

The Employment Situation, January 2013: Jobs Added to the Economy but Unemployment for Older Workers Holds Fast¹

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- ✓ **At 6 percent, the January 2013 unemployment rate for the workforce aged 55 and over was little changed from December or January 2012.**
- ✓ **Nearly 2 million people aged 55 and over were unemployed in January 2013, also little changed from December, but 115,000 more than the previous January.**
- ✓ **Average duration of unemployment for older jobseekers fell sharply from 51.3 weeks to 42.2 weeks between December and January. Average duration of unemployment was 56.1 weeks in January 2012.**

Employment and Unemployment

The new year started on a positive note, with nonfarm payroll employment increasing by an estimated 157,000 in January.² In addition, the estimated increase in nonfarm employment for December was revised upward from 155,000 to 196,000.³

Nonetheless, the total unemployment rate remained “essentially unchanged” at 7.9 percent compared to December’s 7.8 percent.⁴ The same was true for the aged 55-plus workforce, whose unemployment rate in January was 6.0 percent (5.9 percent in December). Older men had an unemployment rate of 6.2 percent in December and January. Older women, however, saw their unemployment rate rise from 5.1 percent to 5.9 percent between December and January.⁵

Unemployment rates have changed little over the past year (figure 1). The total unemployment rate in January 2013 was

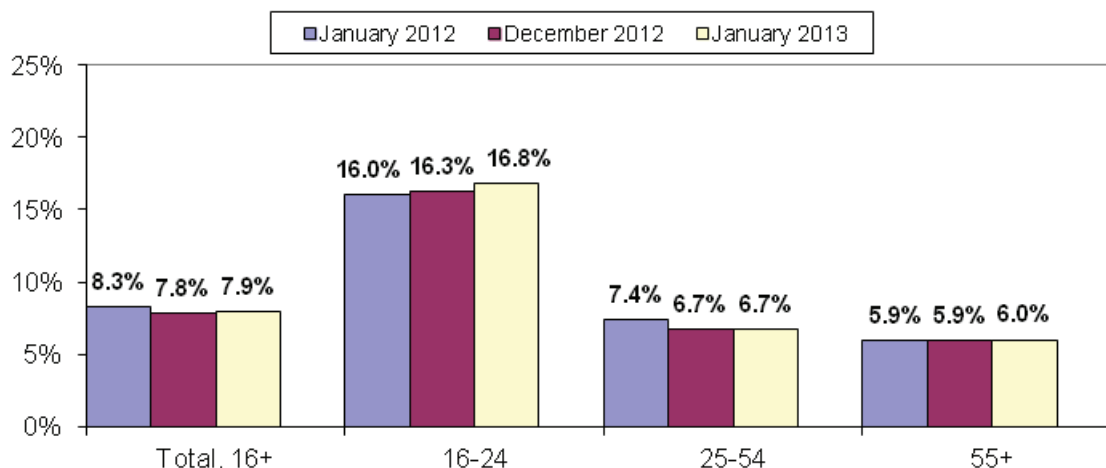
less than half a percentage point lower than it was a year earlier. It was higher for young people and about the same for the older workforce. For all groups, unemployment remains a much greater problem than it was at the start of the Great Recession (not shown).

Nearly 2 million older people were unemployed in January, up by about 15,000 since December and about 115,000 from a year earlier.

Duration of Unemployment

Average duration of unemployment for jobseekers aged 55 and older dropped substantially in January, from 51.3 weeks to 42.2 weeks.⁶ Once unemployed, however, older workers are, on average, out of work longer than their younger counterparts. Jobseekers under the age of 55 had been unemployed for an average of 32 weeks in January, down from 34.3 weeks the month before. (See table 1.)

Figure 1
Unemployment Rates by Age, January 2012, December 2012, and January 2013*



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

Until January, the average duration of unemployment for older jobseekers had been close to or above one year since March 2011 (figure 2).⁷ January’s drop could be due to a number of factors. For instance, new jobseekers would help push down the average unemployment duration, as would the labor force exit of the “long-term unemployed”; that is, those who have been out of work for 27 or more weeks. Finding a job would also lower average duration figures, especially if the newly employed had been long-term unemployed.⁸ However, while the number of older people with jobs rose hardly at all in January, there was no change in the share of the population employed (employment-to-population ratio) (table 2).

As of January 2013, more than 4 in 10 (43.8 percent) older jobseekers were long-term unemployed. 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, although it, too, fell between December and January, from 48.7 percent to 43.8 percent (table 2).

Part time for Economic Reasons

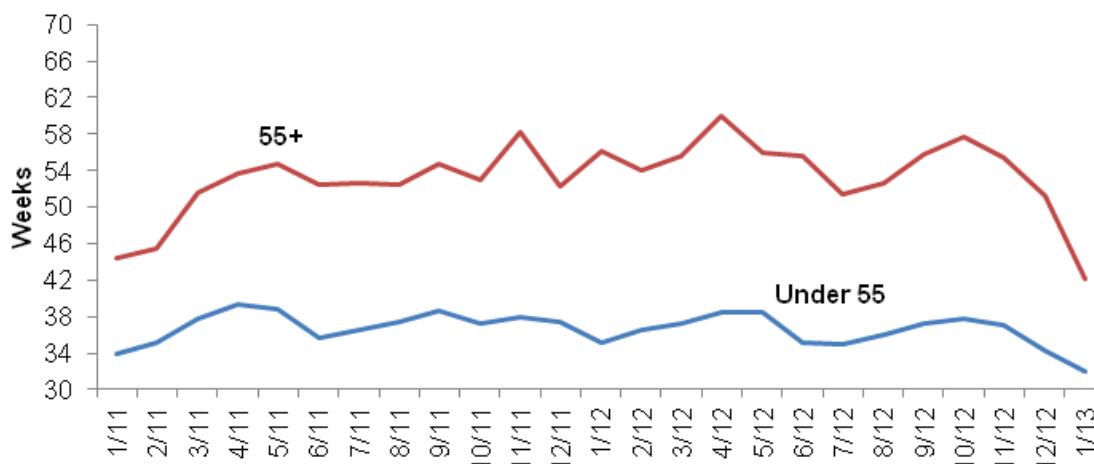
Part-time work appeals to many older workers interested in scaling back while remaining attached to the labor force. However, not every part-time worker wants part-time work. In January 2013, nearly 1.5 million older nonagricultural workers were working part time because they had no choice (i.e., for economic

Table 1
Average Duration of Unemployment, Jobseekers Under Age 55 and Aged 55+,
January 2012, December 2012, and January 2013
(not seasonally adjusted)

Age	January 2012	December 2012	January 2013
Less than 55	35.1 wks	34.3 wks	32.0 wks
55+	56.1 wks	51.3 wks	42.2 wks

Source: Calculated from *Employment and Earnings Online*, January 2012 and December 2012, Table A-36 at <http://www.bls.gov/opub/ee/2012/cps/monthly.htm> and January 2013, Table A-36 at <http://www.bls.gov/web/empsit.supptoc.htm>.

Figure 2
Average Duration of Unemployment in Weeks by Age, January 2011–January 2013



Source: Calculated from U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics, Table A-36 at http://www.bls.gov/web/emp/sit.sup.toc.htm#household_m, selected months.

reasons),⁹ about 87,000 more than the month before. These workers, also known as involuntary part-timers, were employed part time involuntarily either because of slack working conditions or because they could not find full-time work. In January, they were 5.0 percent of all older nonagricultural workers, up slightly from 4.7 percent the month before but essentially unchanged from a year earlier. Differences by sex were minor.

The proportion of older involuntary part-timers in January was still 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. Monthly self-employment figures are published by 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.) In January 2013, the number of older, unincorporated self-employed workers in nonagricultural industries was just over 3 million, about 60,000 fewer than in December 2012 but about 118,000 more than a year earlier. However, because the overall older workforce has also increased, the proportion of self-employed workers has not increased.¹⁰ As of January, 9.9 percent of older nonagricultural workers were self-employed, essentially unchanged from December or January 2012. Indeed, for most of the 5 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 January, a figure that has shown little fluctuation in years). The number of older people out of the labor force but expressing interest in work fell by about 53,000 in January but was about the same as it was a year earlier. Approximately 1.7 million older non-labor-force participants said that they wanted a job in December.¹¹

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Table 2
Selected Employment Indicators by Age Group,
January 2012, December 2012, and January 2013
(seasonally adjusted)

Indicator	Age	Date			Percent Change	
		January 2012	December 2012	January 2013	Monthly Dec. 2012– Jan. 2013	Annual Jan. 2012– Jan. 2013
Population (in 000s)	16–24	38,732	38,805	38,862	0.15%	0.34%
	25–54	124,356	124,219	124,357	0.11%	0.00%
	55+	79,181	81,326	81,445	0.15%	2.86%
Labor Force (in 000s)	16–24	21,109	21,477	21,598	0.56%	2.32%
	25–54	101,448	101,030	100,930	-0.10%	-0.51%
	55+	31,728	33,110	33,136	0.08%	4.44%
Labor Force Participation Rate (%)	16–24	54.5	55.3	55.6	0.54%	2.02%
	25–54	81.6	81.3	81.2	-0.12%	-0.49%
	55+	40.1	40.7	40.7	0.00%	1.50%
Employment (in 000s)	16–24	17,729	17,972	17,980	0.04%	1.42%
	25–54	93,989	94,253	94,147	-0.11%	0.17%
	55+	29,871	31,153	31,164	0.04%	4.33%
Share of Population Employed (%)*	16–24	45.8	46.3	46.3	0.00%	1.09%
	25–54	75.6	75.9	75.7	-0.26%	0.13%
	55+	37.7	38.3	38.3	0.00%	1.59%
Unemployed (in 000s)	16–24	3,380	3,505	3,618	3.22%	7.04%
	25–54	7,459	6,777	6,783	0.09%	-9.06%
	55+	1,857	1,957	1,972	0.77%	6.19%
Unemployment Rate (%)	16–24	16.0	16.3	16.8	3.07%	5.00%
	25–54	7.4	6.7	6.7	0.00%	-9.46%
	55+	5.9	5.9	6.0	1.69%	1.69%
Not in Labor Force (in 000s)**	16–24	18,372	18,048	18,004	-0.24%	-2.00%
	25–54	22,980	23,118	23,570	1.96%	2.57%
	55+	47,432	48,280	48,294	0.03%	1.82%
Long-term Unemployed (%)	16–24	31.0	27.1	26.5	-2.21%	-14.52%
	25–54	42.6	41.8	38.7	-7.42%	-9.15%
	55+	53.8	48.7	43.8	-10.06%	-18.59%

Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>; *Employment and Earning Online*, January 2012 and December 2012 at <http://www.bls.gov/opub/ee/2012/cps/monthly.htm> and January 2013 at <http://www.bls.gov/web/empsit.supp.toc.htm>.

*Employment-to-population ratio.

**Not seasonally adjusted.

At 161,000, the number of older “discouraged” workers was substantially below the 247,000 in December and well below the figure for January 2012 (233,000). In January, discouraged workers were about 10 percent of those older Americans

who said they wanted a job but were not looking, down from 15 percent the month before and 14 percent in January 2012. 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

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(e.g., employers would find them too old, they lack the necessary schooling/training).¹² Their numbers are still well above what they were when the recession began in 2007, when only 53,000 older people were classified as discouraged workers.

Labor Force Trends by Age Group

As workers age, they tend to retire, many because of ill health or job loss, others because they are ready for something other than paid employment. At ages 55–64, about two-thirds of

all Americans are in the labor force; that is, they are working or looking for work. By ages 70–74, that figure falls to about one in five. Over the past two decades, however, there has been a sharp increase in the labor force participation rates of all older age groups, even those aged 75 and over (table 3).

Most older labor force participants have jobs. Nonetheless, their unemployment rate is up sharply from what it was at the start of the Great Recession (table 4).

Table 3
Labor Force Participation Rates by Age Group, January 1993–January 2013
*(in percentages)**

Year	Age			
	55–64	65–69	70–74	75+
1993	55.6	20.2	10.5	3.7
1994	56.7	21.8	11.3	6.2
1995	57.2	21.8	12.2	4.8
1996	57.3	21.2	12.0	4.5
1997	57.9	22.1	13.2	4.9
1998	58.9	22.1	12.4	4.7
1999	59.1	22.2	12.0	4.8
2000	59.3	24.0	13.3	5.0
2001	59.6	24.6	14.3	5.2
2002	61.0	24.9	13.6	5.3
2003	62.6	27.9	14.1	5.4
2004	62.5	27.7	14.4	5.7
2005	62.4	26.6	15.7	6.0
2006	63.2	28.2	16.5	6.5
2007	63.5	29.2	16.6	5.8
2008	64.5	30.0	17.5	6.6
2009	65.2	31.4	17.5	7.8
2010	64.6	31.8	18.1	7.2
2011	64.2	32.3	18.0	7.0
2012	63.9	31.9	18.8	7.3
2013	65.0	31.1	19.2	8.7

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

*Figures are for January of each year and are not seasonally adjusted.

Table 4
Unemployment Rates by Age Group, January 1993–January 2013
*(in percentages)**

Year	Age			
	55–64	65–69	70–74	75+
1993	5.2	4.0	3.2	4.2
1994	5.1	4.6	4.8	3.5
1995	4.2	4.8	5.1	3.1
1996	3.8	5.2	3.5	4.9
1997	3.3	5.0	3.7	1.1
1998	3.0	3.5	3.2	0.9
1999	3.2	3.5	2.6	4.1
2000	2.9	3.3	4.0	2.9
2001	3.2	2.8	3.3	1.8
2002	4.1	4.6	3.4	1.7
2003	4.7	5.5	4.0	2.8
2004	4.2	3.4	4.4	4.7
2005	3.9	3.8	5.2	3.5
2006	3.5	4.7	1.9	2.0
2007	3.7	4.4	3.0	3.2
2008	3.5	3.2	6.0	4.4
2009	6.0	5.3	7.1	5.4
2010	7.5	8.6	6.9	4.7
2011	7.4	7.1	6.6	6.8
2012	6.4	6.2	7.0	5.0
2013	6.3	7.9	6.0	4.8

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

*Figures are for January of each year and are not seasonally adjusted.

Concluding Observations

The year started off with an increase of an estimated 157,000 nonfarm payroll jobs in January. Most employment indicators, however, showed little change. The unemployment rate for the aged-55-plus workforce was about where it was in December as well as a year earlier. The labor force participation rate and the share of the older population with jobs also held steady in January.

On a brighter note, average duration of unemployment among older jobseekers was several weeks shorter in January than in December or a year earlier. If this is due to workers finding jobs or returning to the workforce because they are more optimistic about finding work, it is a positive sign. On the other hand, some long-term unemployed

may have given up the search. There were, however, considerably fewer discouraged workers in January than in December. This indicator often fluctuates markedly from month to month, so the decline may mean little. Still, it could be another sign of more optimism in the job market.

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

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 2013*, USDL-13-0144 (Washington, DC: BLS, February 1, 2013); tables in BLS’s *Employment and Earnings*, January 2008 and July 2009; BLS tables at <http://www.bls.gov/web/empsit.supp.toc.htm> and <http://www.bls.gov/webapps/legacy/cesbtbl1.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 differ from those reported in earlier Fact Sheets due to adjustments by BLS.

³ The numbers in this paragraph are preliminary and may be revised.

⁴ *The Employment Situation—January 2013*, page 1.

⁵ 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.

⁶ Duration of unemployment figures are not seasonally adjusted.

⁷ BLS 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 5 years, rather than up to only 2 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 2 years was coded as 2 years. Estimates of average duration of unemployment are higher with a 5-year upper limit than with a 2-year limit. Duration prior to 2011 cannot be recalculated as the data for those unemployed longer than 2 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>.

⁸ Due to small sample sizes, monthly changes in some of these statistics can be unreliable. See the “Note” at the end of this report.

⁹ Involuntary part-time figures are not seasonally adjusted.

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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 4 weeks). See BLS at <http://www.bls.gov/cps/lfcharacteristics.htm#discouraged>.

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