

The Employment Situation, January 2014, and a Look Back at 2013: Fewer Older Workers Unemployed, More Out of the Labor Force¹

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- ✓ The unemployment rate for the workforce aged 55 and older, which had risen to 5.1 percent in December, fell to 4.5 percent in January, a rate well below what it had been 1 year earlier, when 5.9 percent of older Americans were out of work and looking for a job.
- ✓ An estimated 1.5 million people aged 55 and older were unemployed in January, approximately 200,000 fewer than in December and almost 460,000 fewer than the previous January.
- ✓ The average duration of unemployment for older jobseekers fell slightly to 44.1 weeks from 45.8 weeks between December and January.
- ✓ The proportion of older people with jobs in January (38.0 percent) was little changed from December (37.9 percent) and below what it was a year earlier (38.3 percent).

Employment and Unemployment²

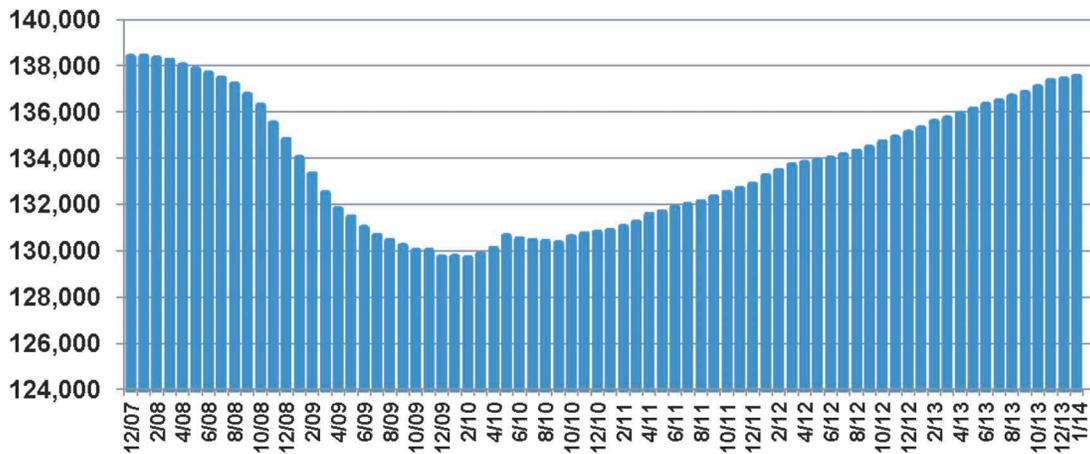
Nonfarm payroll employment, as reported by establishments, rose by 113,000 in January, above the estimated 75,000 increase for December.³ Nonfarm employment in December was still about 850,000 below what it was at the start of the Great Recession in December 2007 (figure 1) but nearly 2.2 million greater than in January 2013.

Despite sluggish employment growth in January, the unemployment rate for the total workforce dipped to 6.6 percent from 6.7 percent in December and not because of labor force exit. Overall, more Americans in the total population were in the labor force in January than in December, and the labor force participation rate for all ages rose from 62.8 percent to 63 percent.

Older Americans experienced a larger decline in unemployment, with an unemployment rate falling to 4.5 percent from 5.1 percent between December and January. The rate was down for both older men (5.3 percent to 4.6 percent) and for older women (4.9 percent to 4.6 percent). Older Americans were, however, less likely to be in the labor force in January than in December: Their labor force participation rate was 39.8 percent, down slightly from 39.9 percent in December and nearly 1 percentage point lower than in January 2013 (40.7 percent).

Approximately 1.5 million older people were unemployed in January, about 200,000 fewer than in December and some 458,000 fewer than a year earlier. Between December and January, the number of older Americans with jobs

Figure 1
Nonfarm Payroll Employment, December 2007–January 2014*
(seasonally adjusted; numbers in thousands)



Source: U.S. Department of Labor, Bureau of Labor Statistics, Total Nonfarm Employment from the Current Employment Statistics Survey (national) at <http://data.bls.gov/cgi-bin/surveymost>. Accessed on February 8, 2014. These numbers are from BLS's establishment survey and will not be identical to data from the household survey in table 1.

*Numbers for December 2013 and January 2014 are preliminary and may be revised.

rose by just over 150,000. Nonetheless, the proportion with jobs remained little changed—38 percent in January and 37.9 percent in December, albeit lower than it was a year earlier (38.3 percent).

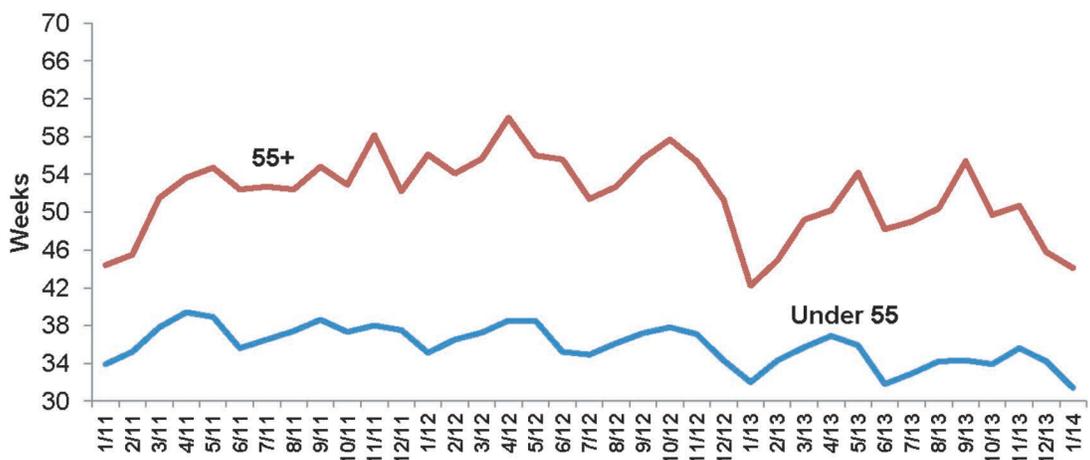
Duration of Unemployment

At 44.1 weeks in January, the average duration of unemployment for older

jobseekers was somewhat lower than in December, when it was 45.8 weeks (figure 2).⁴ Jobseekers under age 55 had been unemployed for an average of 31.4 weeks in January, down from 34.2 weeks in December.

As of January, 44 percent of older jobseekers were long-term unemployed—that is, they had been

Figure 2
Average Duration of Unemployment in Weeks by Age, January 2011–January 2014*



Source: Calculated from U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics, Table A-36 in *Employment and Earnings Online* at <http://webcache.googleusercontent.com/search?q=cache:http://www.bls.gov/opub/ee/archive.htm> and <http://www.bls.gov/web/empsit/cpseea36.pdf>. Accessed on February 8, 2014.

*Averages are not seasonally adjusted.

out of work and looking for a job for 27 weeks or more, a drop from December's 46 percent.

Other Employment Indicators

- At 4.3 percent, the proportion of older employed working part time for economic reasons (i.e., because of slack working conditions or because they could not find full-time work) in January was unchanged from December and still substantially higher than it was at the start of the recession (2.4 percent).⁵ Differences between older men and women were small (4.2 percent vs. 4.4 percent, respectively).
- The number of older, unincorporated self-employed workers in nonagricultural industries was just under 3 million in January, little changed from December.⁶ As of January, 9.4 percent of older nonagricultural workers were self-employed. This compares to 9.5 percent for December.
- 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 remarkably stable since the start of the recession). The number of older people who are out of the labor force but interested in work rose by 200,000 in January, when 1.65 million older non-labor-force participants reported wanting a job.⁷
- At 228,000, the number of older "discouraged" workers in January was down quite a bit from 272,000 in December⁸ but remained well above what it was when the recession began in 2007, at which time only 53,000 older people were classified as discouraged workers.

A Look Back at 2013

The Bureau of Labor Statistics (BLS) recently released the 2013 annual averages for a number of labor force indicators regularly tracked in the AARP Public Policy Institute's *Employment Situation*. Table 1 highlights these indicators and compares them to the averages for 2007. The recent Great Recession began in December 2007, so all but one month of numbers used to calculate the 2007 averages were pre-recession months.

It is clear from table 1 that older Americans' experiences between 2007 and 2013 were very different from those of younger Americans. For one thing, their numbers increased substantially. As the boomers aged, growing numbers celebrated their 55th birthdays, resulting in a 20 percent increase in the population aged 55 and older. In contrast, the segment between the ages of 25 and 54 saw a slight decline in numbers over those years.

In addition, the older labor force increased, as did the labor force participation rate for the older population. At the same time, the number of younger labor force participants shrank, and participation rates fell. On average, 40.3 percent of older Americans were in the labor force in 2013, a rate almost back to where it was in 1950 (43 percent) before the steep labor force withdrawal of older men began. Nonetheless, the participation rate for the older age group remains well below that for prime-age (25–54) or the youngest (16–24) workers.

The number of older people with jobs has also risen since 2007, but the opposite has been the case for younger people. Even so, the share of the older population with jobs (the employment-to-population ratio) has risen by just a modest 2.1 percent. This age group has, however, fared

Table 1
Selected Employment Indicators by Age Group, 2007 and 2013 (Annual Averages) and January 2014*

Indicator	Age	2007	2013	Percent Change, 2007–2013	January 2014*
Population (in 000s)	16+	231,867	245,679	6.0%	246,915
	16–24	37,409	38,839	3.8%	38,770**
	25–54	125,696	124,406	-1.0%	124,453**
	55+	68,761	82,434	19.9%	83,691**
Labor Force (in 000s)	16+	153,918	155,389	1.0%	155,460
	16–24	22,217	21,381	-3.8%	21,169
	25–54	104,353	100,776	-3.4%	100,896
	55+	26,554	33,232	25.1%	33,278
Labor Force Participation Rate (%)	16+	66.0	63.2	-4.2%	63.0
	16–24	59.4	55.0	-7.4%	54.6
	25–54	83.0	81.0	-2.4%	81.1
	55+	38.6	40.3	4.4%	39.8
Employment (in 000s)	16+	146,047	143,929	-1.5%	145,224
	16–24	19,875	18,057	-9.1%	18,160
	25–54	100,450	94,415	-6.0%	95,212
	55+	25,722	31,457	22.3%	31,780
Share of Population Employed (%)***	16+	63.0	58.6	-7.0%	58.8
	16–24	53.1	46.5	-12.4%	46.8
	25–54	79.9	75.9	-5.0%	76.5
	55+	37.4	38.2	2.1%	38.0
Unemployed (in 000s)	16+	7,078	11,460	61.9%	10,236
	16–24	2,342	3,324	41.9%	3,009
	25–54	3,904	6,361	62.9%	5,685
	55+	832	1,775	113.3%	1,498
Unemployment Rate (%)	16+	4.6	7.4	60.9%	6.6
	16–24	10.2	15.5	52.0%	14.2
	25–54	3.7	6.3	70.3%	5.6
	55+	3.1	5.3	71.0%	4.5
Not in Labor Force (in 000s)	16+	78,743	90,290	14.7%	91,455
	16–24	15,192	17,458	14.9%	18,347**
	25–54	21,343	23,630	10.7%	23,771**
	55+	42,207	49,201	16.6%	50,416**

Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey (household survey data) at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>. Accessed on February 8, 2014.

*Seasonally adjusted unless otherwise noted.

**Not seasonally adjusted.

***Employment-to-population ratio.

better than younger people for whom the employment-to-population ratio fell sharply during and for some time after the recession; that ratio remains below what it was in 2007 for the aged 16–24 and 25–54 workforces.

Older workers fared less well when it came to unemployment. Between 2007

and 2013, the number of unemployed aged 55 and older increased more than any other age group. Their 2013 unemployment rate was more than 70 percent higher than it had been in 2007, an increase comparable to that for prime-age workers. On average, 5.3 percent of older labor force participants were

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unemployed in 2013. This is well below the highest annual average recorded by BLS (7.0 percent in 2010) but still above what it was (3.1 percent) before the recent recession began to take its toll.

The number of older people out of the labor force also increased more than it did for other age groups between 2007 and 2013. Some of this increase is due to retirement, as more older workers neared traditional retirement ages and decided to stop working. Others lost their jobs, became discouraged about their employment prospects, and gave up the job search. Still others found

that caregiving responsibilities made remaining in the workforce difficult or impossible.

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 because of 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” in this Fact Sheet refers to people aged 55 and older. 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 2014*, USDL-14-0168 (Washington, DC: BLS, February 7, 2014); tables in BLS’s *Employment and Earnings Online* at <http://webcache.googleusercontent.com/search?q=cache:http://www.bls.gov/opub/ee/archive.htm>, various years; BLS tables at <http://www.bls.gov/web/empsit.supp.toc.htm> and <http://data.bls.gov/pdq/querytool.jsp?survey=ce>; 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 because of adjustments by BLS.

³ In January, BLS reported an estimated 74,000 increase in nonfarm payroll employment for December. That preliminary figure has been revised slightly to 75,000. January’s estimate may be revised as well.

⁴ Figure 2 data go back only to January 2011 because that was when BLS changed its top coding of duration of unemployment from 2 years to 5 years. Before this change, any duration of unemployment greater than 2 years was coded as 2 years. 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>.

⁵ Refers to nonagricultural workers. Data are not seasonally adjusted.

⁶ BLS publishes monthly self-employment figures 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.) Self-employment figures are not seasonally adjusted.

⁷ Data in this section are not seasonally adjusted.

⁸ Discouraged workers are not looking for work because they believe that no work is available or that there are no jobs for which they would qualify (e.g., employers would find them too old, they lack the necessary schooling/training). They 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>. The numbers on discouraged workers are not seasonally adjusted.

Fact Sheet 302, February, 2014

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