

**The Labor Force Behavior of the Massachusetts  
Older Worker Population in the Current Labor Market  
Boom: Implications for Future Workforce  
Development Policy**

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Massachusetts Jobs Council  
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## ***Introduction***

In a preceding series of research reports for the Blue Ribbon Commission on Older Workers, the authors analyzed the labor force behavior of the state's older worker population (45-69 years old).<sup>1</sup> These previous analyses focused on recent trends in both the size of the older worker labor force and the labor force participation rates of key older worker population subgroups, and they provided alternative projections of growth in the numbers of older labor force participants between 1995 and the years 2005 and 2010. Given longer term declines in the labor force attachment of older males, especially among those men with no post-secondary schooling, a separate report was prepared on the magnitude, nature, and causes of these declines in older men's labor force participation rates and their implications for poverty/near poverty problems among older men, the public assistance system, and the state's work force development system.<sup>2</sup>

During the past few months, the authors have obtained more current and detailed data on the labor force behavior of the state's older worker population that allows us to track their labor force participation behavior more systematically during 1996 and 1997 and to identify trends in their participation rates since 1990. This brief research report is designed to provide answers to the following seven research questions. First, how strongly did the state's entire civilian labor force grow during the past few years as job growth accelerated and aggregate unemployment declined? Second, what were the key sources of the recent growth in the labor force; i.e., was growth due to a rising working-age population or to an increase in the incidence of labor force attachment?

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<sup>1</sup> See: (i) Andrew Sum, Paul Suozzo, and David Terkla, [The Older Worker Population of Massachusetts and Its Labor Force Behavior and Labor Market Problems in the 1990s](#), Report Prepared for the Massachusetts Jobs Council, Blue Ribbon Commission on Older Workers, Boston, March 1998, (ii) Andrew Sum with Sheila Palma, Stephen Rubb, Wilfred Suozzo, and Frank Tortora, [The Labor Force Behavior of Massachusetts' Older Worker Population: An Assessment of Recent Trends and Future Projections](#), Report Prepared for the Massachusetts Jobs Council, Blue Ribbon Commission on Older Workers, Boston, October 1997.

<sup>2</sup> See: Andrew Sum, Neal Fogg, Steve Rubb with Sheila Palma, [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](#), Report Prepared for the Massachusetts Jobs Council, Blue Ribbon Commission on Older Workers, Boston, December 1997.

Third, how did the participation behavior of older workers change over the 1996-97 period as labor market conditions in the state continued to improve? Fourth, how did the labor force participation behavior of older men and women in 1997 compare with their behavior at the time of the 1990 Census? Fifth, how strong is the current relationship between the educational attainment of older person and their labor force attachment? How have various educational groups altered their participation behavior over time? Sixth, do older workers not currently active in the labor force express a desire for current employment? If so, how large is the potential pool of additional older labor force participants? Finally, what are the potential implications of these findings for work force development policy in the state? Let us begin with an overview of recent aggregate labor force developments in the state.

***The Growth of the Massachusetts  
Civilian Labor Force, 1996 and 1997***

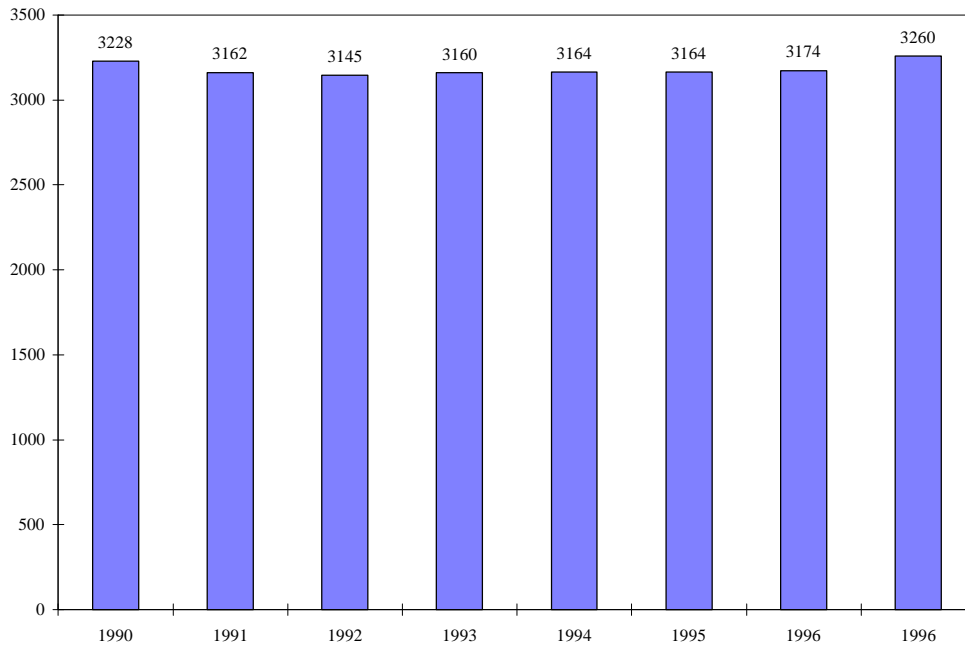
Shortly following the onset of the steep state economic recession in 1989, the state's resident labor force first stopped growing then declined considerably between 1990 and 1992. Over this two year period, the civilian labor force (the sum of the employed and the unemployed) declined by 83,000 or 2.6%.<sup>3</sup> (Chart One). As renewed job growth took hold from 1992 onward, the state's civilian labor force only modestly increased, rising from 3.145 million in 1992 to 3.174 million in 1996, a gain of only 29,000 or less than one percent over this four year period. During 1997, however, strong growth in the state's labor force is estimated to have taken place, with a net increase of 86,000 additional labor force participants, raising the aggregate size of the state's resident labor force to 3.260 million in 1997, surpassing the 1990 labor force for the first time. Over the entire 1990-97 period, however, the Massachusetts' resident labor force grew by

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<sup>3</sup> The estimates of the size of the Massachusetts resident labor force since 1990 are based upon the U.S. Bureau of Labor Statistics' re-benchmarking of earlier estimates to the 1990 Census population estimates. See: U.S. Bureau of Labor Statistics, Employment and Earnings, March 1997 and March 1998.

only 32,000 or 1 percent. The state's labor force growth rate during this time period was one of the lowest in the nation, ranking 47<sup>th</sup> among the 50 states.

Massachusetts Labor Force (16+), 1990-1997 (in Thousands)



What forces underlie the strong growth in the state's resident labor force during the past calendar year? Growth in the size of a state's civilian labor force can stem from an increase in the number of persons in the working-age population (16 and older) or a rise in the fraction of the working-age population that is active in the labor force; i.e., an increase in the civilian labor force participation rate. Findings in Table One reveal that the aggregate labor force participation rate of Massachusetts working-age residents had declined moderately during the 1990s. In 1996, the annual average participation rate was only 67.5%, a full percentage point below its 1990 value and 1.4 percentage points below its historical peak of 68.9% in 1989.<sup>4</sup> During 1997, however, the labor force participation rate jumped considerably, rising to 69.0%, restoring the state to its previous peak value.

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<sup>4</sup> The 1989 civilian labor force participation rate was estimated at 68.9 percent.

See: U.S. Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment, 1989, U.S. Government Printing Office, Washington, D.C., 1990.

Gains in labor force participation rates were quite strong among both men (+1.6 percentage points) and women (+1.5 percentage points). Over 80 percent of the increase in the state's civilian labor force between 1996 and 1997 was attributable to the rise in the labor force participation rate. Moderate growth in the state's working-age population (.5%) accounted for the remainder of the growth in the resident labor force in 1997.

Table 1:  
Trends in the Civilian Labor Force Participation Rates of Working Age  
Residents of Massachusetts by Gender, Selected Years 1990 to 1997  
 (Annual Averages, in Percent)

	(A)	(B)	(C)
Year	All	Men	Women
1990	68.5	77.4	60.7
1992	67.5	76.2	60.0
1994	67.9	75.7	60.7
1995	67.6	75.0	60.8
1996	67.5	74.0	61.5
1997	69.0	75.6	63.0

(i) U.S. Bureau of Labor Statistics, Geographic Profiles of Employment and Unemployment, 1990-1996.

A comparison of the 1997 annual average labor force participation rates of men and women in Massachusetts with their 1990 values reveals that the rate of participation among men in 1997 still remained nearly two percentage points below its 1990 value while women's participation rate of 63.0% represented a new historical high, a gain of 2.3 percentage points over its 1990 value.<sup>5</sup> As revealed in our earlier paper on the labor force behavior of older men, declining participation rates among older men had been taking place since the early 1970s.

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<sup>5</sup> The male participation rate was as high as 81% in the early 1970s. Thus, the 1997 value of the male participation rate was nearly six percentage points below its value 24 years earlier.

***The Labor Force Participation Behavior of the Older Worker Population, 1990-97***

As labor markets strengthened during the past few years and the state unemployment rate declined below 4%, the labor force attachment of the older worker population (45-69) increased. Between 1995 and 1997, there was a moderate gain of slightly less than one percentage point for 45-54 year olds and two percentage points for 55-64 and 65+ year olds (Table 2). A closer look at the changing labor force behavior of the older worker population by gender reveals that the bulk of the gains in labor force attachment over the past two years occurred among older women rather than among older men. The only age group of older men to boost their participation rate was those in the 55-64 age group. The other two age subgroups experienced moderate declines.<sup>6</sup> In contrast, older women in each of the age subgroups strengthened their labor force attachment between 1995 and 1997.

Comparing the findings of 1997 with those for 1990 reveals that older men in each age subgroup in 1997 participated in the labor force at a lower rate than in 1990, with the absolute size of these reductions ranging from 3 to 5.5 percentage points (Table 2, Col. E). Older women in the 45-54 and 55-64 age subgroups experienced modest gains in their participation rates while elderly women (65+) basically maintained their position, with only 1 of 10 either working or actively looking for work. As a consequence of these divergent trends in the labor force participation rates of older men and women thus far over the decade of the 1990s, the gaps between the labor force participation rates of older men and women in Massachusetts have continued to narrow.

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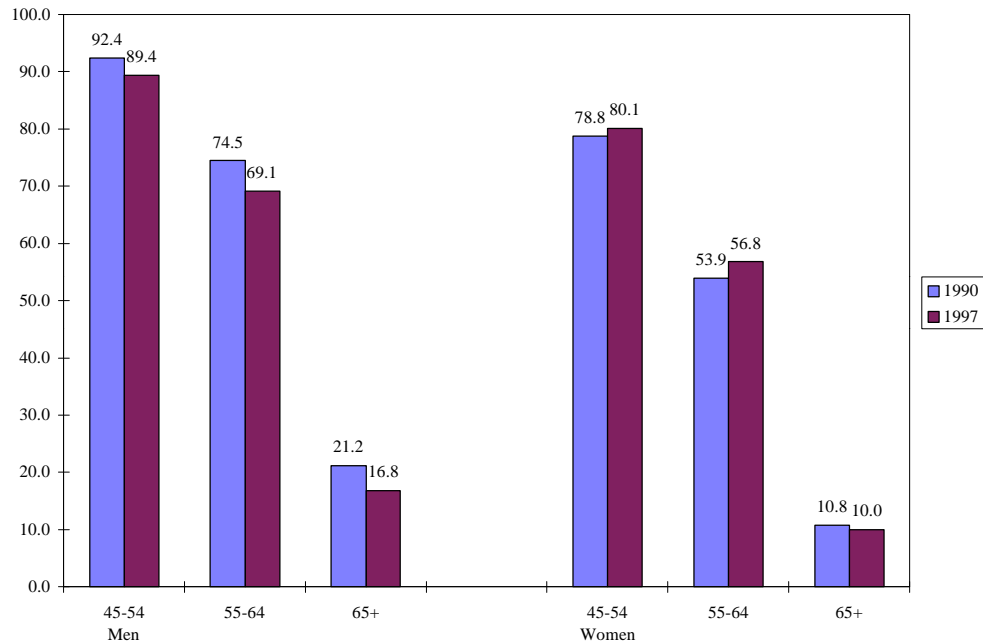
<sup>6</sup> Neither of these two declines was large enough relative to its standard error to be classified as statistically significant.

Table 2:  
Trends in the Civilian Labor Force Participation Rates of Persons 45 and  
Older in Massachusetts, 1990 & 1997, by Gender and Age Subgroup  
 (Numbers in Percent)

Group	(A) 1990	(B) 1997	(C) Absolute Change 1990-1997
<b>Men and Women</b>			
45-54	85.4	84.7	-0.7
55-64	63.6	62.6	-1.0
65+	14.9	13.0	-1.9
<b>Men</b>			
45-54	92.4	89.4	-3.0
55-64	74.5	69.1	-5.4
65+	21.2	16.8	-4.4
<b>Women</b>			
45-54	78.8	80.1	1.3
55-64	53.9	56.8	2.9
65+	10.8	10.0	-0.8

Sources: (i) 1990 Census of Population and Housing, Massachusetts, tabulations by the Center for Labor Market Studies.  
 (ii) 1997 CPS surveys, unpublished tabulations from U.S. Bureau of Labor Statistics.

Trends in the Civilian Labor Force Participation Rates of Persons 45 and Older in Massachusetts, 1990 & 1997, by Gender and Age Subgroup



How have changes in the labor force behavior of older men and women in Massachusetts in the 1990s compared to those of their counterparts in the U.S.? At the time of the 1990 Census, both older men and women in Massachusetts in each major age subgroup participated in the labor force at a higher rate than each of their respective national peers. (Table 3).<sup>7</sup> Among men in the 55-64 and 65-69 age groups, Massachusetts males had 6 to 7 percentage point higher participation rates than their national peers while Massachusetts women in the 45-54 and 55-64 age groups enjoyed participation rate advantages that were 8 to 9 percentage points higher.

<sup>7</sup> The 1990 civilian labor force participation rates for both the state and the nation include inmates of institutions in the denominator of the formula. The 1997 CPS labor force participation rates exclude all inmates of institutions, such as jails, prisons, and nursing homes.

Table 3:  
Trends in the Civilian Labor Force Participation Rates of Persons 45 and Older in  
Massachusetts and the U.S., 1990, by Gender and Age Subgroups

	(A)	(B)	(A) - (B)
	Mass.	U.S.	Mass.-U.S.
<b>Men</b>			
45-54	91.5	90.1	+1.4
55-64	72.2	66.6	+5.6
65-69	34.4	27.8	+6.6
<b>Women</b>			
45-54	79.4	71.4	+8.0
55-64	54.9	45.7	+9.2
65-69	20.0	17.1	+2.9

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

By 1997, however, the gaps between the labor force participation rates of older Massachusetts men and women and their national counterparts narrowed, often quite considerably (Table 4). By 1997, men 45-54 and 65 and older in Massachusetts and the U.S. had statistically identical participation rates. Among men 55-64, the participation rate of Massachusetts males in 1997 was only 1.5 percentage points higher than that of their U.S. counterparts. This difference was considerably below that prevailing in 1990. Among older women in the 45-54 and 55-64 age groups, Massachusetts women in 1997 continued to participate in the labor market at a higher rate than their national peers, however, the gap in participation rates between these two groups had narrowed from 8 to 9 percentage points in 1990 to 4 to 6 percentage points in 1997.

Table 4:  
Trends in the Civilian Labor Force Participation Rates of Persons 45 and Older in  
 Massachusetts and the U.S., 1990, by Gender and Age Subgroups  
 (Numbers in Percent)

	(A)	(B)	(A) - (B)
	Mass.	U.S.	Mass.-U.S.
<b>Men &amp; Women</b>			
45-54	84.7	82.6	+2.1
55-64	62.6	58.9	+3.7
65-69	13.0	12.2	+0.8
<b>Men</b>			
45-54	89.4	89.5	-0.1
55-64	69.1	67.6	+1.5
65+	16.8	17.1	-0.3
<b>Women</b>			
45-54	80.1	76.0	+4.1
55-64	56.8	50.9	+5.9
65+	10.0	8.6	+1.4

Source: 1997 CPS Household Surveys unpublished tabulations from the U.S. Bureau of Labor Statistics.

***Changes in Labor Force Participation Rates  
 Among the State's Older Workers Population,  
 by Educational Attainment***

During the 1990s, a number of important structural changes in the composition of employment by industry and occupation took place. Continued declines in employment within the state's manufacturing industries combined with strong job growth in the business services, professional services, and mutual fund industries raised the demand for workers in many professional, management-related and high level sales occupations while workers in semi-skilled blue collar, skilled production jobs, administrative support, and lower level sales jobs were faced with reduced demand for their labor services. Since less educated workers were far more likely to fill jobs in the latter set of occupations, it should come as no surprise to discover that they were more likely to incur unemployment

problems and withdraw from the labor force after a lengthy period of unsuccessful job search.

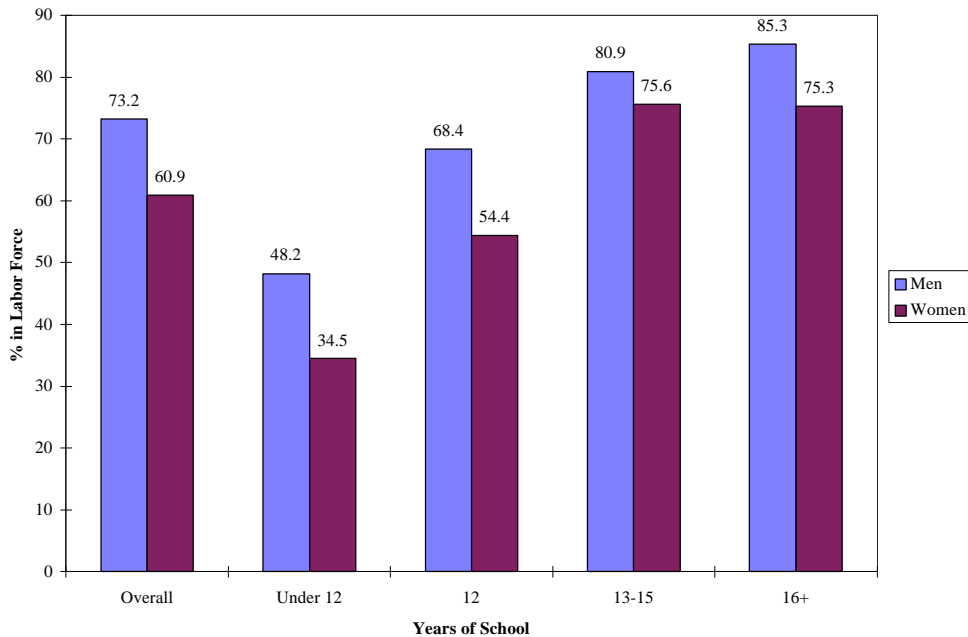
To determine how the labor force behavior of older men and women in various educational attainment groups changed over the decade, we compared the findings of the 1990 Census with the results of the monthly CPS surveys in Massachusetts in 1996. (Table 5). Among 45-69 year old men, labor force participation rates in 1996 ranged from a low of 48% for those lacking a high school diploma to a high of 85% for those holding a bachelor's or higher degree. Between 1990 and 1996, the participation rate of older male school dropouts declined by nearly 13 percentage points, and the participation rate of all male high school graduates fell by nearly six percentage points. Four year college graduates basically maintained their 1990 participation rate at 85 percent. Clearly, during the 1990s, the gaps between the participation rates of the best educated and least educated older males in Massachusetts widened considerably.

Table 5:  
1990 and 1996 Civilian Labor Force Participation Rates of  
Massachusetts Men and Women Ages 45-69, by Educational Attainment

	(A)	(B)	(B-A)
Gender/Educational Attainment	1990	1996	Absolute Change
<b>Men, 45-69</b>			
All	74.4%	73.2%	-1.2
Less than 12 Years	61.0%	48.2%	-12.8
12 Years	74.1%	68.4%	-5.7
13-15 Years	79.6%	80.9%	1.3
16 or More Years	85.5%	85.3%	-0.2
<b>Women, 45-69</b>			
All	58.7%	60.9%	2.2
Less than 12 Years	43.6%	34.5%	-9.1
12 Years	56.4%	54.4%	-2.0
13-15 Years	69.5%	75.6%	6.1
16 or More Years	74.5%	75.3%	0.8

Sources: (i) 1990 Census of Population and Housing, Massachusetts, tabulations by Center for Labor Market Studies,  
(ii) 1996 CPS Surveys, public use tapes tabulations by CLMS.

1996 Civilian Labor Force Participation Rates of Massachusetts Men and  
Women Ages 45-69, by Educational Attainment



Similar patterns prevailed among older women in the state over the same time period. The overall labor force participation rate of 45-69 year old women increased by 2.3 percentage points between 1990 and 1996; however, the direction and magnitude of the change in these participation rates of older women varied markedly by educational attainment.<sup>8</sup> Among women with no post-secondary schooling, attachment to the labor force declined, falling by 9 percentage points among older women lacking a high school diploma and by 2 percentage points among women with only a high school degree. In contrast, older women who completed one to three years of post-secondary schooling boosted their participation rate by six percentage points while four year college graduates moderately increased their rate of participation. At the time of the 1990 Census, the gap in participation rates between women with a four year degree and school dropouts was 31 percentage points, but by 1996 the gap had widened to 41 percentage points. Rising wage gaps between the best educated and least educated men and women underlie part of these rising participation rate differentials. The decision to participate in the labor force by older men and women is strongly sensitive to their expected market wages.

***Estimating a Potential Labor Force Reserve Among Older Men and Women***

The estimated declines in the labor force attachment of all major age subgroups of older males in Massachusetts and selected educational subgroups of older women have depressed the size of the older worker labor force in the late 1990s. This reduction in labor force participation among the older worker population has contributed to the very slow growth of the Massachusetts labor force in the 1990s and to rising labor shortages as job growth has continued at high levels in the past few years. To identify the size of the impacts of lower participation rates among selected subgroups of older persons on the

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<sup>8</sup> The net increase in the overall participation rate of older women over this time period was largely attributable to an improvement in the educational backgrounds of the newer women entering the 45-69 age cohort, i.e., fewer school dropouts and more college educated women.

growth of the resident labor force, we have carried out a straightforward simulation. If older men in each of our three age subgroups had maintained their 1990 rates of labor force participation during calendar year 1997, there would have been nearly 29,000 more older men (45-69) in the Massachusetts labor force during the past year (Table 6, Column C). If older women with no post-secondary schooling had continued to participate in the labor force during 1996 at the same rate that they had in 1990, there would have been nearly another 17,000 older women in the state's resident labor force during 1996.<sup>9</sup> Combining these two pools of potential labor force participants yields a total of 45,300 additional members of the labor force. This pool of potential participants is equivalent to 1.4% of the state's entire civilian labor force during 1997, and it was 13,000 larger than the entire net increase in the state's civilian labor force between 1990 and 1997. Strengthening the labor force attachment of the older worker population can, thus, contribute in an important way to the future growth of the state's resident labor force. Given the high rates of income inadequacy and public assistance dependency of older non-participants, efforts to attract them back into the labor force and improve their employability also could contribute to the attainment of anti-poverty goals, reduced income inequality, and reduced income transfer costs.

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<sup>9</sup> The analysis of the labor force behavior of older women by educational attainment had to be confined to 1996 since the 1997 data were not provided to the authors in a microdata file, but rather as grouped data.

Table 6:  
Additional Number of Older Civilian Labor Force Participants in Massachusetts if  
the 1997 Civilian Labor Force Participation Rates of Men in Selected Age Groups and  
Women in Selected Educational Subgroups Had Been Maintained at Their 1990 Levels

Gender Group	(A) Population Base <sup>(1)</sup>	(B) Increase in Participation Rate	(C) Additional Number of Participants
<b>Men</b>			
• 45-54	378,310	+3.0	11,349
• 55-64	231,014	+5.4	12,475
• 65-69	111,730	+4.4	4,916
<b>Women (45-69)</b>			
• Less than 12 Years	116,298	+9.1	10,583
• 12 Years	300,653	+2.0	6,013
Total			45,336

Note: Population estimates are based on 1996 CPS surveys.

Sources: 1996 and 1997 CPS household surveys, 1996 public use tapes, tabulations by Center for Labor Market Studies.

While a potential pool of future labor force participants seems to be present in the older worker population, one might ask whether there is any empirical evidence to support the notion that any substantive fraction of older persons not active in the labor force actually want to work. The monthly Current Population Survey includes a set of questions on the job desires of non-participants, their reasons for not seeking work, and their availability for employment.<sup>10</sup> The monthly CPS public use tapes for 1996 were used to identify the job desires of Massachusetts non-participants by age group (Table 7).

<sup>10</sup> Beginning in 1994, the questions on job desires of non-participants were asked of the entire sample. Prior to January 1994, only one-fourth of the monthly sample of non-participants were questioned about their job desires. See: Sharon Cohany, Anne E. Polivka, and Jennifer M. Rothgeb, "Revisions in the Current Population Survey Effective January 1994," Employment and Earnings, February 1994, pp. 13-20.

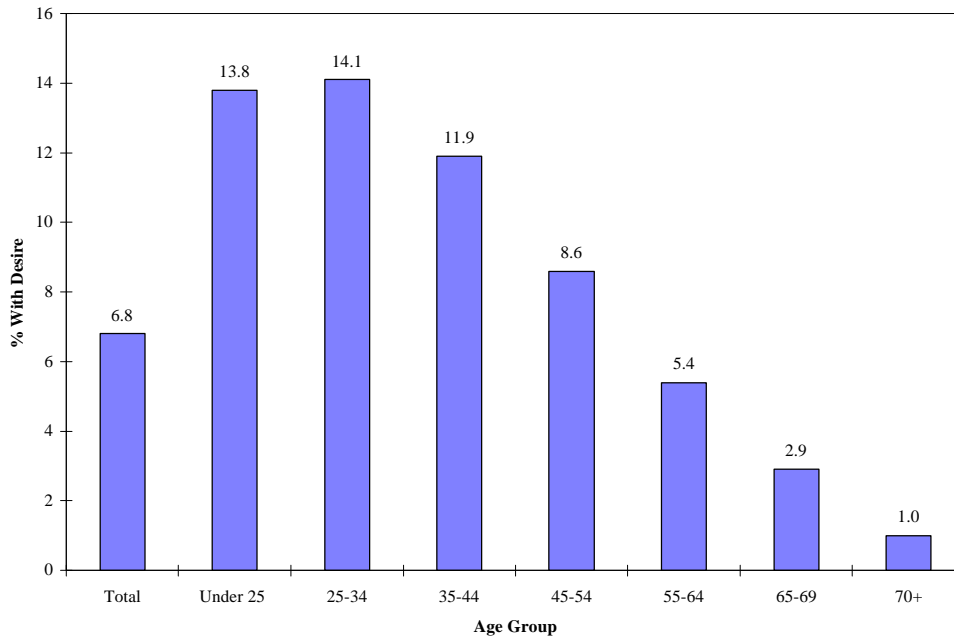
Table 7:  
Estimated Number and Percent of Persons (16+) Not Active in the Civilian Labor Force  
Who Reported A Desire for Immediate Employment, Massachusetts: 1996  
 (Numbers in Thousands)

Age Group	(A) Number Not in Labor Force	(B) Number Wanting a Job	(C) Percent Wanting a Job
Total (16+)	1593.0	109.0	6.8
Under 25	288.8	39.8	13.8
25-34	143.6	20.2	14.1
35-44	146.8	17.5	11.9
45-54	127.8	10.9	8.6
55-64	194.6	10.5	5.4
65-69	170.2	5.0	2.9
70+	521.2	5.1	1.0
45 and Older	1,013.8	31.5	3.1
45-69	492.6	26.4	5.4

Source: 1996 monthly CPS tapes, tabulations by Center for Labor Market Studies.

On average, during 1996, there were 109,000 persons (16+) not active in the labor force who expressed a desire for an immediate job. This labor force reserve represented nearly 7% of all non-participants in the state. The share of non-participants expressing a desire for an immediate job varied considerably by age group, being highest for the younger age groups and lowest for the older age groups. For example, 14% of those under 35 years of age reported a desire for immediate employment versus only 9% of those 45-54, 3% of those 65-69, and only 1% of those 70 years of age or older. While older non-participants are less likely than their younger counterparts to report an interest in immediate employment, there were still, on average, 32,000 non-participants 45 and older who expressed a desire for a job in Massachusetts during 1996. This is a fairly substantial pool of potential labor force participants, accounting for nearly 30% of the entire estimated labor force overhang in the state.

Estimated Percent of Persons (16+) Not Active in the Civilian Labor Force Who Reported A Desire for Immediate Employment, Massachusetts, 1996



***Implications for Workforce Development Policies***

The existence of a fairly substantial pool of individuals with an interest in a job even though they are not actively looking for work has a number of implications for the state and local workforce development system. First, can existing employment and training agencies, including the public labor exchange, the emerging system of one stop career centers, JTPA training programs for disadvantaged adults and dislocated workers, and older worker assistance centers attract older non-participants back into the labor market? During PY 1997, nearly 5,800 older persons (45+) terminated from JTPA Title II A, Title III, and older worker programs in Massachusetts (Table 8).<sup>11</sup> Approximately 30 percent of the individuals who participated in Section 204(d) older worker programs were classified as neither working nor looking for work at the times of their initial application for program services<sup>12</sup>. The Massachusetts Jobs Council should conduct a

<sup>11</sup> These findings are based on our analysis of SPIR termination data for the period April 1996 through June 1997.

<sup>12</sup> The 30 percent ratio is based on an analysis of the labor force status of all terminees from JTPA Section 204(d) programs between April 1996 and June 1997. Among all Title II A terminees in the state regardless of age, 56% were classified as out of the labor force at the time of entry; however, very few dislocated workers were not active in the labor force.

systematic and on-going analysis of the effectiveness of all adult employment and training programs, including one stop career centers, in recruiting older persons into their networks, particularly new and re-entrants into the labor force.

Table 8:  
Numbers of Older Persons (45+) Terminating from  
JTPA Programs in Massachusetts During PY 97

JTPA Program	Number of Terminees
Title II A Disadvantaged Adult Programs	683
Older Worker Programs 204(d)	408
JTPA Title III Dislocated Worker Programs	4,667
Total	5,758

Source: SPIR 97 public use data tapes, tabulations by Center for Labor Market Studies.

Second, the effectiveness of existing employment and training programs in meeting the labor market needs of older workers and improving their immediate and longer-term employability should be carefully evaluated. Short-term labor market outcomes for older workers should be tracked, with special breakouts of the data by labor force status and educational attainment at time of entry. Longer-term tracking of the post-program employment and earnings experiences of graduates should be encouraged, including more innovative use of the individual UI wage records maintained by the Department of Revenue.

Third, the MJC should consider funding a special household survey of non-participants in the labor market, including older workers, to identify their interest in becoming employed, the types of skills and prior work experiences that they possess, the types of jobs they would like to acquire, and their hours of work and hourly wage requirements. While the monthly CPS surveys can be used to estimate the incidence of job desires among non-participants, they do not provide any insights into the types of jobs desired or the employability needs of the labor force reserve. Future efforts to entice older non-participants back into the paid labor force

must be based on a realistic appraisal of their employment needs and desires, their employability skills and barriers, and the availability of current job openings for which successful matches can be obtained between new jobseekers and existing job vacancies in the Massachusetts labor market.