The Employment Situation, December 2012: Five Years After the Start of the Great Recession

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✓ At 5.9 percent, the December 2012 unemployment rate for the workforce aged 55 and over was little changed from November but well above the 3.2 percent rate in December 2007.
✓ Nearly 2 million people aged 55 and over were unemployed in December 2012, up from 859,000 five years earlier.
✓ About half (49 percent) of older jobseekers were among the long-term unemployed in December 2012, compared to less than one-quarter (23 percent) in December 2007.
✓ Nearly five times as many older Americans were classified as discouraged workers in December 2012 as in December 2007.

A Look Back Over the Past Five Years

December 2012 marked five years since the official start of the Great Recession. This Fact Sheet looks back at employment developments during those five years, focusing on three age groups: younger (ages 16–24), prime age (ages 25–54), and older (ages 55-plus) and three time periods: (1) from the start of the recession in December 2007 until its official end in June 2009, (2) from the end of the recession through December 2012, and (3) from the start of the recession through December 2012 (i.e., the full five-year period). A snapshot of the December 2012 employment situation based on data released by the Bureau of Labor Statistics (BLS) on January 4 can be found following the five-year overview.

Nonfarm payroll employment as reported to BLS by establishments fell dramatically between December 2007 and June 2009—from almost 138 million to 130.5 million or by 7.5 million, a decline of 5.4 percent. The recovery has seen an inching up of employment, estimated at 134 million in December 2012. In 2011 and 2012, for example, employment gains averaged 153,000 per month. Establishment data from BLS’s survey of nonagricultural businesses and government agencies indicate that about 3.5 million more people were on nonfarm payrolls at the end of 2012 than at the end of the recession in June 2009, still about 4 million, or 2.9 percent, fewer than at the beginning.

The monthly household survey from which BLS’s official unemployment rates are derived reveals similar trends, although the numbers vary. According to the household survey data, employment in the aged 16 and older population fell from 146.3 million to 140 million between December 2007 and June 2009 (−4.3 percent) before rising to 143.3 million (+2.4 percent)
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by December 2012. Employment at the end of the five-year period was 2 percent lower than it was at the beginning.

Age data are not available from the establishment survey, so the following section reports on the employment situation as reported by households, the source of most of the statistics found in the AARP Public Policy Institute Employment Fact Sheets.

Population and Labor Force Highlights from December 2007, June 2009, and December 2012
(Note: The statistics referred to in this section can be found in table 1.)

One of the more striking developments of the last five years has involved age differences in population growth, which has an impact on some of the employment numbers. Since December 2007, the aged 55-plus population has increased by almost 17 percent, nearly five times as much as the youngest segment (ages 16–24), while the middle segment (ages 25–54) has actually experienced a slight decline. The older population’s share of the total population is rising and is expected to continue increasing as the baby boom generation ages. The workforce is becoming older.

In contrast to the younger and prime-age segments of the labor force, whose numbers declined from the onset to the end of the recession and continued to fall even after the recession ended, the aged 55-plus labor force generally showed consistent increases (rising from 27.1 million to 33.1 million over the five-year period under review). Part of this increase is due to population growth. Had the labor force participation of older Americans remained unchanged at its recession onset level of 38.9 percent, the older labor force would have still grown to 31.6 million, 4.5 million more than at the start of the recession. But the labor force participation rate for this age group also rose (from 38.9 percent to 40.7 percent). An additional 1.5 million older people were in the labor force as a result of this increase. Clearly, population growth played a big role in the increasing size of the labor force of older Americans, but a rising participation rate was important as well. It was only among this age group that the participation rate rose. The rate for younger age groups fell between the start and end of the recession and from the end of the recession through December 2012.

The workforce aged 55 and over was also the only age group whose employment numbers increased over the five-year period under review. Again, much of this was due to population growth. A clearer picture of how people are faring when it comes to jobs may be seen by looking at the share of an age group that is employed (the employment-to-population ratio). This number fell sharply during the recession for both younger and prime-age workers, since which time it has showed little change (none for prime-age workers and a further slight deterioration for younger ones). For both age groups, the share was lower in December 2012 than it was five years earlier. The older population, on the other hand, is more likely to be employed today than at the beginning of the recession.

Unemployment skyrocketed during the recession for all age groups, but especially for those aged 55 and over. In fact, unemployment for this age group reached levels not seen since BLS began recording these rates more than six decades ago (figure 1). Throughout the recession and its aftermath, the unemployment rate for the workforce aged 55 and older remained lower than the rates for the prime-age workforce and, especially, the workforce aged 16–24 (figure 2); For all age groups, both the number of unemployed and the unemployment rate were higher in December 2012 than they were at the
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start of the recession, with increases greatest for the older workforce.

Unemployment did not start falling with the end of the recession. For the 55-plus age group, the unemployment rate reached its peak of 7.4 percent in August 2010 (not shown in table 1).

Unemployment rates can be affected by workers’ decisions to leave the labor force, and they do leave for a variety of reasons—to go back to school, to retire, or to handle caregiving responsibilities, for example. Jobseekers may also become discouraged after a fruitless job search and give up the hunt. Someone without a job and no longer looking for one is not in the labor force as determined by BLS and is thus not considered unemployed. Older job losers are more likely than their younger counterparts to exit the labor force after job dislocation.6

Table 1
Selected Employment Indicators by Age Group, December 2007, June 2009, and December 2012*
(seasonally adjusted)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Age</th>
<th>Date</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (in 000s)</td>
<td>16–24</td>
<td>37,518</td>
<td>37,566</td>
</tr>
<tr>
<td></td>
<td>25–54</td>
<td>126,099</td>
<td>125,533</td>
</tr>
<tr>
<td></td>
<td>55+</td>
<td>69,628</td>
<td>72,555</td>
</tr>
<tr>
<td>Labor Force (in 000s)</td>
<td>16–24</td>
<td>22,199</td>
<td>21,605</td>
</tr>
<tr>
<td></td>
<td>25–54</td>
<td>104,694</td>
<td>104,082</td>
</tr>
<tr>
<td></td>
<td>55+</td>
<td>27,102</td>
<td>29,129</td>
</tr>
<tr>
<td>Labor Force Participation Rate (%)</td>
<td>16–24</td>
<td>59.2</td>
<td>57.5</td>
</tr>
<tr>
<td></td>
<td>25–54</td>
<td>83.1</td>
<td>82.9</td>
</tr>
<tr>
<td></td>
<td>55+</td>
<td>38.9</td>
<td>40.1</td>
</tr>
<tr>
<td>Employment (in 000s)</td>
<td>16–24</td>
<td>19,599</td>
<td>21,701</td>
</tr>
<tr>
<td></td>
<td>25–54</td>
<td>100,461</td>
<td>95,277</td>
</tr>
<tr>
<td></td>
<td>55+</td>
<td>26,243</td>
<td>27,104</td>
</tr>
<tr>
<td>Share of Population Employed (%)**</td>
<td>16–24</td>
<td>52.2</td>
<td>47.1</td>
</tr>
<tr>
<td></td>
<td>25–54</td>
<td>79.7</td>
<td>75.9</td>
</tr>
<tr>
<td></td>
<td>55+</td>
<td>37.7</td>
<td>37.4</td>
</tr>
<tr>
<td>Unemployed (in 000s)</td>
<td>16–24</td>
<td>2,600</td>
<td>3,904</td>
</tr>
<tr>
<td></td>
<td>25–54</td>
<td>4,233</td>
<td>8,805</td>
</tr>
<tr>
<td></td>
<td>55+</td>
<td>859</td>
<td>2,025</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>16–24</td>
<td>11.7</td>
<td>18.1</td>
</tr>
<tr>
<td></td>
<td>25–54</td>
<td>4.0</td>
<td>8.5</td>
</tr>
<tr>
<td></td>
<td>55+</td>
<td>3.2</td>
<td>7.0</td>
</tr>
<tr>
<td>Not in Labor force (in 000s)***</td>
<td>16–24</td>
<td>15,834</td>
<td>14,188</td>
</tr>
<tr>
<td></td>
<td>25–54</td>
<td>21,147</td>
<td>21,908</td>
</tr>
<tr>
<td></td>
<td>55+</td>
<td>42,469</td>
<td>43,638</td>
</tr>
</tbody>
</table>

*The recession officially began in December 2007 and ended in June 2009.

**Employment-to-population ratio.

***Not seasonally adjusted.

December 2012

Unemployment Rate

At 5.9 percent, the December 2012 unemployment rate for the workforce aged 55 and over was little changed from November’s 5.8 percent. The unemployment rate for older men was 6.2 percent in December, unchanged from November. The rate for older women showed little change as well, ticking up to 5.1 percent from 5 percent (figure 3). 7 Nearly 2 million people aged 55 and over were unemployed in December, 46,000 more than in November.

Duration of Unemployment

Once unemployed, older workers are, on average, out of work longer than their younger counterparts. This pattern continued in December. However, average duration of unemployment fell for older workers, to 51.3 weeks in December from 55.4 weeks in November. 8 Among younger jobseekers, average duration fell as well—from 37.1 weeks to 34.3 weeks (table 2).

Since March 2011, the average duration of unemployment for older jobseekers has been close to or above one year. Precise
comparisons prior to January 2011 are not possible because of changes in the way duration is coded. Nonetheless, both younger and older workers have found it much harder to become reemployed than after previous recessions.

As of December 2012, just under half (48.7 percent) of all older jobseekers were “long-term unemployed”; that is, they had been out of work for 27 or more weeks. This figure is a decline from 53.5 percent the month before.

The share of older workers who were long-term unemployed (a figure that is not affected by the top coding change in duration of unemployment) has grown significantly in recent years. In December 2007, only 22.9 percent of the older unemployed workforce were long-term unemployed. The comparable figure for the end of the recession, June 2009, was 38.2 percent (table 3).

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 December, nearly 1.4 million older nonagricultural workers were working part time because they had no choice (i.e., for economic reasons), about 142,000 more than the month before. These workers, also known as involuntary part-timers, were

Table 2
Average Duration of Unemployment, Jobseekers Under Age 55 and Aged 55+, January 2011, December 2011, November 2012, and December 2012*
(not seasonally adjusted)

<table>
<thead>
<tr>
<th>Age</th>
<th>January 2011</th>
<th>December 2011</th>
<th>November 2012</th>
<th>December 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 55</td>
<td>33.9 weeks</td>
<td>37.5 weeks</td>
<td>37.1 weeks</td>
<td>34.3 weeks</td>
</tr>
<tr>
<td>55+</td>
<td>44.4 weeks</td>
<td>52.2 weeks</td>
<td>55.4 weeks</td>
<td>51.3 weeks</td>
</tr>
</tbody>
</table>

*See text note 9 for an explanation of the BLS change in the top coding of duration of unemployment. As a result of this change, comparable data go back only to January 2011.

employed part time involuntarily either because of slack working conditions or because they could not find full-time work. In December 2012, they were 4.7 percent of all older nonagricultural workers, up from 4.2 percent the month before. Differences by sex were modest: 4.6 percent of older men and 4.8 percent older women were working part time for economic reasons.

The proportion of older involuntary part-timers in December was substantially higher than it was at the start of the recession, when only 2.4 percent of older nonagricultural workers were working part time because they could not get full-time work.

**Self-employment**

Some wage and salary workers turn to self-employment upon job loss. Published monthly self-employment figures are available from 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 just under 3.1 million in December 2012, about the same number as in November.11

As of December, 10.1 percent of older nonagricultural workers were self-employed, essentially unchanged from November. For most of the five years since the start of the recession, this figure has hovered around 10 percent.

**Interest in Working**

Most older people who are out of the labor force say that they do not want a job (97 percent in December, a figure that has shown little fluctuation since the recession began). The number of older people out of the labor force but expressing interest in work fell by about 44,000 in December. Approximately 1.7 million older non-labor force participants said that they wanted a job in December. At the start of the recession, 826,000 older non-labor force participants reported wanting to work; by the recession’s end in June 2009, that number had risen to 1.2 million.12

At 247,000, the number of older “discouraged” workers was little changed in December from what it was in November (254,000); the discouraged were almost 15 percent of the population of older people who were not in the labor force but who wanted a job, unchanged from the month before. Discouraged workers are not looking for work because they believe that no work is available or there are no jobs for which they would qualify (e.g., employers would find them too old; they lack the necessary schooling/training).13 When the recession began, only 53,000 older people were classified as discouraged workers.
Concluding Observations

For many of America’s workers, the employment situation has improved since the end of the Great Recession, but it is still far bleaker than it was in December 2007. The recovery remains sluggish, and millions remain unemployed, underemployed, or locked in jobs they dare not leave because they might not find another one.

Among older Americans, trends that began before the recession continued during the recession and after it ended—their numbers in the population and labor force increased, as did their labor force participation rate. The share employed, or the employment-to-population ratio, which had been increasing steadily for several years before the recession, leveled off during the recession but did not demonstrate the decline that it did for other age groups. That ratio has since begun increasing again. Growing numbers of older Americans appear to be pushing back the date of retirement, some in response to the recession and continuing concern about the economy but others for a variety of other reasons. Older people with jobs seem to be faring quite well, at least compared to their unemployed counterparts.

The aged 55-plus unemployed had a very tough time during the recession and have not fared all that well since it ended. Their unemployment rate reached levels not previously seen in the statistics. Average duration of unemployment skyrocketed, as did long-term unemployment, putting this age group at risk of skills obsolescence and job-seeking discouragement. The younger unemployed are not immune to these problems, of course; however, they are less likely to face age discrimination and ageist stereotypes in their search for work. The older unemployed also have less time to make up any losses in earnings, retirement savings, and pension accumulation. The extent to which they recover remains to be seen.

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 and do 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 over a longer period (e.g., beginning to end of the recession) or annually adjusted figures generally provide a more reliable picture.

Endnotes


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

3 This number is preliminary and will likely be revised.


5 Household survey data include the self-employed and workers in agriculture as well as in nonagricultural businesses.
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7 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.

8 Duration of unemployment figures are not seasonally adjusted.

9 The Bureau of Labor Statistics changed its top coding of duration of unemployment. Beginning in January 2011, the Current Population Survey has allowed respondents to report durations of unemployment of up to five years, rather than up to only 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, http://www.bls.gov/cps/duration.htm.

10 Involuntary part-time figures are not seasonally adjusted.

11 Self-employment figures are not seasonally adjusted.

12 Data in this section are not seasonally adjusted.

13 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 http://www.bls.gov/cps/lfcharacteristics.htm#discouraged.