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In the Winter 2007 issue of *Monitoring Wisconsin*, the Institute for Survey and Policy Research (ISPR) of the University of Wisconsin-Milwaukee (UWM) presents a summary of work in progress by Dr. Keith Bender of the UW-Milwaukee, Department of Economics. The views expressed in this article are the author and not necessarily those of ISPR. Any questions should be directed to

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The Older Workforce in Wisconsin

by

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Introduction

In September 2007 a report from the Census Bureau using the American Community Survey (ACS) stated that the proportion of those 65 to 74 years of age who were active in the labor market (that is, working or looking for work) had increased from 19.6 percent in 2000 to 23.2 percent in 2006 in the U.S.

This short study investigates what has happened in Wisconsin. Using ACS and Census data from 2006, 2005, 2004, 2000, and 1990, it investigates the labor market activity of older members in society. In addition, it examines the changing characteristics of those older individuals who are working.

Labor Force Patterns of Older Individuals

To measure labor market activity, economists examine the labor force status of individuals by identifying those who are actively searching for work and those who are not working and not actively searching for work. The former group, which consists of workers and the unemployed, is considered 'in the labor force,' while the latter is considered 'out of the labor force.' Labor force attachment is found to be quite strong among younger members of society with retirement (a withdrawal from the labor force) occurring among older members.

Table 1 reports the labor force status of Wisconsin residents by age group for various years: 1990, 2000, 2004, 2005, and 2006. Looking at 2006 data first, the pattern mentioned above is confirmed – there is more labor force attachment among the relatively young (only 18.5 percent of 16 to 61 year olds are out of the labor force, compared to 76.1 for 65 to 74 year olds or 94.4 percent of the 75 and older population). Individuals who are eligible for early Social Security retirement benefits (those 62 to 64 years of age) are in the middle of these extremes with just over 50 percent being out of the labor force.

One of the main conclusions of the September 2007 Census Bureau report was that there has been an increase in labor force participation over time in the US for older individuals. In general this

Table 1

Labor Force Status of Wisconsin Residents

	Working	Un-employed	Out of Labor Force
2006:			
16-61 years	76.6%	4.9%	18.5%
62-64 years	47.3	0.9	51.8
65-74 years	23.1	0.9	76.1
75+ years	5.4	0.1	94.4
2005:			
16-61 years	76.5	5.2	18.3
62-64 years	49.6	1.9	48.5
65-74 years	22.0	0.7	77.3
75+ years	6.4	0.2	93.4
2004:			
16-61 years	75.8	5.7	18.4
62-64 years	42.1	1.4	56.4
65-74 years	21.0	1.0	78.1
75+ years	7.7	0.3	92.0
2000:			
16-61 years	78.0	3.7	18.3
62-64 years	42.9	1.4	55.7
65-74 years	20.1	0.8	79.1
75+ years	5.3	1.1	93.5
1990:			
16-61 years	77.1	4.2	18.6
62-64 years	36.1	1.4	62.4
65-74 years	15.7	0.8	83.6
75+ years	3.7	0.2	96.1

Source: 2004-2006 data from the American Community Survey. 2000 and 1990 data are from the 5% Sample of the Decennial Census. Data are weighted by sample weights. Percentages may not add up to 100 percent due to rounding.

has also been true in Wisconsin. In 1990, 16.5 percent of individuals 65 to 74 years of age were in the labor force (with 15.7 percent working) while only 3.9 percent of those 75 and older were in the labor force. In the 2000 Census, these percentages increase to 20.9 and 6.4 percent, respectively. By 2006, the proportion in the labor force is up to 24 percent for 65 to 74 year olds, although it drops a bit for the 75 and older groups to 5.5 percent, continuing a pattern evident from 2004.

(continued on page 2).

Characteristics of the Elderly Workforce

The numbers given in Table 1 show that more Wisconsin residents aged 65 to 74 are active in the labor market with the proportion working increasing from 15.7 percent in 1990 to 23.1 percent in 2006. However, these aggregated numbers do not give any indication of who is doing the work. Table 2, therefore, offers some information on the demographic characteristics of the relatively young workforce (those under 62 years of

Table 2
Demographic Characteristics of the Wisconsin Workforce by Age Group

Characteristic	Age (in years)			
	1990		2006	
	16-61	65-74	16-61	65-74
Male	53.4%	59.4%	52.2%	52.4%
Race/Ethnicity				
White	94.0	97.4	88.4	92.9
Black	3.3	1.3	4.2	3.9
Native American	0.6	0.4	0.7	0.9
Asian	0.7	0.4	1.8	0.6
Other race	0.0	0.0	0.8	0.1
Hispanic	1.4	0.5	4.1	1.6
Education				
No high school degree	12.9	34.1	8.9	14.5
High school degree	58.4	47.1	54.0	57.6
Associate degree	8.8	3.3	10.3	4.6
Bachelor's degree	13.8	7.9	18.6	12.3
Graduate degree	6.0	7.7	8.2	11.1
Marital Status				
Married	63.2	68.5	58.4	71.0
Widow/widower	1.1	18.8	0.9	13.4
Divorced	8.7	6.4	10.7	10.5
Never married	27.1	6.3	30.0	5.2

Source: 2006 data are from the American Community Survey. 1990 data are from the 5% Sample of the Decennial Census. Data are weighted by sample weights. Percentages may not add up to 100 percent due to rounding. The racial categories assume that individuals do not have Hispanic ethnicity, meaning that those with Hispanic heritage could be of any race.

age) and those in the 65 to 74 year range for 1990 and 2006. In 1990, the older workforce is more likely male (59.4 percent compared to 53.4 percent) and white (97.4 percent compared to 94 percent). By 2006, however, when the rate of male participation in the workforce decreases for both groups, there is virtually no difference in the proportion of males in the labor force between age groups. A larger percentage of the older workforce is not white in 2006 compared to 1990, although older workers are still more likely to be white than younger workers.

Interestingly, the more and less educated among the older workforce are more likely to be working than the younger workforce in both years. There are higher proportions of workers with either no high school degree, a high school degree (although only for 2006), or a graduate degree in the older workforce than in the younger workforce. Perhaps this is caused by the financial need to keep working for the relatively low paid (who are

likely those with lower levels of education) and the ability to keep earning a return on high skills for the higher educated.

The pattern of marital status also differs across the groups. Unsurprisingly, the rate of widowhood is substantially higher among the older workforce, while the rate of never being married is much smaller. However, the rate of marriage is also higher and the gap increases over time (63.2 percent compared to 68.5 percent in 1990 and 58.4 percent compared to 71 percent in 2006). There seems to be little difference over time in the rates of divorced workers between the workforces, although the rate of divorce increases over time.

Table 3
Job Characteristics of the Wisconsin Workforce by Age Group

Characteristic	Age (in Years)			
	1990		2006	
	16-61	65-74	16-61	65-74
Full time	85.5%	55.5%	87.7%	57.9%
Full year	72.3	59.3	76.0	64.0
Industry				
Agriculture	4.3	13.8	2.4	4.9
Construction	4.9	4.3	6.6	4.4
Manufacturing	24.7	12.6	19.7	11.5
Wholesale trade	4.0	3.8	3.4	2.5
Retail trade	17.1	17.4	11.2	15.8
Transportation	3.7	3.0	3.7	5.2
Utilities	2.1	1.1	0.8	0.2
Information	0.0	0.0	2.1	2.1
Finance, real estate	5.8	6.5	5.0	3.4
Professional services	4.5	6.3	7.3	7.1
Education	8.2	7.2	8.1	7.5
Health care	11.0	9.6	13.3	12.2
Other services	5.7	11.2	12.1	16.4
Public sector	3.3	3.1	3.2	3.4
Occupation				
Management	10.3	10.2	12.8	14.7
Professional	16.3	12.2	19.4	14.0
Service	13.4	18.5	15.8	17.0
Sales	10.4	12.8	10.5	13.5
Office support	15.7	13.5	13.8	16.9
Agriculture	4.0	13.2	1.0	1.2
Construction	3.5	2.5	5.5	3.2
Repair, maintenance	3.5	2.3	3.4	2.6
Production	14.5	7.5	10.9	7.3
Transportation	8.4	7.3	6.9	9.5

Source: 2006 data are from the American Community Survey. 1990 data are from the 5% Sample of the Decennial Census. Data are weighted by sample weights. Percentages may not add up to 100 percent due to rounding.

Although the ACS and Census do not have a lot of job related information, there are a couple characteristics that are available. These are reported in Table 3. It is clear that many more of the jobs of older workers are part time compared to the younger workforce (where the

cutoff in hours is a relatively low 25 hours per week). Only 55 to 58 percent of jobs are full time for the older workforce depending on the year, while the proportion of full time workers for the younger workforce is between 85 and 88 percent. Not only are older workers working fewer hours per week, they also work fewer weeks per year. The proportion of older workers working at least 50 weeks a year is just under 60 percent in 1990, although it does grow to 64 percent by 2006. The proportion of younger workers working a full year, though, is just over 72 percent in 1990 and grows to 76 percent in 2006.

The industrial makeup of older workers is also different than younger workers. In 2006, older workers are more likely to be working in agriculture, retail trade, transportation, other services, and the public sector. This pattern has changed slightly over time. In 1990, for example, older workers are more likely to work in agriculture, retail trade, finance and real estate, professional services, and other services, although the differences are small except for agriculture. On the other hand, there are large decreases in the proportions in manufacturing and construction in all years.

Finally, the occupational distribution for younger and older workers is also different. In 1990, the older workforce is more likely to be in service, sales, and agricultural occupations, with very little difference in management, construction, and transportation. By 2006, older workers are more likely to be in management, service, sales, office support, agriculture, and transportation.

Concluding Remarks

Recent reports from the U.S. Census Bureau indicate that the proportion of older individuals who are still active in the labor market has increased. This study finds that this pattern is mirrored in Wisconsin. For the 65 to 74 year age group, the proportion of individuals in the labor force has increased from 16.5 percent to 24 percent, an increase of 7.5 percentage points. Furthermore, a more detailed analysis of workforce patterns shows that there are differences in the young and old workforce, both in terms of demographic and job characteristics.

It is likely that these patterns of increased work at older ages and differences in the types of demographic and job characteristics between young and old workers will continue. Institutional forces such as increasing the age of eligibility for full Social Security retirement benefits, as well as lengthening life spans and medical advances increasing the quality of life, give incentives for workers to remain active in the labor market at later ages. But not everyone will be willing or able to work in old age. This offers challenges to firms to offer jobs that fit the skills and requirements of older workers. The next thirty years will provide an interesting opportunity to chart dramatic changes in the labor market in Wisconsin, as well as the U.S. as a whole. ■

Table 4
Wisconsin Employment (in Thousands)

	1990	1995	2000	2005	2006	2007.1	2007.2	2007.3
Labor Force	2598.9	2881.2	2996.1	3033.0	3062.9	3091.8	3084.4	3076.6
Total Employment	2486.1	2773.6	2894.9	2887.4	2918.2	2940.7	2930.1	2917.8
Total Nonfarm	2291.5	2558.6	2833.8	2842.1	2860.7	2806.1	2885.5	2897.6
Goods Producing	614.8	672.5	723.0	636.4	636.0	606.8	628.0	645.4
Service Providing	1676.7	1886.1	2110.8	2205.7	2224.8	2199.2	2257.5	2252.2
Natural Resources and Mining	3.9	4.2	4.0	4.0	3.9	3.5	4.2	4.4
Construction	87.9	101.7	124.8	127.5	127.0	112.5	127.6	134.5
Manufacturing	523.0	566.6	594.1	504.9	505.0	490.9	496.1	506.5
Trade, Transportation, and Utilities	458.7	502.4	552.9	543.2	544.0	537.3	549.3	551.6
Information	44.4	45.2	53.6	49.7	49.2	49.9	50.1	50.5
Financial Activities	123.9	134.3	149.1	159.8	161.1	160.1	161.5	163.1
Professional and Business Services	153.6	206.9	247.0	263.1	269.2	260.5	273.5	280.3
Educational and Health Services	237.4	280.4	339.6	383.3	391.5	393.1	396.8	397.3
Leisure and Hospitality	199.3	217.9	236.7	255.2	258.0	242.3	264.7	279.6
Other Services, exc Public	116.6	120.3	126.3	136.0	136.2	136.1	137.8	138.7
Government	342.9	378.7	405.6	415.3	415.6	420.0	423.8	391.1

Source: U.S. Department of Labor, Bureau of Labor Statistics

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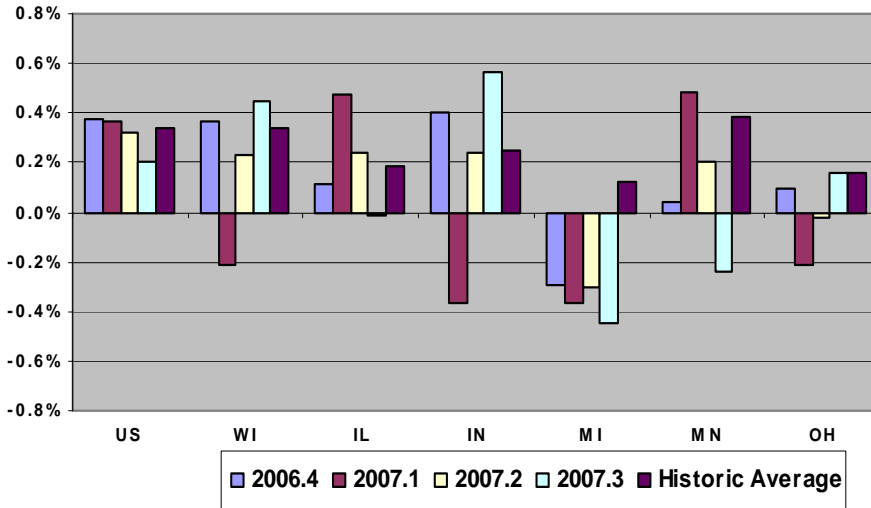
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- **Survey Research** – survey research, program evaluation, needs assessment, policy research.
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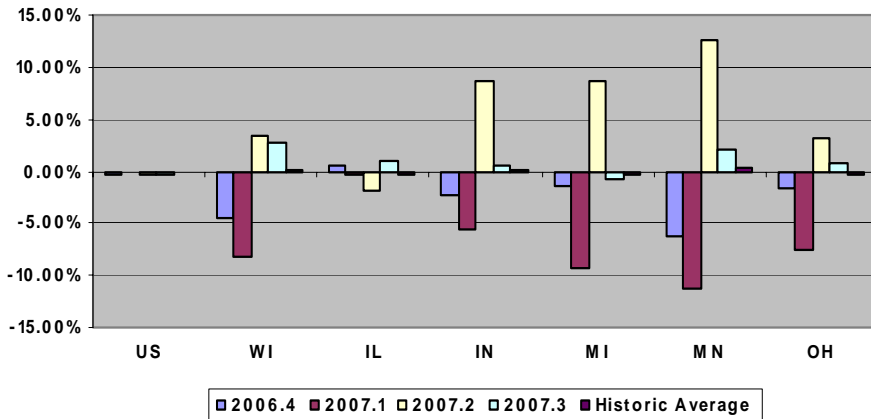
Nonfarm Employment
(Percent Change from Previous Quarter)



Seasonally -Adjusted, Non-Farm Employment (Thousands)

Quarter	WI	US
2007.1	2,861.1	137,447.3
2007.2	2,867.8	137,883.3
2007.3	2,880.5	138,162.0
2007.4 (forecast)	2,976.2	140,223.5
Average (1990-Present)	2,869.8	137,830.9

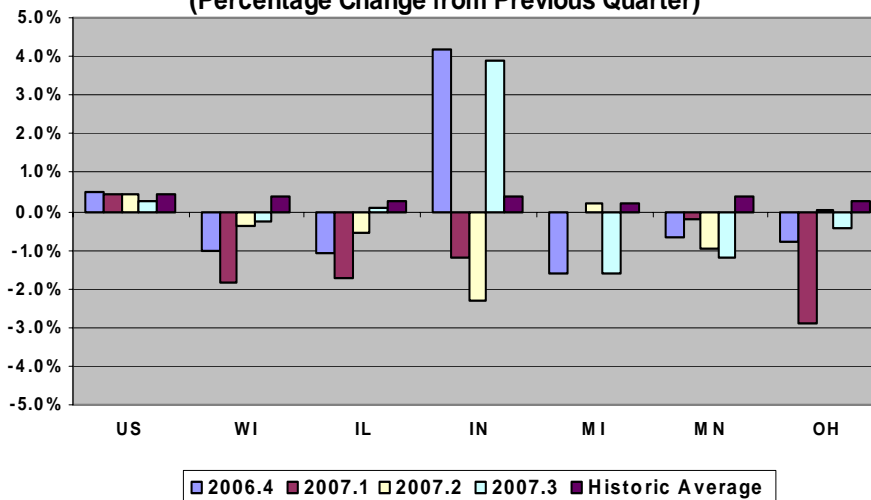
Goods-Producing Employment
(Percent Change from Previous Quarter)



Seasonally-Adjusted, Goods-Producing Employment (Thousands)

Quarter	WI	US
2007.1	586.3	22,505.3
2007.2	606.7	22,448.3
2007.3	623.6	22,367.3
2007.4 (forecast)	662.7	22,752.8
Average (1990-present)	656.3	23,044.5

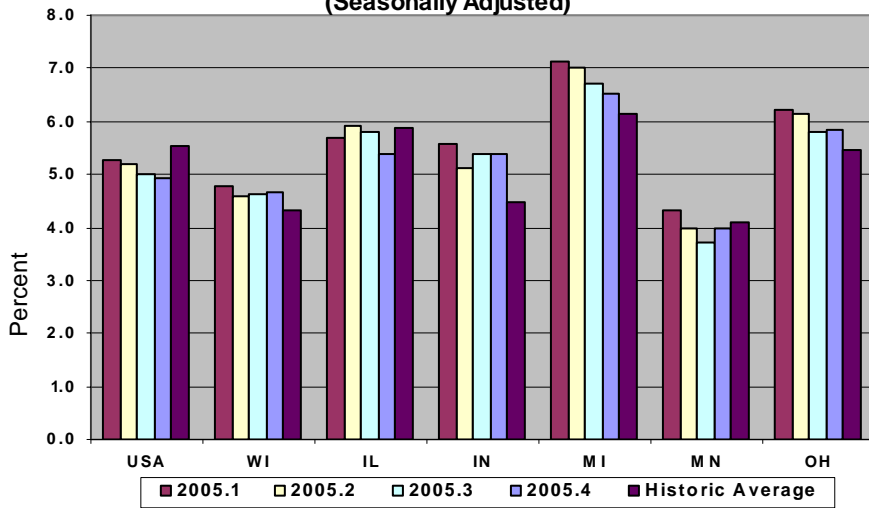
Service Providing Sector Employment
(Percentage Change from Previous Quarter)



Seasonally-Adjusted, Service-Providing Employment (Thousands)

Quarter	WI	US
2007.1	2,209.7	114,942.0
2007.2	2,201.5	115,417.0
2007.3	2,195.6	115,727.5
2007.4 (forecast)	2304.4	117567.2
Average (1990-present)	1,990.7	100,623.0

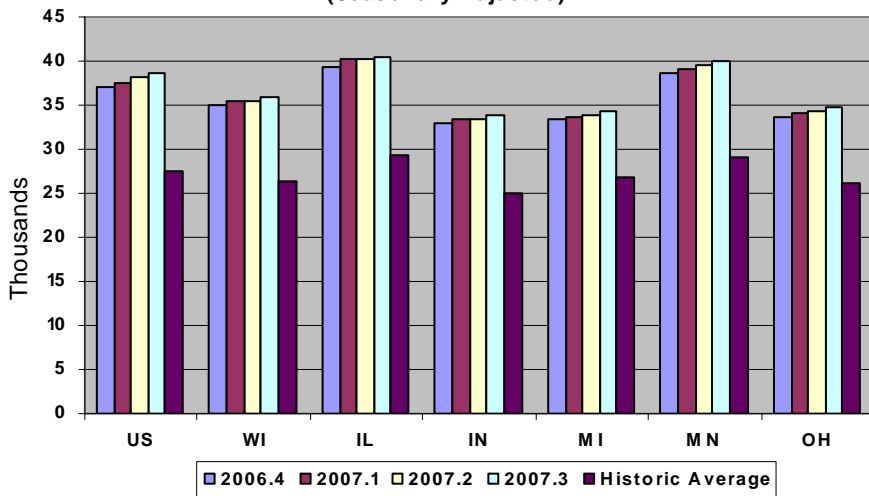
Unemployment Rate
(Seasonally Adjusted)



Unemployment Rate
Seasonally-Adjusted

Quarter	WI	US
2007.1	4.9	4.5
2007.2	5.0	4.5
2007.3	5.2	4.6
2007.4 (Forecast)	4.7	4.5
Average (1990-Present)	4.4	5.4

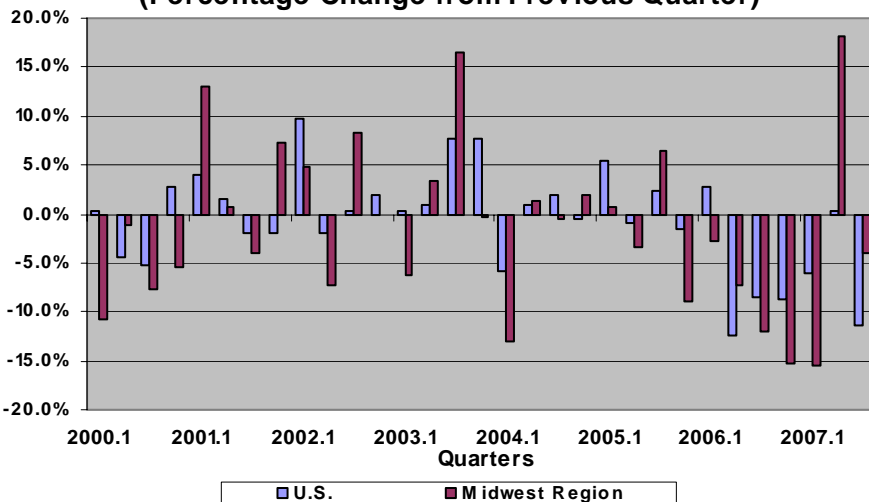
Per Capita Personal Income
(Seasonally Adjusted)



Per Capita Personal Income
(Seasonally -Adjusted)

Quarter	WI	US
2007.1	35,566.2	37,604.0
2007.2	35,399.6	38,080.0
2007.3	35,855.5	38,534.1
2007.4 (forecast)	35,791.4	37,101.6
Average (1990-Present)	26,822.9	27,075.9

Seasonally Adjusted Housing Starts
(Percentage Change from Previous Quarter)



Housing Starts
Seasonally-Adjusted
(Thousands)

Quarter	Midwest Region	U.S.
2006.4	228.3	1,554.7
2007.1	193.0	1,460.3
2007.2	228.0	1,464.3
2007.3	219.0	1,296.3
Average (1990-Present)	311.2	1,540.9