

The Impact of the Recession on Older Workers: Implications for the Senior Community Service Employment Program

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Older Workers: Multiple Returns on Our Public Investment
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Prepared by:

Andrew Sum, Director
Center for Labor Market Studies
Northeastern University

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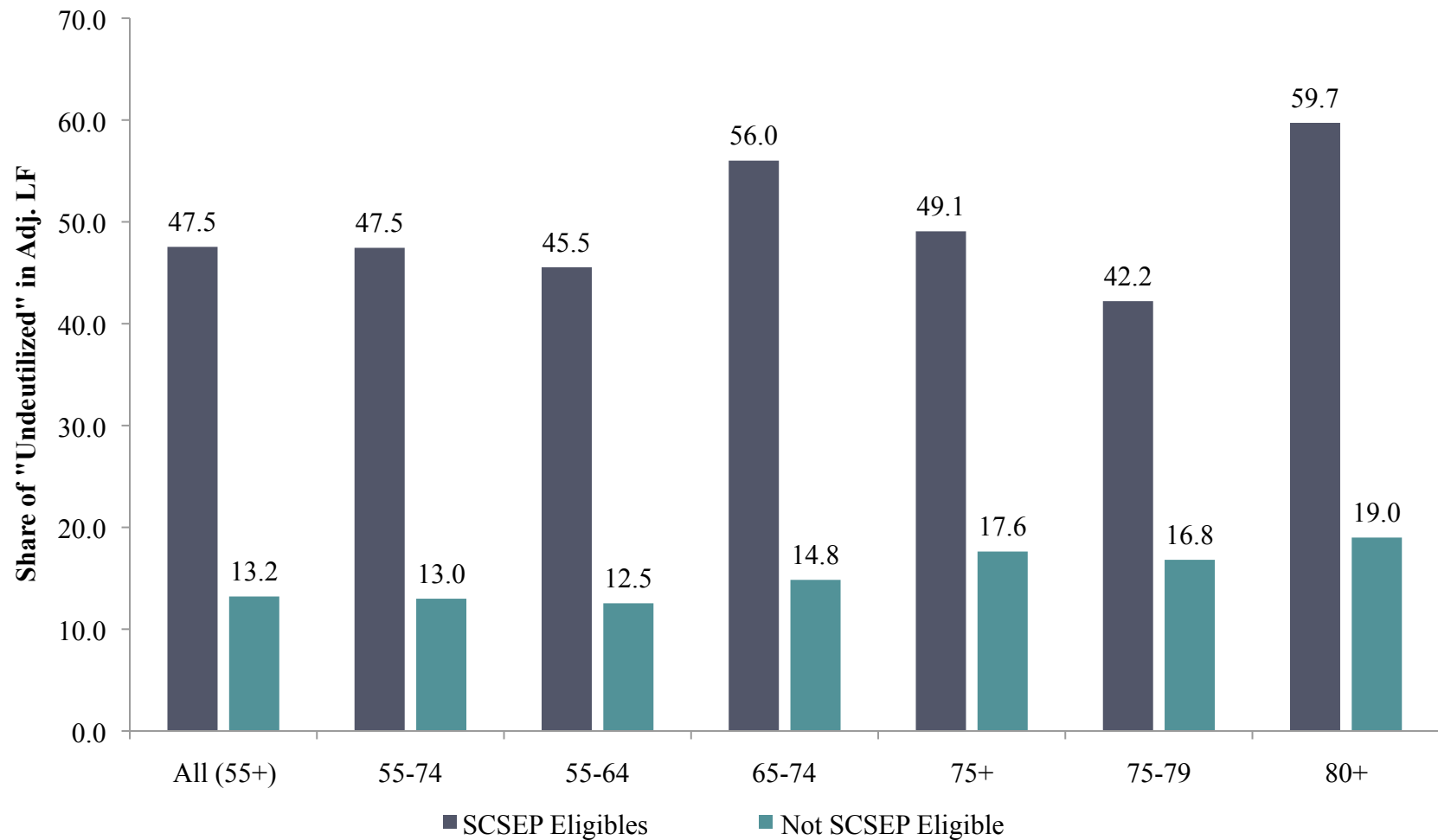
Note: The findings in this PowerPoint are based on a comprehensive set of research papers prepared by the Center for Labor Market Studies for Senior Service America, Inc.

Developments in the Nation's Older Population, (55+), the Labor Market Problems of Older Workers, and the Steep Deterioration in Labor Underutilization Problems Among Low Income Older Workers: Implications for the Senior Community Service Employment Program

1. The SCSEP Program was designed to provide subsidized employment opportunities for jobless, low income adults 55 and older
2. The pool of older residents who are eligible for SCSEP services has increased markedly over the past decade for several different reasons
 - ❖ The aging of the baby boomers has substantially increased the number of 55-64 year olds in the nation and will continue to increase the 55-74 year old population over the coming decade
 - ❖ The steep deterioration in national labor markets since the end of 2007 has sharply pushed up the number of older workers faced with unemployment, underemployment, and hidden unemployment problems. Older workers have been dislocated from their jobs at high rates and have faced the longest durations of unemployment in our nation's post-World War II history

- ❖ Low income older workers eligible for SCSEP programs face considerably higher rates of labor force underutilization than their counterparts with incomes above the eligibility threshold. The Great Recession of 2007-2009 was the most regressive recession in terms of its adverse impacts on workers by their family income in our nation's history
- ❖ Just among the nation's 55-74 year olds, the number of persons who would be income eligible for the SCSEP program increased from 8.642 million in 2001 to 10.804 million in 2010, a gain of 2.2 million or about 25%
- ❖ Of those 55-74 year old SCSEP eligibles who were active in the labor force or members of the hidden unemployed, 48% were underutilized in March 2010 (see bar chart)

Underutilized Members as a Per Cent of the Older Adjusted Labor Force of the U.S., March 2010 (In %)



Estimates of the National Pool of SCSEP Eligibles,
the Number of SCSEP Participants in PY 2009, and Reduced
Participant Levels Following 2011 Program Funding Reductions

1. Number of SCSEP Eligibles by Major Age Group, March 2010
 - Persons 55-74 10.766 million
 - Persons 75+ 5.419 million
 - All persons 55+ 16.185 million

2. Number of PY 2009 SCSEP Participants by Age Group
 - Persons 55-74 97,000
 - Persons 75+ 7,000
 - All persons 55+ 104,000

3. Ratio of SCSEP Eligibles to Program Participants in PY09 Before Funding Cutbacks
 - Persons 55-74 111 to 1
 - Persons 75+ 774 to 1
 - All persons 55+ 156 to 1
 - After funding cutbacks, 312 to 1 (all persons 55+)

Underutilized SCSEP Eligibles = 1.140 million = 23 to 1
PY 11 Participants

Comparisons of the Employment Rates and Labor Market Problems of
the SCSEP Eligible and Non-Eligible Population in March 2010

| Variable | (A) SCSEP Income Eligible | (B) Non-SCSEP Eligible | (C) SCSEP to Non- SCSEP Eligible |
|---|---------------------------------|------------------------------|--|
| Employment Rate | 8.6 | 46.1% | .2 – 1 |
| Unemployment Rate | 22.7% | 6.1% | 3.7 – 1 |
| Underemployment Rate Among Employed | 15.8% | 4.7% | 3.4 – 1 |
| Labor Force Reserve or Hidden Unemployed as Per Cent of the Adjusted Labor Force | 19.4% | 3.0% | 6.5 – 1 |
| Labor Underutilization Rates | 47.5% | 13.2% | 3.6 - 1 |

Key Findings of the Above Analysis

1. SCSEP income eligibles are only one-fifth as likely to be employed as their non-income eligible peers
2. When they do look for work, they are near 4 times as likely to be unemployed as their non-income eligible peers
3. When they do work, they are about 3 ½ times as likely to be underemployed as their non-income eligible peers
4. They are 6.5 times as likely to be members of the hidden unemployed as their non-income eligible peers
5. SCSEP eligibles faced a labor underutilization rate of 48%, nearly four times as high as that of their non-income eligible peers

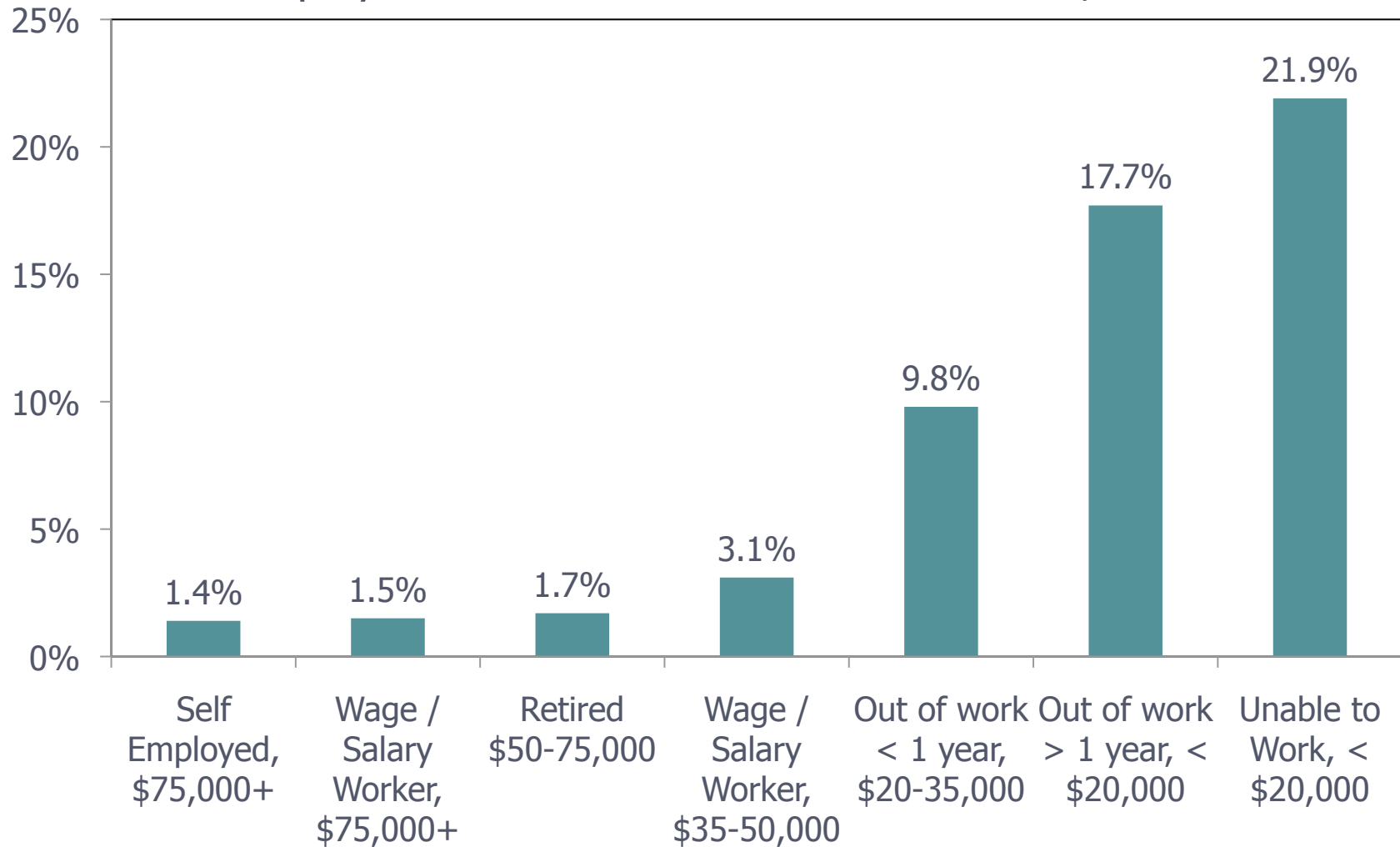
Impacts of Joblessness, Low Income, Physical Health, Social Isolation Among Older Persons 55-74 on Their Happiness with Life, Perceived Mental Health Status

1. Previous research in the U.S. Germany, UK, other Western European countries has shown that unemployment tends to significantly reduce perceived happiness with life, increase mental depression, reduce one's physical / mental health (anxiety, blood press, [hypertension], social isolation)
2. Other factors also influence these outcomes of older individuals
 - Their income
 - Marital status, social relationships
 - Employment status (employed versus OLF)
 - Age
3. We have analyzed several rounds of data from the Behavioral Risk Factor Surveillance System conducted by the Centers for Disease Control; our analysis has focused on 55-74 year olds and the characteristics of respondents that might make them eligible for SCSEP programs
 - Three key questions; perceived happiness with life; response could range from very satisfied to very dissatisfied
 - Number of days in past 30 days when your mental health was "not good"
 - Self rating of health status; ratings from excellent to poor

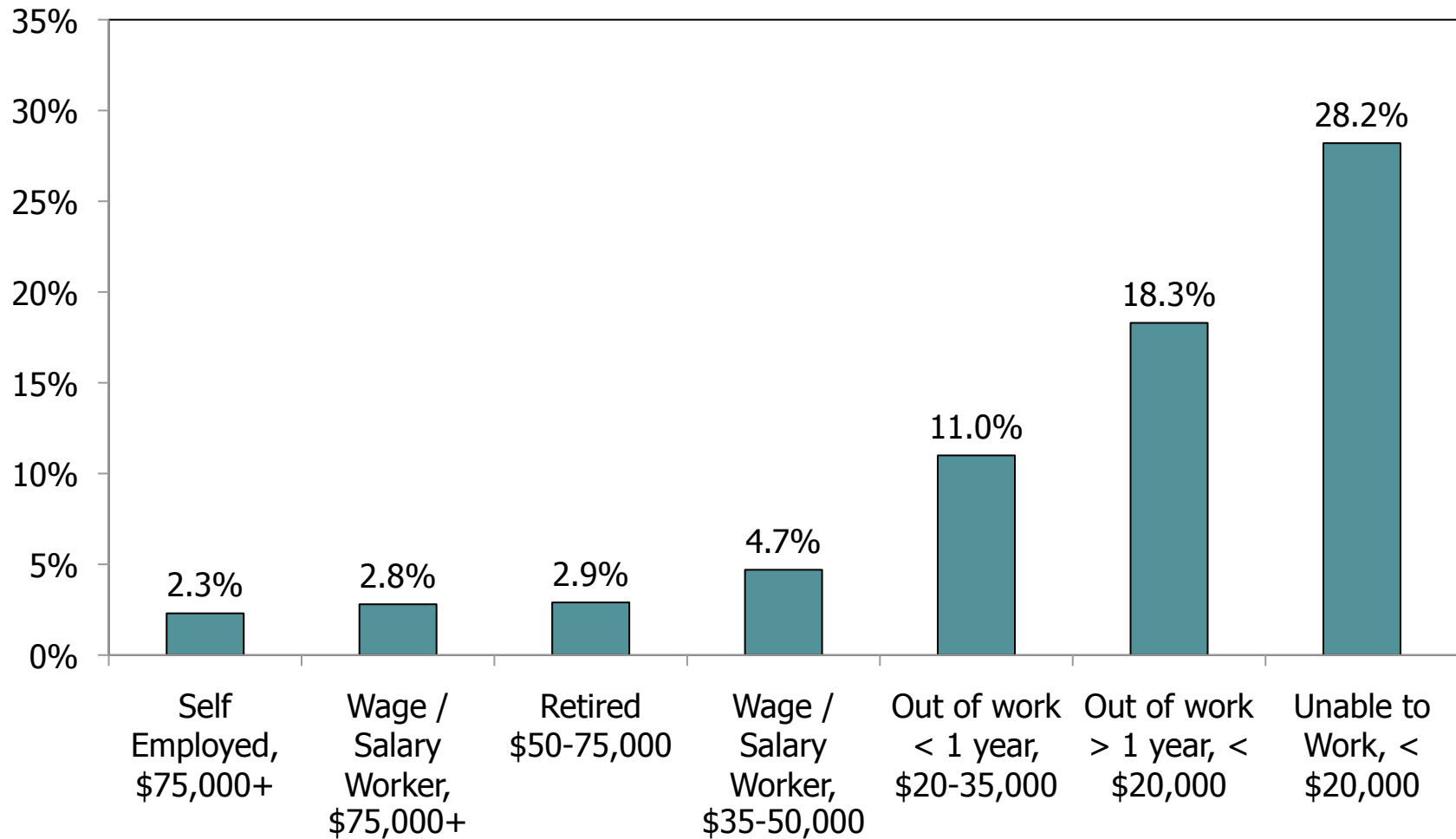
Key Findings on Links Between Income/Joblessness on These Happiness, Mental Health, Physical Health Outcomes (Simple Crosstabs and Multivariate Statistical Models

- a) Per Cent dissatisfied or very dissatisfied with life
- Employed/household income of \$75,000 or higher only 1.4%
 - Out of work for 1 year or more or unable to work, income under 20,000 18 to 22%
 - (13 – 15 times as high as first group)
- b) Mental health no good 15 of past 30 days
- Employed, household income \$75,000+ 2-3%
 - Out of work >1 year, low income 18%
 - Unable to work, low income 28%
- c) Physical health rated as only fair or poor
- Employed, household income \$75,000+ 6%
 - Out of work 1 year, low income 41%

Percent of 55 – 74 Year Olds in the U.S. Who Reported Being Dissatisfied or Very Dissatisfied With Life by Employment Status and Household Income, 2010



Percent of 55 – 74 Year Olds in the U.S. Who Reported Their Mental Health as Not Good in 15 of Past 30 Days by Employment Status and Household Income, 2010



The Benefits from SCSEP Programs to Participants, Recipients of Services, the Rest of Society Especially Taxpayers

- a) Participants receive a job that would not be obtained in absence of program (very limited displacement from other jobs); increased income, improved mental well-being, and perhaps better physical health (story told by SCSEP participant in a focus group on program – “I was just killing time; no time was killing me”); a feeling of being a contribution to the well-being of society
- b) Agencies employing the SCSEP participants can expand the range of services to the public they serve; recipients of these services are beneficiaries of the program
- c) The net real economic cost of this program is quite low; no real output given up by deploying these individuals in the program
- d) The rest of society receives taxes paid by participants (payroll taxes, some income taxes, sales taxes); reduced transfers (UI, early Social Security, food stamps, Medicaid)
- e) This program is one of the few “win, win, win” programs in existence – nearly everyone gains

The Dislocation Experiences, Re-Employment Problems, and Weekly Earnings Losses of Older Workers and Their Associated Fiscal Costs, 2007-2009

1. From January 2007-December 2009, slightly more than 2.72 million older workers 55 and older were permanently displaced from their jobs. This represented close to 1 of every 10 older employed persons. The total number of dislocated was about three times as high as it was in the late 1990s.
2. Older workers experienced the greatest difficulties in finding re-employment by January 2010; only 37% of all older dislocated workers and 20% of those 65 and older were re-employed in January 2010
3. The unemployment rate among dislocated workers was 50% and reached 53% among men and 61% among Black dislocated workers
4. Many of those who became re-employed experienced a large loss in their weekly wages; over 70% of the re-employed either experienced a weekly wage loss or no change in their nominal wage. The median weekly wage loss was \$102; 30% of the re-employed experienced weekly wage losses of \$317 or more.
5. As a consequence of cost employment, underemployment, mal-employment, and other sources of wage losses, dislocated workers paid much less in taxes and collected considerably more in cash and in-kind transfers (food stamps, rental subsidies) in 2009
 - Annual cost payroll and income taxes \$21.64 billion
 - Increased cash and in-kind transfers \$16.43 billion
 - **Total** **\$38.07 billion**