.

These are important issues for what might be considered both intrinsic and extrinsic reasons. On the first point, it is elementary to policy analysis that programs should have an internal logic connecting objectives to outcomes. At the most basic level, there is no way to determine if funds are being well-spent if their expenditure cannot be tied to meeting objectives tied to program goals. In the case of SCSEP, a core question is whether the dual purposes of senior employment and community service set forth in the legislation are of equal importance. Is the program's primary purpose to provide supplemental income to low-income older workers or to prepare them for private sector employment? Is promoting these workers' well-being principally a matter of income and economic security or does it also involve meaningful civic activity which brings a wider range of satisfaction? Is the community service/civic engagement criterion inviolate or do more instrumental employment activities pass muster?

On the second point, one is struck by the degree to which SCSEP has been caught up in concerns and controversies that extend well beyond the program itself. In the case of SCSEP, the question becomes where do concerns about low-income older workers come in a constellation that includes: what is the place of the federal government in promoting individual welfare; what economic and societal role do we expect older people to play in a time of demographic transition and economic constraints; how directive should "the feds" be when dealing with states, contractors, and beneficiaries; and should beneficiary groups be addressed categorically or should programs be consolidated across groups, whether by age or function?

The Evolution of SCSEP

The time and placement of SCSEP's beginnings are of more than historical interest because they help understand and anticipate some of the controversies that later developed. In its origins and evolution, SCSEP has been in many ways a product of its times, and its workings have been caught up in the occasional tensions that came with shifting policy priorities over the course of the past several decades.

Today's SCSEP began as an element of Operation Mainstream, contained in Title II of the Economic Opportunity Act, one of the cornerstones of the Great Society. Focusing initially on the employment needs of chronically unemployed and low-income adults in rural areas, the older adult portion of the program was later folded into the Older Americans Act (OAA) as part of major amendments enacted in 1973. Originally named the Older Americans Community Service Employment Act, it was redesignated in 1978 as the Senior Community Service Employment Program and incorporated into the OAA as Title V (U.S. House of Representatives, 1989). The program remained largely unchanged during the 1980s, despite attempts to consolidate the program during the first Reagan administration.

Enactment of the Workforce Investment Act (WIA) in 1998 led to SCSEP amendments in 2000 that required a new coordinated role with WIA, specifically coordinating with local workforce investment boards and "one-stop shopping" mechanisms administered by those boards. The 2000 amendments also elevated unsubsidized employment as a program goal while maintaining the community service emphasis of the program (Nilson, 2006). The amendments also introduced a competitive process in the awarding of national contracts and established new performance goals for program contractors to meet. New requirements centered on non-subsidized employment and program accountability were enacted through the SCSEP amendments of 2006, namely, requiring a 48-month time limit for individual program participation, setting aside funds for demonstration projects, and modifying how income eligibility is determined under the program (O'Shaughnessy & Napili, 2006).

Ongoing Controversies under SCSEP

The principal controversy, and the one that is most reflective of the shifting environment, centers on program mission. The longest lens shows SCSEP, having begun as a piece of the War on Poverty and most recently having been tied to the Workforce Investment Act, has evolved slowly and incompletely from the world of income maintenance toward that of labor force participation. Several legislative and regulatory episodes have contributed to this shifting emphasis. The income maintenance element was paramount in the early years, with the initial grants made to rural elders through the Green Thumb program in which low-income elders were paid wages for undertaking beautification, parks, and historical restoration activities (U.S. House of Representatives, 1989). In the late 1960s, grantees also included the National Council on Aging (NCOA), National Council on Senior Citizens (NCSC) and the American Association of Retired Persons (AARP) Foundation and, again, wages went to support socially useful part-time job opportunities to low-income jobless elders. Then, in 1970, under Edward Kennedy's leadership, SCSEP's predecessor program, the Older American Community Service Employment Act became law. It was understood to be "more of an income maintenance program than a training program" (U.S. House of Representatives, 1989, p. 7) by offering low-income older persons a meaningful opportunity to engage in purposeful activity. The law also included a provision whereby, "when appropriate," the program should aid older enrollees in becoming employed in the private sector, in part because a companion bill directed at middle-aged workers failed to be enacted during the same time frame. Subsequent to this development, training language was included in the Comprehensive Employment and Training Act. Amendments in 1981 dropped a provision in the original legislation that low-income older persons must have "poor employment prospects" or "have difficulty in securing employment" to be enrolled, provisions acknowledging difficulties older individuals who are otherwise qualified face in entering or reentering the job market (U.S. House of Representatives,1989, p. 13). As well, in 1982, Job Training Partnership Act (JTPA) was enacted, which included a specific set-aside for older workers.

Passage of the Workforce Investment Act in 1998, and related amendments to SCSEP in 2000, however, reinforced the labor market element of SCSEP but did not include the older worker set aside included in the JTPA. The amendments called for greater coordination between the two programs, including DOL applying the core or "common" WIA performance measures to SCSEP and designating SCSEP contractors as one of the "mandatory partners" in local WIA "One-Stop" systems. As partners, SCSEP programs are obligated to provide core services through the One-Stop system, contribute funding to the system, and participate in the system's administration. Most important, the 2000 SCSEP amendments formally recognized unsubsidized employment as a program goal, albeit while continuing to preserve the original community service nature of the function (U.S. Department of Labor, 2001).

The shift in emphasis is further seen through the four areas in which performance measures were to be established:

- The number of persons served, including those with greatest social and economic needs;
- The community services provided;
- The placement and retention of participants in unsubsidized employment (with a minimum placement rate of 20 percent for each grantee); and
- Customer satisfaction of enrollees, employers, and host agencies that provide community service jobs.

Finally, the dual and potentially competing aims of the SCSEP program were seen in the last round of amendments, promulgated in 2006. While expressing its "sense" that placing older individuals in community service positions helps them become self-sufficient, strengthens community organizations through civic engagement, and strengthens communities themselves, it nonetheless added specific provisions designed to promote further unsubsidized employment. Reflecting the nationwide movement toward evidence-based practice and the use of performance accountability systems, the 2006 amendments to the OAA further expanded and refined SCSEP's performance measures to the following six core indicators: hours (in aggregate) of community service employment; entry into unsubsidized employment; retention in unsubsidized employment for six months; earnings; number of eligible individuals serviced; and number of most-in-need individuals serviced. The 2006 amendment also had three additional performance indicators: retention in unsubsidized employment for one year; satisfaction of the participants, employers, and their host agencies with the experiences and the services provided; and other indicators of performance the Secretary determines appropriate to evaluate. In fact, a common criticism among grantees was that the revised performance measurement system placed too great an emphasis on employment outcomes and only one measure specifically assessed community service (Volunteer Work, Proposed Rule, 2010).

Most notably, the 2006 amendments imposed a 48-month limitation on individuals' program participation and increased the percentage of funds that could be expended by grantees for training and supportive services. Few grantees, however, chose to shift their expenditures in this manner given their need to enroll a specific number of participants. Both initiatives clearly were aimed at transitioning enrollees out of the program and into the labor force. This program change to institute a 48-month durational lifetime limit on individuals, and a 27-month average caseload enrollment limit on grantees was, and remains, controversial. The initial reactions of the national and state grantees to this new regulation were overwhelmingly negative; most emphasized that this proposed policy shift largely disregarded the specific characteristics of the participants, their barriers to employment, or the conditions of their local job market. As national grantee Experience Works Director of Communications and Outreach Lita Levine Kleger stressed in her comments at a 2010 Title V Reauthorization Listening Session: "In this uncertain economic climate, participants in SCSEP should be allowed to remain on the program rather than be subject to the maximum time extension they would be permitted in the current law" (Workforce[3] One, 2010).

Ultimately, public comments led the DoL to back away from a proposed single one-year extension to the 48-month limit for even the most hard-to-serve individuals. Rather, the DoL did not specify a time limit to the extension period (Employment & Training Reporter, 2010). Waivers from the 48-month limit can be given for individuals who have a severe disability; are frail; are old enough for but not eligible for Social Security Title II retirement benefits; have severely limited employment prospects and live in an area of persistent unemployment; are 75 years of age or older; have limited English proficiency; or have low literacy skills. In addition, grantees can request a waiver to raise their average project duration up to 36 months, rather than 27 months. Waivers are on a program-year basis, and are based on five factors: high rates of unemployment or poverty; significant downturns in the grantee's area or in the national economy; significant numbers or proportions of participants with barriers to employment; changes in federal, state, or local minimum wages; and limited economies of scale.

In recent years, the DoL has continued to strengthen its efforts to increase grantees' accountability. In addition to having imposed performance measures in 2000, Congress also added a provision that grants would be subject to regular competition no less than every four years. During the federal rule-making phase conducted by the DoL, many comments were to the effect that the community service role of the program was being subordinated to the unsubsidized employment objective; however, DoL disagreed, arguing that it found both objectives clearly to reflect Congressional intent and not to be contradictory (SCSEP, Final Rule, 2010, p. 53789). In upholding the current performance measures as a further reflection of Congressional intent, the DoL observed that three of the six, or half, of the core measures—entry into unsubsidized employment, retention in such employment, and earnings—were tied to unsubsidized employment.

In contrast, more recent rule-making decisions by the DoL have pleased both those who emphasize that SCSEP is an aging "person-centered" program and those who identify with the community service portion of the SCSEP mission. First, in September 2010, the DoL offered grantees greater flexibility in crafting the mandated Individual Employment Plan (IEP) by ruling that "while the first IEP must contain an employment goal, later IEPs need not, if not a feasible outcome for a participant" (SCSEP, Final Rule, 2010, p. 53789). Indeed, for some older and frailer enrollees, seeking to lessen debilitating social isolation and/or severe poverty may be the most appropriate IEP goals. This perspective is reflected in Representative Obey's comments at a 2006 House Committee on Appropriations hearing on SCSEP. Obey noted that a senior citizen working at a meal center may not be looking for training, rather "she may be looking to earn a few dollars that will keep her head above water working for a government that's trying to keep people off of welfare" (Employment & Training Reporter, 2006, p. 2).

Secondly, in November 2010, the DoL sought input on adding a new performance measure tied specifically to volunteer work. It proposed adding as an "additional measure" (the only option open to the Secretary absent further Congressional action) "entry into volunteer work," and it went on to add a specific definition of such work, namely, "volunteer work is the equivalent of activities or work that former participants perform for a public agency of a State, local government, or intergovernmental agency, or for a charity or similar non-profit organization, for civic, charitable, or for humanitarian reasons, and without expectation of compensation" (Volunteer Work, Proposed Rule, 2010, p. 71515). Specifying public and non-profit loci and non-market-oriented activity served to reinforce the community service element. That this was initiated by the Employment and Training Administration of the DoL rather than directed by Congress can be seen as giving further operational credence to the community service role.

How Should SCSEP Services Be Administered?

Given that function and structure go hand-in-hand in public administration, it is no surprise that debates about where to locate SCSEP activities has been a matter of ongoing instance. Two such enduring questions have been should programs be separate or combined and how much discretion should be delegated to implementing actors.

During the early years, reflecting the categorical nature of Great Society programming, there were moves to create discrete programmatic and organizational entities. One such debate centered on whether to treat senior paid and volunteer programs jointly. It was resolved in 1969 that they should be separated, with the Foster Grandparents and Retired Senior Volunteer programs being housed in the Department of Health, Education, and Welfare and the senior employment program remaining in the Department of Labor. A second issue focused on whether to address the employment needs of middle-aged and older adults under single or separate programs. In the late 1960s, separate bills were introduced addressing these populations, with only that focused on older adults ultimately resulting in passage. Both the organizational and target questions arose again in the early 1970s, with President Richard Nixon vetoing an omnibus adult labor bill emerging from a Senate-House Conference Committee on the grounds that it would further increase the number of categorical programs in place that hamstrung state and local officials (U.S. House of Representatives, 1989). The final frontal assault on the program took place during the first Reagan administration, which proposed eliminating Title V as a separate program and folding it into a Special Targeted Program that would have encompassed a variety of populations and which would have concentrated efforts on training while eliminating the subsidized wages that were—and continue to be—a core element of SCSEP (U.S. Government Accounting Office, 1984).

There was, as well, an overtly political element in implementation of SCSEP services, focused not surprisingly on which organizations would administer the program throughout the country. Given SCSEP's origins as an Office of Economic Opportunity demonstration project initially targeting rural elders, the first grant went to Green Thumb (later renamed Experience Works). To broaden both the coverage and the appeal of the program, contracts were later let to other national organizations, namely, the National Council of Senior Citizens (NCSC), the National Council on the Aging (NCOA), and the American Association of Retired Persons (later shortened to AARP), followed by the U.S. Forest

Service in 1972. Soon thereafter, the nascent National Association of State Units on Aging (now the National Association of States United for Aging and Disabilities), the trade association of the state aging agencies, pressed for state governments to be included in the program. After considerable give-and-take, in 1976 a formula was devised that distributed the allocations between the two sets of potential contractors that has remained largely in place over the years. The introduction of competition for the national grants and the institution of performance standards have, however, introduced a new level of stringency into the awarding process. These initiatives have not fundamentally altered the division of funding between national contractors and state agencies, with the balance having held at a relatively constant 78-percent-to-22-percent ratio (Nilsen, 2006).

DOL has conducted two open grant competitions for national contractors which have, however, led to major changes. Until 2003, grants had been awarded on a non-competitive basis to ten organizations: the AARP Foundation, Asociacion Nacional Pro Personas Mayores, Experience Works, National Asian Pacific Center on Aging, National Caucus and Center on Black Aged, NCOA, National Indian Council on Aging, National Urban League, Senior Service America (the successor to NCSC), and the U.S. Forest Service. But after the first national grantee competition in 2002 that number had increased to 13 adding Easter Seals, Mature Services, the National Able Network, and SER – Jobs for Progress National but defunding the National Urban League. In 2006 DOL conducted a second competition that defunded the U.S. Forest Service, awarded funding to the National Urban League, and added five new national contractors: Goodwill Industries International, Indian Institute for Development, Quality Career Services, Vermont Associates for Training and Development, and The Workplace.

Who Should Be Eligible for SCSEP Service?

Participant eligibility for SCSEP is based primarily on three criteria: (1) age, (2) work status, and (3) income. Currently, to be eligible for SCSEP, a person must be 55 years of age or older, unemployed, and have an income level that does not exceed 125 percent of the poverty guidelines as set by the Office of Management and Budget (OMB). All SCSEP applicants and participants must also be citizens of the U.S. or legal resident aliens who are permitted to work.

Within this broadly targeted population, the OAA section 503(a) identifies three priority groups: (1) individuals with the "greatest economic need," (2) persons with the "greatest social need," and/or (3) those who are at least 65 years of age. Current DoL regulations also give first priority to veterans and qualified veteran spouses who are 55 or older. OAA section 513(b) further defines the "most-in-need" participants who should be given "special consideration" as having one or more of the following characteristics: have a severe disability; are frail; are age 75 or older; are age-eligible but not receiving benefits under Title II of the Social Security Act; reside in an area with persistent unemployment and have severely limited employment prospects; have limited English proficiency; have low literacy skills; have a disability; reside in a rural area; have low employment prospects; and/or have failed to find employment after using services provided under Title I of the Workforce Investment Act of 1998 (SCSEP, Final Rule, 2010, p. 53807).

Throughout SCSEP's history, debate has surrounded each of the three eligibility requirements. During the 2006 OAA reauthorization, for example, the DoL proposed raising the minimum age eligibility from age 55 to 65, arguing that this change would allow a more effective targeting of SCSEP's limited resources to older, harder-to-serve Americans. This proposed age increase, however, was uniformly opposed by national and state grantees who emphasized the particular vulnerabilities of the 55-to-64 age group. Testifying before a 2006 Senate Special Committee on Aging, Shauna O'Neil, Director of Salt Lake Country Aging Services in Salt Lake City, Utah, noted: "Of all of the people we serve, those under 62 years of age, who often have little or no income, little job history, and are ineligible for any other kind of assistance, are often in particularly desperate straits" (U.S. Senate Special Committee on Aging, 2006, p. 64). Similarly, Melinda Adams, State-Wide Older Worker Coordinator from the Idaho Commission on Aging, voiced her opposition to raising the age of eligibility from 55 to 64 because it "neglects a significant population who are underserved by other programs, who are largely ineligible for Social Security, and discouraged about their employment future" (U.S. Senate Special Committee on Aging, 2006, p. 90). In fact, some have advocated further lowering the minimum age eligibility to age 50 for those who fall within the most-in-need category.

Some national and state grantees also expressed dissatisfaction with the 2000 reauthorization of SCSEP ruling in which the DoL restricted eligibility to the unemployed and disallowed the previous practice of enrolling individuals who were underemployed, particularly income-eligible, part-time older workers. In responding to these criticisms or concerns, the DoL acknowledged that statutory statement of purpose (section 502(a)(1)), does include persons who have "poor employment prospects." It concluded, however, that "it is not an alternative criterion to being unemployed and low income; rather, it is an additional criterion." Further, the DoL argued that "even with the more narrow statutory purpose, the number of persons eligible for the program far exceeds the number of available positions" (SCSEP, Final Rule, 2004, p. 10915). Still, some have continued to advocate for underemployment being restored as an eligibility factor. In her 2006 testimony, Ms. Adams, stressed the detrimental effects of excluding the underemployed, noting that "We are losing so many people, turning them away because of a 4-hour-a-week job or as my colleague mentioned, because of a baby-sitting job on a Saturday" (p. 93).

Debate has also focused on the income-eligibility criterion and, more specifically, around what sources of income are included or excluded in determining eligibility. In the past, advocates have proposed raising the ceiling of income eligibility to 150, 175, or 200 percent of the federal poverty level while maintaining a priority of serving those who are most needy. Yet, in recent years, much of the discourse has focused on the DoL rulings regarding what sources of income are included (or excluded) in determining eligibility and the time period used for these calculations. Of great concern, for example, was the DoL's 2005 revised income guidelines which mandated the inclusion of 100 percent of applicants' Social Security income, Social Security Disability Income (SSDI), unemployment compensation, and veteran's payment. There was an immediate outcry from some national and state grantees who expressed deep concerns that the revised regulations would hinder their ability to serve some of the neediest seniors. For a number of grantees, a particular concern was that the inclusion of all SSDI income would further restrict their ability to assist an already difficult-to-serve population (O'Shaughnessy & Napili, 2006). In fact, much of the DoL's 2005 revised income criteria reverted to the 1995 DoL standards. Currently, SCSEP income eligibility excludes 25 percent of Social Security Title II benefits, as well as unemployment compensation, SSDI, SSI, and veterans' payments. Finally, for purposes of eligibility determinations, income was defined as income received during the 12-month period preceding the application, or at the option of the grantee, the annualized income for the prior 6-month period (SCSEP, Final Rule, 2010).

Program Status and Challenges

The evolution of SCSEP along these dimensions of purpose, administration, and eligibility has been marked by both continuity and change. Most importantly, continuity is a sustaining element of SCSEP's program purpose or, more exactly, program purposes. Throughout, SCSEP has aimed to provide both economic and social benefits to its participants and to direct the activities of those participants toward community service activities through local non-profit organizations and government agencies. Continuity is seen as well in program implementation, where a relatively fixed, if periodically contested, balance of contract activity has been divided among national and state agency grantees. Finally, eligibility criteria, emphasizing the most vulnerable community-based low income elders, have been a constant throughout the program's existence.

Yet, there have been ebbs and flows within this larger pattern of continuity. In line with larger societal trends, the more recent period has seen heightened interest in transitioning participants into unsubsidized employment, as seen in selected performance measures and in imposing time limits on individual participation. Also in line with trends in public administration, performance measures and accountability standards, including competitive bidding, have been introduced into the program, loosening what had been a largely fixed administrative landscape. Finally, by including additional sources of income toward limiting eligibility and denying participation to underemployed people, the DoL has continued to ensure that the most vulnerable elders be targeted.

The relative stability of SCSEP and its operations over nearly a half-century is remarkable in light of near-tectonic forces that have rocked social policy over the same period of time. As indicated, it was born a classic categorical program of the Great-Society type and—despite the coming of WIA and other consolidation efforts—it largely remains such a program today. There are few Great Society programs of which that can be said, although the larger Older Americans Act itself has also proved to be remarkably sturdy.

Given current pressures and emerging trends, it nonetheless remains an open question of how SCSEP, its participants, contractors, and host agencies will fare in the years ahead. The Obama Administration and the Congress recently agreed on a federal budget for FY2011 that cuts SCSEP funding starting this July by $375 million, 45 percent less than FY 2010, while cutting the budget of the larger WIA program by $307 million (Employment & Training Reporter, 2011). Further, the debate about where to locate SCSEP activities has re-emerged. In its FY 2012 budget, the Obama Administration proposes moving the administration of SCSEP from DoL to AoA. AoA's

Congressional Budget Justification states that this proposed shift "reflects the recognition that the SCSEP program can be at its most effective when its services are closely integrated with the supports that are provided by AoA's existing aging services programs" (Administration on Aging, 2011, p. 2). Agencies operating under other titles of the OAA have long called for tighter coordination between their social services and the work-oriented ones under SCSEP (National Association of Area Agencies on Aging, 2008). Yet, AoA has no history of administering a means-tested program that requires complex eligibility determination, continual certification and compliance testing, and extensive data collection, which are required across programs administered by DoL.

Moreover, the dramatic aging of the U.S. workforce in the next several decades, coupled with shifting patterns in workers' retirement paths, suggests the need for a detailed analysis of advantages and disadvantages of this proposed move. It is projected that by 2050, one out of every five U.S. workers will be 50 years or older. And, only about half of all American workers now have a "traditional retirement" of a one-time transition from full-time work to a complete withdrawal from the labor force soon after a 65th birthday (Hardy, 2006). Given these new realities, the location of SCSEP within the DoL with the ability to coordinate with other workforce programs may be increasingly important. This viewpoint is articulated by Lita Levine Kleger, director of Experience Works, who argues strongly for maintaining SCSEP at the DoL; she states: "DoL can build on the long-term record of success of the SCSEP to expand communication and coordination with other workforce programs to ensure that the needs of older workers are met" (Workforce[3] One, 2010).

Understandable as the proposed budget cut may be when viewed in light of current efforts to reduce the federal deficit, such cuts seem shortsighted in light of larger demographic and labor force trends. Thus, while longer life expectancies are often heralded, one of the greatest challenges current and future cohorts face is securing economic resources sufficient to maintain well-being for 20 or even 30 retirement years.

It cannot be emphasized strongly enough that these challenges are especially severe for lower income workers. This emerging reality has been partly obscured by the attention that has been devoted to the aging of the baby boomers, a generation that has been singularly categorized as having fared considerably better than prior ones. Regarding their likely labor force participation, most attention has been placed on the boomers' stated desire to remain connected to the workforce beyond the traditional retirement age of 65. Yet a more detailed analysis of the baby boom generation reveals that not all have done well economically, particularly the younger cohort of boomers who came of age in the mid-1970s during a weaker period for the U.S. economy. This younger cohort has experienced more wage stagnation and interrupted work histories than have the older cohort of boomers (U. S. Department of Labor, 2000). Further, this younger group of baby boomers has higher percentages of both persons who did not graduate high school and foreign-born members (Hughes & O'Rand, 2004).

Moreover, for many Americans, a new reality is emerging whereby employment in later life will more likely be a necessity than a choice. Rising economic insecurity, coupled with fears of slipping down the rungs of the economic ladder, may keep many middle-class, working-age adults in the paid labor force for a greater number of years (Hacker, 2006). Yet, for workers who have labored in the secondary tier of the labor force—a sector which is characterized by low-paying jobs with few benefits—extended years of employment into old age has long been a trying reality. Employment in physically demanding or taxing jobs (e.g., domestic, industrial, and farm labor) may, however, also lead to an earlier forced departure from the paid labor force. Disability, labor-market obstacles, and family obligations often force individuals to exit the labor market at earlier ages. Szinovacz and Davey's (2005) analysis of the Health and Retirement Survey (HRS) data revealed that almost one-third of retired workers perceived their retirement as forced. Indeed, involuntary job separation in the years immediately prior to retirement and periods of joblessness often results in permanent labor force withdrawal (Flippen & Tienda, 2000). And, it is precisely this population that has come to constitute the heart of SCSEP beneficiaries as these individuals have crossed the age-55-and-above threshold.

More than ever before, the future of SCSEP is linked to the larger discussion about the role of government, especially in regard to the economic security and well-being of older adults. Will SCSEP remain an island of hope for low income elders and beleaguered community agencies when all public services are facing nearly unprecedented pressures, or will SCSEP be perceived as an unaffordable policy harking back to an earlier era?

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Public Policy and Aging Report
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A Policy Institute of
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