

The Impact of the Recovery on Older Workers

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Research Questions

- What has been the cause of the slower pace of job growth during the current recovery?
- What have been its impact on Older Workers?
 - Employment
 - Benefits

Summary of Key Findings

- Job growth continues to lag growth during previous business cycles.
 - 3.4 million in current recovery
 - 8.0 million during the 1970s recovery
 - 12.0 million during the recovery that started March 1978
- The slower pace of growth is potentially due to three new trends:
 - Shifts in investment,
 - Rising health care costs
 - Fiscal policy choices.
- The slower pace of employment growth has adversely affected older Americans.

Summary of Key Findings

- Full-year employment has trended downward, with the most consistent and strongest evidence of decline among low-income men aged 50 to 54.
- Rising economic insecurities for older low-income families goes well beyond declining labor force attachment.
- Private sector health insurance and pension coverage rates both fell.
- These erosions come on top of already significantly lower wages, health insurance and pension coverage than the general working age population.

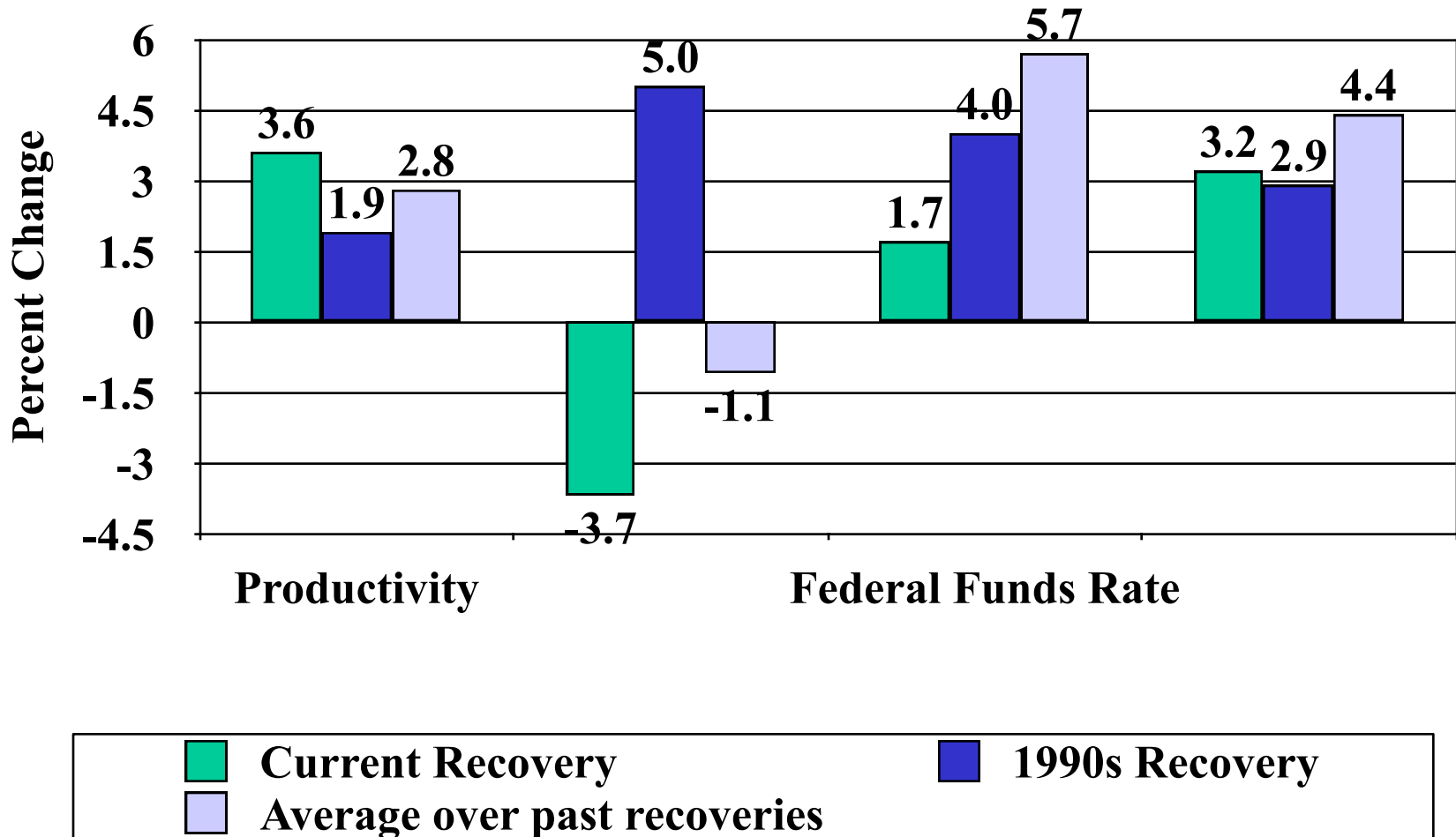
The Data

- Published monthly employment figures from the establishment-level Current Employment Statistics (CES).
- February 1961 to September 2005, covering five boom, bust, and recovery episodes.
- We use the NBER Dating Committee's designations to identify the episodes.

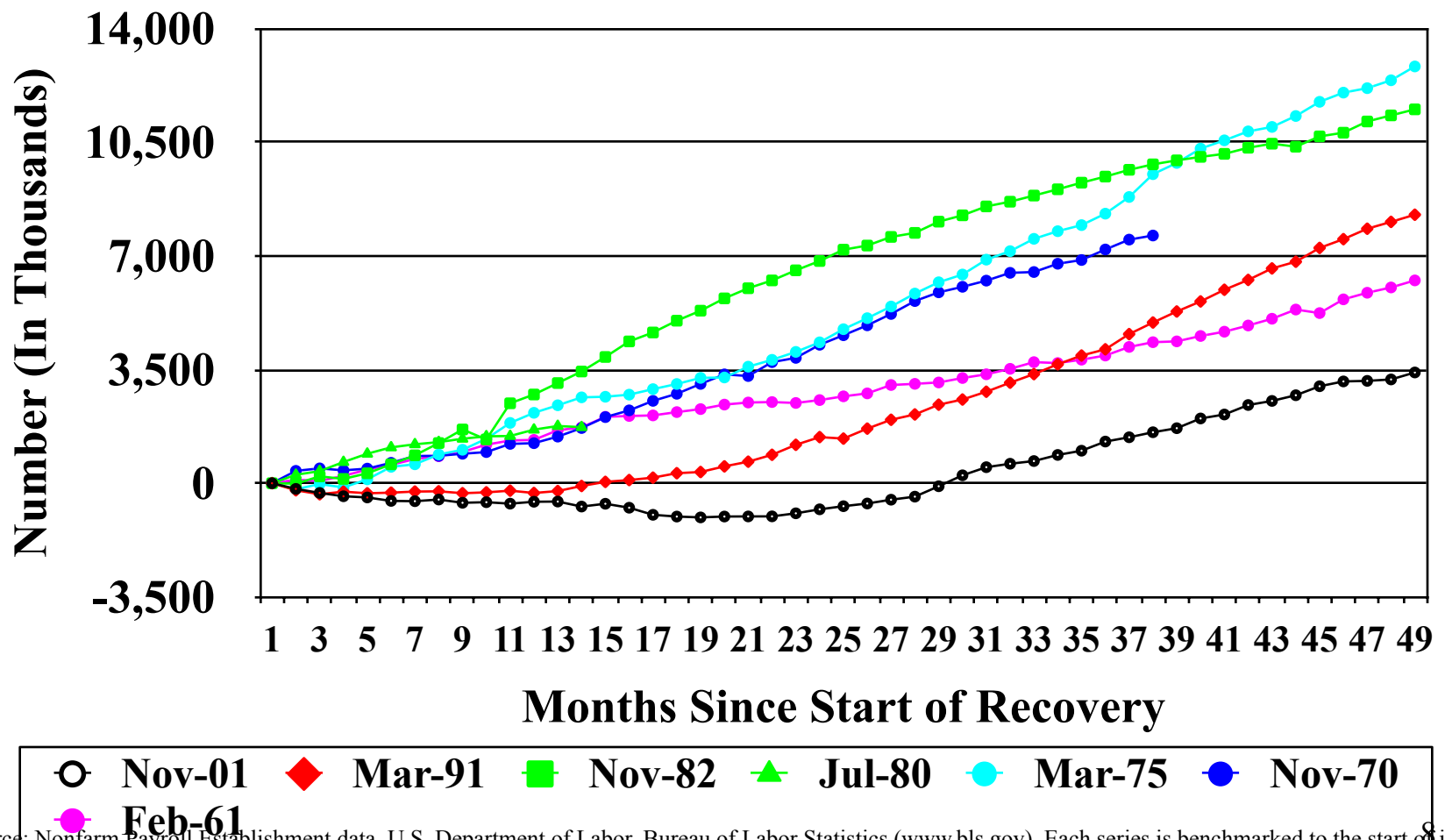
The Data cont.

- Annual Merged Outgoing Rotation Group Files of the Current Population Survey (1979 to 2004)
- Annual demographic files from the March Current Population Survey (1963 to 2005)
- Samples:
 - Men and Women
 - 16 to 64 years of age and age categories: 50-54, 55-60 and 60-64
 - No more than a high school degree
 - Family income in first (lowest) quartile of distribution
- Outcomes:
 - Full-year work
 - Private health insurance
 - Pension coverage

Characterization of the Jobs Recovery: What is the US Labor Market Puzzle?

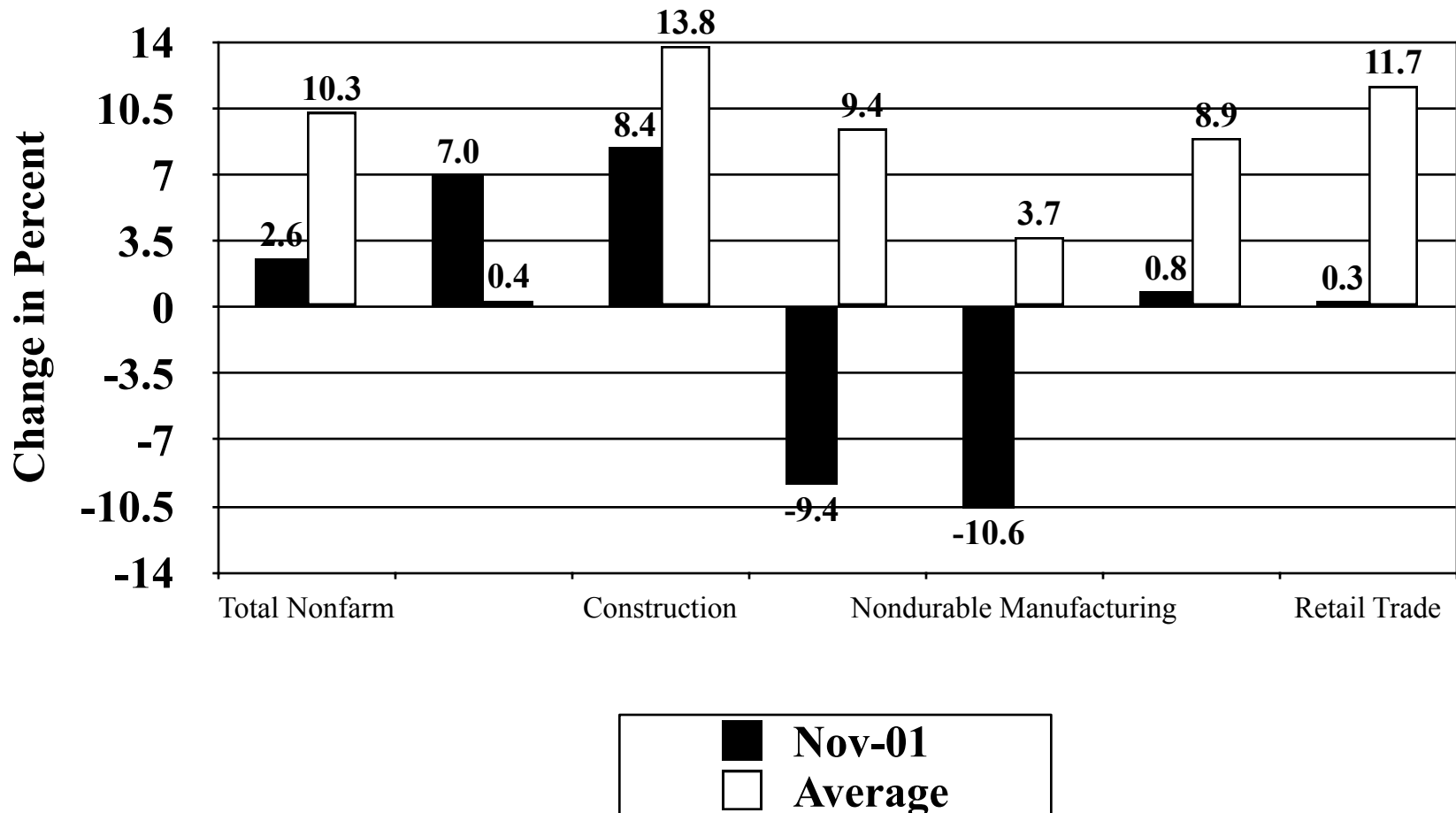


Characterization of US Jobs Recovery: Cumulative Employment Growth During The Six Most Recent Recoveries



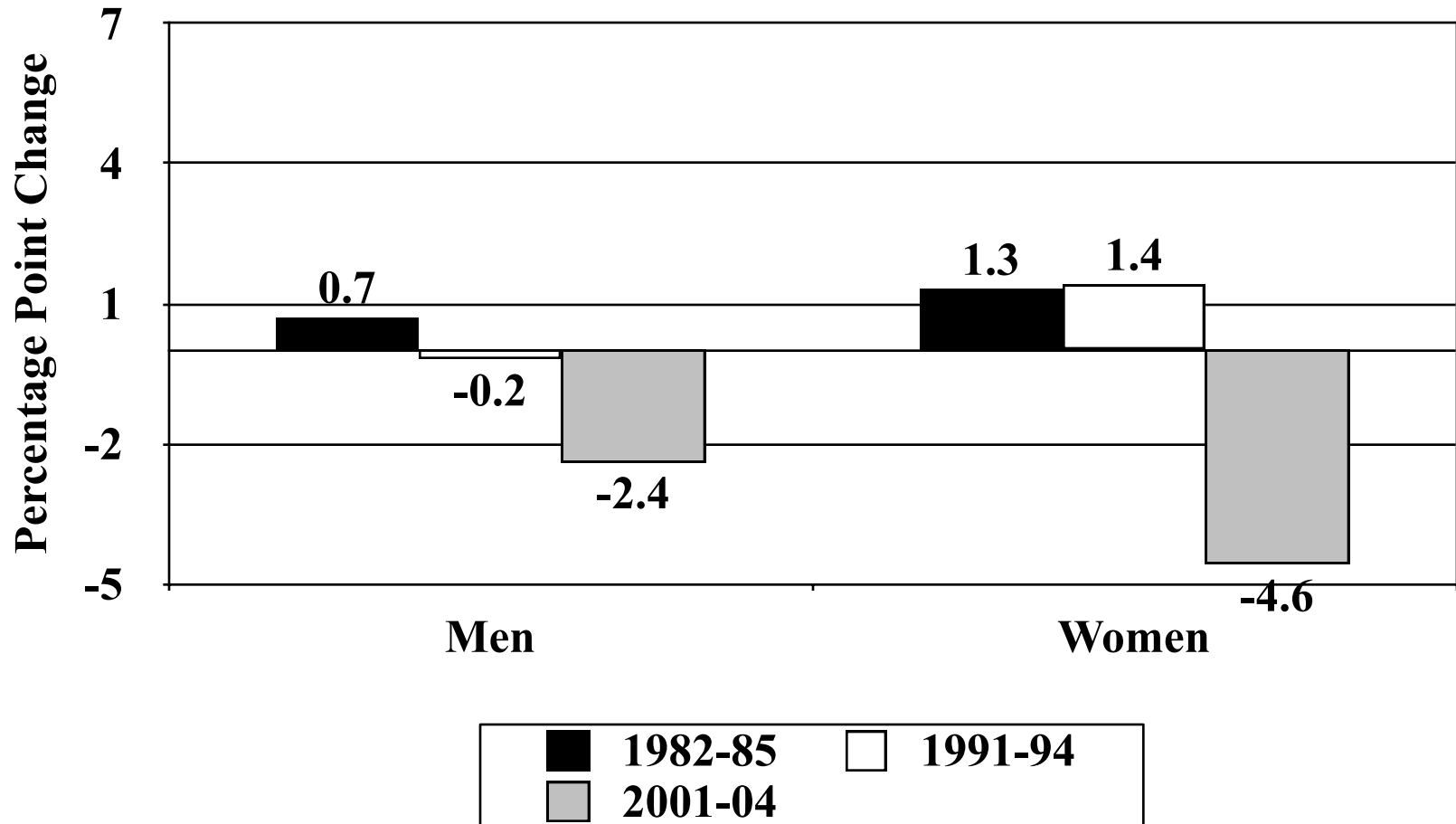
Source: Nonfarm Payroll Establishment data, U.S. Department of Labor, Bureau of Labor Statistics (www.bls.gov). Each series is benchmarked to the start of its recovery as defined by the NBER Business Cycle Dating Committee. Figures are through the September 2005, the 47thth month of the current recovery..

Characterization of US Jobs Recovery: Cumulative Employment Change by Industry (in percent)

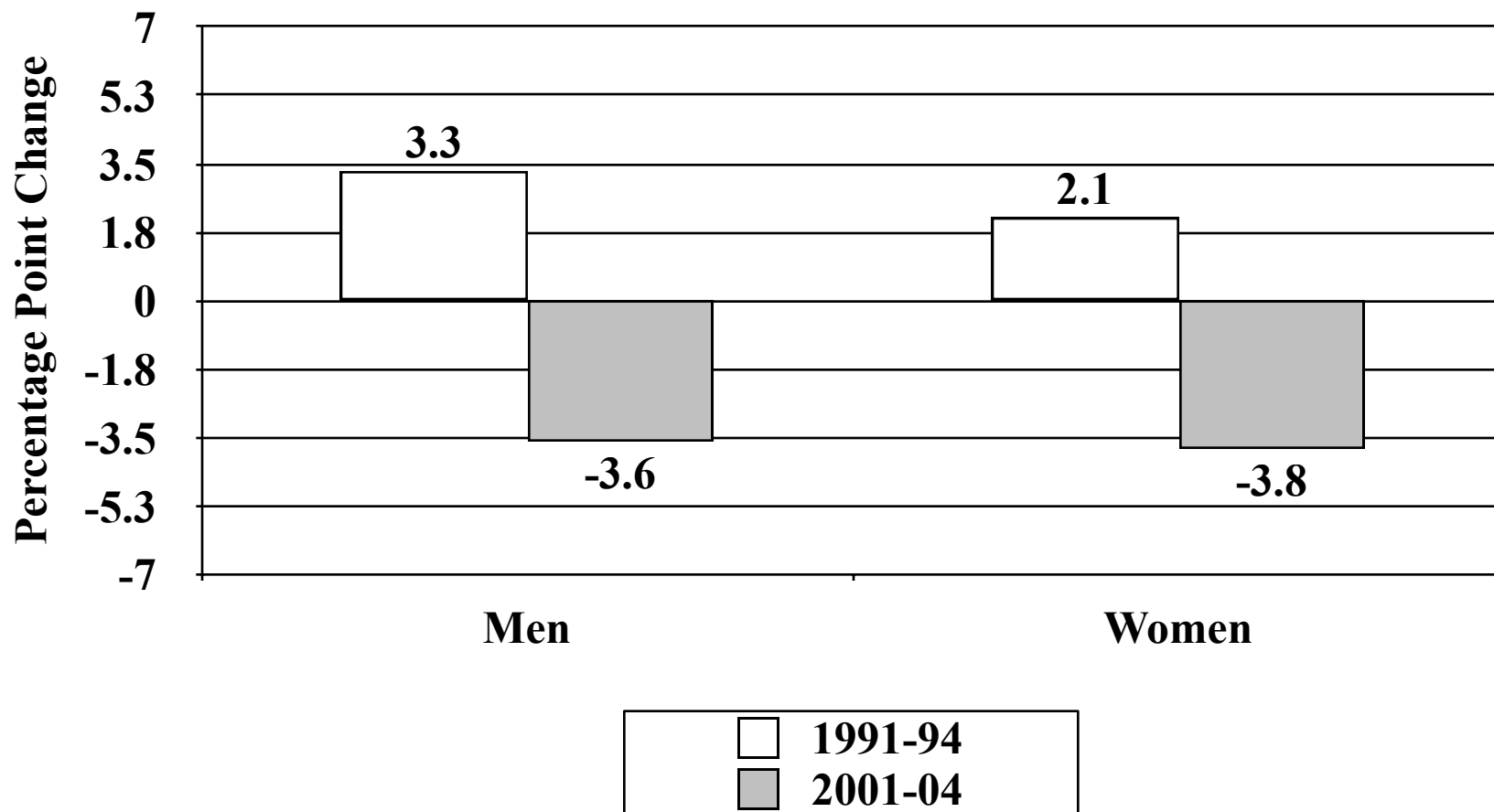


Source: Nonfarm Payroll Establishment data. U.S. Department of Labor, Bureau of Labor Statistics (www.bls.gov). Each series is benchmarked to the start of its recovery as defined by the NBER Business Cycle Dating Committee. Figures are through the November 2005, the 49th month of the current recovery..

Changes in Full-Year Work of Low-Income 50 to 54 Year Olds by Recovery



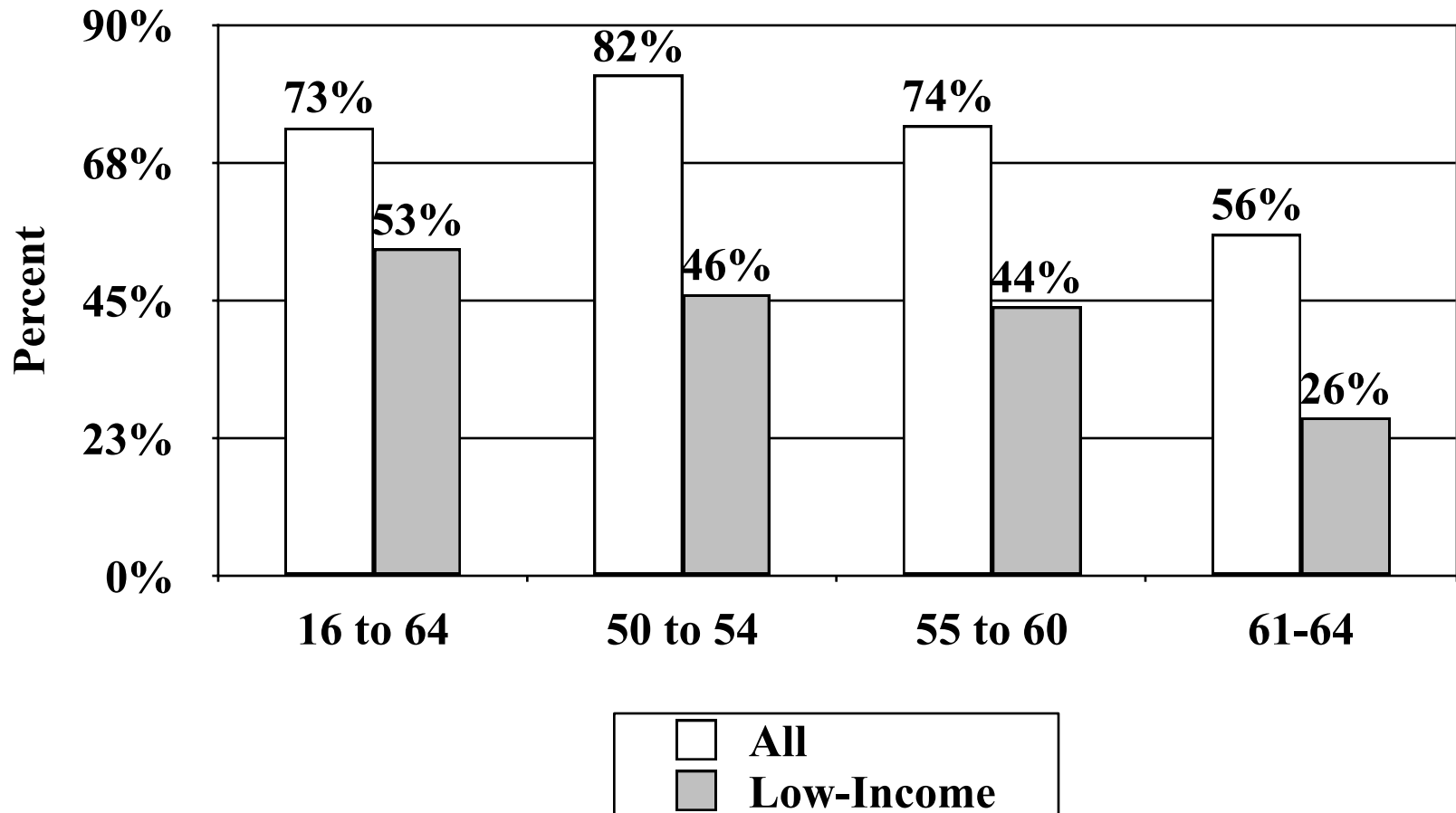
Changes in the Private Health Insurance Coverage of Low Income 50 to 54 Year Olds by Recovery



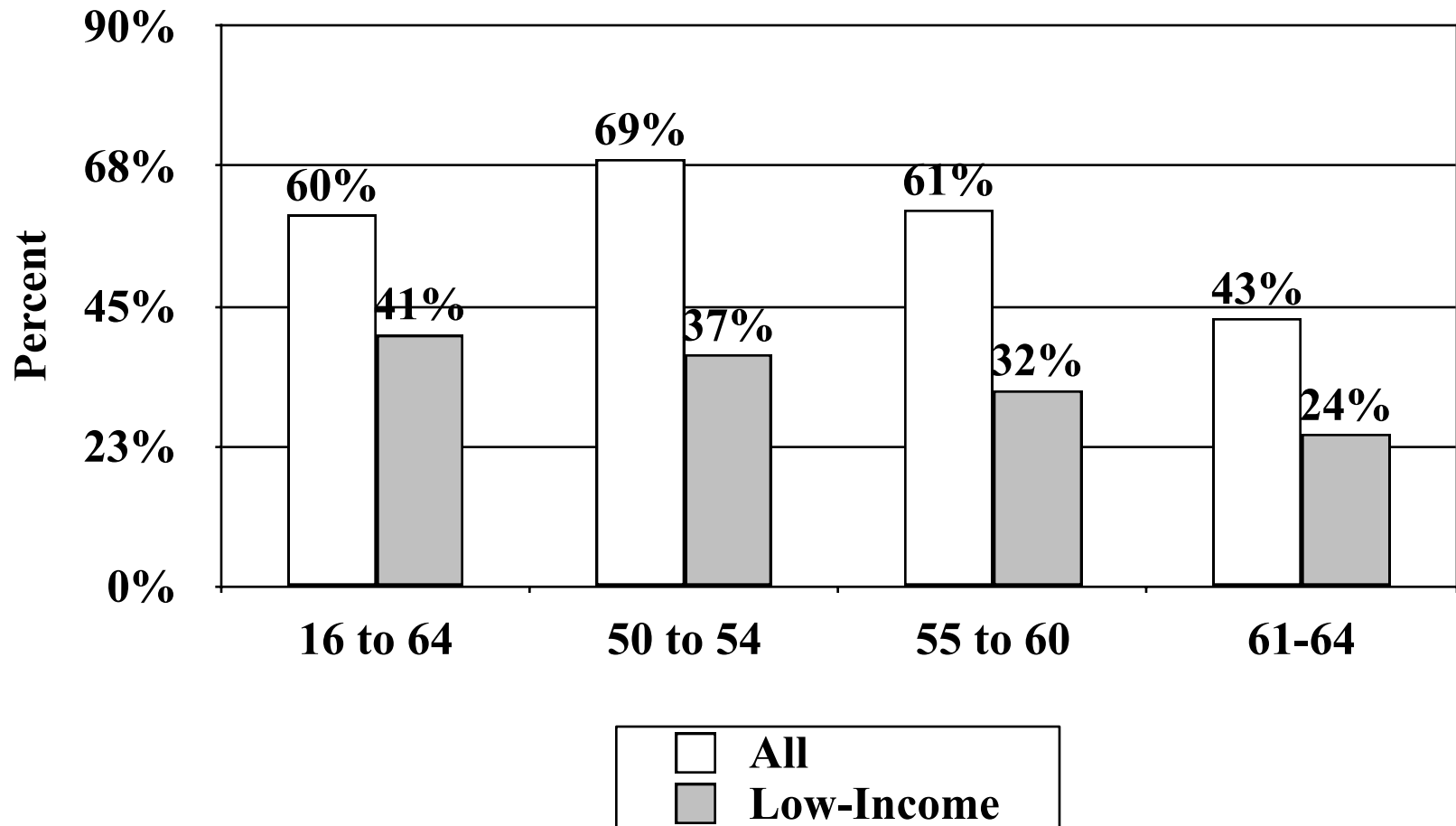
Changes in the Share of Low Income 50 to 54 Year Olds with Employer-Provided Pension Plans by Recovery



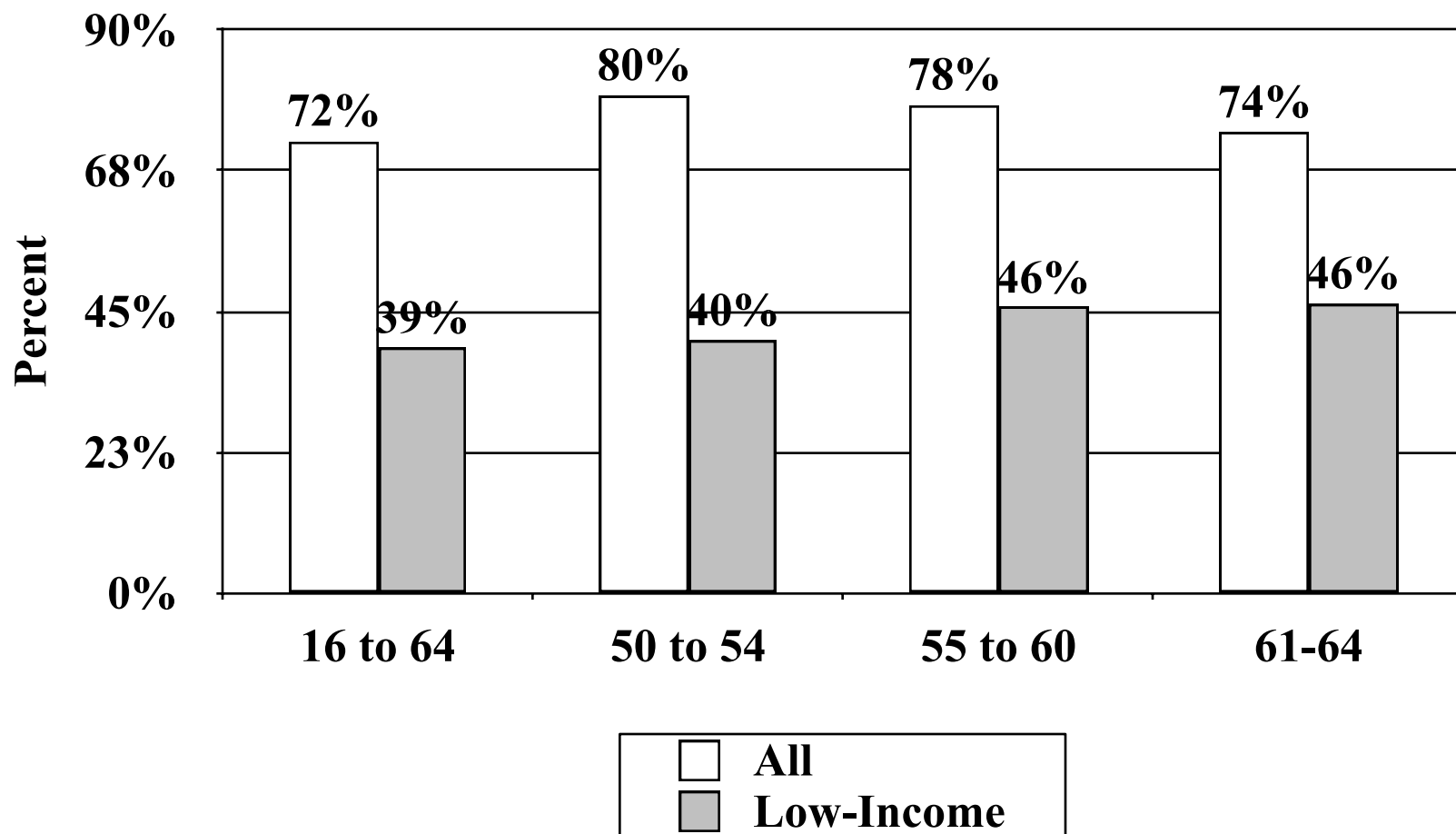
2004 Full-Year Work of Older Men by Age and Income



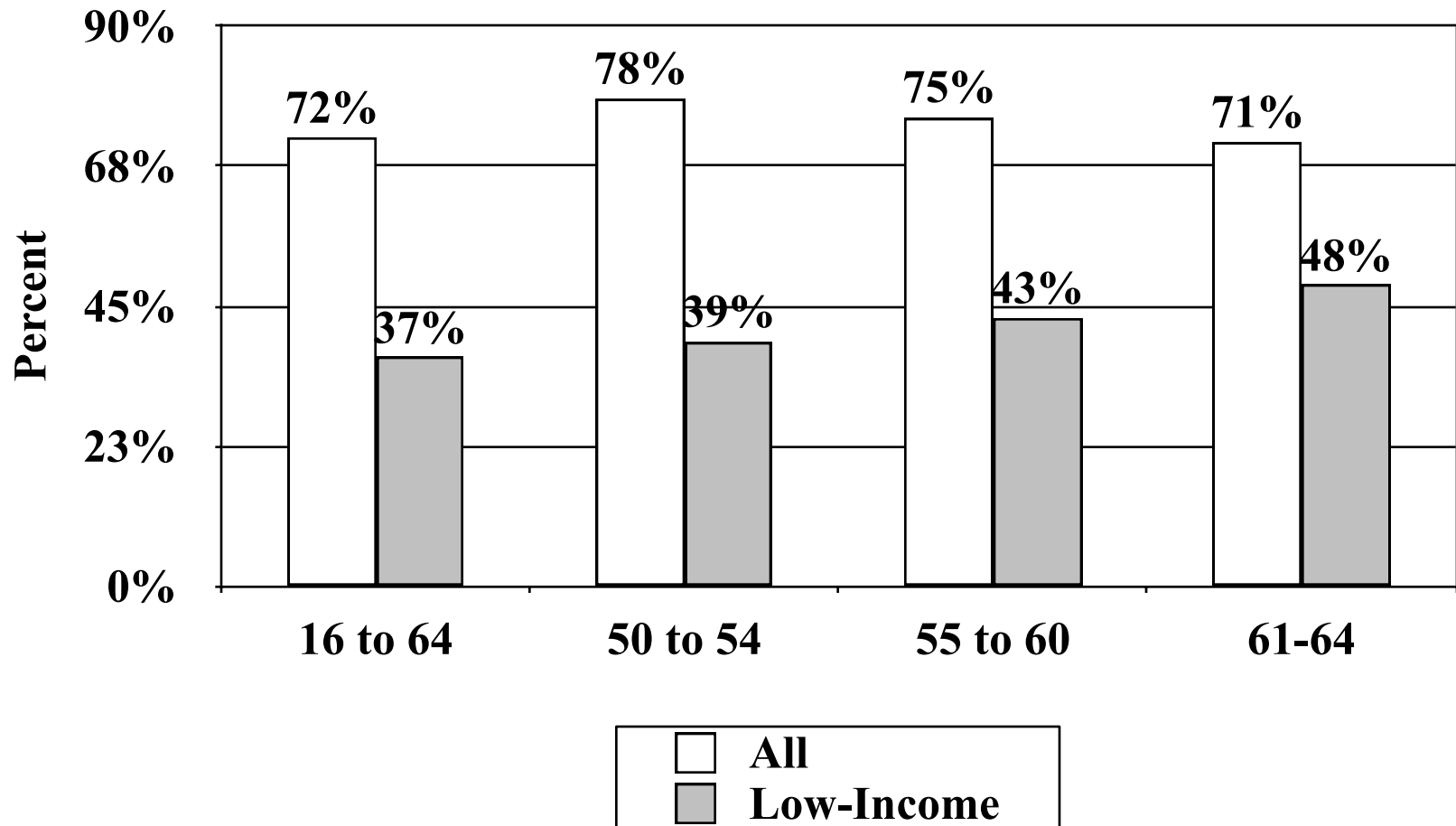
2004 Full-Year Work of Older Women by Age and Income



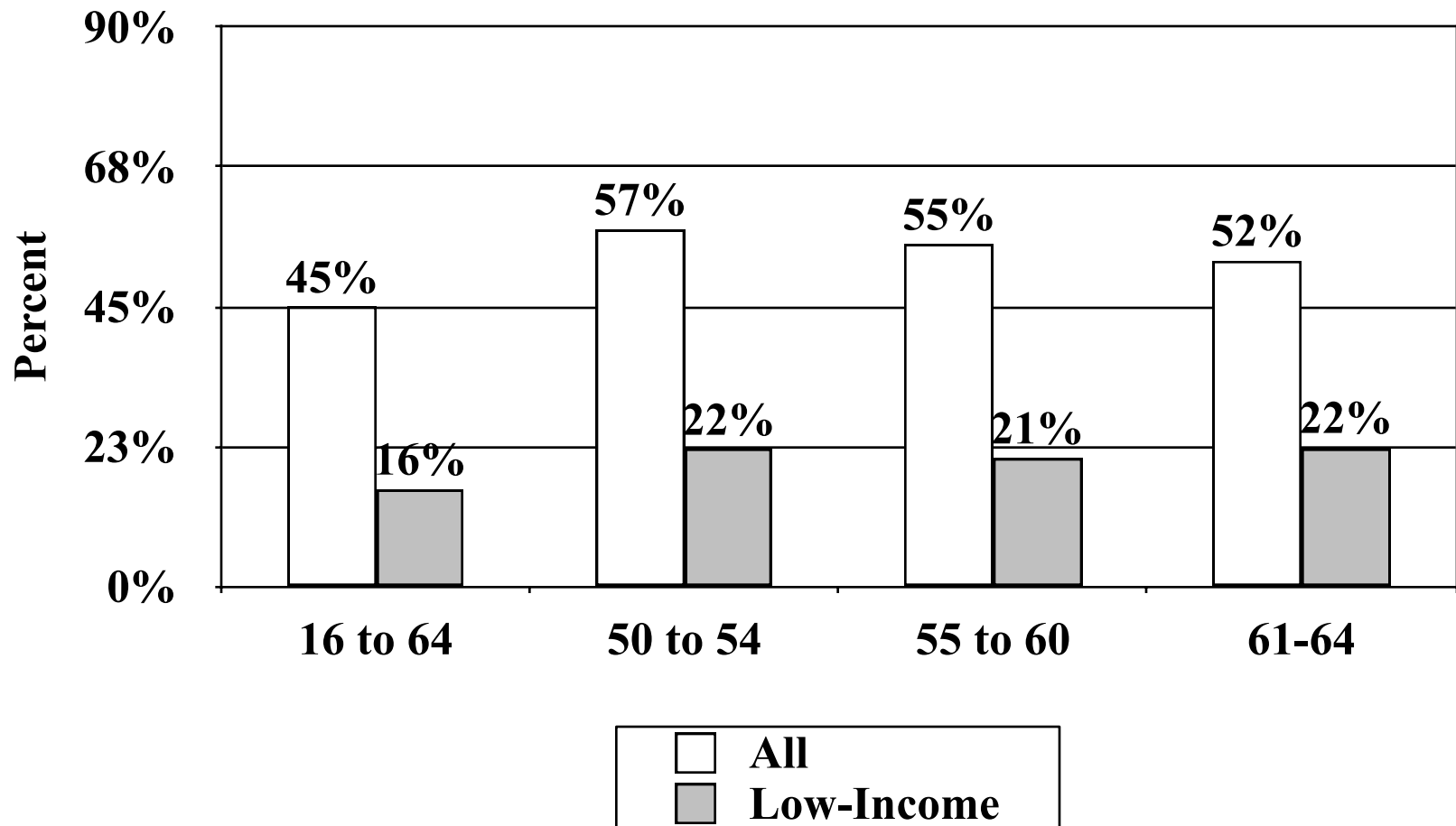
2004 Private Health Insurance of Older Men by Age and Income



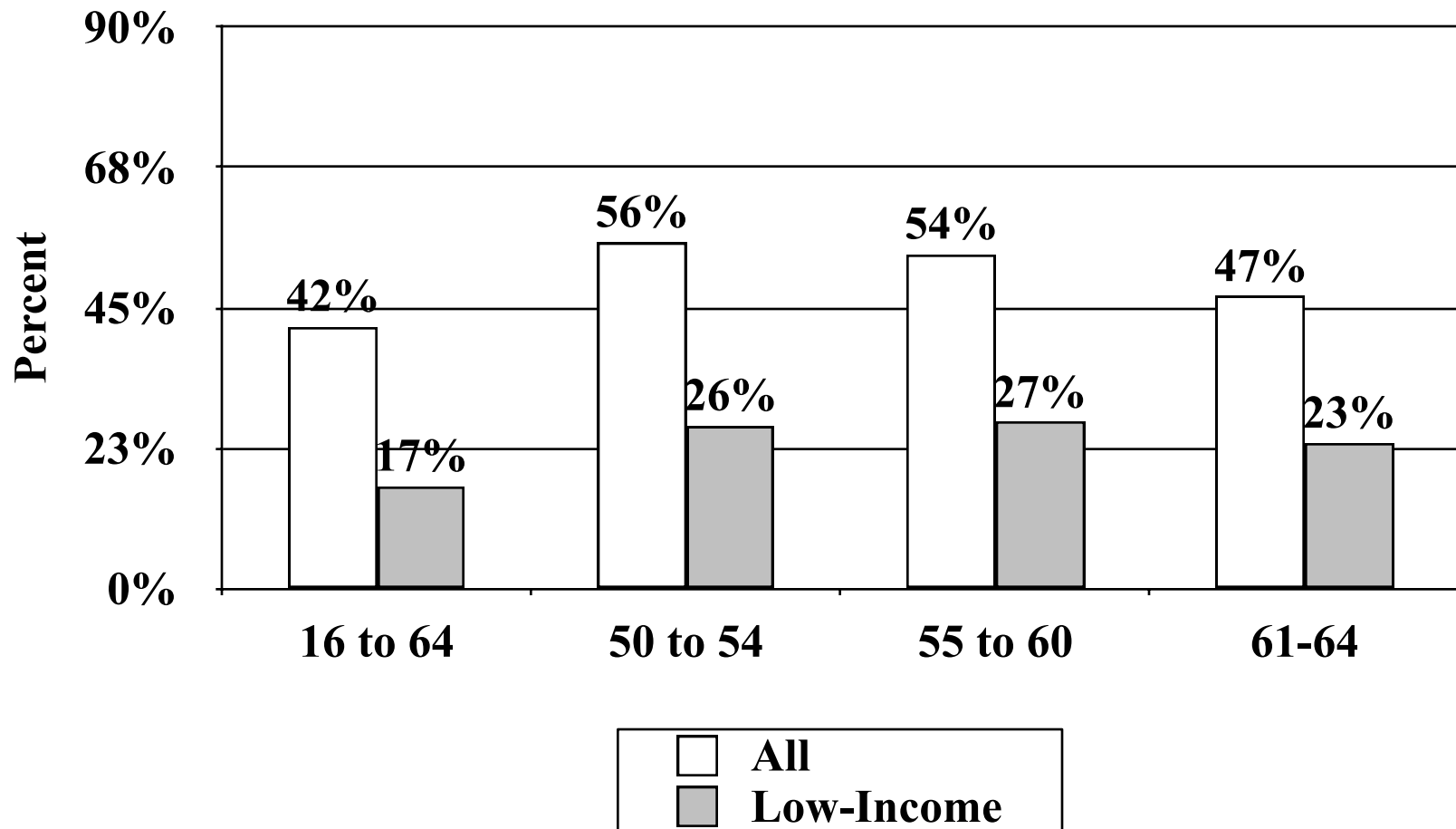
2004 Private Health Insurance of Older Women by Age and Income



2004 Pension Coverage of Older Men by Age and Income



2004 Pension Coverage of Older Women by Age and Income



Main Theme

- Job growth has not been large enough to offset the adverse impact of the structural increases in displacement that have occurred over the past two decades.
- Low-income men and women already have weaker labor force attachment, lower private health insurance and pension coverage rates. They saw the greatest erosions in their economic security.
- Given the weaker labor force attachment, lower health insurance and pension coverage rates of older low-income and less-educated Americans, a return to the 1990s tightness may not be enough to significantly improve their prospects for greater economic security.
- Stronger job growth is only a first step to improve their economic security.