Op-Ed: Long Road Back to Employment for Older Unemployed Workers

March 26, 2012

By Claire McKenna

The economy is improving. February was the third straight month of jobs gains topping 200,000, more working-age adults are employed or looking for jobs, and job openings are at their highest level since mid-2008.

Still, 12.8 million people are unemployed, including 5.4 million who’ve been out of work for at least half a year. For many, especially workers age 50 and older, finding a new job remains a daunting task.

On the whole, older Americans fare well in the labor market. Last year, they had the lowest average monthly unemployment rate of any age group (6.7%). But that rate is more than double their rate in 2007 (3.1%). More significantly, once older workers lose a job, they are the most likely to stay unemployed, as a new NELP analysis shows.

During the Great Recession and its aftermath, the number of long-term unemployed older workers increased from 325,000 to 1.8 million, the largest proportional increase of all age groups. Last year, more than half of older jobless workers (54.3%) were out of work for over six months; four in ten (41.6%) were unemployed for over a year. This February, the average unemployed person over 55 was out of work for 54 weeks.

These numbers have real-life impacts on older workers. With family responsibilities, mortgage payments, and fewer years left in the work force, options that may be available to many younger unemployed workers – like moving in with parents, going back to school, or relocating — are simply not available to the older unemployed.

Structural shifts in industries like manufacturing, furthermore, mean older workers are less likely to have the skills to meet the needs of the current labor market. When they apply for a job, just the act of searching through job postings on the web or submitting a resume by email may be unfamiliar. Then there is the question of whether employers will hire older workers, even if they’ve had additional training.

Evidence shows that employers are explicitly excluding the unemployed from hiring consideration. While this trend is not exclusive to older workers, they endure the longest spells of joblessness, and as a result, are more likely to confront discriminatory behavior by employers...
as they look for work. That’s in addition to any general age-discrimination older workers may encounter.

Certainly, younger workers are grappling with high unemployment too. Persons who graduate college around a recession are shown to suffer wage declines that persist for years. Evidence suggests that high unemployment, an uncertain economy, and the housing bust have had a major impact on young workers’ decisions to buy homes and start families. However, the situation for older unemployed workers may be more immediately precarious because of the potential impacts on retirement and later-life well-being.

A national survey of workers who lost their jobs during the recession showed that a majority age 55 and older saw a decline in savings while unemployed. They can potentially recover lost savings by delaying retirement, but this requires they be able to find a new job. Most older respondents said they had applied for Social Security or planned to do so as soon as they are eligible. Even if older workers find new work, they are more likely than younger workers to earn less than they did in their old jobs.

On a positive note, workers age 55 and up saw the biggest employment gains in the household survey in the first two months of 2012. Their unemployment rate averaged 5.9 percent. And their average spell of unemployment edged down, just like the rest of the jobless population. These are good signs.

But we can’t be certain that these workers have been unemployed for prolonged periods or that they’re returning to good jobs. They may be taking the lower-paying and lower-skilled jobs historically filled by youth, which helps explain why youth unemployment is so high and why older reemployed workers experience wage declines.

If long-term unemployment among older workers stays elevated, pressure will increase on an already overburdened Social Security system and other safety net programs. Every month someone is unemployed means another month without healthcare, another missed mortgage payment, and another month that skills sit idle.

Policymakers must develop new ways to help older unemployed workers return to good jobs and financial self-sufficiency. As a first step, Congress should take note of the 13 states considering legislation that bans hiring discrimination against the unemployed and promptly pass the federal version, the Fair Employment Opportunity Act. Over the long-term, policymakers should consider targeted reemployment strategies, such as job training and subsidized employment.

Unless we act today to help older workers and other groups severely challenged by the downturn, the effects of the Great Recession will continue to limit opportunity and undermine economic security for years to come—a cost too steep for all of us.

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