



Occupational Projections for Low-Income Older Workers

Executive Summary

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Americans are living longer and working longer, and workers age 55 and older are the only age group to experience strong growth in labor force participation rates in the past two decades (Kalil et al. 2010). Therefore, employers filling jobs in the future may have to turn to older workers more often to meet their hiring needs. At the same time, low-income older workers' skills may be less relevant as they age, and many of them may be stuck in low-skill jobs (Mikelson and Butrica, forthcoming). Therefore, both employers and older workers will benefit if more older workers develop the skills they need to work in the jobs that employers will need to fill in the future. Obtaining and retaining good jobs, however, can be difficult for many older workers because as the nature of jobs has changed, the education, training, and experience required for those jobs has also changed.

Low-Income Older Workers

This executive summary summarizes our longer report, "*Occupational Projections for Low-Income Older Workers: Assessing the Skill Gap for Workers Age 50 and Older*." In the report, we examine current and projected employment for low-income older workers and examine low- and middle-wage occupations projected to grow most rapidly between 2014 and 2024. Given the current skills of low-income older workers and the needed skills projected for various occupations, we estimate potential skill gaps for low-income older workers. Finally, we examine the occupations and industries from which older workers are exiting the workforce in the next five years.

We define "low-income workers" as those earning 300 percent or less of the federal poverty level (FPL), and we define "older workers" as those age 50 or above. According to our analyses of Census Bureau data from 2015, there are 13.2 million low-income older workers in the United States.

Defining Occupational Shortages

One of the most frequently cited concerns about the current and future state of the United States labor market is skill mismatches, or shortages of workers with the knowledge, skills, and abilities demanded by employers for specific occupations (Carnevale, Smith, and Strohl 2013; Manufacturing Institute 2011). In the full report, we examine whether there may be an insufficient number of workers with the knowledge, skills, and abilities to meet the projected occupational needs of employers in the coming decade. Identifying an occupational shortage, however, does not necessarily provide an obvious solution, because the shortage may have many causes that may not be remedied by training investments. To identify the most fruitful areas for training for low-income older workers, we also analyze the knowledge, skills, and abilities important to the occupations likely to experience the most growth.

Research Questions and Data Sources

This report analyzes data from several sources, each of which sheds some light on occupational projections and skills gaps that could be filled by targeted education and training of the low-income older population. Individual and household surveys that include data on low-income older workers, such as the American Community Survey (ACS) and the Health and Retirement Study (HRS), provide the foundation for this report. The ACS provides demographic characteristics as well as information on health and disability status. The HRS analyses focus on the changes in labor force participation and health transitions for worker age 50 and above. Those data are supplemented by occupation-level information from the Bureau of Labor Statistics' (BLS's) Employment Projections program and the Occupational Information Network (O*NET) database. The BLS projections are used to assess anticipated occupational growth in the United States and project impending skills gaps that could be filled by low-income older workers. We use the O*NET records on knowledge, skills, and abilities requirements to understand the gap between projected skills requirements and the skill set of the older low-income workforce.

Using those data sources, this report addresses the following research questions:

1. What is the current distribution of employment by industry and occupation for low-income workers age 50 and older?
2. What is the distribution of educational attainment by occupation and industry in 2015?
3. Which low- to middle-wage occupations are expected to grow most rapidly from 2014 to 2024 at the state and national levels?
4. What are the wages, educational requirements, work experience requirements, and on-the-job training requirements for those occupations expected to grow most rapidly by 2024?
5. What are the current skills of low-income workers age 50 and older, and how might those skills be useful in occupations that are expected to grow in the future?

6. What industries or occupations are low-income workers exiting the workforce or retiring from in the next five years?

Results

We first describe some of the demographic characteristics of low-income older workers. Over half (52 percent) of older workers in our sample have a household income of 200 to 300 percent of FPL, slightly more than one-third (36 percent) have an income of 100 to 199 percent of FPL, and 12 percent have an income below 100 percent of FPL. Two-thirds (67 percent) of low-income older workers work full time, and the remainder report working part time. Work status differs substantially by gender—74 percent of low-income older men work full time compared with 60 percent of low-income older women.

Most low-income older workers are between ages 50 and 59 (65 percent), and a majority of them have a high school education or less (55 percent). They are racially and ethnically diverse, although the percentage of non-Hispanic black and Hispanic low-income older workers declines precipitously as the population ages.

Marital status among low-income older workers may also affect their low-income status. Approximately half of all low-income older workers (49 percent) report being divorced (26 percent), single (15 percent), or widowed (7 percent), so they might live alone.

Health issues, such as ambulatory and hearing difficulties, may negatively affect low-income older workers' ability to continue working in their current occupation, train for another occupation, or move up a career ladder. Over 1.7 million (13 percent) low-income older workers have a health difficulty.

The most common occupations for low-income older workers vary by their educational attainment. For workers with less than a high school degree, the most common occupation is building and grounds cleaning and maintenance; administrative support is the most common among those with a high school degree or more.

The top four occupations are projected to produce nearly 2.3 million jobs nationally, but only one of those occupations—construction trades workers—has a median wage greater than \$12 per hour. Three middle-wage occupations (median wage above \$17 per hour) that are projected to grow by more than 50,000 jobs by 2024 are secretaries and administrative assistants; supervisors of sales workers; and other office and administrative support. Each of those jobs requires a high school diploma and little to no on-the-job training. The majority of states (36 out of 50) follow the national-level projections, meaning their top three highest-growth occupations are also within the top six highest-growth occupations nationally.

We linked the BLS projections with the O*NET data to compare skill levels for all workers to the skill levels for low-income older workers across skills in growing occupations. For 34 of the 40 most important (as defined by O*NET) skill areas, low-income older workers are employed in occupations that require lower skills than the occupations of workers overall. This difference is particularly high in

language-related skills, such as English language skills, reading comprehension, written expression, and writing. All of those skill areas have a difference of at least 4 points on a 100-point skill level scale. Relative to average skill levels in those categories for low-income older workers, this represents an 8 to 10 percent skills deficit.

Examining the skills that current workers have relative to the skills that will be needed in the future given the projected pattern of occupational growth, we find small skill deficits facing the workforce as a whole; those skill gaps are more significant for low-income older workers. For example, the gap in basic skills facing older workers is larger than the average gap in any other skills category, reinforcing the importance of blending basic skills into training opportunities. The largest single skill gap for low-income older workers is knowledge of computers and electronics. Some computer training may therefore be valuable to older workers, although knowledge of computers and electronics was not among the 40 most important skills for the fastest-growing occupations among low-income older workers.

When we examine the skill importance of the 20 fastest growing occupations nationally, we find that the skills considered important across all fast-growing occupations are important in individual occupations as well. Customer and personal service, oral comprehension, and oral expression are extremely important in most occupations.

We also identified some skills that, although they are not particularly important to most fast-growing jobs, are more critical in specific occupations. For example, writing is generally of low importance, but it is predictably very important to the work of secretaries and administrative assistants. Arm-hand steadiness is also of negligible importance in most occupations, but it is of high importance in construction trades and personal appearance workers. Although such nuances may not matter for developing a broader skills strategy, they are essential for designing specific programs or directing job seekers to necessary education and training.

Almost half (44 percent) of low-income workers have no plans to retire, according to our analyses of HRS data. An additional 9 percent do not know when they will retire. Of the remaining 48 percent, 15 percent said they thought they would retire within five years of the survey (between 2014 and 2018), 17 percent expected to retire between 2019 and 2023, and the remaining 15 percent expected to retire after 2023. Among low-income older workers, as the level of poverty increases, the likelihood of having plans to retire at all and in the next five years decreases.

The occupational categories whose workers have the highest likelihood of retiring between 2014 and 2018 were protective service occupations (26 percent), business and financial operations occupations (25 percent), and personal care and service occupations (20 percent). Absolute numbers of low-income older workers planning to retire are highest in the following occupations: office and administrative support occupations (165,214), building and grounds cleaning and maintenance occupations (143,550), and personal care and service occupations (132,218). Those occupations and industries that are expecting many low-income retirees may be good targets for training and recruitment efforts for other low-income older workers.

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