
Staff Update

Reemployment of Older Workers

October 3, 2013

Legislative Program Review
and Investigations Committee

Connecticut General Assembly

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Legislative Program Review and Investigations Committee
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Reemployment of Older Workers

Background

In June 2013, the program review committee authorized a study to examine the challenges facing unemployed older workers (aged 50 and older) and the strategies available to assist with reentry into the workforce.

Although older workers are the least likely to become unemployed, they are also the most likely to experience long-term unemployment (27+ weeks). Once faced with job loss, their continued unemployment is detrimental personally and to the state economy. The problem is further exacerbated by the increased need and desire to continue working and retire at an older age.

Reported advantages of older workers are stronger English language skills, work ethic, and workplace professionalism.

Challenges to reemployment for older workers include skills deficits, and increased family and financial demands such as college age children and mortgage payments.

There are also reports of employer concerns about lack of creativity and productivity, greater expense, and difficulties supervising more experienced older workers. Negative perceptions about the long-term unemployed are also more likely to be faced by the older unemployed.

The Connecticut Department of Labor maintains statistics on the supply and demand for thousands of occupations. PRI staff developed a framework for identifying which of these occupations might be a good fit for unemployed older workers, applying the following factors: estimated annual job openings (demand); current pool of trained candidates (supply); physical activity requirements of the occupation (physicality index); and adequacy of wage (above the self-sufficiency standard).

Main Points

Older workers (50+ years old) were relatively less likely to become unemployed during the Great Recession; however, their job losses led to longer periods of unemployment, with **4 in 10 unemployed for more than one year**. Individuals jobless for at least one year, have **less than a 1-in-10 chance of becoming reemployed** in a given month.

Of older workers, **men** and those **without college degrees** are more likely to become unemployed. Older unemployed come from a range of industries including manufacturing, construction, and professional services. Overall, **construction and manufacturing** saw the largest recent employment declines, while **education and health** saw continued growth.

In general, unemployment for older workers has had a **negative financial impact**, including loss of savings and increase in debt. **Health** has also been **negatively impacted** by unemployment including loss of health insurance and decrease in average life span.

Entrepreneurship is increasingly an option for 45+ year olds. One study found a higher four year start-up company survival rate (90%) for 45+ year olds compared with company founders younger than 45 years old (47%).

Advantages of older workers are seen in the “soft skills” area including older managers and professionals viewed as **more productive** than younger workers by more than half (56%) of survey respondents.

Overall, **challenges** for 50+ year olds are: general **out-of-date job skills** coupled with not enough time for employers to recoup hiring/training costs before the worker retires; the **erosion of existing skills** the longer one is unemployed; and lack of knowledge and experience searching for positions in the new technological age.

Older job seekers are seen as having **unrealistic salary requirements**, and being **more costly**, due in part to current higher health care costs, and uncertainty as to how costs may change under the Affordable Care Act.

There is also indication of **age discrimination** including: study findings of younger applicants (35-49) being 40 percent more likely to be offered job interviews than 50-62 year-old applicants; and two-thirds of 45-74 year-olds seeing or personally experiencing age discrimination at work.

Next Steps

1. Identify/assess programs to aid reemployment
2. Evaluate community college assistance
3. Consider potential use of technical high schools
4. Identify best practices/model programs

Acronyms

O*NET	Occupational Information Network
OJT	On-The-Job Training
TEPS	Training and Education Planning System

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PRI Study Update

Presentation Overview

- Purpose of Study
 - Study context
- Description of Study Population
- Workforce Shortage Areas
- Barriers to Reemployment
- Next Steps

Purpose of Study

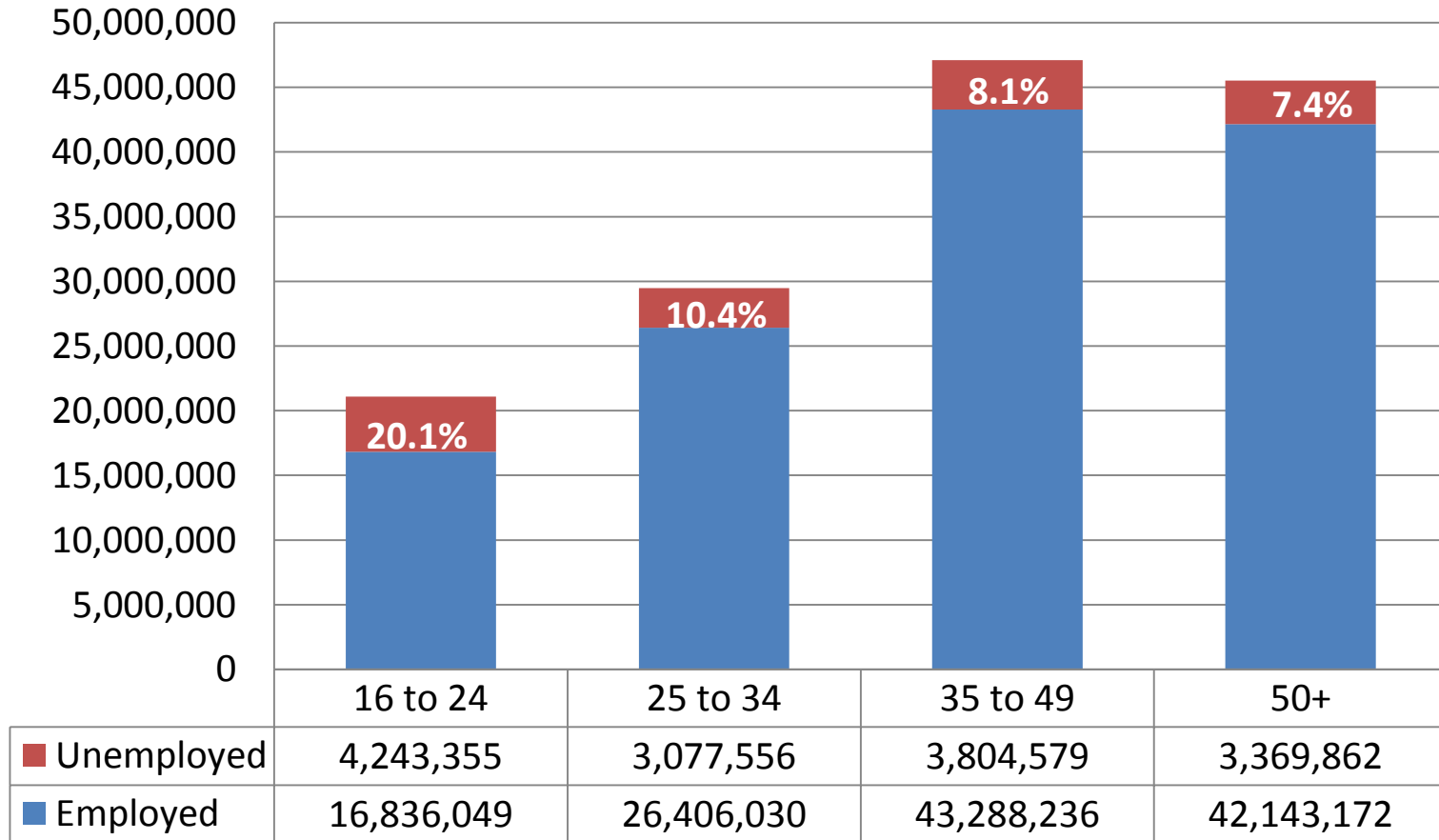
- Examine challenges facing older unemployed workers (ages 50 and older)
 - Identify barriers unique to this population
- Review workforce shortage areas
 - consider alignment with this population
- Assess current programs and systems
- Evaluate best practices, and roles for community colleges and technical high schools

Study Context

Labor Force Composition by Age

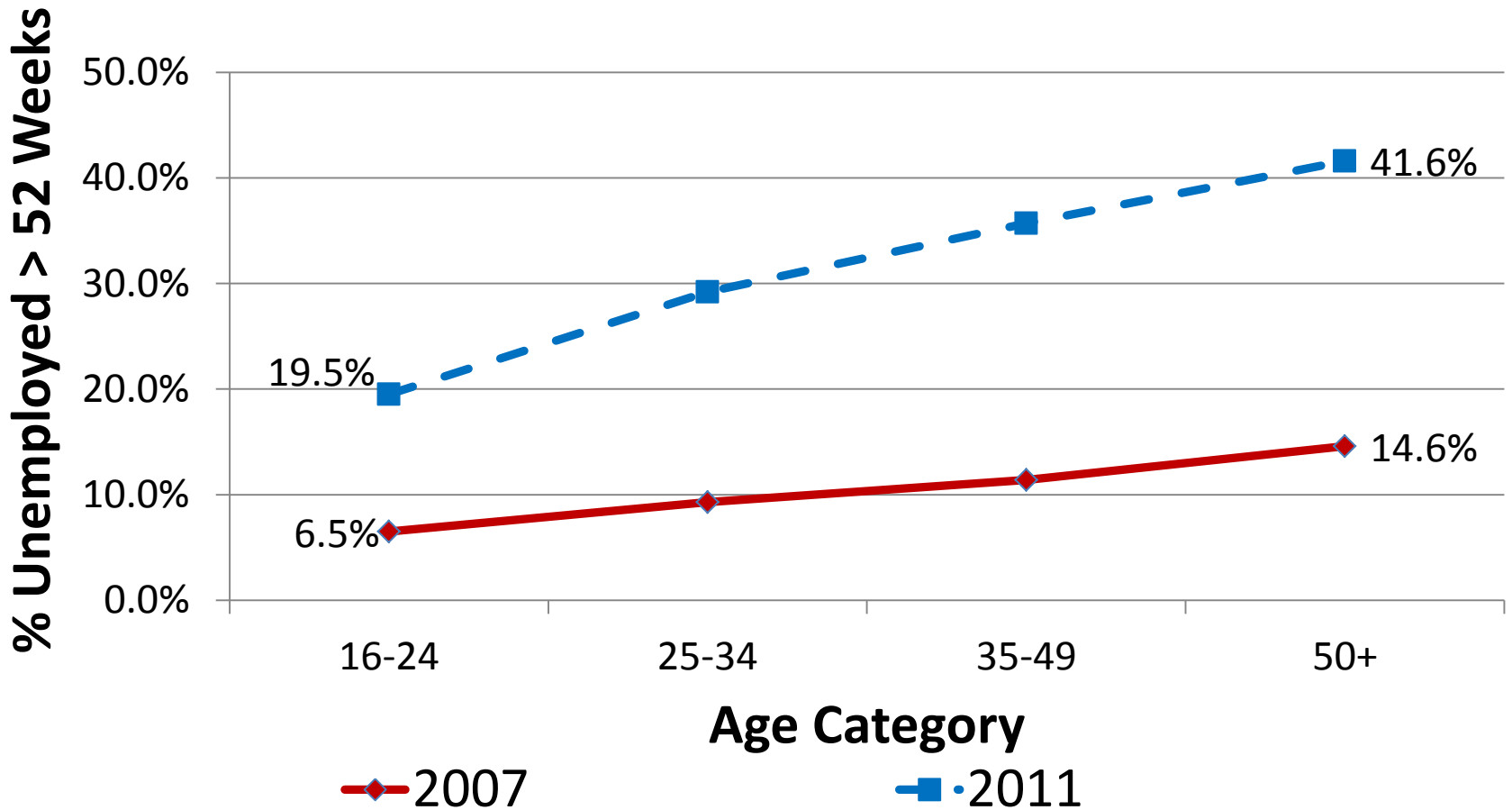
National Data

- 50+ workers are the least likely age group to become unemployed.



Source: American Community Survey, 2009-2011 Public Use Micro Sample

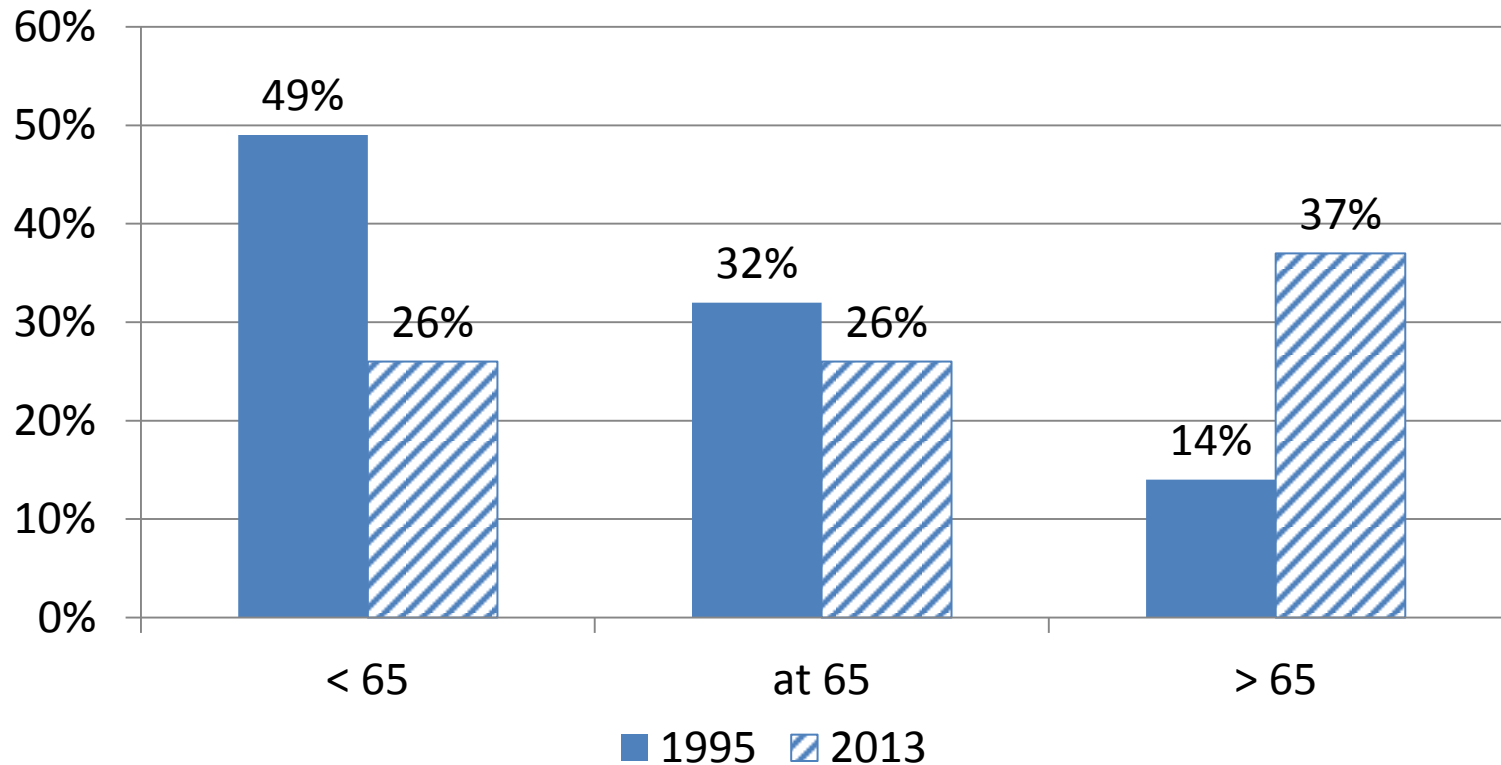
The Great Recession led to longer periods of unemployment, with 4 in 10 older workers unemployed for > 52 weeks



Source: U.S. Census Bureau

Trends in Retirement Age

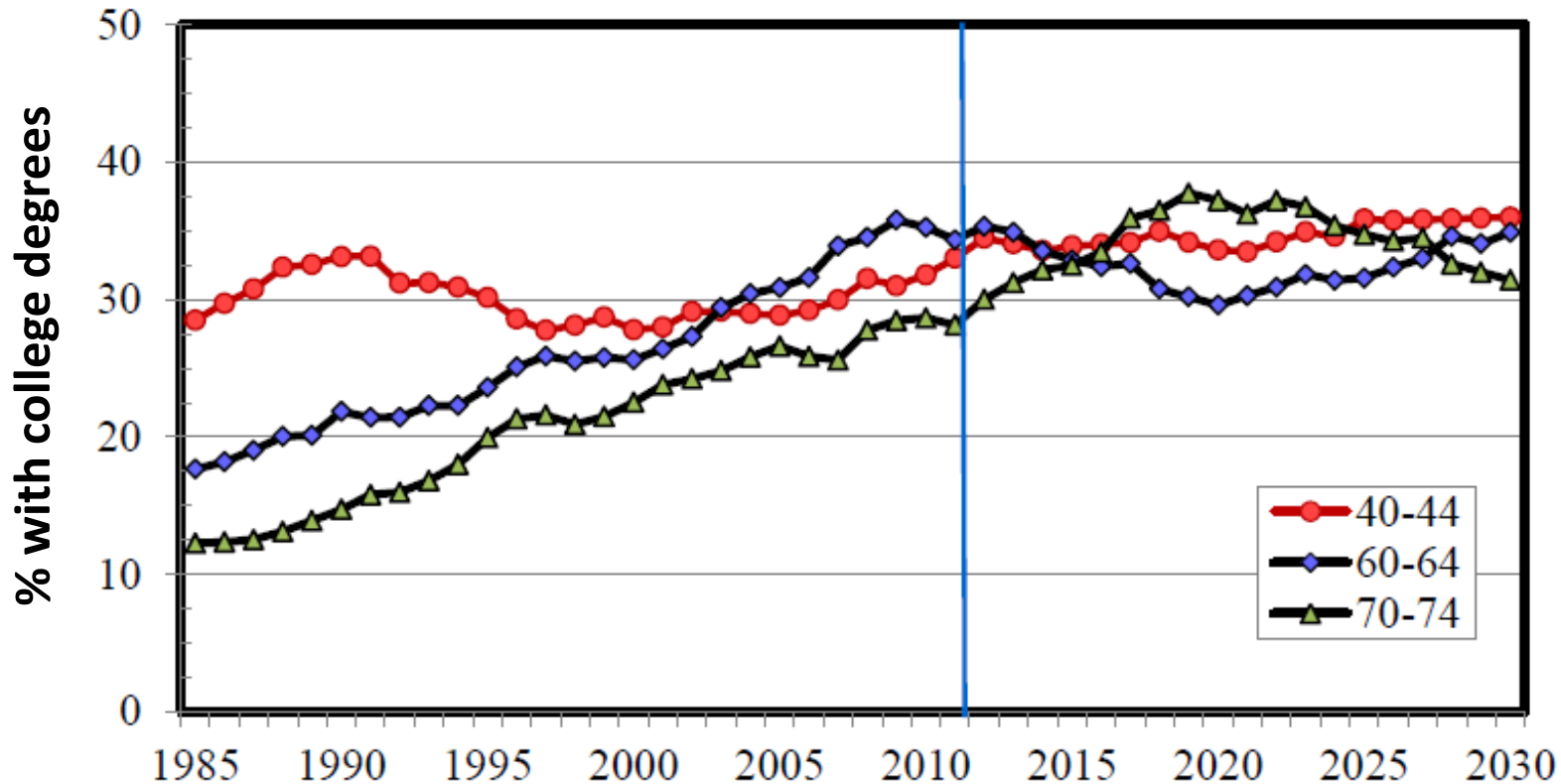
- The average age workers expect to retire has been increasing



Source: April 2013 Gallup Poll

Education Level of Older Male Workers

- The percent of younger and older male workers with college degrees has narrowed



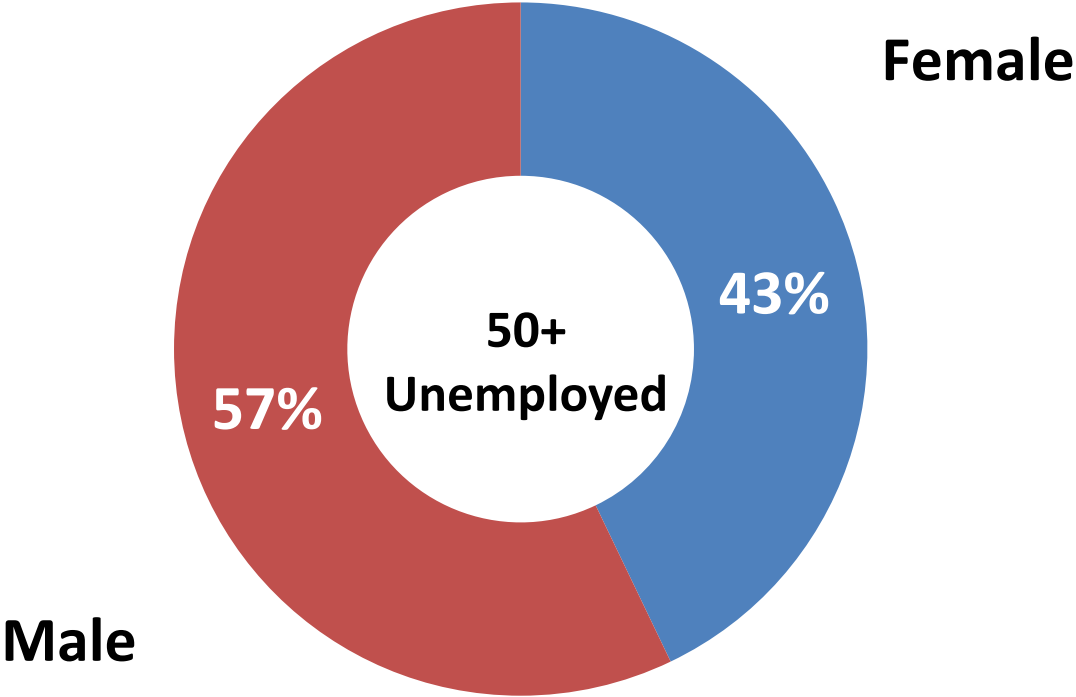
Source: Center for Retirement Research at Boston College

Description of Study Population

50+ Unemployed Workers by Gender

National Data

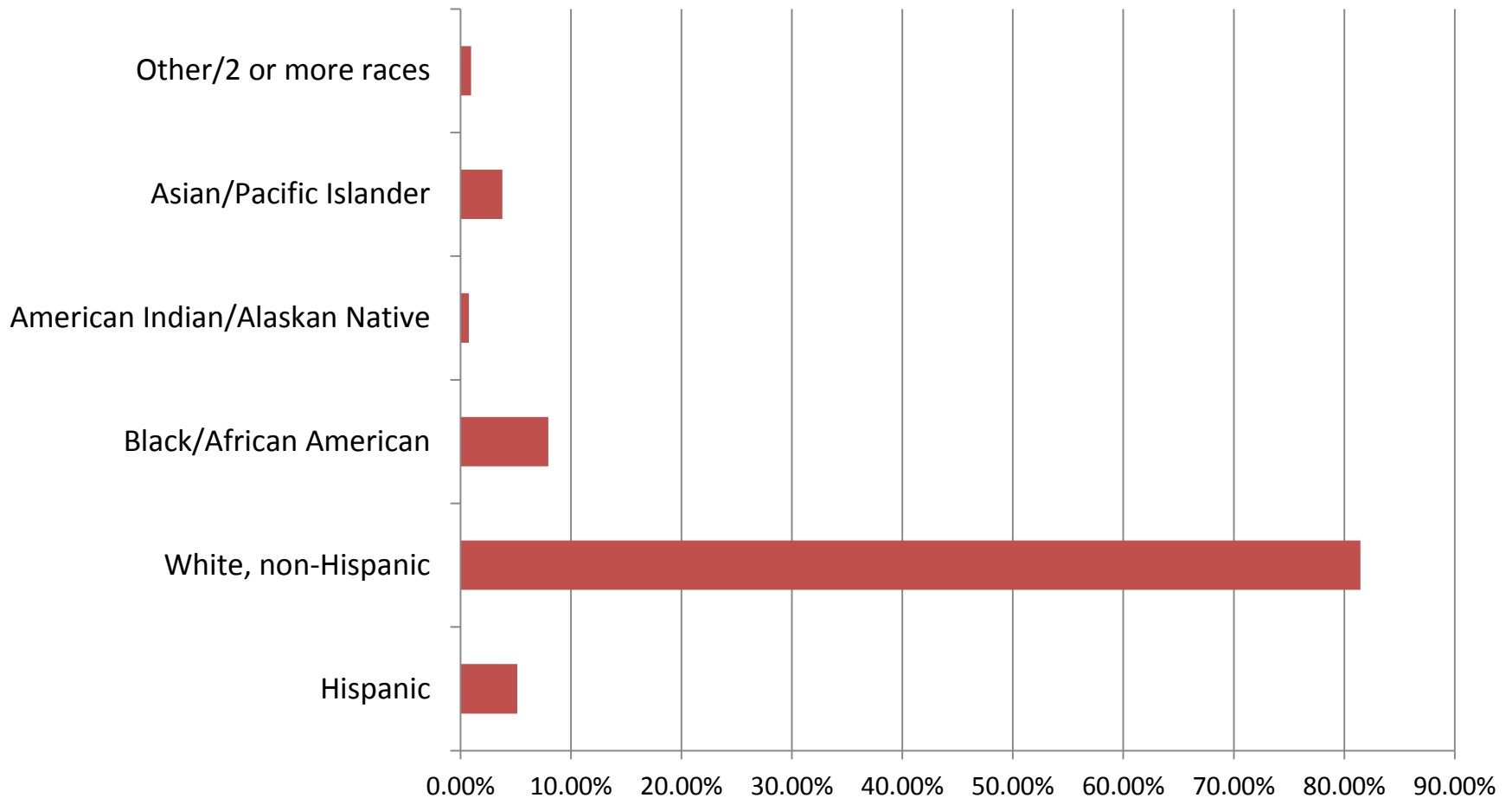
Higher unemployment among men was experienced during the recent recession.



Source: American Community Survey, 2009-2011 Public Use Micro Sample

50+ Labor Force by Race/Ethnicity

National Data

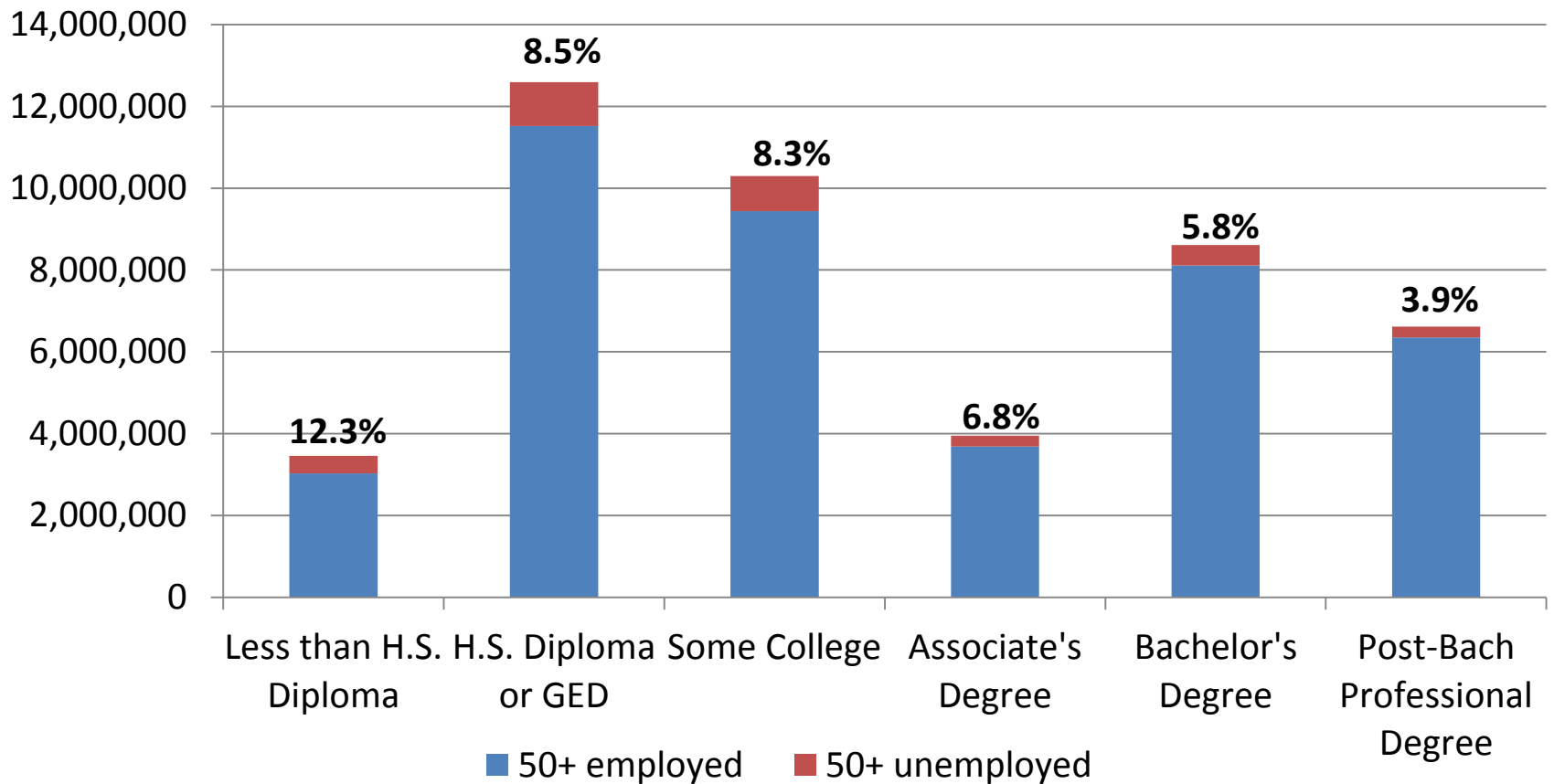


Source: CPS Displaced Worker Supplement, January 2012

50+ Labor Force by Education

National Data

Higher levels of education reduce the likelihood of unemployment



Source: American Community Survey, 2009-2011 Public Use Micro Sample

Soft Skills Advantage of 50+ Workers

- Stronger English language writing, grammar, and spelling skills
- Stronger professionalism and work ethic including punctuality and attendance
- Dedication and loyalty

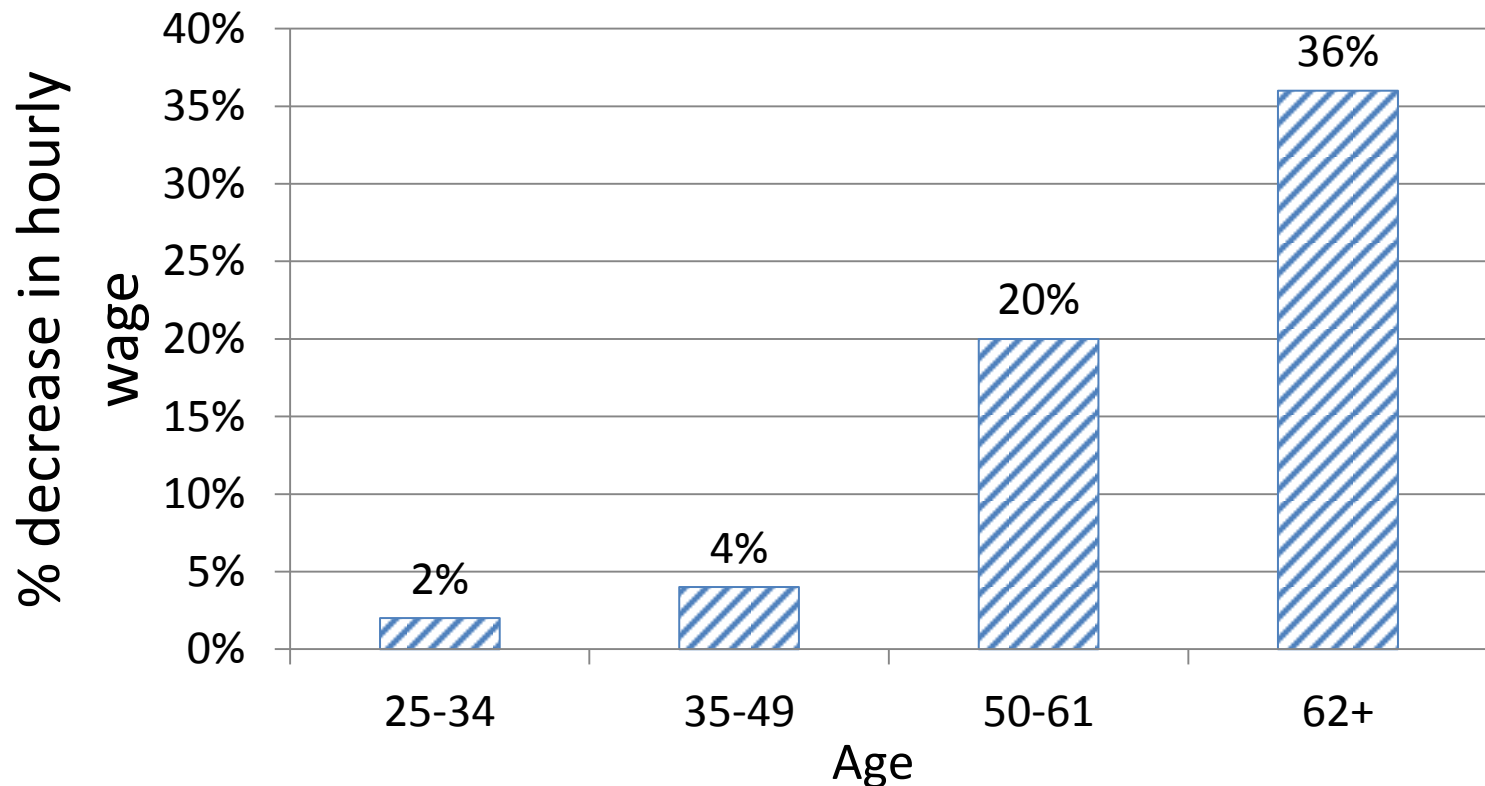
Financial Impact of Unemployment on Older Workers

- 82% had less in savings compared to when the Great Recession began
 - 62% had “a lot less”
- 39% increased their credit card debt
- Two-thirds of the older long-term unemployed planned/had taken early Social Security (age 62)
 - Results in up to a 30% benefit reduction

Source: John J. Heldrich Center for Workforce Development, February 2011

Financial Impact of Unemployment on Older Male Workers

- Once reemployed, older male workers have the largest drop in hourly wages



Source: *The Urban Institute study of Age Differences in Job Loss, Job Search, and Reemployment (2011)*

Health Impact on Unemployment for Older Workers

- No health insurance for 32% of older unemployed
- Average life span shortened by 3 years (77 vs. 80)
- In general, the unemployed have 2-4X suicide rate of the employed

Workforce Shortage Areas

Top Ten Industries Displacing the Most 50+ Workers

National Data

** Of those reporting the industry in which they previously worked*

- | | |
|--------------------------|----------------------------|
| 1. Manufacturing | 6. Medical |
| 2. Construction | 7. Entertainment & Leisure |
| 3. Professional Services | 8. Education |
| 4. Retail | 9. Transportation |
| 5. Finance | 10. Personal Services |

Source: American Community Survey, 2009-2011 Public Use Micro Sample

Top Ten Occupational Categories of 50+ Displaced Workers

National Data

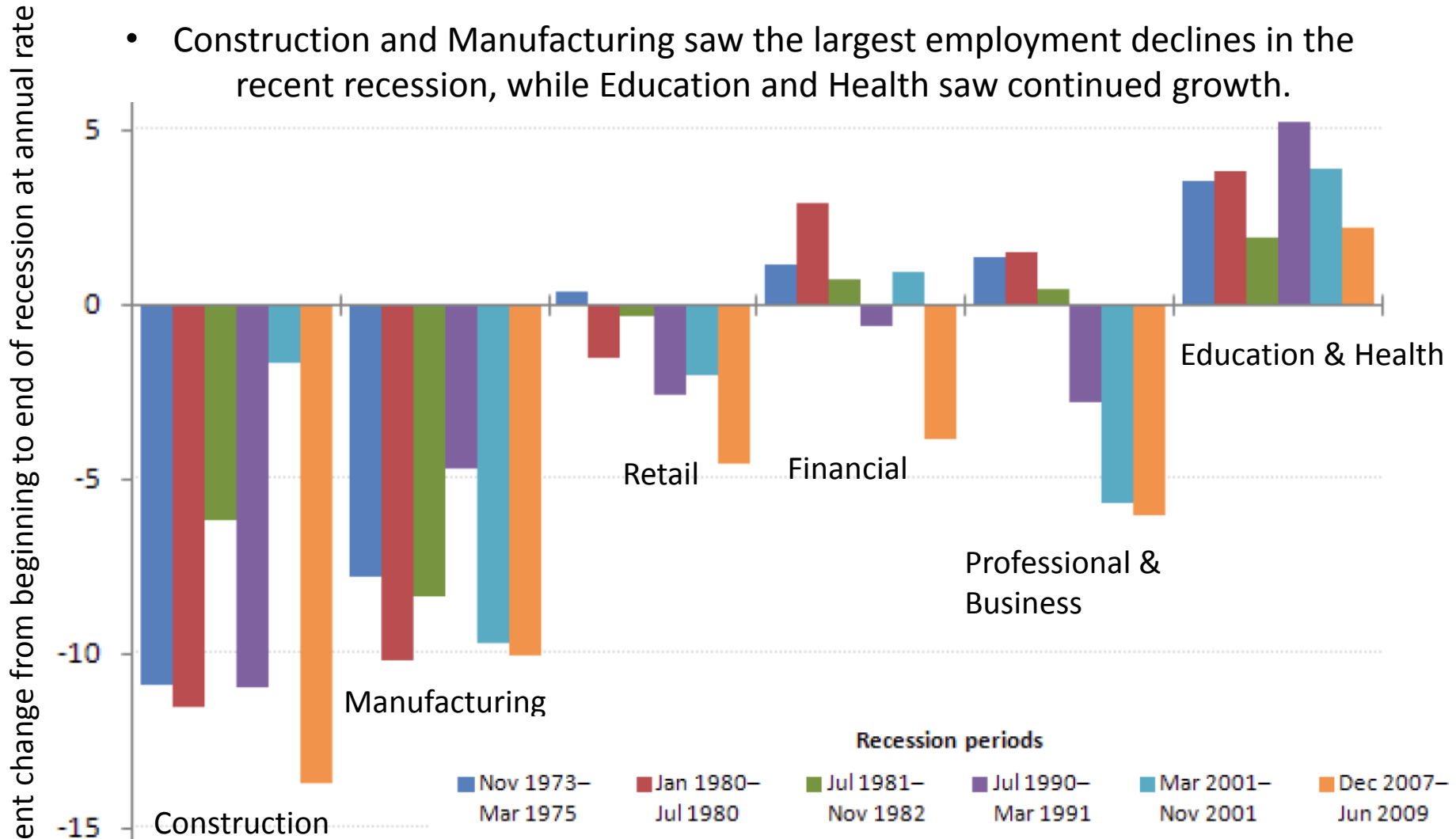
* Of those reporting the occupation in which they previously worked, the following ten categories represent 78.5% of 50+ unemployed.

- | | |
|-----------------|-------------------|
| 1. Office/Admin | 6. Transportation |
| 2. Construction | 7. Cleaning |
| 3. Sales | 8. Repair |
| 4. Managerial | 9. Culinary |
| 5. Production | 10. Education |

Source: American Community Survey, 2009-2011 Public Use Micro Sample

Change in Employment During Recessions, Selected Industries, 1973-2009

- Construction and Manufacturing saw the largest employment declines in the recent recession, while Education and Health saw continued growth.



Source: U.S. Bureau of Labor Statistics

50+ Career Opportunities

A study conducted by Northeastern University identified the following current job titles that will provide the most new encore career opportunities in the coming decade:

Health:

- Medical and health service managers
- Registered nurses
- Licensed practical & vocational nurses
- Medical assistants
- Home health aides
- Personal and home care attendants

Education:

- Primary, secondary and special ed teachers
- Teacher assistants
- Child care workers

Other:

- Business operations managers
- Receptionists and information clerks
- Social and human service assistants
- Clergy

Source: After the Recovery: Help Needed—the Coming Labor Shortage and How People in Encore Careers Can Help Solve It, Barry Bluestone & Mark Melnik

Factors Determining 50+ Opportunities Within Workforce Shortage Areas

- Demand - Projected annual job openings
 - Occupations with 100 annual openings or more
- Supply – Training & Education Training System (TEPS)
 - Occupations with demand > supply
- Physical activity requirements – O*NET
 - Occupations with less than score of 50
- Average annual salary vs. self-sufficiency standard
 - Occupations with annual average salary \$30,000/year +

Potential Alignment of 50+ within Office & Administrative Support

- 16.1% of displaced 50+ workers nationwide
- Positions include: switchboard/telephone operators, tellers, file clerks, customer service reps, receptionists, postal service workers, and secretaries.

CT Occupations in Demand

- *Requiring a High School diploma/GED and short-term on-the-job training (OJT):*
 - Customer Service Representatives
 - Secretaries & Administrative Assistants
 - Billing & Posting Clerks
- *Requiring a High School diploma/GED and moderate OJT:*
 - Medical Secretaries
 - Insurance Claims & Policy Processing Clerks
 - Bill and Account Collectors
- *Requiring a High School diploma/GED and 1-5 years experience:*
 - First-Line Supervisors of Office & Administrative Support Workers
 - Executive Secretaries & Administrative Assistants

Source: American Community Survey, 2009-2011 Public Use Micro Sample; CT DOL Occupational Projections 2010-2020

Potential Alignment of 50+ within Construction Trades

- 11.0% of displaced 50+ workers nationwide
- Includes masons, carpenters, electricians, painters, plumbers, inspectors, equipment operators, and laborers.

CT Occupations in Demand

- *Requiring less than a High School diploma:*
 - Painters, Construction & Maintenance – *moderate OJT*
- *Requiring a High School diploma/GED and 5+ years experience:*
 - First-Line Supervisors of Construction Trades Workers* - *5+ years experience*
 - Operating Engineers & Other Construction Equipment Operators* - *moderate OJT*

* *Meets all other criteria; however, scored above 50 for O*Net physical activity req.*

Source: American Community Survey, 2009-2011 Public Use Micro Sample CT DOT Occupational Projections 2010-2020

Potential Alignment of 50+ within Wholesale & Retail Sales

- 10.7% of displaced 50+ workers nationwide
- Includes cashiers, telemarketers, sales reps, and sales agents (advertising, financial services, insurance, real estate, travel).

CT Occupations in Demand

- *Requiring a High School diploma/GED:*
 - First-Line Supervisor of Retail Sales or Non-Retail Sales Workers – *1-5 years exp.*
 - Wholesale & Manufacturing Sales Representatives (excl. Technical/Scientific) – *moderate OJT*
 - Insurance Sales Agents – *moderate OJT*
- *Requiring a Bachelor's degree and moderate OJT:*
 - Wholesale & Manufacturing Sales Representatives (excl. Technical/Scientific)
 - Securities, Commodities, and Financial Services Sales Agents

Source: American Community Survey, 2009-2011 Public Use Micro Sample CT DOL Occupational Projections 2010-2020

Potential Alignment of 50+ within Managerial

- 9.3% of displaced 50+ workers nationwide
- Includes CEOs, managers across various industries.

CT Occupations in Demand

- *Requiring a High School diploma/GED and 1-5 years experience:*
 - Administrative Services Managers
 - Property, Real Estate & Community Association Managers
- *Requiring an Associate's degree and 5+ years experience:*
 - Construction Managers
- *Requiring a Bachelor's degree and various experience:*
 - Sales Managers – 1-5 years
 - Computer & Information Systems Managers – 5+ years
 - Medical & Health Services Manager - None
 - *Requiring a Master's degree and 1-5 years experience:*
 - Educational Administrators

Source: American Community Survey, 2009-2011 Public Use Micro Sample CT DOL Occupational Projections 2010-2020

Potential Alignment of 50+ within Production & Operations

- 9.3% of displaced 50+ workers nationwide
- Includes assemblers, fabricators, food processors, computer programmers, machine setters and operators, tailors, woodworkers, lab technicians, and inspectors.

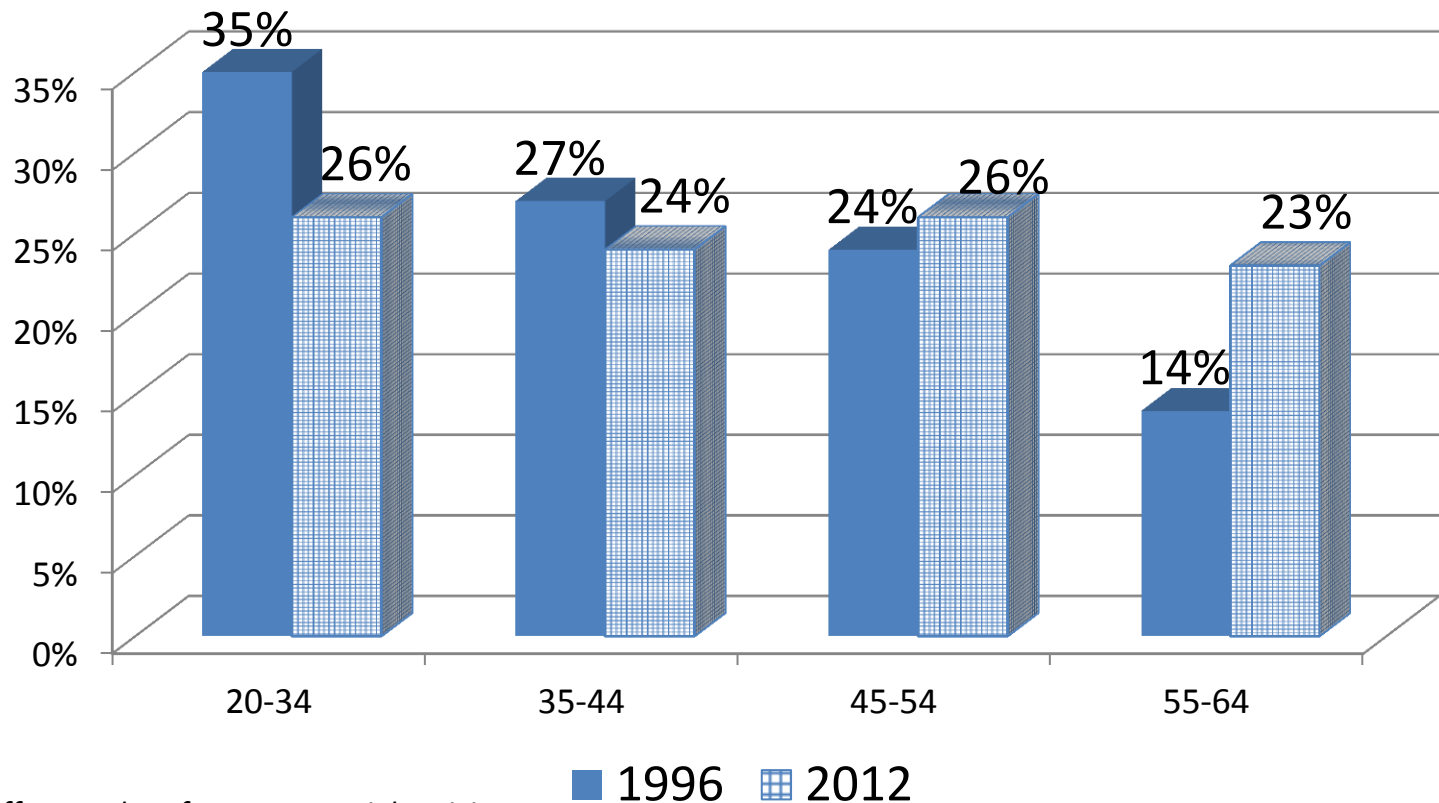
CT Occupations in Demand

- *Requiring a High School diploma/GED and moderate to long-term training:*
 - Team Assemblers
 - Machinists
- *Requiring Postsecondary non-degree award:*
 - First-Line Supervisors of Production & Operations Workers

Source: American Community Survey, 2009-2011 Public Use Micro Sample CT DOL Occupational Projections 2010-2020

Entrepreneurship is increasingly an option for 50+ year olds

- 55-64 year olds have the largest increase in entrepreneurial activity from 1996 to 2012



Source: Kauffman Index of Entrepreneurial Activity

Most Common Entrepreneurial Areas for 50+ Year Olds

- Executive, administrative, managerial (28%)
- Sales (23%)
- Professional specialty (17%)
- Precision production, craft, repair (12%)
- Other service (8%)
- Transportation and material moving (3%)

Source: Current Population Survey (CPS) 2001

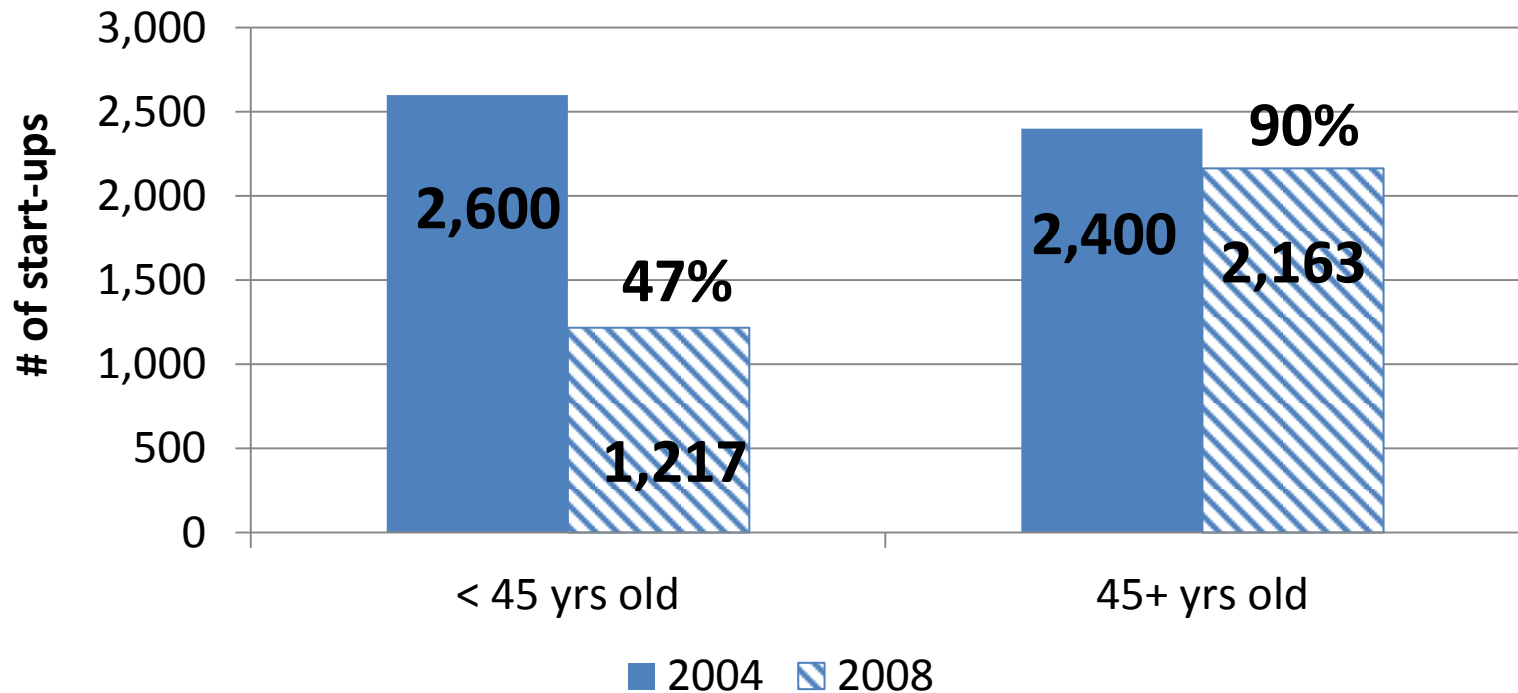
Encore Entrepreneurship Ideas

- Remake a hobby, interest, or passion into a money-producing enterprise
- Consultant in previous industry, including to former employer
- Develop a business that serves an unfilled niche in a community or industry
- Start a business that does something better or different than the competition

Source: Senior Entrepreneurship—How to Tap a Lifetime of Experience into Business Success, April 30, 2012, by Caron Beesley, U.S. Small Business Administration

Start-Up Survival Rate

- New 2004 companies were more likely to still exist in 2008 when founders were older



Source: Kauffman Firm Survey 2004-2008

Barriers to Reemployment

Skills Deficits

- Skills of older job seekers often not up-to-date
- Older workers may not have stamina, physical ability to perform certain jobs
- May not be enough time for employer (or employee) to recoup hiring/training costs before worker retires
- Erosion of existing skills the longer one is unemployed
- Lack of current job search skills

Lack of Current Job Search Skills

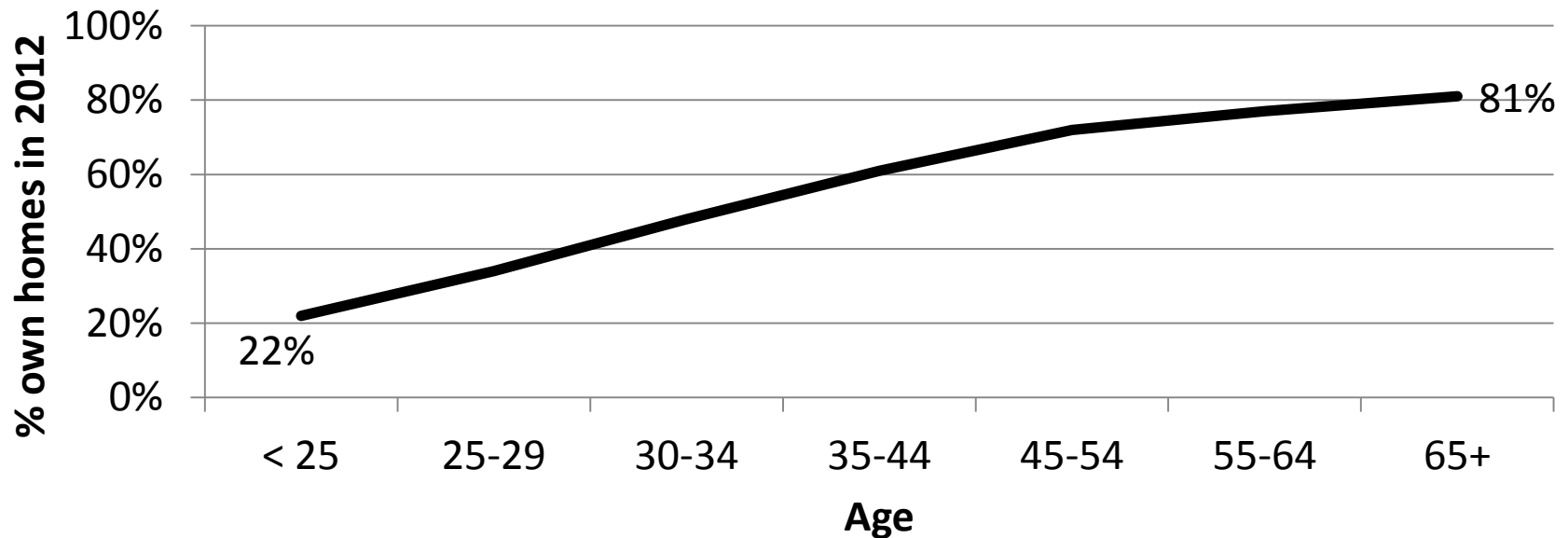
Table 1. Job Hunting Today vs. 20-30 Years Ago

Area:	In the Past	Today
Hear about openings	Mainly newspaper	Mainly internet
Resumes	One resume	Multiple resumes
Technological competence	Lack of technology skills not a drawback	Technology/up-to-date computer skills necessary
Resume submission	On paper, delivered by mail or in person	Email or no resume/ online application
Resume review	Read by a person	Many resumes are scanned electronically

Source of data: AARP Job Tips for 50+ Workers (www.aarp.org/jobtips)

Competing Demands of 50+ Year Olds

- More likely to have college age children
- “Cluttered nest” syndrome/Boomerangs
- More likely to have mortgage payments



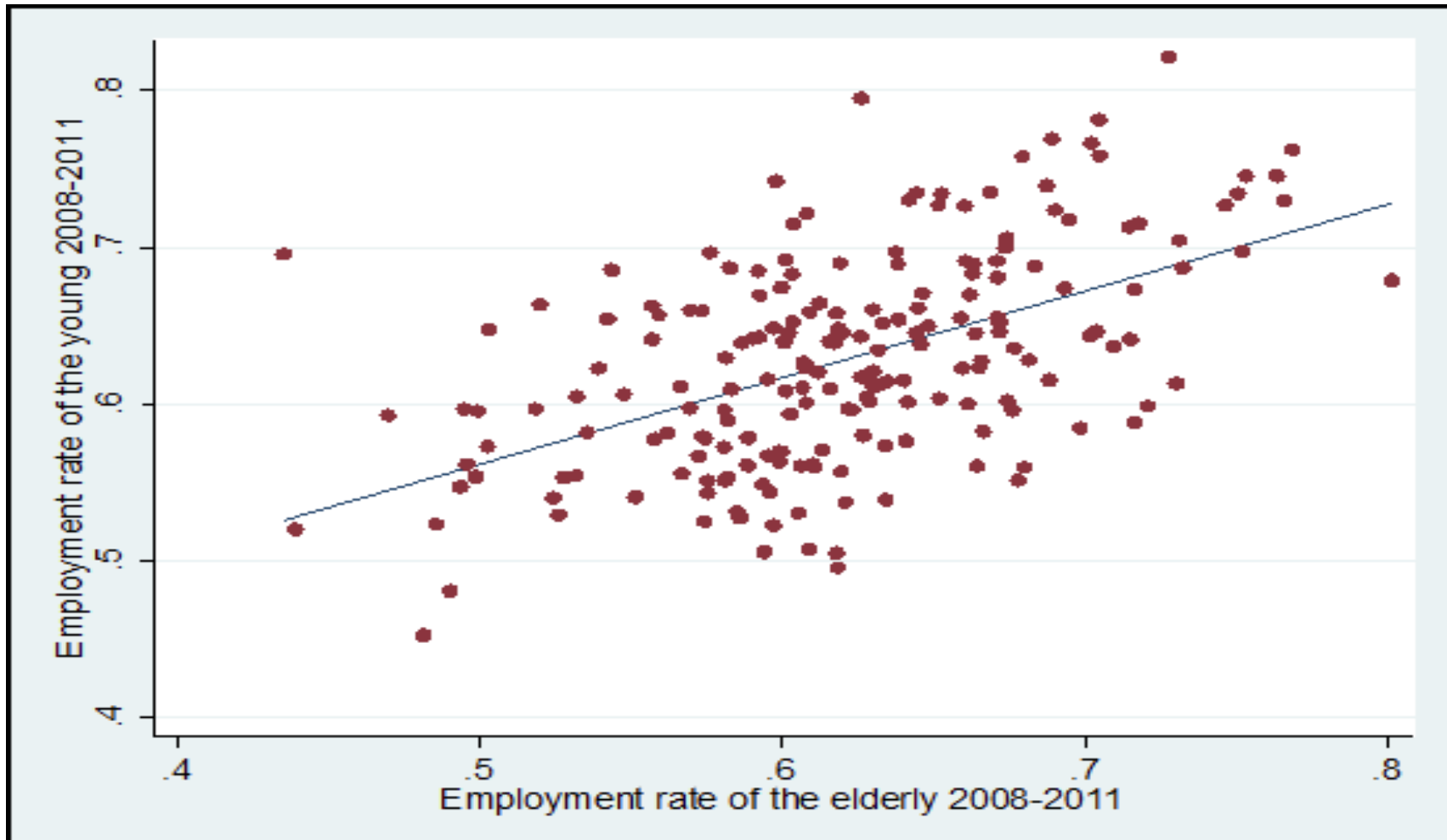
Source: U.S. Census Bureau 2012

Perceptual Challenge: Age Discrimination

- 43% reported unwillingness of employers to hire someone their age as primary deterrent to finding work
- Younger workers (35-49) 40% more likely to be offered interviews than older workers (50-62)
- 64% of 45-74 yr olds indicate they saw or personally experienced age discrimination at work

Older Workers Taking Jobs Away from Younger Workers?

- Statistical analyses of national census data do not support claim that older workers are “crowding out” younger workers



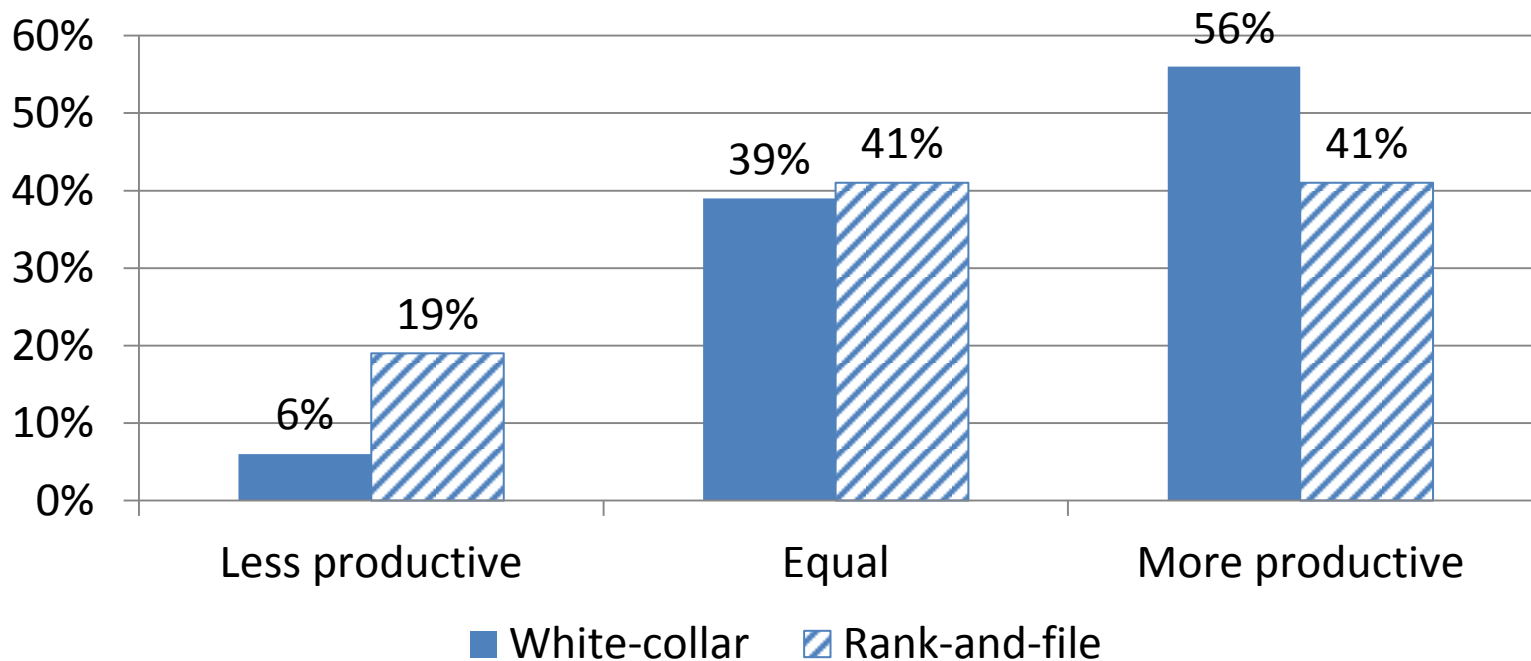
Source: Center for Retirement Research at Boston College

Stereotypes About Older Workers

- Lack creativity
- Unwilling to learn new things
- Less productive
- Less healthy
- More expensive, unrealistic salary requirements
- Younger supervisors concerned about managing more experienced older workers

Productivity Levels of Older Workers

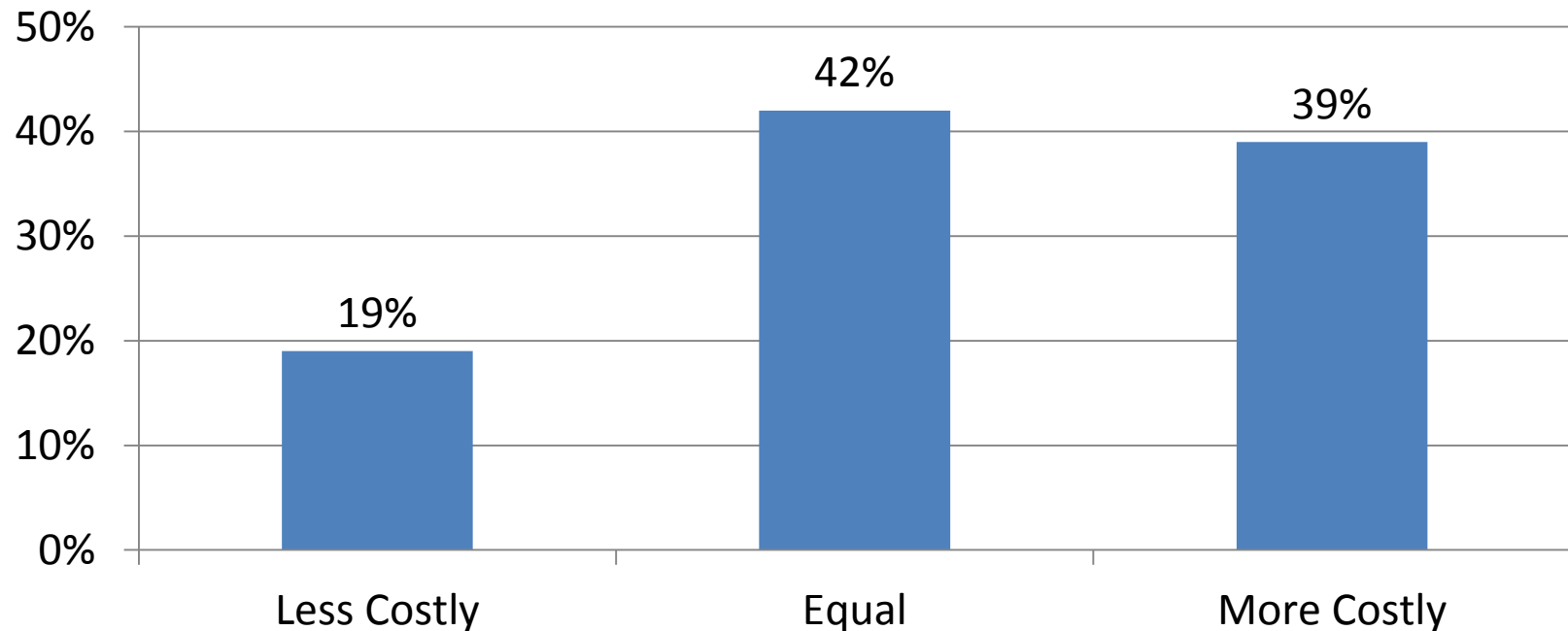
- Older managers and professionals may be viewed as more productive



Source: 2006 Survey by the Center for Retirement Research (CRR) at Boston College

Perceived Cost of Older Workers

- However, a sizeable proportion viewed older managers and professionals as more costly to the employer



Source: 2006 survey by the Center for Retirement Research (CRR) at Boston College

Health Care Costs: Older vs. Younger Workers

- 2011 national health care expenditures per capita:
 - \$8,776 for workers ages 55-64 vs.
 - \$3,599 for workers ages 19-44
- However, older workers have fewer dependents and become eligible for Medicare at age 65

Perceptions About Long-Term Unemployed

- “tainted goods that nobody will buy”
- Less than 1-in-10 chance of reemployment if jobless at least 1 year
- Job ads exclude applicants not currently employed

Issues

- Different agencies and organizations vary in how they define “older workers”
- With a few exceptions, most reemployment programs are not targeted to older workers
- Grassroots, community efforts unlikely to have database with outcome statistics

Next Steps

- Identify/assess programs to aid reemployment
- Evaluate community college assistance
- Consider potential use of technical high schools
- Identify best practices/model programs
- Develop recommendations as needed to help in the reemployment of 50+ year olds