

The Employment Situation, January 2012: Year Begins with Drop in Older Worker Unemployment¹

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- ✓ **At 5.9 percent, the unemployment rate for the workforce aged 55 and over in January was below December's 6.2 percent, the first time it has fallen below 6 percent since early 2009.**
- ✓ **The employment-to-population ratio remained unchanged at 37.8 percent.**
- ✓ **The labor force participation rate for the older population fell from 40.3 percent to 40.1 percent between December and January, while the number out of the labor force rose by nearly 1 million.**
- ✓ **Average duration of unemployment for older jobseekers rose from 52.2 weeks to 56.1 weeks between December and January.**

Employment Change by Sector²

Nonfarm payroll employment rose by 243,000 in January after increasing by 203,000 in December.³ Manufacturing (+50,000), leisure and hospitality (+44,000), health care (+30,900), and professional and technical services (+30,300) showed some of the greatest growth. Construction employment was up by 21,000. Government employment (federal and local) continued to decline (-14,000).

Unemployment Rates

The seasonally adjusted overall unemployment rate fell to 8.3 percent from 8.5 percent between December and January. About 12.8 million people aged 16 and over reported that they were out of work and looking for a job in January, a decline of 339,000 since December.

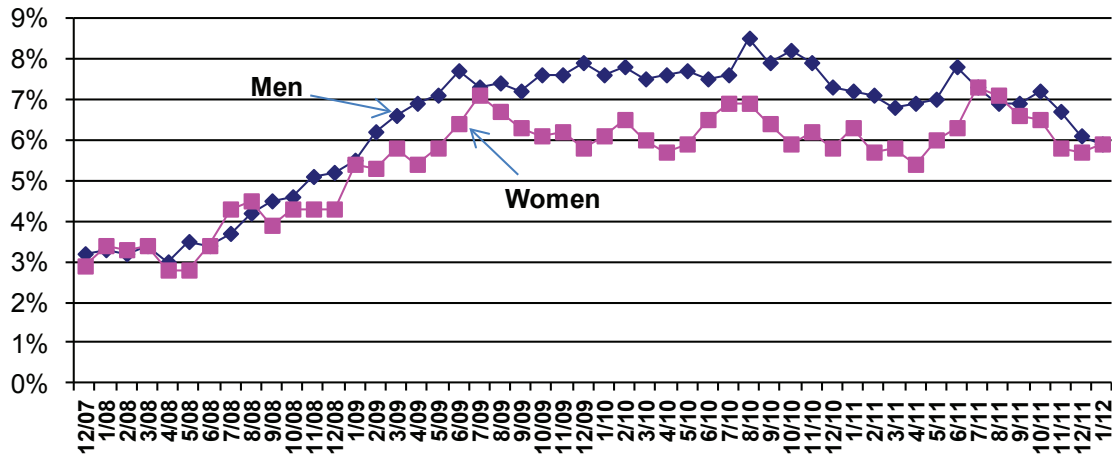
The unemployment rate for people aged 55 or older also fell—from 6.2 percent

in December to 5.9 percent in January, the first time it has been below 6 percent since February 2009. However, it is still much higher than it was (3.2 percent) at the start of the Great Recession in December 2007.

Approximately 1.9 million people aged 55 or older were unemployed in January, 62,000 fewer than in December. Older jobseekers were 14.6 percent of the unemployed in January, almost exactly what they were in December (14.7 percent). The unemployment rate for older men fell from 6.1 percent in December to 5.9 percent in January, while that for women rose from 5.7 percent to 5.9 percent.⁴ (See figure 1.)

The unemployment rate for the workforce aged 55 and older remains lower than rates for the total labor force, prime-age workers (ages 25–54), and, especially, the workforce aged 16–24 (figure 2). For all age groups, both the number unemployed and

Figure 1
Unemployment Rates for Men and Women Aged 55 and Over,
December 2007–January 2012*



*The rate for women is not seasonally adjusted. See text note 4. Some of the numbers in this figure differ slightly from earlier versions due to adjustments by BLS.

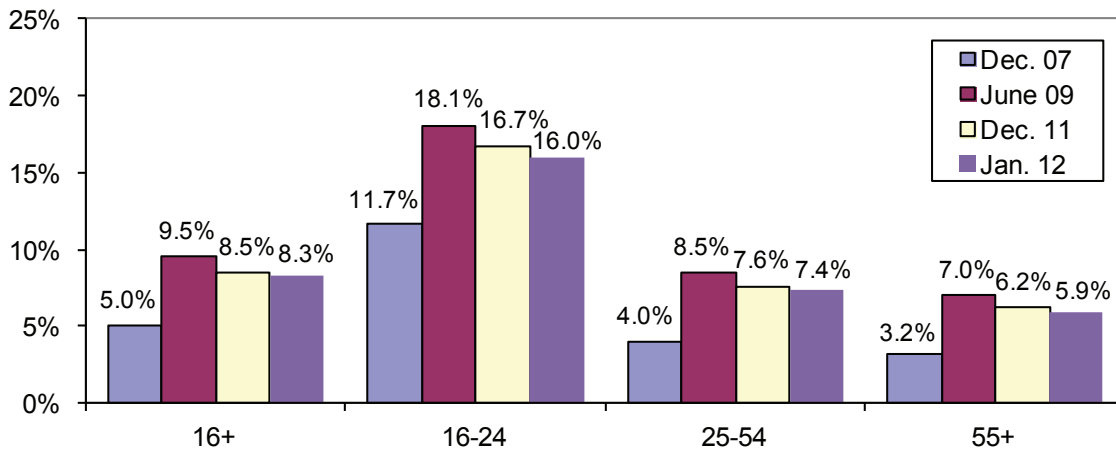
Source: U.S. Department of Labor, Bureau of Labor Statistics, labor force statistics from the Current Population Survey, <http://data.bls.gov/pdq/querytool.jsp?survey=ln>.

the unemployment rate remain well above what they were at the start of the recession; employment is still much lower than what it was in December 2007 for all but the oldest labor force participants (table 1). All groups have seen at least some improvement in their employment situation over the past year (table 2).

Duration of Unemployment

Once unemployed, older workers are, on average, out of work longer than their younger counterparts, and this pattern continued in January. After falling to 52.2 weeks in December, average duration of unemployment rose to 56.1 weeks in January. For younger jobseekers, however, it fell from

Figure 2
Unemployment Rates by Age, December 2007, June 2009, December 2011, and January 2012*



*Some of the numbers in this figure differ slightly from earlier versions due to adjustments by BLS.

Source: U.S. Department of Labor, Bureau of Labor Statistics, labor force statistics from the Current Population Survey, <http://data.bls.gov/pdq/querytool.jsp?survey=ln>.

Table 1
Selected Employment Indicators, December 2007 (Start of the Recession)
and January 2012, by Age Group
(seasonally adjusted)

| Age | Number Employed (000s) | | | Number Unemployed (000s) | | | Unemployment Rate | | |
|--------------------|---------------------------|--------------|-------------|-----------------------------|--------------|-------------|-------------------|--------------|-------------|
| | Dec. 2007 | Jan. 2012 | % Change | Dec. 2007 | Jan. 2012 | % Change | Dec. 2007 | Jan. 2012 | % Change |
| Total, 16+* | 146,273 | 141,637 | -3.2% | 7,645 | 12,758 | 66.9% | 5.0% | 8.3% | 66.0% |
| 16–24 | 19,599 | 17,724 | -9.6% | 2,600 | 3,374 | 29.8% | 11.7% | 16.0% | 36.8% |
| 25–54 | 100,461 | 93,991 | -6.4% | 4,233 | 7,492 | 77.0% | 4.0% | 7.4% | 85.0% |
| 55+ | 26,243 | 29,910 | 14.0% | 859 | 1,867 | 117.3% | 3.2% | 5.9% | 84.4% |

*Estimates for specific age groups above may not add up to the total 16+ because the seasonal adjustments are made independently. Some figures in this table differ from those reported previously due to adjustments by BLS.

Source: U.S. Department of Labor, Bureau of Labor Statistics, labor force statistics from the Current Population Survey, <http://data.bls.gov/pdq/querytool.jsp?survey=ln>.

37.5 weeks to 35.1 weeks.⁵ (At the start of the recession in December 2007, the average duration of unemployment for older jobseekers was 20.2 weeks; at the June 2009 trough, it was 29.9 weeks.⁶ See table 3.)

As of January, more than half of all older jobseekers, or almost 54 percent, were “long-term unemployed”; that is, they had been out of work for 27 or more weeks, virtually unchanged from the month before (table 2). The percentage of older jobseekers who are among the long-term unemployed has grown significantly. In December 2007, only 22.9 percent of the older

unemployed workforce were long-term unemployed. The comparable figure for June 2009 was 38.2 percent.

Average duration of unemployment for older jobseekers first exceeded one year in April 2011. This compares to fewer than five months at the start of the recession. The high percentages remain a cause for concern because the longer a worker is unemployed, the lower the probability of finding a job.

The Older Employed Population

Despite continuing high unemployment rates, millions of older Americans have

Table 2
Selected Employment Indicators, January 2011 and January 2012, by Age Group
(seasonally adjusted)

| Age | Number Employed (000s) | | | Number Unemployed (000s) | | | Unemployment Rate | | |
|--------------------|---------------------------|--------------|-------------|-----------------------------|--------------|-------------|-------------------|--------------|-------------|
| | Jan. 2011 | Jan. 2012 | % Change | Jan. 2011 | Jan. 2012 | % Change | Jan. 2011 | Jan. 2012 | % Change |
| Total, 16+* | 139,330 | 141,637 | 1.7% | 13,919 | 12,758 | -8.3% | 9.1% | 8.3% | -8.8% |
| 16–24 | 17,311 | 17,724 | 2.4% | 3,784 | 3,374 | -10.8% | 17.9% | 16.0% | -10.6% |
| 25–54 | 93,761 | 93,991 | 0.2% | 8,070 | 7,492 | -7.2% | 7.9% | 7.4% | -6.3% |
| 55+ | 28,307 | 29,910 | 5.7% | 2,020 | 1,867 | -7.6% | 6.7% | 5.9% | -11.9% |

*Estimates for specific age groups above may not add up to the total 16+ because the seasonal adjustments are made independently. Some figures in this table differ from those reported previously due to adjustments by BLS.

Source: U.S. Department of Labor, Bureau of Labor Statistics, labor force statistics from the Current Population Survey, <http://data.bls.gov/pdq/querytool.jsp?survey=ln>.

Table 3
Average Duration of Unemployment and Percentage Long-term Unemployed,* Jobseekers Under Age 55 and Aged 55+, December 2007, June 2009, December 2011, and January 2012**
(not seasonally adjusted)

| | December 2007 | June 2009 | December 2011 | January 2012 |
|---|---------------|-----------|---------------|--------------|
| Average Duration of Unemployment | | | | |
| Less than 55 | 15.9 wks | 21.4 wks | 37.5 wks | 35.1 wks |
| 55+ | 20.2 wks | 29.9 wks | 52.2 wks | 56.1 wks |
| Long-term Unemployed | | | | |
| Less than 55 | 16.6% | 26.4% | 40.7% | 39.1% |
| 55+ | 22.9% | 38.2% | 54.0% | 53.8% |

*Long-term unemployed: 27 or more weeks.

**December 2007 was the official start of the Great Recession and June 2009 was the official end, according to the National Bureau of Economic Research.

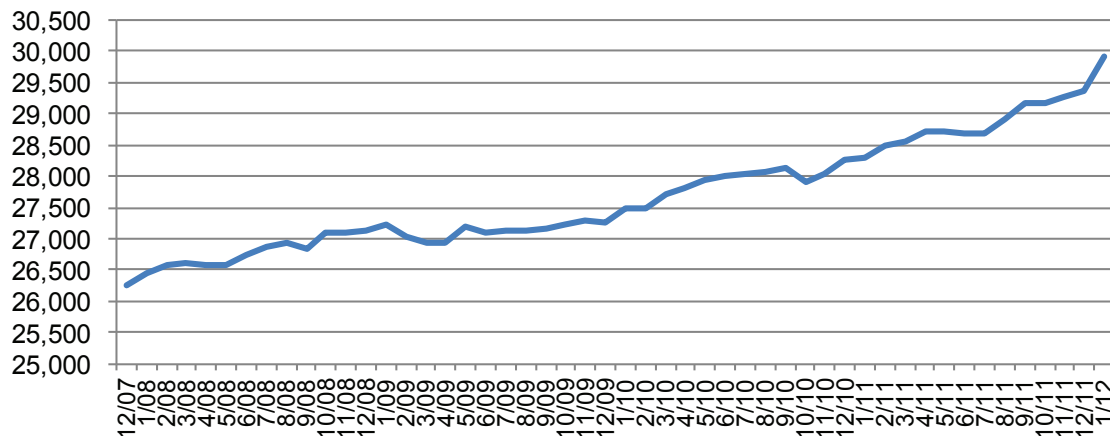
Source: Calculated from U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings Online*, January 2008, July 2009, and labor force statistics from the Current Population Survey at <http://www.bls.gov/cps/tables.htm>.

succeeded in remaining employed, and the number with jobs has increased in most months since the start of the recession (figure 3). Since December 2007, the employed population aged 55 and over has increased by about 3.7 million, or by 14.0 percent (table 1). Between December and January, the number of older employed rose by 558,000.

employment-to-population ratio, or proportion of the working-age population with jobs. Table 4 provides the employment-to-population ratio for four age groups: 16+, 16–24, 25–54, and 55+. As of January, this ratio was not much different from what it was in December 2007 for the aged 55-plus workforce, and was unchanged from December, despite the sizable increase in the number of employed older adults.

Another way of assessing the employment situation is with the

Figure 3
Number of Employed Persons Aged 55 and Over, December 2007–January 2011*
(in thousands)



*The numbers in the figure differ slightly from those that appear in earlier versions due to adjustment by BLS.

Source: U.S. Department of Labor, Bureau of Labor Statistics, labor force statistics from the Current Population Survey, <http://data.bls.gov/pdq/querytool.jsp?survey=ln>.

Table 4
Employment-to-Population Ratio, December 2007, June 2009, December 2011,
and January 2012, by Age Group*
(seasonally adjusted)

| Age | December 2007 | June 2009 | December 2011 | January 2012 |
|--------------|---------------|-----------|---------------|--------------|
| 16+ | 62.7% | 59.4% | 58.5% | 58.5% |
| 16–24 | 52.2% | 47.1% | 46.0% | 45.8% |
| 25–54 | 79.7% | 75.9% | 75.3% | 75.6% |
| 55+ | 37.7% | 37.4% | 37.8% | 37.8% |

*Some of the numbers in this table differ slightly from earlier versions due to adjustments by BLS.

Source: U.S. Department of Labor, Bureau of Labor Statistics, labor force statistics from the Current Population Survey, <http://data.bls.gov/pdq/querytool.jsp?survey=ln>.

In and Out of the Labor Force

Much of the increase in the labor force participation and employment of older people in recent years is a result of the increase in the population aged 55 and over. In December 2007, there were 69.6 million people aged 55 and over in the United States. As of January 2012, that number had increased by 13.7 percent to nearly 79.2 million. Even if the labor force participation rate for this age group had remained at its December 2007 level (38.9 percent), the aged 55-plus labor force would have risen from 27.1 million to 30.8 million. But as it was, with a participation rate of 40.1 percent, 31.8 million people aged 55 or older were in the labor force in January.

Even though the number of older people in the labor force rose by nearly one-half million or by 1.6 percent between December and January, the aged 55-plus population rose even more, and the labor force participation rate fell from 40.3 percent to 40.1 percent. In addition, the number *out* of the labor force rose by nearly one million.⁷

Part Time for Economic Reasons

Part-time work appeals to many older workers interested in scaling back while remaining attached to the labor force. However, not every part-time worker

wants part-time work. In January, some 1.4 million older nonagricultural workers were working part time because they had no choice,⁸ about 226,000 more than the month before. These workers, also known as involuntary part timers, were employed part time for economic reasons—that is, because of slack working conditions or because they could not find full-time work. In January, they were 5.1 percent of all older nonagricultural workers, up from December’s 4.4 percent. Differences by sex have generally been rather modest in recent months, but the gap widened somewhat in late 2011. As of January 2012, 4.6 percent of older employed men and 5.7 percent of older employed women were involuntary part-time workers.

The proportion of older nonagricultural workers working part time for economic reasons in January was more than twice what it was at the start of the recession, when only 2.4 percent of older workers were working part time because they could not find full-time work.

Multiple Jobholders

Working more than one job may indicate an inability to find a job that pays enough or provides enough hours. Relatively few workers aged 16 and over—4.9 percent—were multiple jobholders in January, little changed from December (5 percent).⁹ In January,

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4.4 percent of workers aged 55 and over held more than one job, also little changed from December (4.7 percent); 4.3 percent of employed older men and 4.9 percent of employed older women held more than one job.

Self-employment

Some wage and salary workers move into self-employment upon job loss. Published monthly self-employment figures are available from the Bureau of Labor Statistics (BLS) only for unincorporated workers employed in their own business, profession, trade, or farm. (BLS regards self-employed workers who report being incorporated as employees of a corporation and thus classifies them as wage and salary workers.) The number of older, unincorporated self-employed workers in nonagricultural industries increased from fewer than 2.6 million in December 2007 to 2.9 million in January 2012, or about 85,000 more than the month before.¹⁰ As of January, 10 percent of older nonagricultural workers were self-employed; this was the case for 9.9 percent in December. In December 2007, 10 percent of older nonagricultural workers were self-employed. Self-employment, at least unincorporated self-employment, does not appear to have absorbed large numbers of unemployed older workers over the past four years.

Interest in Working

Most older people who are out of the labor force say that they do not want a job (97 percent in January, a figure that has remained essentially unchanged since the start of the recession). The *number* of older people out of the labor force but expressing interest in work rose by 125,000 to 1.6 million between December and January, after falling the month before. At the start of the recession, 826,000 older non-labor force

participants reported wanting a job; by the recession's end in June 2009, that number had risen to 1.2 million.¹¹

The number of older discouraged workers rose slightly between December and January from 211,000 to 233,000. In January, discouraged workers were 14.2 percent of the population of older people who were not in the labor force but who wanted a job, essentially unchanged from December (13.9 percent). Discouraged workers are not looking for work because they believe that no work is available, employers would find them too old, they lack the necessary schooling/training, or they face other types of discrimination.¹² When the recession began in December 2007, only 53,000 older people were classified as discouraged workers.

A Look at the Aged 65-plus Workforce¹³

The labor force participation rate of people aged 65 and over has increased markedly in recent years. In 2011, an average of 17.9 percent of people aged 65 and over were in the labor force, up from 10.8 percent in 1985.

The number of labor force participants aged 65 and over has increased about 24 percent (or by 1.4 million workers and jobseekers) since December 2007. As of January 2012, approximately 7.4 million members of the labor force (4.8 percent of the total labor force) were at least 65 years old.

In January, 18.0 percent of people aged 65 and over were in the labor force, down somewhat from December (18.2 percent). The January unemployment rate for this age group was 6.2 percent, a slight dip from December (6.3 percent) but still well above the rate in December 2007, when only 3.3 percent were unemployed.

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Duration of unemployment for jobseekers aged 65 and over averaged 53.5 weeks in January, somewhat lower than the 54.8 weeks reported for December.¹⁴ (Duration of unemployment for this age group averaged 20.2 weeks in December 2007.) Long-term unemployment was also slightly lower for jobseekers aged 65 and over—50.4 percent had been out of work for more than six months in January, compared to 54.7 percent in December. The comparable figure at the start of the recession was 23.4 percent; at the end of the recession it was 43 percent.

Concluding Observations

The year 2012 began on an encouraging note due to the increase in payroll employment, a decline in the overall unemployment rate, and a decline in unemployment for the aged 55-plus workforce.

Nonetheless, while there were fewer unemployed in January than in December or a year ago, the employment-to-population ratio showed no change in January for the older population and was barely above what it had been in December 2007. This means that older worker employment has just been keeping up with growth in the older population.

No one statistic tells the complete story, but taken together, several indicators underscore the continuing problems faced by older workers and jobseekers and suggest that it is too early to conclude that the worst is over. Average duration of unemployment was up for older jobseekers and remains more than one year, as it has since April 2011. The number of older, involuntary part-time workers rose in January and was well above what it had been at the start of the recession. The number of older people who wanted a job but were not looking for one also rose in January, as did the number of discouraged older workers. In addition, the labor force participation rate for the aged 55-plus population fell between December and January and the number out of the labor force increased. Some of the latter may have exited by choice because they were ready to retire. Others may have simply given up.

Note: Caution is urged in interpreting month-to-month changes in some of the employment figures. Not all figures are seasonally adjusted, and the numbers can fluctuate substantially over the short term due to sampling error or the small number of individuals in a particular category who may have been interviewed. Numbers for a longer period or annually adjusted figures generally provide a more accurate picture.

Endnotes

¹ Unless otherwise specified, “older” refers to people aged 55 and over. Employment and unemployment figures are seasonally adjusted unless otherwise noted.

² Statistics in this Fact Sheet are from U.S. Department of Labor, Bureau of Labor Statistics (BLS), *The Employment Situation—January 2012*, USDL-12-0163 (Washington, DC: BLS, February 3, 2012); tables in BLS’s *Employment and Earnings*, January 2008 and July 2009; BLS tables at <http://www.bls.gov/web/empstoc.toc.htm>; and BLS’s labor force statistics from the Current Population Survey, available at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>. Some numbers in this Fact Sheet may differ from those reported in earlier Fact Sheets due to adjustments by BLS.

³ These figures are preliminary and may be adjusted.

⁴ The unemployment rate for men aged 55 and over is seasonally adjusted; the rate for women aged 55 and over is not. According to BLS, unemployment for women in this age group does not appear to show seasonal variation.

⁵ Duration of unemployment figures are not seasonally adjusted.

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⁶ Beginning in January 2011, the Current Population Survey has allowed respondents to report durations of unemployment of up to five years, rather than only up to two years. This change was introduced because of the “unprecedented rise in the number of people with very long durations of unemployment during the recent labor market downturn.” Before this change, any duration of unemployment greater than two years was coded as two years. Estimates of average duration of unemployment are higher with a five-year upper limit than with a two-year limit. Duration prior to 2011 cannot be recalculated as the data for those unemployed longer than two years are unavailable. See U.S. Department of Labor, Bureau of Labor Statistics, *Changes to Data Collected on Unemployment Duration*, at <http://www.bls.gov/cps/duration.htm>.

⁷ This figure is not seasonally adjusted.

⁸ Involuntary part-time figures are not seasonally adjusted.

⁹ Multiple jobholder figures are not seasonally adjusted.

¹⁰ Self-employment figures are not seasonally adjusted.

¹¹ Data in this section are not seasonally adjusted.

¹² Discouraged workers are a subset of the marginally employed (i.e., people who are not in the labor force who want a job and are available for work and who have searched for work during the prior 12 months but not in the prior four weeks). See BLS at <http://www.bls.gov/cps/lfcharacteristics.htm#discouraged>.

¹³ Data in this section are not seasonally adjusted.

¹⁴ See note 6 and the note of caution following the Concluding Observations.

Fact Sheet 248, February, 2012

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