

**The Declining Labor Force Attachment of Older Males in
Massachusetts and the U.S.: Implications for Poverty/
Near Poverty Problems, the Income Transfer System, and Future
Workforce Development Policy**

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Table of Contents

Introduction	1
Trends in the Labor Force Behavior of Men and Women in Massachusetts, 1980-1995	2
Trends in the Labor Force Participation Behavior of U.S. Males, 45-64 Years Old	4
The Changing Educational Attainment of Older Males in the U.S.....	9
Simulating the Hypothetical Size of the 1996..... Older Male Labor in the U.S.	11
The Changing Labor Force Behavior of Older Males in Massachusetts	13
Simulating the Hypothetical 1990 Older..... Male Labor Force in Massachusetts	21
The Income Inadequacy Problems of Older Non-Employed Men	27
Income Transfer Support of Non-Employed Older Males.....	32
Growth in the SSI Disability Programs in the U.S. and..... Massachusetts	35
Workforce Development Implications of Our Findings	37

Introduction

During 1997, the Massachusetts Jobs Council established a Blue Ribbon Commission on Older Workers to identify and assess the labor market status and the labor market problems of the state's older worker population. The Commission also was charged with the task of providing recommendations to the Jobs Council for future workforce development policies for the state's older worker population. To assist the members of the Blue Ribbon Commission in carrying out their work for the Massachusetts Jobs Council, a team of researchers from Northeastern University's Center for Labor Market Studies and the University Massachusetts -- Boston was formed to produce a series of research papers on the older worker population of the state. This research report is the fourth in a series of papers for the Blue Ribbon Commission.¹ This paper identifies long-term and recent trends in the labor force participation behavior of older males in the state and the nation, examines the patterns of declining participation rates by age and educational attainment subgroup, estimates the increase in the current national and state older male labor force that would occur if labor force participation rates had not declined, and discusses the consequences of these declining participation rates for poverty/near poverty problems among the state's older population and the rising income transfer costs of supporting these growing numbers of older non-participants.

The paper will begin with a brief overview of trends in the labor force participation rates of older men and women in Massachusetts over the 1980-95 period. This will be followed by an analysis of the changing labor force behavior of older males in the U.S. in selected age and educational attainment subgroups over the past two decades and the impact of such changes on the aggregate size of the older male civilian labor force in 1996. The U.S. findings will be followed by a comparable analysis of

¹ The most recent research report was titled [The Labor Force Behavior of Massachusetts' Older Work Population: An Assessment of Recent Trends and Future Projections](#). This paper continues an analysis of the declining participation rates of older males in the state over the past two decades that were identified in the above report.

trends in Massachusetts male labor force behavior over the 1970-90 period and the consequences of declining labor force attachment for the growth of the Massachusetts civilian labor force. The paper will conclude with an analysis of the recent poverty/near poverty status of older men with no labor force attachment, their reliance on various forms of cash income transfers to support themselves and their families, and the implications of these findings for future workforce development programs in the Commonwealth.²

Trends in the Labor Force Behavior of Men and Women in Massachusetts, 1980-1995

During the past two decades, the labor force participation behavior of older men and women in Massachusetts has diverged to a considerable degree. The labor force attachment of older men has been declining while that of women has been increasing. Among males 45-64 years of age, participation rates declined between 1980 and 1995, with 55-64 year old men experiencing a near 10 percentage point decline in their participation rate over this 15 year period.³ (Table 1). By 1995, only two-thirds of all 55-64 year old men in Massachusetts were actively participating in the civilian labor force, and fewer than one-half of those males 61 through 64 years of age were either working or actively looking for work in 1995.⁴

² This last section will focus primarily on the experiences of older men in the U.S. rather than in Massachusetts alone due to smaller sample sizes for the Commonwealth. The income inadequacy problems of older persons in Massachusetts will be addressed in a separate monograph by several of the authors of this paper

³ The labor force data for 1995 are the most recent annual average data available for Massachusetts from the CPS survey. The U.S. Bureau of Labor Statistics is expected to shortly release the 1996 CPS findings for states.

⁴ The data for 1995 are annual averages. On an average month during 1995, 67% of 55-64 year old males were participating in the state's labor force.

Table 1:
Trends in the Civilian Labor Force Participation Rates of 45-64 Year Old
Men and Women in Massachusetts, 1980 to 1995
 (Numbers in Percent)

	(A)	(B)	(C)	(D)
Group	1980	1990	1995 ⁽¹⁾	Absolute Change 1980-95
Men				
• 45-54	91.8	91.5	89.8	-2.0
• 55-64	77.1	72.2	67.6	-9.5
Women				
• 45-54	65.4	78.8	78.7	+13.3
• 55-64	50.5	53.9	54.0	+3.5

Sources: (i) 1980 and 1990 Census of Population and Housing, tabulations by Center for Labor Market Studies;
 (ii) 1995 monthly CPS surveys for Massachusetts, tabulations by U.S. Bureau of Labor Statistics.

Notes: (1) The 1995 data represent annual averages from the monthly CPS surveys for Massachusetts.

Over the 1980 to 1995 period, the labor force participation rates of older women in Massachusetts rose though all of these gains were posted during the 1980's. Since 1990, the participation rates of women in the 45-54 and 55-64 age groups have been basically unchanged. The steep economic recession from 1989 through 1992 led to a sharp rise in the state's unemployment rate which depressed participation rates, especially among the less well educated members of the resident population.

Massachusetts women in the 45-54 age group increased their participation rate by over 13 percentage points over this 15 year period. During 1995, nearly 8 of every 10 women in the 45-54 age group were actively participating in the state's civilian labor force. The absolute size of the gap between the participation rates of men and women in this age group had narrowed from 26 percentage points in 1980 to only 11 percentage points in 1995. During the 1980s, 45-54 year old women in each educational attainment

subgroup increased their attachment to the labor force although the gains were larger for women with some post-secondary schooling. In 1990, the labor force participation rates of older women (45-69) varied considerably by educational attainment, ranging from a low of 43% for those women lacking a high school diploma to a high of 75% for those possessing a bachelor's or more advanced academic degree.⁵

The declining labor force attachment of older men has not been confined to Massachusetts. Instead, it has been a widespread national phenomenon in recent decades. To place the changing labor force behavior of older Massachusetts males in perspective, let us examine the labor force experiences of older males in the U.S. over the past few decades and observe how changing patterns of participation have varied by age and educational attainment.

Trends in the Labor Force Participation Behavior of U.S. Males, 45-64 Years Old

Over the past two decades, a growing number of older men throughout the nation have been withdrawing from active labor market participation well before the “normal” retirement age of 65. These declines in labor force participation have been fairly widespread, affecting all age and educational attainment subgroups of older males (45-64); however, the older and less well educated subgroups of older men have been characterized by relatively steeper declines in their participation rates.⁶

Our analysis of these changing participation behaviors of older men is based on a comparison of findings for U.S. men ages 45-64 in March 1974 and March 1996. The March 1974 period came close to the cyclical peak of the national economy in the fall of 1973 and, while March 1996 was not a cyclical peak, it represented the fifth year of

⁵ For a more detailed analysis of the changing labor force participation behavior of men and women during the 1980's, See: Andrew Sum, et.al., The Labor Force Behavior of Massachusetts' Older Worker Population.

⁶ For a more detailed review of older worker labor market problems including early labor force withdrawals, See: Andrew M. Sum and Neal Fogg, “Labor Market Turbulence and the Older Worker”, in Turbulence in the American Workplace, (Editor: Peter B. Doeringer), Oxford University Press, New York, 1991.

recovery from the 1990-91 recession, and national labor markets were characterized by a fairly low aggregate rate of unemployment (5.6%).⁷ Between 1974 and 1996, the civilian labor force participation rate of 45-64 year old men in the U.S. fell from 86.2% to 80.1%, representing a drop of 6.1 percentage points (Table 2). A decline in labor force participation occurred among older men in each single age group 45 through 64 (see line graph on following page). The absolute size of these declines did, however, vary by age group, being largest for the older age subgroups. For example, among 45-49 year old men, the labor force participation rate fell from 94% in 1974 to 90% in 1996, a decline of four full percentage points. Among 55-59 year old men, the decline in the participation rate was 8 percentage points, and among those 62-64 years old, the participation rate fell by nearly 17 percentage points. By age 62, only 50 percent of the nation's men were either working or actively seeking work in March 1996. These declines in the average working lives of men were accompanied by an increase in life expectancy, particularly among men who had reached age 55. This rising gap between retirement age and life expectancy implies an increase in the number of years that public retirement systems, especially Social Security, and public assistance systems, such as Social Security and SSI disability, must provide financial support for older men in the U.S.

⁷ The timing of the 1973-75 recession was dated by the National Bureau of Economic Research as beginning in November of 1973.

See: Alan L. Sorkin, Monetary and Fiscal Policy and Business Cycles in the Modern Era, Lexington Books, Lexington, 1988.

Table 2:
Trends in the Civilian Labor Force Participation Rates of 45-64 Year Old
Men in the U.S., by Age and Educational Attainment, March 1974 to March 1996
 (Numbers in Percent)

	(A)	(B)	(C)
Age or Educational Attainment Subgroup	March 1974	March 1996	Absolute Change
Age			
• All	86.2	80.1	-6.1
• 45-49	94.4	90.2	-4.2
• 50-54	90.5	85.8	-4.7
• 55-59	86.5	78.5	-8.0
• 60-61	79.9	67.5	-12.4
• 62-64	61.7	45.0	-16.7
Educational Attainment (in Years)			
• Less than 12	80.3	62.7	-17.6
• 12	89.7	78.2	-11.5
• 13-15	90.5	83.9	-6.6
• 16 or More	94.2	89.1	-5.1

Source: March 1974 and March 1996 CPS surveys, tabulations by Center for Labor Market Studies.

The labor force participation rates of 45-64 year old men in each of our four educational subgroups declined between 1974 and 1996; however, the size of these reductions varied fairly widely by educational attainment. Those adult men lacking a high school diploma experienced the largest decline in participation rates, a drop of nearly 18 percentage points, followed by high school graduates (12 percentage points), those with 1-3 years of college (-7%), and those with a bachelor's or more advanced academic degree (-5%). The steep decline in labor force participation rates among older male dropouts and high school graduates has been attributed to a decline in demand for less educated workers brought about by shifts in the industrial structure of employment (including the decline in manufacturing employment) and changes in the occupational

structure of employment within industries that have favored more educated and more literate workers. These adverse shifts in demand lowered the real weekly earnings of less educated workers and reduced economic incentives for seeking work.⁸ Between 1973 and 1996, the real median weekly earnings of full-time employed males 45-64 years old who lacked a high school diploma fell by nearly 29% versus a 14% decline for older male high school graduates and only a 3% decline for older men with four or more years of post-secondary schooling.⁹ The sizes of the relative wage differences among older full-time employed men in different educational categories increased markedly over this time period, with the college/high school relative wage ratio increasing from 150% in 1973 to 170% in 1996.

The labor force participation decision of older men in the U.S. and Massachusetts has been found to be sensitive to their expected market wages. The higher the expected market wage, the greater the probability that an older male will be in the labor market.¹⁰ The more substantial decline in the real wages of less educated older men would, thus, have been expected to push them out of the labor market at higher rates than their better educated counterparts, but the magnitudes of the observed declines in participation were greater than that which would have predicted¹¹ by the models of participation. Other forces (economic displacement, corporate downsizing, eligibility for disability programs) also are pushing older men out of the labor force. Since many of these men are withdrawing from active labor force participation well before they are eligible for Social

⁸ See: (i) Chinhui, John, "Decline of Male Labor Market Participation: The Role of Declining Market Opportunities", *The Quarterly Journal of Economics*, February 1992; (ii) Rebecca M. Blank, *It Takes a Nation: A New Agenda for Fighting Poverty*, Russell Sage Foundation, New York, 1997.

⁹ These findings are based on the May 1973 CPS survey and the February-March CPS surveys in 1996. The median weekly wages in 1973 were converted into constant 1996 dollars via use of the Consumer Price Index for All Urban Consumers, the CPI-UX1 variant.

¹⁰ In a forthcoming paper, we will present empirical analyses of the determinants of the labor force participation behavior of older men and women in both Massachusetts and the U.S. Findings will reveal the wage sensitivity of labor force behavior for older workers, which appears to have increased over time.

¹¹ We estimate that only 35% of the decline in the participation rate of older males with 12 or fewer years of schooling can be attributed to a decline in their real weekly wages.

Security retirement benefits (age 62), they have to depend on other sources of income to support themselves. In a concluding section, we will identify the sources of financial support of older male non-participants, including the growing role of Social Security and SSI disability payments.¹²

The Changing Educational Attainment of Older Males in the U.S.

The steep declines in the labor force participation rates of 45-64 year old men in the U.S. over the past two decades occurred despite the fact that the formal educational attainment of the newer cohort of older males was substantially improved over that of the members of the age cohort that was present in 1974. During 1974, 44% of all males 45-64 years old had not graduated from high school.¹³ (Table 3). Yet, by 1996, only 17% of the nation's newest cohort of 45-64 year old men had failed to complete 12 years of schooling. Over this 22 year period, the share of older men with some post-secondary schooling more than doubled from 24% to 52%, and the fraction of older men who held a bachelor's or more advanced academic degree also more than doubled from 14 to 29 percent. Research findings since the 1960s have found that the participation rates of older men in the U.S. have been positively associated with their educational attainment; thus, the gains in the educational attainment of older males over the past two decades, *ceteris paribus*, would have been expected to increase their attachment to the labor market. Clearly, this factor alone was not sufficiently strong to offset the effects of the other economic and technological forces described earlier that were depressing the demand for less educated workers and pushing more older men out of the labor force over the past two decades.

¹² The SSI acronym stands for the Supplemental Security Income program which provides federal and state supplementary payments to the aged, blind, and disabled. The SSI disability program has nearly doubled its number of recipients in the state over the past 7 years.

¹³ The March 1974 CPS survey did not ask respondents whether they actually possessed a high school diploma. All persons who reported that they had completed twelve years of school were classified as a high school graduate.

Table 3:
Trends in the Distribution of 45-64 Year Old Males by
Educational Attainment, 1974 to 1996, U.S.
 (Numbers in Percent)

	(A)	(B)	(C)	(D)
Educational Attainment	1974	1996	Absolute Change	Relative Change
11 Years or Less	44.0	16.9	-27.1	-61.6%
12 Years	32.0	30.9	-1.1	-3.4%
13-15 Years	10.5	22.8	+12.3	+117%
16 Years or More	13.5	29.4	+15.9	+118%

Source: March 1974 and March 1996 CPS surveys, tabulations by Center for Labor Market Studies.

The observed declines in the labor force participation rates of older men in the U.S. over the past two decades are projected by the U.S. Bureau of Labor Statistics to continue over the next decade although at a more moderate pace. Under the middle growth path scenario, the U.S. Bureau of Labor Statistics projects that the labor force participation rates of 45-69 year old males in each age subgroup, except those 65-69 years old, will decline moderately between 1995 and 2005 (Table 4).¹⁴ The magnitudes of these projected declines range from .7 to 1.7 percentage points. Males in the 65-69 age group are expected to experience a moderate (.7 percentage points) increase in their participation rate over the above decade. Still, by the year 2005, only 28 of every 100 males in the 65-69 age group are expected to be active participants in the nation's labor markets.

¹⁴ In its projections of the national labor force, the BLS utilizes three alternative economic scenarios: a high growth, middle growth, and low growth path. The middle growth path is the one that the BLS expects to prevail. See: Howard Fullerton, "The Year 2005 Labor Force: Growing, but Slowly", Monthly Labor Review, November 1995, pp. . 29-44.

Table 4:
U.S. Bureau of Labor Statistics' Projections of Civilian Labor Force
Participation Rates of Men 45-69 in Selected Age Subgroups, 1995-2005, U.S.
 (Numbers in Percent)

	(A)	(B)	(C)
Age Subgroup	1995	2005	Projected Change
45-49	89.7	88.0	-1.7
50-54	88.1	87.4	-.7
55-59	76.9	75.7	-.8
60-64	53.2	52.1	-1.2
65-69	27.4	28.1	+.7

Source: U.S. Bureau of Labor Statistics, "Unpublished Projected Labor Force Participation Rates by Detailed Age Subgroup Under the Middle Growth Scenario," Washington, D.C., 1996.

Simulating the Hypothetical Size of the 1996 Older Male Labor Force in the U.S.

As noted above, given the improved educational backgrounds of older men in the U.S., one might have expected their labor force participation rates to have risen over time rather than decline. The members of the 45-64 year old cohort in 1996 were also somewhat younger than their counterparts in 1974. Slightly over 60 percent of the 45-64 year old males in 1996 were between 45 and 54 years old versus only 55 percent of their counterparts in 1974.¹⁵ The younger ages of the 1996 cohort also should have contributed to a higher labor force participation rate since participation rates of men decline with age in this age cohort.

To simulate the effects of a changed age and educational distribution of older men on the expected size of their labor force, we estimated the hypothetical size of the 1996 U.S. male labor force (45-64 years old) that would have existed if the March 1974

¹⁵ The members of the 55-64 year old cohort in 1996 included many men who were born during the Depression decade of the 1930s when birth rates fell. Those men born between 1932 and 1939 would have been 57 to 64 years old in 1996. In contrast, the 45-54 year old cohort included many members of the post war baby boom generation.

civilian labor force participation rates of men in each of 80 age and educational attainment subgroups had prevailed in March 1996.

The formula used to estimate the hypothetical size of the 45-64 year old male civilian labor force in 1996 is displayed below. We first obtained estimates of the number of men in each single age group 45 through 64 and their distribution across four educational attainment subgroups in 1996.¹⁶ There were 20 age groups and 4 educational subgroups used in conducting this analysis, yielding a total of 80 age/education subgroups. The number of older men in each of these 80 population subgroups in 1996 then was multiplied by the civilian labor force participation rate for each such subgroup that prevailed in 1974. By summing the hypothetical number of 1996 civilian labor force participants in each of these 80 subgroups, we obtained an estimate of the hypothetical 1996 male 45-64 year old civilian labor force.

Methodology for Estimating the Hypothetical Size of the
1996 Male Civilian Labor Force Ages 45-64 in the U.S.

$$\begin{array}{l}
 \text{Hypothetical Number of} \\
 \text{Persons in the Labor Force in} \\
 \text{Age Group } i \text{ and in Educational} \\
 \text{Attainment Group } j
 \end{array}
 =
 \begin{array}{l}
 \text{March 1996 Civilian} \\
 \text{Noninstitutional} \\
 \text{Population of Men in Age} \\
 \text{Group } i \text{ and Educational} \\
 \text{Attainment Group } j
 \end{array}
 *
 \begin{array}{l}
 \text{March 1974 Civilian} \\
 \text{Labor Force} \\
 \text{Participation Rate of} \\
 \text{Men in Age Group } i \\
 \text{and Educational} \\
 \text{Attainment Group } j
 \end{array}$$

Key findings of our analysis are summarized in Table 5 and an accompanying bar chart. Clearly, had the labor force participation rates of older men in 1996 been equal to those existing in 1974, the nation's 1996 older male labor force would have been considerably larger than it actually was. The hypothetical size of the 1996 older male labor force was estimated to be 22.7 million versus the 20.3 million that actually prevailed during that year, a difference of 2.4 million or 12%. (Table 5, top row). This difference is equivalent to nearly two percent of the nation's civilian labor force in 1996.

¹⁶ The March 1996 CPS survey was used to generate these population estimates. The counts represent the civilian non-institutional population of older men ages 45-64.

The hypothetical size of the 1996 male civilian labor force in each major age subgroup was considerably higher than the actual 1996 labor force, with the absolute size of these differences ranging from 450,000 to 863,000. The number of males in the 60-64 age group who would have been in the hypothetical labor force of 1996 was 34% higher than the actual number who were active in the nation's civilian labor force in March 1996. Clearly, older males (55 and up) in 1996 were considerably less likely to be in the labor force than their counterparts two decades earlier.

Table 5:
Comparisons of the Actual and Hypothetical Size of the
45-64 Year Old Male Civilian Labor Force in the U.S., March 1996
 (Numbers in 1000's)

	(A)	(B)	(C)	(D)
Age Group	Hypothetical	Actual	Absolute Change (A - B)	Relative Change (C/A)
• 45-64	22,756	20,313	2,443	+12.0%
• 45-49	8,524	8,004	520	+6.5%
• 50-54	6,055	5,607	448	+8.0%
• 55-59	4,807	4,195	612	+14.6%
• 60-64	3,370	2,507	863	+34.4%

The Changing Labor Force Behavior of Older Males in Massachusetts

To identify the changing patterns of labor force behavior among older men in Massachusetts, we analyzed the findings of the 1970 and 1990 Census. Given the substantial sample sizes available from the decennial censuses, we can examine the labor force behavior of older men in fairly detailed age and educational attainment subgroups.¹⁷ In 1990, the estimated number of 45-69 year old men in the civilian population of the

¹⁷ The public use tapes from the 1970 and 1990 Census provided labor force information on 5 of every 100 households in the state. In contrast, the most recent monthly CPS household surveys for Massachusetts provide information on only 1 of every 1800 households in the state.

state was 632,295, a figure that was 13,605 or 2.1% lower than the population of such men in 1970. The decline in the number of older men in the state between 1970 and 1990 was primarily attributable to the aging of the Depression-era birth cohort, which was smaller in size due to the decline in the birth rate during the 1930s.¹⁸ Persons born between 1930 and 1939 would have been 51 to 60 years old in 1990 and, thus, comprised a substantial portion of the 45-69 year old male population of the state during that year.

Similar to our earlier findings for the U.S., the educational attainment of older men in Massachusetts improved considerably between 1970 and 1990. At the time of the 1970 Census, just under half of all 45-69 year old men had not completed high school, only 21% had completed any post-secondary schooling, and only 12% had acquired a bachelor's or more advanced academic degree. (Table 6). By 1990, the number of older male school dropouts had declined by more than 50%, and they accounted for less than one-fourth of the total number of older men residing in the state during that year. Nearly 76% of older men in 1990 had completed at least 12 years of school, 48% had completed one or more years of post-secondary schooling, and 28% had obtained a bachelor's degree, a more than doubling of the share of older men who had done so in 1970. The likelihood of an older male participating in the civilian labor force of the state in 1970 was positively associated with years of schooling at least through high school. Older males with at least a high school diploma were 11 percentage points more likely to be in the labor force than their similar-aged peers who failed to graduate from high school (Table 8).¹⁹ The improved educational attainments of older men should, thus, have facilitated an increase in their labor force attachment and a rise in the older male civilian

¹⁸ The depression was accompanied by a steep decline in marriages during the early 1930s and a reduction in the birth rate. The total number of births in the 1930s was 3 million fewer than would have been expected on the basis of 1929 birth rates.

See: Steven Mintz and Susan Kellogg, *Domestic Revolutions: A Social History of American Family Life*, Free Press, New York, 1988.

¹⁹ During 1970, however, there was only a one-percentage point gap between the participation rates of older men with a high school diploma and those with a four year or more advanced academic degree. By 1990, the gaps between these two groups had widened considerably.

labor force between 1970 and 1990. If the 1970 civilian labor force participation rates of older men in Massachusetts within each of the four educational attainment subgroups had prevailed in 1990, the number of older men in the civilian labor force of the state during that year would have been 555,506 or 16% higher than the actual number of older male labor force participants in the state during that year.²⁰ Clearly, enhanced educational attainment by itself was not sufficient to boost the older male civilian labor force in the state between 1970 and 1990.

Table 6:
Trends in the Number of 45-69 Year Old Men in the Civilian
Population⁽¹⁾ of Massachusetts by Educational Attainment, 1970 to 1990

Educational Attainment (in Years)	(A) 1970	(B) 1990	(C) Absolute Change	(D) Relative Change
All	645,900	632,295	-13,605	-2.1%
11 Years or Less	305,300	154,890	-145,410	-52.4%
12 Years	194,200	176,393	-17,807	-9.1%
13-15 Years	60,800	129,090	+69,710	+114.6%
16 Years or More	78,300	174,013	+95,713	+122.2%

Source: 1970 and 1990 Census of Population and Housing, Massachusetts, tabulations by Center for Labor Market Studies.

Note: (1) Population estimates for each year exclude members of the armed forces residing in Massachusetts at the time of the Census.

Between 1970 and 1990, the aggregate civilian labor force participation rate of 45-69 year old men in Massachusetts declined by nearly nine percentage points from 84.3% to 75.6% (Table 7). While the participation rates of older men in each of our three age subgroups fell over this period, the size of these declines varied rather widely across these age groups, ranging from just under three percentage points for males 45-54 to over 15 percentage points for men in the 65-69 age group. By 1990, only 30 of every 100

²⁰ As noted in Table 10, there were only 478,000 male civilian labor force participants ages 45-69 in Massachusetts at the time of the 1990 Census, a figure 77,000 below our hypothetical labor force.

Massachusetts men ages 65-69 were either working or actively looking for work. (Table 7).

Table 7:
Trends in the Civilian Labor Force Participation Rates of 45-69 Year
Old Men in Massachusetts, 1970 to 1990, by Age Subgroup
(Numbers in Percent)

	(A)	(B)	(C)
Age Group	1970	1990	Absolute Change
45-69	84.3	75.6	-8.7
45-54	94.3	91.5	-2.8
55-64	84.5	73.8	-10.7
65-69	45.9	30.6	-15.3

Source: 1970 and 1990 Census of Populations and Housing, tabulations by Center for Labor Market Studies.

Older men in each educational attainment subgroup reduced their attachment to the labor force between 1970 and 1990; however, the magnitude of these declines varied with the level of schooling obtained by these older men. (See Table 8 and an accompanying bar chart). Those men who completed 12 or fewer years of schooling were considerably more likely than their better educated peers to have withdrawn from active labor market participation. The labor force participation rate of older males who failed to graduate from high school dropped by nearly 19 percentage points and male high school graduates experienced a near 17 percentage point decline in their participation rate. Older men acquiring a four year college degree were characterized by only a 3 percentage point decline in their rate of participation between 1970 and 1990.

Table 8:
Trends in the Civilian Labor Force Participation Rates of 45-69 Year
Old Men in Massachusetts, 1970 to 1990, by Educational Attainment
 (Numbers in Percent)

	(A)	(B)	(C)
Years of Schooling	1970	1990	Absolute Change
11 or Less	78.9	60.1	-18.8
12	90.1	73.5	-16.6
13-15	89.6	80.1	-9.5
16 or More	91.2	88.1	-3.1

The gaps between the labor force participation rates of older men across educational attainment subgroups widened considerably over the past two decades. In 1970, older male high school graduates participated in the civilian labor force at the same rate as their counterparts with 1 to 3 years of college and were only one percentage point less likely than four year college graduates to be participating in the civilian labor force.²¹ By 1990, however, older men with a high school diploma had a labor force participation rate seven percentage points below that of their counterparts with 1 to 3 years of college and nearly 15 percentage points below that of four year college graduates, a substantial widening of the gap that had prevailed in 1970.

The steep declines in the participation rate of older males with no post-secondary schooling between 1970 and 1990 were partly attributable to their aging. For example, the average 45-69 year old male dropout was somewhat older in 1990 than in 1970, and this demographic factor alone would have been expected to reduce their rate of attachment to the labor market, given the tendency for participation rates of this age cohort to decline with age. Still, within each major age subgroup, the size of the declines in the participation rates of older males varied considerably by educational attainment.

²¹ The 1970 Census only asked respondents to report the number of years of schooling that they had completed. Persons with exactly 12 years of schooling were not asked to identify whether they actually possessed a high school diploma or GED. We have classified all men with twelve years of schooling as high school graduates.

(Table 9). Among 55-64 year olds, for example, the participation rate of male school dropouts fell by 19 percentage points and that of high school graduates by 16 percentage points while male four year college graduates only reduced their participation rate by three percentage points. In 1970, 55-64 year old male high school graduates participated in the labor force at the same rate as college graduates (88%). By 1990, however, the gap between the labor force participation rates of these same two groups had widened to nearly 13 percentage points in favor of college graduates.

Table 9:
Trends in the Civilian Labor Force Participation Rates of 45-54 and
55-64 Year Old Men in Massachusetts by Educational Attainment
(Numbers in Percent)

	(A)	(B)	(C)
Age Group/ Educational Attainment	1970	1990	Absolute Change
45-54			
• 11 Years or Less	91.5	80.4	-11.1
• 12 years	96.4	91.9	-4.5
• 13-15 Years	93.6	93.0	-.6
• 16 or More Years	97.4	96.7	-.7
55-64			
• 11 Years or Less	80.9	62.3	-18.6
• 12 years	88.0	72.1	-15.9
• 13-15 Years	92.1	77.9	-14.2
• 16 or More Years	88.1	84.8	-3.3

Source: 1970 and 1990 Census of Population and Housing, tabulations by Center for Labor Market Studies.

A variety of economic and technological forces were at work in producing these widening gaps in participation rates. Less educated males traditionally had been more heavily dependent on manufacturing and construction jobs for their employment. Beginning in 1985, the number of manufacturing jobs in the state began to decline and fell sharply during the recessionary years of 1989 and 1990. Within manufacturing,

corporate restructuring efforts, shifts in the distribution of jobs by industry, and changes in the occupational mix reduced the demand for blue collar workers, thereby reducing the demand for less educated older males.²² The sudden end of the state's construction boom in 1988 sharply reduced wage and salary employment in the state's construction industries, a major source of skilled blue collar employment during the 1980s. Finally, an improvement in public and private pension income for older males (those 62 and older) increased their non-wage income and reduced their willingness to actively participate in the labor market.²³ The declining pool of older men in the state's labor force during the 1970-90 period was more than offset by the influx of the baby boom generation into the adult labor force, increased labor force participation by adult women, and rising levels of foreign immigration. In the 1990s, however, the continued decline in the older male labor force would be accompanied by an actual reduction in the size of the state's resident labor force through 1996.

Simulating the Hypothetical 1990 Older Male Labor Force in Massachusetts

The improved formal educational backgrounds of the cohort of 45-69 year old men in Massachusetts at the time of the 1990 Census relative to those in 1970 should have increased their overall degree of attachment to the labor market. The sharply reduced number of school dropouts and the considerably greater number of college graduates would have been expected to raise their market wages thereby increasing economic incentives to seek work. On the other, the age composition of the 1990 older male population had shifted in a manner that would have marginally lowered the overall participation rate of older males. The 1990 older male population contained a smaller

²² For a more detailed review of labor market developments during the regional recession of 1989-92, See: Andrew M. Sum, Paul E. Harrington, et.al. The New England Economy in Recession, Center for Employment and Education, Northeastern University, 1992.

²³ In a forthcoming research paper by the authors of this study, findings of the factors influencing the labor force participation behavior of older men and women in Massachusetts will be examined in greater detail.

share of 45-54 year olds than it did in 1970 (46% vs. 48%) and a slightly higher share of 65-69 year olds, who are characterized by considerably lower overall participation rates (Table 10).

Table 10:
The Age Distribution of the 45-69 Year Old Male Civilian
Population of Massachusetts, 1970 and 1990

Age Group	1970		1990	
	(A) Number	(B) Percent	(A) Number	(B) Percent
45-54	312,600	48.4%	294,470	46.6%
55-64	250,800	38.8%	243,570	38.5%
65-69	82,500	12.8%	94,250	15.1%
45-69, Total	645,900	100.0%	632,290	100.0%

Source: 1970 and 1990 Census of Population and Housing, Massachusetts, tabulations by Center for Labor Market Studies.

We have conducted a simple simulation exercise that is designed to estimate the number of 45-69 year old men who would have been active in the civilian labor force of the state in 1990 if men in each single age and educational attainment group in 1990 had maintained the same participation rate that they had in 1970. The formula used to estimate the hypothetical 1990 labor force in each of the above subgroups is displayed in the box below. Since there are 25 single age groups (45-69) and four educational groups for which such estimates are being made, we are estimating the 1990 hypothetical labor force for 100 different subgroups of older men. Summing the estimated labor force in each of these 100 subgroups yields the hypothetical 1990 civilian labor force for 45-69 year old males in Massachusetts.

Method for Estimating the Hypothetical 1990 Civilian
Labor Force for 45-69 Year Old Males in Massachusetts

$$\begin{array}{l} \text{Hypothetical Labor Force} \\ \text{in Age Group i in} \\ \text{Educational Attainment} \\ \text{Group j} \end{array} = \begin{array}{l} \text{1990 Population of} \\ \text{Men in Age Group} \\ \text{i and Educational} \\ \text{Attainment Group j} \end{array} * \begin{array}{l} \text{1970 Civilian Labor} \\ \text{Force Participation Rate of} \\ \text{Men in Age Group i and} \\ \text{Educational Attainment} \\ \text{Group j} \end{array}$$

The hypothetical 1990 older male civilian labor force was estimated to be 537,143, which exceeded the actual number of older men in the 1990 civilian labor force of the state by 59,000 or 12.4% (Table 11). The hypothetical number of male civilian labor force participants in each of the three age subgroups would have been greater than the actual number of such participants in 1990; however, the absolute and relative size of these differences varied fairly considerably by age subgroup. (See Table 11 and an accompanying bar chart). The largest absolute difference prevailed for 55-64 year old men. Had the 1970 participation rates of 55-64 year old men in each single age and educational attainment subgroup been maintained in 1990, there would have been nearly 30,000 more such men in the state's civilian labor force in 1990, a one-sixth higher labor force. The 59,000 higher hypothetical civilian labor force of older men in 1990 would have raised the size of the state's aggregate civilian labor force during that year by close to two percent.²⁴

²⁴ The U.S. Bureau of Labor Statistics has estimated that there were nearly 6.1 million persons (16+) in the civilian labor force of the state in 1990.

See: U.S. Bureau of Labor Statistics, Employment and Earnings, March 1997, pp. 155.

Table 11:
Comparisons of the Actual and Hypothetical Size of the 45-69 Year
Old Male Civilian Labor Force in Massachusetts, by Age Subgroup, 1990

	(A)	(B)	(C)	(D)
Age Group	1990 Actual	1990 Hypothetical	Absolute Change (B - A)	Relative Change (C/A)
• 45-69	478,061	537,143	+59,081	+12.4%
• 45-54	269,500	280,352	+10,852	+4.0%
• 55-64	179,731	209,278	+29,547	+16.4%
• 65-69	28,830	47,513	+18,683	+64.8%

The hypothetical number of older male civilian labor participants in each educational attainment subgroup also was higher than the actual number of participants during 1990. (See Table 12 and an accompanying bar chart). The absolute and relative size of these differences, however, varied inversely with their educational attainment. There would have been nearly 26% more high school dropouts and 15% more high school graduates in the 1990 labor force, but only 3% more college graduates. Still 60% of the additional number of older male labor force participants would have held a high school diploma and more than one-quarter of them would have completed some post-secondary schooling.

Table 12:
Comparisons of the Actual and Hypothetical Size of the 45-69 Year Old
Male Civilian Labor Force in Massachusetts, by Educational Attainment, 1990

	(A)	(B)	(C)	(D)
Educational Attainment (in Years)	1990 Actual	1990 Hypothetical	Absolute Change (B - A)	Relative Change (C/A)
45-69, All	478,061	537,143	+59,081	+12.4%
• Less than 11 Years	96,039	120,740	24,701	+25.7%
• 12 Years	129,691	149,316	19,625	+15.1%
• 13-15 Years	103,393	114,068	10,675	+10.3%
• 16 or More Years	153,324	158,292	4,968	+3.2%

The decline in the labor force attachment of older Massachusetts males over the 1970-90 period did not come to an end in 1990. Our analyses of CPS labor force data for Massachusetts for the period 1994-96 revealed that the participation rates of older males 45-64 continued to decline through the mid-1990s. The deep state economic recession of 1989-92 generated a substantial reduction in wage and salary jobs within the state, all of which had not been regained through renewed job growth from 1992 through 1996. The effects of industrial restructuring and worker displacement since 1990 have continued to take a toll on the number of older men (45-64) who have remained in the labor force, particularly those men lacking any post-secondary schooling. Both nationally and regionally, older men and women permanently displaced from their jobs have been least successful in regaining employment, and many have chosen to retire at younger ages.²⁵ The labor force withdrawals of these older workers have contributed to the failure of the state's civilian labor force to experience any net growth from 1990 through 1996. JTPA Title III dislocated worker training programs are designed to provide employment and training services to workers permanently displaced from their jobs, including older workers; however, the number of older dislocated workers served by JTPA Title III programs on a nationwide basis has been equal to only a small fraction of the eligible population.²⁶

The Income Inadequacy Problems of Older Non-Employed Men

The early withdrawals from any active labor market participation by growing numbers of older men in the U.S. and Massachusetts during recent years raises important

²⁵ For a review of the post-displacement labor market experiences of older workers in the U.S., See: Andrew M. Sum and Neal Fogg, "Labor Market Turbulence and the Older Worker" in Turbulence in the American Work Place, (Editor: Peter B. Doeringer), Oxford University Press, New York, 1991.

²⁶ During PY 1994, the number of persons ages 55 and older who terminated from JTPA Title III programs was 17,206, however, this group represented only 3% of the number of dislocated workers ages 55+ who were either unemployed or not active in the nation's civilian labor force in early 1994. See: Andrew Sum, The Future of Training Policies and Programs in the U.S., Center for Labor Market Studies, Boston, Massachusetts 1997.

questions about their economic well being. Lack of paid employment during the year does not have to lead to serious income inadequacy problems if these men have substantial property income (dividends, interest, rents), access to private or public pensions, other than Social Security retirement benefits, or have other family members (spouses, adult children) who earn a sufficient amount during the year to enable the family to secure an adequate annual income. Given the low levels of educational attainment of many older non-employed men and their relatively young ages which make most of them ineligible for early Social Security retirement benefits, one might expect that a high fraction of these non-employed men, especially those under 62 years old, would face severe income inadequacy problems.

To examine the family income position of non-employed older men in the U.S. in recent years, we analyzed the findings of the March 1995 and March 1996 CPS surveys which captured information on the family incomes of all respondents during the previous calendar year.²⁷ The combined money incomes of the families of all 45-69 year old men who reported that they neither worked nor looked for work during either 1994 or 1995 were examined to determine how many of them faced severe income inadequacy problems during those two years.²⁸ Those older men with combined family incomes below 125% of the poverty line were classified as experiencing a severe income inadequacy problem. Such limited incomes would classify these families as poor or near poor.²⁹

²⁷ A number of these non-employed older men were single individuals living by themselves. We have treated such men as a “family of one person” in identifying their poverty status. It should be noted that homeless older men living in housing shelters are not included in our totals since the CPS does not interview shelters.

²⁸ The CPS money income measures include public and private pensions and cash income assistance from federal, state, or local governments but exclude in-kind transfers such as food stamps and Medicaid.

²⁹ In the poverty literature, the term “near poor” is used to refer to those persons living in families with an income above the poverty line but less than 125% of the poverty line.

During 1994 and 1995, on average there were, estimated to be 8.23 million 45-69 year old men who neither worked nor actively looked for work.³⁰ Of this total, approximately one-fourth had family incomes below 125% of the federal government's poverty line. (Table 13). The fraction of these non-employed men who experienced a severe income inadequacy problem did, however, vary considerably by their age and educational attainment. Nearly 41% of non-employed men in the 45-54 age group had a family income below 125% of the poverty line versus 24% of those in the 55-64 age group and only 13% of those in the 65-69 age group. The younger members of the non-employed are ineligible for Social Security retirement benefits, and most of them also lack access to any other type of pension coverage.³¹

³⁰ The estimate of the number of such men is a simple two-year average based on the findings of the March 1995 and March 1996 CPS surveys.

³¹ Some of the non-employed under age 62 do report state or local pension income, veteran's pensions, or private pensions. Very few of those under 55 do so. Instead, the younger non-employed rely heavily on cash transfer incomes from various government programs, especially the Social Security Disability Income program and the Supplemental Security Income Disability program.

Table 13:
Percent of Males 45-69 Years Old Not Active in the Civilian Labor Force
Who Were Poor or Near Poor⁽¹⁾, by Age and Educational Attainment, U.S.,
1994 and 1995 Averages

	Percent Poor or Near Poor
Total	23.7%
Age Group	
• 45-54	40.7%
• 55-64	24.0%
• 65-69	13.4%
Educational Attainment	
• Less than High School	37.6%
• High School Graduate/GED	19.5%
• Some College; Associate's Degree	16.4%
• Bachelor's and Above	11.6%
45-54 Years Old	
• Less than High School	56.9%
• High School Graduate/GED	36.1%
• Some College; Associate's Degree	29.3%
• Bachelor's and Above	27.5%
55-64 Years Old	
• Less than High School	41.1%
• High School Graduate/GED	20.2%
• Some College; Associate's Degree	17.4%
• Bachelor's and Above	12.1%

Note: (1) Near poor are persons living in families with money incomes between 1.00 and 1.24* poverty line.

Source: March 1995 and March 1996 CPS surveys, tabulations by Center for Labor Market Studies.

The non-employed with limited formal schooling were the most likely to experience income inadequacy problems, particularly when they were under 65 years of age. Among all 45-69 year olds, 38% of the non-employed men lacking a high school diploma or a GED certificate were poor or near poor versus 20% of high school graduates, 16% of those with 1 to 3 years of college, and only 12% of men with a bachelor's or more advanced degree. Among the youngest subgroup, i.e., those 45-54

years of age, nearly 57% of non-employed male high school dropouts had a family income below 125% of the poverty line as did 36% of high school graduates and even 28% of bachelor degree holders. Clearly, a substantial fraction of non-employed older men in the 45-54 age group were encountering fairly severe income inadequacy problems in the U.S. in the mid-1990s. The high rates of poverty and near poverty problems among these men should receive the attention of national and state economic policymakers, particularly given the fact that many of these men who were poor or near poor were dependent on a variety of cash income transfers and in-kind benefits to support themselves and their families. Few of these men (or the older women who receive SSI disability benefits) receive any services from existing employment and training programs in the nation or the state to bolster their employability and earnings prospects.

The numbers of non-employed older men in Massachusetts who were interviewed as part of the March CPS surveys in the past two years are quite small and, thus, make it difficult for us to produce statistically reliable results. Instead, we have examined the findings of the 1990 Census for Massachusetts to identify the poverty/near poverty status of those 45-64 year old men who reported no paid employment during calendar year 1989. According to the findings of the 1990 Census for Massachusetts there were 69,423 men 45-64 years old who were not employed at any time during 1989. (Table 14). These non-employed men accounted for 13% of all 45-64 year old males in the state. Among these non-employed older males, just under 30 percent had family incomes that were below 125% of the federal government's poverty line for families of their respective size. This incidence of poverty/near poverty problems among older non-employed men was 15 times higher than that of employed 45-64 year old males in the state. Two-thirds of all 45-64 year old poor/near poor males in Massachusetts during 1989 were not employed at any time during the year. Declining male labor force participation, thus, was clearly a substantial contributor to the problems of poverty and income inadequacy among older

men in both the state and nation during recent years. Declining male labor force participation in the state since 1990 and the substantial increase in SSI disability cases suggest strongly that these problems of income inadequacy and dependency have worsened in our state during the 1990s.

Table 14:
Poverty/Near Poverty Status of 45-64 Year Old Men in
Massachusetts, by Employment Status During 1989

	(A)	(B)	(C)
Poverty/Near Poverty Status	All 45-64 Year Olds	Employed During 1989	Not Employed During 1989
All	533,259	463,836	69,423
Poor or Near Poor	30,206	9,495	20,711
Percent Poor or Near Poor	5.7	2.0	29.8

Source: 1990 Census of Population and Housing, Massachusetts, public use sample, tabulations by Center for Labor Market Studies.

Income Transfer Support of Non-Employed Older Males

The absence of any wage and salary incomes among non-employed older males combined with their frequently low family income levels suggests that many of these men are dependent on cash and in-kind transfers to support themselves and their families. To identify the receipt of cash income transfers by non-employed 45-64 year old males in the U.S., we analyzed the findings of the March 1996 CPS surveys.³² In Table 15, the estimated percent of non-employed 45-64 year old males in various age subgroups who reported the receipt of some cash public assistance income during calendar year 1995 is displayed. A number of these men actually received cash transfers from more than one

³² The March CPS work experience and income supplement collects data from respondents on their receipt of a variety of cash income and in-kind transfers. The public use tapes do not, however, distinguish social security retirement benefits from Social Security Disability Income (DI) payments. We have assumed that any male respondent reporting Social Security Income prior to age 62 is reporting disability income support from the Social Security DI system.

program; thus, a simple summation of the column percentages would exceed the estimated share of men with any cash transfer income support.

Table 15:
Percent of 45-64 Year Old Men Not Active in the Civilian Labor Force⁽¹⁾ Who
Received Various Forms of Cash Public Assistance Income in 1995, U.S.

Source of Income	Age Group			
	(A)	(B)	(C)	(D)
	45-49	50-54	55-59	60-64
Social Security Disability	34.8	41.5	40.3	65.6 ⁽²⁾
SSI Disability	18.3	19.1	13.2	6.8
Other Disability	9.1	10.1	10.8	5.4
Worker's Compensation	6.4	2.8	2.8	2.7
Unemployment Compensation	1.6	2.9	.5	.4
AFDC or General Relief	3.3	4.5	2.0	.7
Veteran's Benefits	11.9	6.5	2.8	8.1
Any of Above	65.8	66.8	56.2	75.6

- Notes: (1) The analysis is confined to those men who neither worked nor actively looked for work during 1995.
- (2) The percentage figure for 60-64 year old men in this cell includes men 62 and older who applied for early retirement benefits.

Overall, the findings reveal that a substantial fraction of the non-employed men in each age subgroup received some cash transfer income during 1995. Two-thirds of the men in the 45-49 and 50-54 age groups reported receiving one or more types of cash public assistance income. The most frequently cited sources of these cash transfers were Social Security disability income, SSI disability income, and "other" disability income. Workers' compensation, unemployment compensation, and AFDC or general relief payments were typically received by 10% or less of the non-employed in most age subgroups.

Slightly over 56% of the non-employed men in the 55-59 age group reported the receipt of some form of cash public assistance income. In this age group, a higher fraction of the jobless men report some type of retirement income other than Social

Security retirement benefits. Among non-employed 60-64 year old men, over three-fourths reported some form of cash public assistance income or Social Security retirement benefits. In all of the four age subgroups, non-employed males were heavily dependent on public cash transfers or early Social Security retirement benefits to support themselves and their families. These cash transfers were often supplemented by other in-kind transfers, including food stamps, Medicaid, housing subsidies, and energy assistance payments. The economic costs of early withdrawals from the labor force are, thus, not confined to these men themselves and their families, but are also borne by the taxpaying public at the national, state, and local level.

The likelihood of non-employed older men receiving some form of cash public assistance income typically tends to vary by their level of educational attainment. Less educated men without jobs are somewhat more likely to be dependent on cash transfers to support themselves and their families; however, a majority of jobless men under the age of 60 in all educational subgroups were receiving some form of cash public assistance income (Table 16). Among non-employed 45-49 year old men, the probability of being a cash transfer income recipient ranged from 57% among four year college graduates to a high of 68% among those lacking a high school diploma or a GED certificate. Among 50-54 year old jobless men, rates of receipt of cash transfers were two-thirds or higher for men in each educational attainment subgroup. As the ages of these jobless men increased to their mid to late 50's, a higher fraction of the men reported receiving some type of pension income; however, 70% of the jobless male dropouts and one-half of the high school graduates were dependent on some form of cash transfer income, particularly DI and SSI disability payments.

Table 16:
Percent of 45-49, 50-54, and 55-59 Year Old Men Not Active in the
Labor Force⁽¹⁾ Who Received Some Form of Cash Public Assistance
Income in 1995, by Educational Attainment: U.S.

	(A)	(B)	(C)
Educational Attainment	45-49	50-54	55-59
12 or Fewer Years, No High School Diploma	68.4	72.7	70.0
High School Diploma	65.1	64.8	52.8
16 or More Years	57.2	68.5	40.6

Notes: (1) The analysis is confined to those men ages 45-59 who neither worked nor actively looked for work during 1990.

Source: March 1995, Current Population Survey, tabulations by Center for Labor Market Studies.

Growth in the SSI Disability Programs in the U.S. and Massachusetts

The number of non-employed older men in the U.S. depending on some form of disability income to support themselves was quite high in both 1994 and 1995, and the number of older men relying on cash income transfers has been increasing over the past decade. The fastest growing cash income assistance program in both the U.S. and Massachusetts during the past decade has been the Supplemental Security Income Disability program, hereafter referred to as the SSI Disability Program. This program provides monthly cash income assistance from the federal government and from supplements by states to persons found to be disabled for physical or mental reasons. Between 1985 and 1996, the number of recipients of federally administered SSI disability payments in the U.S. doubled from 2.5 million to 5.1 million. (Table 17). Growth in the number of SSI disability recipients has been extraordinarily high in the 1990s, with the total number of recipients rising by 67% between 1989 and 1996. The surge in the number of SSI disability recipients in the nation over the 1990s was influenced by a more than tripling in the number of children receiving such payments.³³ However, the number

³³ See: Social Security Administration, Office of Research, Evaluation, and Statistics, SSI Annual Statistical Report, 1996, Washington, D.C., May 1997. The rapid growth in the number of child SSI recipients was

of adult recipients of SSI disability payments also grew by 46% over the 1989-96 period, exceeding the annual growth rate over the 1985-89 period.³⁴

Table 17:
Trends in the Number of Recipients of Federally Administered
SSI Disability Payments in the U.S. and Massachusetts, 1985 to 1996

	(A)	(B)
Time Period ⁽¹⁾	U.S.	Massachusetts
1985	2,551,332	53,595
1989	3,077,251	62,498
1996	5,118,941	115,231 ⁽²⁾
Percent Change		
1985-96	100.6%	115.0%
1989-96	66.7%	84.4%

Note: (1) The data on the number of SSI disability recipients are for December of each year, except for the 1996 figure for Massachusetts which pertains to November of that year.

Sources: (i) Social Security Administration, Washington, D.C., various years
(ii) Massachusetts Department of Transitional Assistance, "Facts and Figures Report, November 1996".

In Massachusetts, the number of SSI disability recipients grew by 115% between 1985 and 1996; however, the bulk of this growth took place in the 1990s. Between 1989 and 1996, the SSI disability caseloads in Massachusetts expanded by 84%. By 1996, nearly 2 of every 100 Massachusetts residents received SSI disability payments versus fewer than 1 of 100 in the mid-1980s. While the number of children on SSI disability also increased at an above average pace in our state during the 1990s, the largest share of SSI disability recipients (70%) in our state is accounted for by non-elderly adults (18-64 years old).³⁵

influenced by a 1990s Supreme Court decision which liberalized the provisions governing children's eligibility for such benefits.

³⁴ Between 1985 and 1989, the number of blind and disabled adults receiving SSI benefits increased at an annual rate of 4.8%; however, during the 1989-96 period, the number of adults SSI recipients increased at an annual growth rate of 5.6%.

³⁵ The rapid growth in the state's SSI disability caseloads was also partly influenced by state government efforts to move adult recipients of general assistance (the Emergency Assistance for the Elderly, Disabled, and Children Program) onto the SSI disability caseloads to reduce the fiscal burden on the state.

Workforce Development Implications of Our Findings

While the state's AFDC caseloads have been reduced considerably in recent years due to a strong economy and state welfare reform initiatives, the state's SSI disability caseloads continued to grow through 1996 although the rate of growth in the number of such recipients has slowed. While a number of concerted efforts have been made to provide an array of education, employment, job placement, and training services to AFDC recipients, very little has been done to improve the employment and earnings prospects of the state's DI and SSI disability recipients, especially older men and women (45-64) years old.

The main federally-funded employment and training programs for economically disadvantaged adults and dislocated workers are those financed under Title II A and III of the Job Training Partnership Act (JTPA). (Table 18). Data on the characteristics and income backgrounds of terminees from these two programs in Massachusetts during PY 94 reveal that very few of the terminees had been SSI recipients at their time of entry into the program. For example, only 183 SSI recipients had terminated from a JTPA Title II A training program in Massachusetts during PY 1994, accounting for only 3% of all Title II A terminees during that year.³⁶ In contrast, the number of Title II A JTPA terminees in Massachusetts who were AFDC recipients at time of entry was 2,366 or 13 times as large as the number of SSI recipients. Only 20 of the more than 11,800 terminees from JTPA Title III dislocated worker training programs were SSI recipients, representing only .2% of all terminees. Similarly low rates of JTPA program participation by SSI recipients prevailed nationally during this time period.

See: Jennifer Babson, "Welfare and Disability: As the State Cuts Spending, Washington Picks up the Tab," Commonwealth Magazine, Summer 1996, pp. 22-27.

³⁶ The PY 94 SPIR data set actually contains information on all terminees from JTPA programs over a 15 month period, ranging from April 1, 1994 to June 30, 1995.

Table 18:
Numbers of SSI Recipients Terminating From or Participating in
Selected Federally Funded Employment and Training Programs in the
U.S. and Massachusetts, PY 94 or PY 96

Program	U.S.			Massachusetts		
	(A) Total Number of Participants	(B) SSI Participants	(C) SSI as % of Total	(A) Total Number of Participants	(B) SSI Participants	(C) SSI as % of Total
JTPA Title II A Programs for Disadvantaged Adults`	231,932	7,379	3.2%	6,201	183	3.0%
JTPA Title III Programs for Dislocated Workers	231,424	894	.4%	11,803	20	.2%
Social Security Administration's PASS Program (1996)	4,704	4,704	100.0%	200	200	100.0%
Total, Above Three Programs		12,977			403	

Source: (i) PY 94 SPIR data set, U.S. Department of Labor, tabulations by Center for Labor Market Studies;
(ii) Social Security Administration, SSI Annual Statistical Report, 1996.

A third employment-oriented program aimed at recipients of DI and SSI disability payments is the Plan for Achieving Self-Support program (PASS) administered by the Social Security Administration.³⁷ This program is designed to assist non-employed DI and SSI disability recipients to obtain the necessary education and skills to return to employment. The program includes the development of an individualized work plan for achieving employment. Participants are allowed to use their earnings and other financial resources to purchase the necessary tools, training, and education needed to achieve their employment goals. The earnings and incomes used to make these purchases is disregarded by the SSA in determining the amount of their monthly SSI payment; thus,

³⁷ For a more detailed review of the purposes, design, administration and outcomes of the PASS program, See: United States General Accounting Office, PASS Program: SSA Work Incentive for Disabled Beneficiaries Poorly Managed, Washington, D.C., February 1996.

their monthly grants will be larger than they normally would be.³⁸ In December 1996, there were 200 SSI disability recipients in Massachusetts participating in the PASS program, accounting for a little more than 4% of all national PASS program participants during that month. (Table 18).

If we combine the number of SSI recipients participating in JTPA Title II A, JTPA Title III, and PASS programs in Massachusetts during recent years, we only obtain a total of 403 participants, representing only one-third of one percent of the state SSI disability caseload at the end of 1996. (Table 19). A similar low ratio prevailed nationally during the same time period. There are other education, employment, and training programs serving SSI and DI recipients in the state, including community colleges, one stop career centers, and vocational rehabilitation, but there is no common MIS data base that would allow us to identify the specific number of SSI recipients enrolled in such programs. The combined magnitude of these program enrollments and their eventual employment outcomes must, however, be quite small. The Social Security Administration and the GAO have estimated that nationally only 1 of every several hundred DI or SSI recipients leave the disability roles to return to work.³⁹

Table 19:
SSI Participants in Above Three Employment and Training
Programs as % of 1996 SSI Disability Caseloads

U.S.	.25%
Massachusetts	.35%

The continued decline in the labor force attachment of older men in our state, particularly those lacking any post-secondary schooling, should be a major concern of

³⁸ Under existing payment formulas for SSI disability, the first \$65 of earned income in a month and one-half of all earnings over that amount is disregarded by SSA in determining the size of the monthly SSI payment. Approximately 5% of all SSI disability recipients in the U.S. were working in December 1996, and another 52,000 earners were classified as a “special SSI recipient” to make them eligible for Medicaid payments.

³⁹ See: United States GAO, PASS Program..., pg. 11. The SSA’s estimate of the annual return to work rate among DI recipients is only 1 in 500.

state and local employment and training policymakers. These early withdrawals from active labor market participation reduce the size of the state's civilian labor force, lead to substantial earnings and income declines for these older men and their families, increase the number of poor and near poor persons in our state, raise expenditures on cash and in-kind transfers, and generate growing financial burdens on the taxpaying public. A variety of economic, technological, social and cultural factors have been at work in producing these declining participation rates among older men and their growing dependence on cash transfer programs to support themselves and their families. A number of the older men and women on the DI and SSI caseloads are, capable of being prepared for re-employment in today's labor market; however, few systematic and sustained efforts have been made at the national, state, or local level to do so. The bulk of the attention and resources of many employment and training policymakers and programs has been devoted to serving the needs of AFDC recipients. No substantive initiative has been targeted upon either DI or SSI disability recipients despite the substantial growth in the number of disability recipients over the past decade in our state and across the nation. The members of the Blue Ribbon Commission might well wish to address this issue in their future deliberations and recommendations to the Massachusetts Jobs Council.