

The Deteriorating Labor Market Plight of Lower Income Older Adults in the U.S.: The Case for An Expanded Senior Community Service Employment Program

1. During the course of the recent labor market recession, the nation's older workers (55-74) as a group fared much better than younger workers in avoiding job losses and declining employment/population (E/P) ratios. The labor market well being of older workers, however, varies enormously by their socioeconomic status. The labor market fate of older workers (55+) was strongly associated with their family's income level, with low income older workers faring the worst by a wide margin on all labor market problems, especially on labor underutilization problems.
2. Aggregate employment among older workers (55+) actually rose during the recession while it fell sharply among all younger age groups, especially among teens and 20-24 year olds between the fourth quarter of 2007 immediately prior to the recession and the fourth quarter of 2009. Employment of persons (55+) rose by nearly 1.1 million while employment of those under 55 declined by 9.1 million or 7.5% with the steepest declines among those under 25 years of age.
3. However, when we disaggregate the employment, unemployment, and labor underutilization data for 55-74 year olds by income group, we find rapidly deteriorating unemployment and labor underutilization problems among the lower income groups. Key findings are as follows:
 - The unemployment rate of 55-64 year olds with an income under \$15,000 rose from an already high 15.5% in 2007 IV to 23.5% in 2009 IV, a gain of 8 percentage points. They were 4* as likely to be unemployed as their similar-aged peers with incomes of \$25,000 or higher. Among workers 65-74, the unemployment rate rose from 10% in 2007 IV to 16% in 2009 IV. They were 2.5 times as likely to be unemployed as their same age peers with incomes of \$25,000+.
 - Labor underutilization rates of older workers with incomes under \$15,000 and from \$15-25,000 exploded between 2007 IV and 2009 IV due to rising open and hidden unemployment and underemployment. In the last quarter of 2009, the underutilization rate of 55-64 year olds with incomes under \$15,000 was 46.3% , which was 4* as high as

that for similar aged peers with incomes above \$25,000 and nearly 3* as high as the 18% underutilization rate for all adults (16+) in the country (See Table 1).

Table 1:
Estimated Labor Underutilization Rates of Older Workers in Selected Age/ Household Income Groups in 2007 4th Quarter and 2009 4th Quarter (in %, not seasonally Adjusted)

Year	55-64			65-74		
	(A) Under \$15,000	(B) \$15,000- \$25,000	(C) \$25,000 or higher	(D) Under \$15,000	(E) \$15,000- \$25,000	(F) \$25,000 or higher
2007 4 th Quarter	30.4	16.1	5.1	27.1	21.4	8.5
2009 4 th Quarter	46.3	33.4	11.5	35.1	26.5	14.5
Percentage Point Change	+15.9	+17.3	+6.4	+8.0	+5.1	+6.0

- In March 2009, based on the poverty and income statistics from the March 2009 CPS survey, we estimate that the underutilization rate for all 55-74 year olds with adjusted annual incomes under 125% of the poverty line was just under 42% versus only 12% for all 55-74 year olds, with incomes more than double the poverty line, representing a relative difference of 3.6 times.

Table 2:
Labor Underutilization⁽¹⁾ Rates of 55-74 Year Old Labor Force Participants⁽²⁾ in Selected Adjusted Income Categories, March 2009

Income Group	Underutilization Rate (in %)
Under 100% of poverty	45.4%
Under 125% of poverty	41.7%
125-199% of poverty	26.9%
200%+ of poverty	11.7%
All 55-74 year olds	14.7%

Note: (1) Labor underutilization includes the unemployed, labor force reserve, and underemployed.

(2) Labor force includes members of the labor force reserve.