



Maine Labor Market Activities of Older Workers

The presence of Maine residents age 55 and older in the labor force continues to grow. This increase is the result of an aging population and a growing share of the older population participating in the labor force. According to data from the Local Employment Dynamics Program, the number of workers age 55 and older increased in every industry sector between 2001 and 2009.

Labor Force Participation

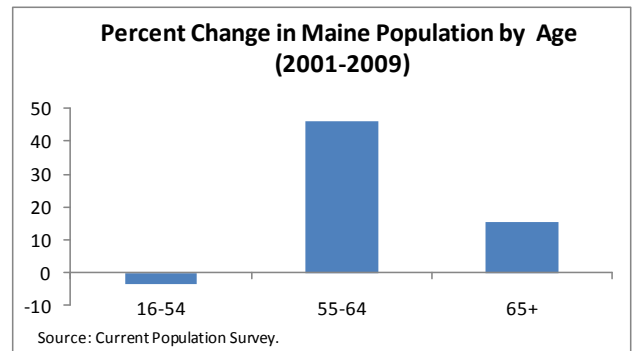
The number of Maine civilian labor force participants (employed and unemployed) rose by 28,000 between 2001 and 2009. An increase of 56,000 labor force participants 55 and older more than offset a loss of 28,000 participants under the age of 55. The increasing age of the Maine workforce is due largely to the aging of the baby boom generation and changing work-related behaviors – an increasing share of older adults are working or looking for work.

Age	Total	16-54	55-64	65+
2001	676	573	80	23
2009	704	545	126	33
Change	28	-28	46	10

Source: Current Population Survey adjusted to official estimates.

Population change is one contributor to labor force change; the other is the rate at which the population participates in the labor force. Both have had an impact on the growing number of Maine labor force participants age 55 and over.

Population - Maine currently has the oldest median age of the fifty states according to the U.S. Census Bureau. Data from the Current Population Survey indicates that between 2001 and 2009, the civilian noninstitutional population aged 16 to 54 declined by 25,000 (-3.5 percent) while those 55 years of age and older increased by 86,000 (28.7 percent). The aging population was the primary reason for the increase in the number of labor force participants 55 years of age and over.



Civilian labor force participation rate – The share of the population working or looking for work declined from 67.7 percent for 2001 to 65.2 percent for 2009. The overall labor force participation rate decline would have been more substantial if not for the increasing rate among older workers. While participation rates declined for persons aged 16 to 54, rates increased for those aged 55 and over between 2001 and 2009. Despite the substantial loss of jobs in Maine between 2008 and 2009, older workers maintained their presence in the labor force, contributing to the longer-run trend of older workers staying in the labor force longer.

The growing share of workers age 55 and over delaying retirement, holding on to jobs, or trying to find work is likely partially the result of rising health care costs and the declining value of homes and retirement accounts. Current economic uncertainty appears to have given older workers added incentive to remain or become active in the labor force. According

to a PEW Research national survey published September 2009, "...nearly four-in-ten adults who are working past the median retirement age of 62 say they have delayed their retirement because of the recession. Among workers ages 50 to 61, fully 63 % say they might have to push back their expected retirement date because of current economic conditions." In addition, many Americans are living healthier longer and do not want to stop working.

Maine Civilian Labor Force Participation Rates by Age (Percent of Population Employed or Unemployed)								
Year	Total	16-19	20-24	25-34	35-44	45-54	55-64	65+
2001	67.7	55.5	79.4	86.9	86.5	83.1	61.6	13.4
2002	66.4	52.6	79.5	86.0	87.2	83.7	60.0	12.0
2003	66.7	53.8	82.0	83.9	86.4	84.5	62.9	13.6
2004	66.0	51.3	79.1	83.9	84.8	83.2	65.6	14.1
2005	67.0	51.2	79.6	84.5	85.4	82.7	67.9	14.5
2006	66.7	52.4	77.2	84.1	84.7	83.0	67.9	15.1
2007	66.2	52.6	76.9	83.3	86.4	83.6	65.3	14.3
2008	66.3	52.1	78.5	86.0	85.9	82.0	65.7	16.6
2009	65.2	51.5	76.6	83.3	83.8	82.1	65.5	16.9

Source: Current Population Survey.

Employment

The Local Employment Dynamics Program (LED) provides the means to examine employment trends by age and industry. The LED measure of employment used is wage and salary workers who were employed by the same employer in both the current and previous quarter. The primary exclusion from the LED dataset is the self-employed.

Employment by age - The influence of the aging population and rising labor force participation rate of the older population on employment demographics between 2001 and 2009 was significant. For the year ending the third quarter of 2009, older workers comprised 21.2 percent of total employment, up from 13.5 percent for 2001. While the number of workers under the age of 45 declined 23 percent, workers aged 45 to 54 increased 6 percent, and those over the age of 54 rose 55 percent.

Maine Employment by Age				
Age	Year Ending Third Quarter		Change	
	2001	2009	Number	Percent
14-18	24,529	17,307	-7,222	-29.4%
19-21	30,660	28,762	-1,898	-6.2%
22-24	61,717	31,765	-29,952	-48.5%
25-34	119,942	103,356	-16,586	-13.8%
35-44	154,815	122,320	-32,495	-21.0%
45-54	136,232	144,468	8,236	6.0%
55-64	60,807	95,887	35,080	57.7%
65-99	16,768	24,741	7,973	47.5%
Total	575,474	568,609	-6,865	-1.2%

Source: Local Employment Dynamics Program.

Employment by industry - Every industry sector, whether experiencing a net job gain or loss between 2001 and 2009, registered a net increase in the number of workers aged 55 and over.

Change in Maine Employment by Age and Industry (Year Ending Third Quarter 2001 to Year Ending Third Quarter 2009)			
Industry	All Ages		
	Less than 55	55 and Older	
Agriculture, Forestry, Fishing & Hunting	(187)	(529)	342
Mining, Quarrying, & Oil & Gas Extraction	(16)	(20)	4
Utilities	(437)	(620)	183
Construction	(2,873)	(3,933)	1,060
Manufacturing	(22,469)	(24,255)	1,786
Wholesale Trade	(1,036)	(2,408)	1,372
Retail Trade	(2,719)	(7,322)	4,603
Transportation & Warehousing	723	(602)	1,325
Information	(2,316)	(2,839)	523
Finance and Insurance	(2,277)	(3,923)	1,646
Real Estate & Rental & Leasing	383	(140)	523
Professional, Scientific, & Technical Svcs	1,204	(1,154)	2,358
Management of Companies & Enterprises	499	(195)	694
Administrative & Support & Waste Mgmt Svcs	1,531	17	1,514
Educational Svcs	2,631	1,255	1,376
Health Care & Social Assistance	15,794	5,063	10,731
Arts, Entertainment, & Recreation	531	(143)	674
Accommodation & Food Services	2,398	1,337	1,061
Other Services (except Public Administration)	(14)	(805)	791
Total, Private	(8,652)	(41,217)	32,565
Total, Government	1,787	(8,702)	10,489
TOTAL	(6,865)	(49,919)	43,054

Source: Local Employment Dynamics Program.

The share of the employment accounted for by workers aged 55 and over increased in every sector, ranging from an increase of 1.8 percentage points in accommodation and food services to 12.2 percentage points in utilities.

Share of Maine Employment Held by Workers Aged 55 and Over			
Industry	Year Ending Third Quarter		Percentage Point Change
	2001	2009	
Agriculture, Forestry, Fishing & Hunting	14.0%	20.7%	6.7
Mining, Quarrying, & Oil & Gas Extraction	22.3%	30.2%	7.9
Utilities	11.2%	23.4%	12.2
Construction	11.1%	16.5%	5.3
Manufacturing	14.0%	22.9%	8.9
Wholesale Trade	12.8%	20.2%	7.4
Retail Trade	13.5%	19.6%	6.1
Transportation & Warehousing	16.3%	24.3%	8.0
Information	11.3%	19.2%	7.9
Finance and Insurance	9.8%	17.5%	7.7
Real Estate & Rental & Leasing	17.7%	24.5%	6.8
Professional, Scientific, & Technical Svcs	11.1%	20.4%	9.3
Management of Companies & Enterprises	11.8%	20.5%	8.7
Administrative & Support & Waste Mgmt Svcs	11.6%	17.1%	5.5
Educational Svcs	17.6%	25.8%	8.2
Health Care & Social Assistance	13.6%	22.3%	8.7
Arts, Entertainment, & Recreation	12.3%	20.0%	7.6
Accommodation & Food Services	7.4%	9.2%	1.8
Other Services (except Public Administration)	16.6%	21.5%	4.9
Total, Private	12.7%	19.6%	6.9
Total, Government	18.6%	31.0%	12.4
TOTAL	13.5%	21.2%	7.7

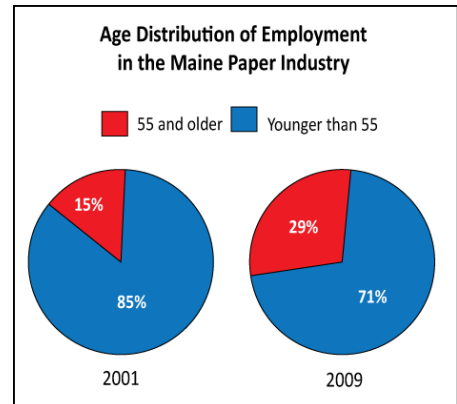
Source: Local Employment Dynamics Program.

Implications

There was an annual average of 704,000 Maine residents participating in the labor force in 2009. Approximately 159,000 (23 percent) were 55 years of age and older, and are currently retirement-eligible or will be in the next ten years – the context within which employers are operating today. Despite current poor economic conditions, many employers know that labor supply issues will be facing them in the future.

A case in point - Employment (LED measure) in the paper industry declined 36 percent between the year ending September 2001 and the year ending September 2009. Global competition, productivity gains, and the current recession have taken their toll on employment in this industry. The drop in employment has resulted in a much older workforce. Total employment fell from 12,342 in 2001 to 8,078 in 2009, with the number of workers under the age of 55 dropping by 4,794 and the number of older workers increasing by 530.

The demographic changes in the paper industry workforce will result in job openings as the older workers eventually retire. For example, according a Bangor Daily News article published in early June, for the first time in many years Verso Paper Co. advertised for workers at its Jay and Bucksport mills and hired close to 200 permanent and temporary employees. Some of this hiring reflects the need to fill openings due to expected attrition. Bill Cohen of Verso Paper Co. stated to the Bangor Daily News that “about 40 percent of our workforce will reach retirement age by 2017.” As a result, although overall employment levels may not necessarily go up, there will be job openings as older workers eventually retire.



Source: Local Employment Dynamics Program