

California indicators: Aging & work

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CALIFORNIA INDICATORS: AGING & WORK

By: Michelle Wong with
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Quick Fact Check for California

• Median age of the population	34.4 years
• % population 55+	20.2%
• Median age of the workforce	40.0 years
• % of population ages 55-64 employed	59.7%
• % workforce ages 55-64 self employed	16.0%
• Unemployment Rate of ages 55 - 64	4.2%
• Economic activity by industry sector	16.5% of GDP is Real estate, rental & leasing
• Industry sectors with high percentages of workers 50-59 years old	Public administration: 26.5% Real estate: 23.8% Transportation equipment manufacturing: 21.0%
• Occupational groups with high percentages of workers 50-59 years old	Management: 23.7% Community & social service: 22.1% Life, physical, & social science: 21.5%
• Educational levels achieved by residents 55 years or older	28.8% bachelors degree or higher

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State Profiles Overview

Changes in the age composition of the population – and of the labor force – have emerged as one of the defining social, economic and public policy issues of the 21st century. State leaders across the country are grappling with the implications of these shifts. As they move from awareness-to-action, they need access to information.

The State Perspectives Institute at the Boston College Center on Aging & Work has developed State Profiles to provide thoughtful leaders with information needed for planning decisions.

The State Profiles include information about the age demographics of the population, age demographics of the labor force, industry sectors and occupational groups, education and workforce preparedness, and legislative readiness.

Section 1: Age Demographics of the Population

Introduction

Age is one factor that helps us to predict and understand different types of life experiences. Some of these relationships are obvious. For instance, entry into the workforce typically occurs between the ages of 18 and 25. There are also connections between age and people's assessment of different aspects of their lives, such as life satisfaction. Information about age can provide insights into some of the interests and supports needed by people. For example, states with large percentages of people between the ages of 25-34 are likely to find differences in the demands for specific types of services than those states with high percentages of people over the age of 75 years.

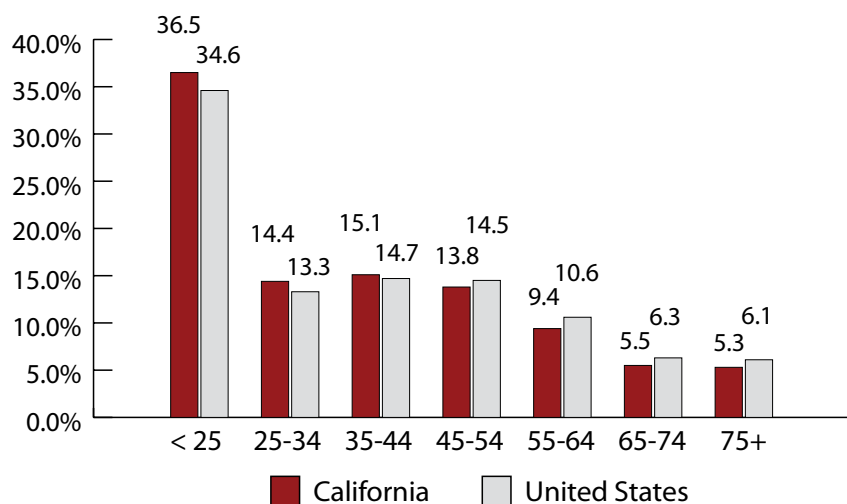
The median age in California, 34.4, is slightly lower than the median age of the nation, 36.4.

Questions you might want to consider:

How does the age distribution of the population in our state compare to all of the states in the country?

Have businesses and education/health/social service providers in the state customized their marketing and outreach and delivery of products and services to the different age groups?

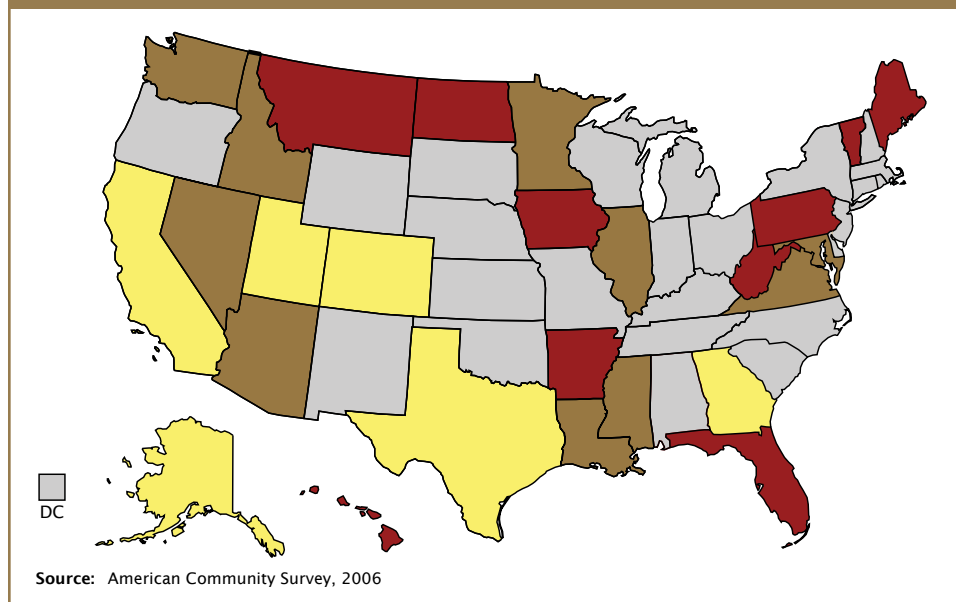
Figure 1: Population by Age (2006)



Source: American Community Survey, 2006

More than one of every five people residing in California (20.2% of California's population) is 55 years of age or older.

Figure 2: % of Population Aged 55+ by State



Key:

- 25% +
- 23 - 24.9%
- 21 - 22.9%
- < 21%

Population Changes: Distribution by Age 2000-2006

Importance of this Information:

Unique leadership opportunities can arise when there are shifts in trends, such as changes in the age demographics of the population. These changes may prompt leaders to pause, step-back, and think about the past, the present, and the future.

Times of change can also be opportune moments for state leaders in the government, business, and non-profit sectors to assess the state's capacity to leverage the changes into competitive advantages.

Observation about Recent Changes in the Age Distribution of California's Population:

From 2000-2006, the changes in the age distribution of California's population reflected national trends. That is, in California, there was a decrease in the percentage of the population under the age of 45 and an increase in the 45-64 age group. In comparison to national statistics, California was ahead of the curve with regard to the increase in the percentage of people aged 75 and older.

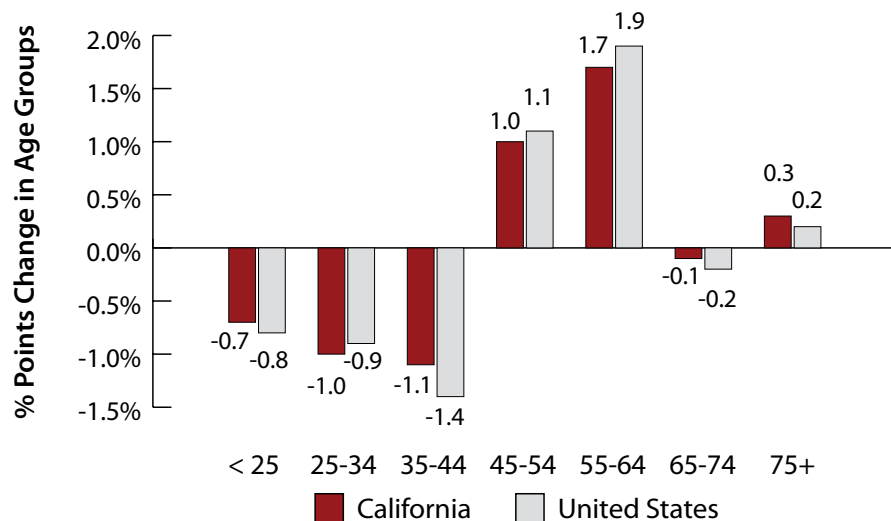
Questions you might want to consider:

Did leaders in our state anticipate the changes which have occurred recently in the age demographics of our population?

As appropriate, did leaders from the government, business, and non-profit sectors engage in collaborative dialogue about the potential impact of these changes?

Were the responses of the state to the changes in the age demographics effective?

Figure 3: Percentage Point Changes in Population Age Groups 2000-2006 in California and the United States



Source: American Community Survey, 2006 and Census, 2000

Anticipated Population Changes: Distribution by Age 2006 – 2010

Importance of this Information:

Forecasts about the future can help states to enhance their readiness for anticipated changes.

- Businesses can take steps so that they can effectively recruit, engage, and retain workforces from the different age groups.
- Non-profit organizations can take steps to develop the programs and resources often needed by people in the different age groups.
- Government agencies can consider strategic policy adjustments to better reflect the needs of residents of different ages.

Observation about the Anticipated Changes in the Age Distribution of California's Population:

Compared to national statistics, California is expected to witness more significant decreases in two population groups: those under 25 and those between the ages of 35-44 years. In addition, the California population will age more rapidly than the country as a whole. That is, there will be a higher percentage point change in the 45 and older age groups between 2006 and 2010.

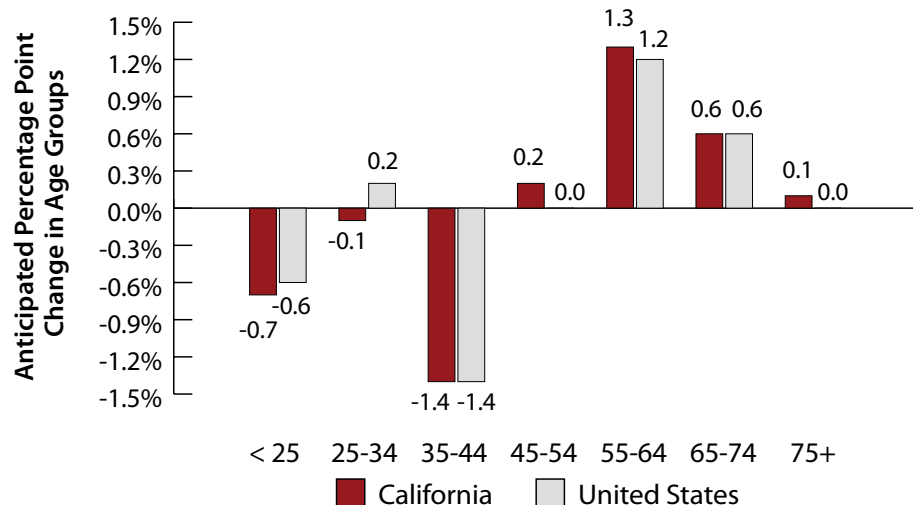
Questions you might want to consider:

What implications might the aging of the populations have for government, business, and non-profit sectors?

Are there new opportunities for leveraging the assets that people of different ages might be able to contribute to the health and welfare of the state?

Are there opportunities for new pilots that either focus on population groups that are increasing in size as well as those that are decreasing in size?

Figure 4: Anticipated Percentage Point Changes in Population Age Groups in California and the United States, 2006 – 2010



Source: American Community Survey, 2006; Census, 2000; Census, 2005

Section 2: Labor Force Participation Demographics and Age

Introduction

One of the most profound changes tied to the aging of the population is the aging of the workforce. State leaders may want to consider the impact of several trends:

- As the workforce ages, employers might consider how they want to adjust their employee policies and practices to reflect the needs and priorities of older workers.
- Today's workers aged 50 and older report that they anticipate working past the traditional retirement years of 62-65.¹ This will augment the aging trends of the workforce.
- Older workers who are either entering the labor force for the first time or who are unemployed and looking for work may represent a segment of the labor force that is under tapped.

Labor Force Participation: Distribution by Age

Importance of this Information:

The Census Department has established three categories relevant to labor force participation: employed, unemployed (and seeking paid work), and not in the labor force (and not seeking paid work). Variations in these categories may reflect life course events that are age-related. For example, young adults who are not in the labor force may be full-time students; adults at mid life who are not in the

Questions you might want to consider:

How do the employment rates of people in different age groups in our state compare with national statistics?

Do state leaders have information and insight about the employment and work preferences of adults in the different age groups?

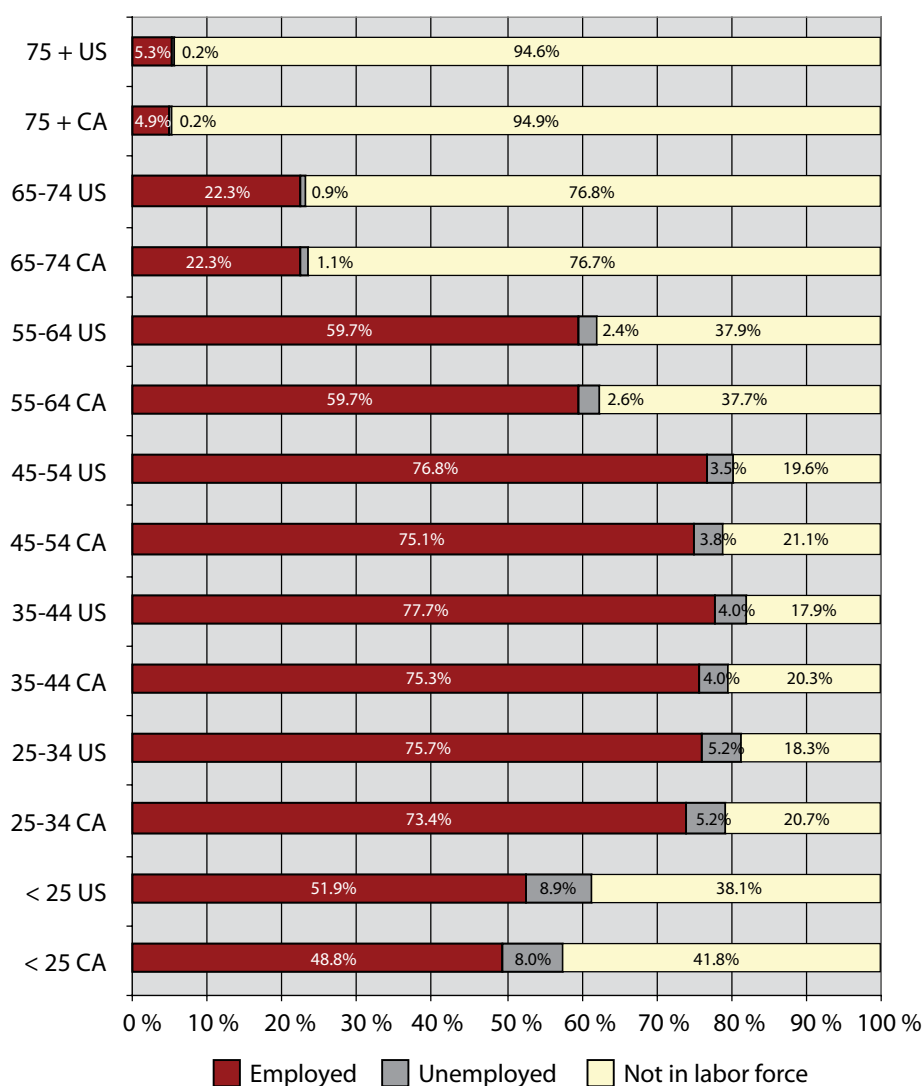
labor force may be parents raising children; and older adults who are not in the labor force may be retired. It is also true that adults who have been unemployed for a long time and are discouraged might report that they are not in the labor force, regardless of age.²

Observation about Labor Force Participation in California:

The median age for all California workers over the age of 16 is 40.0 years, which is slightly lower than the national median age of 41.1 years.

Across all age groups, the labor force participation rates of California adults are lower than or the same as national statistics.

Figure 5: Labor Force Participation by Age*



Source: American Community Survey, 2006

*Note: This is the percentage of unemployed within the age group and *not* the unemployment rate.

Labor Force Participation in the Public Sector, Private Sector, and Self Employed by Age

Importance of this Information:

Labor force participants may become employees for the government (at the local, state, or federal levels) or private organizations (either those that are for-profit or non-profit). Alternatively, labor force participants might be self employed (as contractors, consultants, or business owners).

The mix of labor force participation linked to each of these segments of the economy may affect emergent economic activity (such as “start-ups”) and sustained economic growth.

Observation about the Age of California’s Workforce by Sectors Groups:

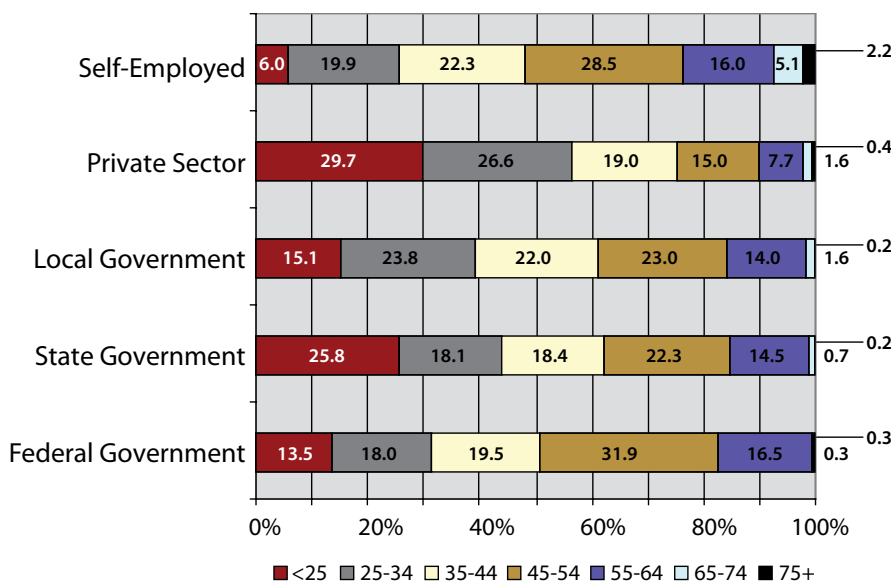
- Workers aged 45-54 comprise the largest percentage of labor force participants who are self-employed.
- Workers under the age of 25 comprise the largest percentage of labor force participants who work for the state government and in the private sector.

Questions you might want to consider:

What motivates, incentivizes, or deters labor force participants to work in the public sector, the private sector (for profit or non-profit), or to be self-employed?

What steps could employers in the public and private sectors take to recruit, engage, and retain workers of all ages?

Figure 6: Age of the California Workforce in the Public Sector, Private Sector, and Self-Employed Groups



Source: McNamara, 2007 (data from Current Population Survey, January 2006 through June 2007)

Unemployment Rates by Age

Importance of this Information:

High rates of unemployment create personal hardship and are also public policy concerns. State leaders will want to consider the implications of variations in the unemployment rates by age. It may also be important to consider variations by age in the utilization of services and programs designed to help people find employment.

Observation about Age and Unemployment:

The unemployment rates in California generally reflect a downward slope; that is, the rates are highest among the youngest groups of labor force participants and lower for those who are in the older groups.

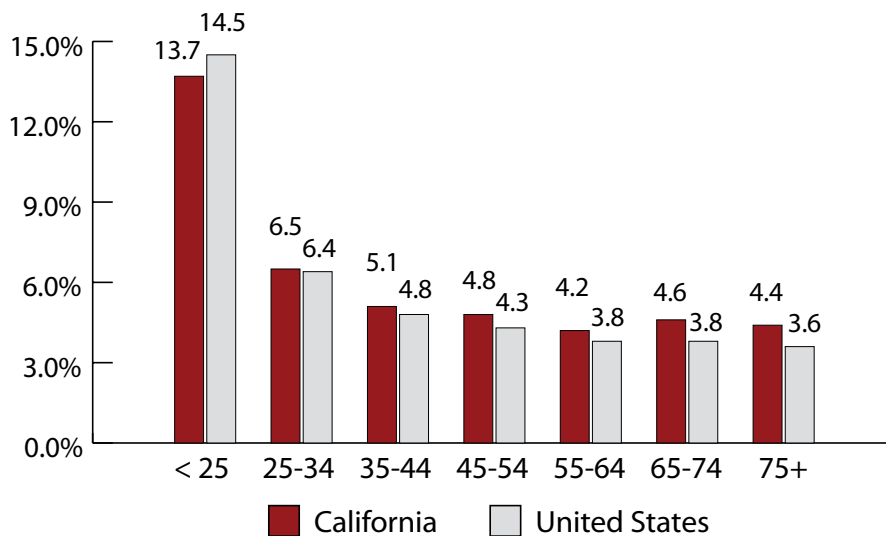
All California workers aged 25 and older have a higher unemployment rate compared to national statistics.

Questions you might want to consider:

Do the unemployment rates among workers of different ages reflect the economic stress experienced in particular industries or occupations?

Do the unemployment rates among workers of different ages reflect individual employment experiences, education, or marketable skills and competencies?

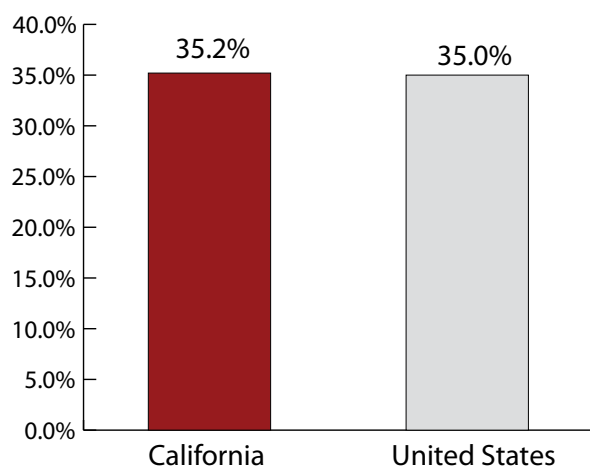
Figure 7: Annual Unemployment Rate by Age, 2005



Source: American Community Survey, 2006

The employment rate among people aged 55 and older in California (35.2%) is slightly higher than in the country as a whole.

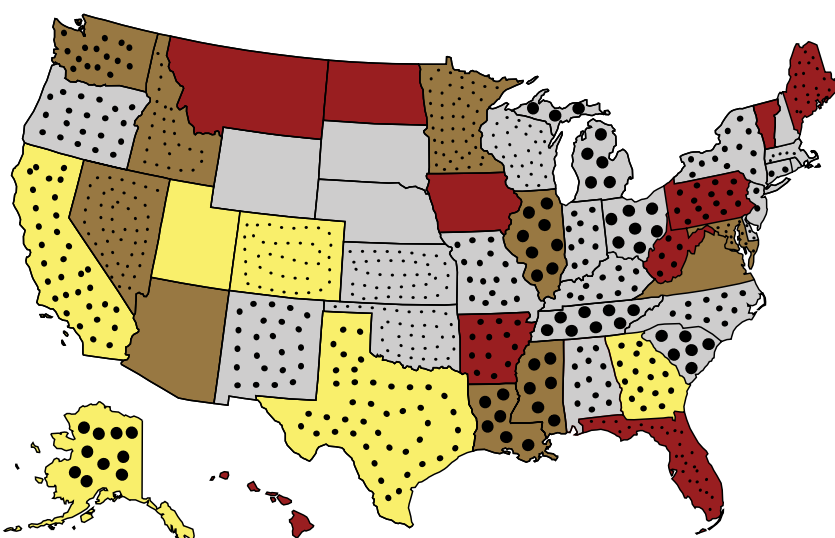
Figure 8: Employment Rate of Those 55+



Source: American Community Survey, 2006

The map below indicates that California has an average unemployment rate and relatively low percentages of people aged 55 and older.

Figure 9: Nationwide Unemployment and Population 55+



Source: American Community Survey, 2006

Key:
Population Age 55+

- 25% +
- 23 - 24.9%
- 21 - 22.9%
- < 21%

Unemployment Rate:

- Large dots = 7.0% +
- Medium dots = 6.0-6.9%
- Small dots = 5.0-5.9%
- No dots = < 5.0%

Section 3: Industry Sector and Occupational Groups

Introduction

It is important to make the connection between workforce development and economic activity. Job expansion may be located in those industry sectors that make significant contributions to states' economies and those that are expected to grow.

Economic Output

Importance of the Information:

Measures of economic output provide insight into the business productivity.

Observation about Economic Output by Industry Sector in California:

As an industry sector, real estate, rental & leasing contributes the most to the state economy, as measured by gross domestic product.

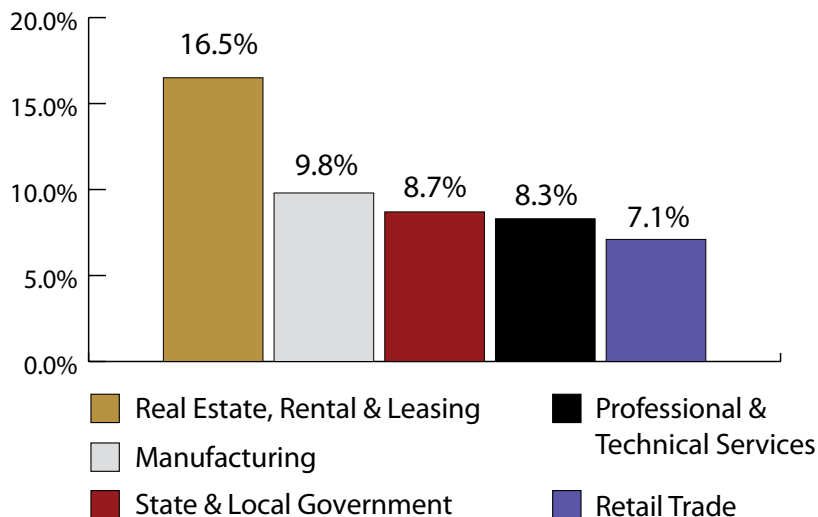
Questions you might want to consider:

Which industry sectors anchor the state's economy?

Which industry sectors are in growth mode?

Which industry sectors show signs of being in decline?

Figure 10: California Economic Activity (GDP) by Industry Sector, 2005, Top 5 Industries



Source: Bureau of Economic Analysis, U.S. Department of Commerce, 2005

Employment by Industry Sectors

Importance of Information:

There can be significant variation in the age demographics of workforces in different industry sectors. Older workers employed in industry sectors expected to decline in their economic output may find career opportunities constrained.

Observation about Employment in California's Industry Sectors:

In comparison to California, across all age groups in the United States, the five industries that employ the highest percentages of the workforce are: real estate, rental & leasing (14.5%); manufacturing (13.9%); state & local government (9.8%); finance & insurance (8.8%); and professional & technical services (7.9%).³

Within each age group, different California industries employ high percentages of workers. The information in Table 1 indicates the industry groups that employ the highest percentage of workers in each of the age groups. For example, employees aged 50-59 comprise 26.5% of the workforce in the public administration industry in California.

**Table 1: Industries (top 3) Employing Highest Percentages of Workers
(as % of the workforce in that industry) by Age Group***

• 20-29 years	Food services & drinking places	60.0%
	Retail trade	49.5%
	Arts, entertainment & recreation	45.6%
• 30-39 years	Repair & maintenance	32.1%
	Insurance	30.9%
	Textile, apparel & leather manufacturing	30.5%
• 40-49 years	Personal & laundry services	29.0%
	Accommodation	28.7%
	Computer & electronic product manufacturing	27.9%
• 50-59 years	Public administration	26.5%
	Real estate	23.8%
	Transportation equipment manufacturing	21.0%
• 60+ years	Private households	12.8%
	Real estate	11.8%
	Transportation equipment manufacturing	9.9%

Source: Current Population Survey, April 2006 - July 2007

*Note: Industries accounting for less than 1% and fewer than 25 respondents were omitted.

Questions you might want to consider:

What are the variations in the employment rates of younger workers, workers at midlife and older workers in different industry sectors?

Do those industry sectors expected to experience growth in the future tend to hire proportionate percentages of workers across the age groups?

Employment by Occupational Groups

Importance of this Information:

The occupational choices made vary from generation to generation. As a consequence, the age distribution within occupational groups varies.

Observation about Employment by Occupational Groups in California:

Within each age group, different occupations employ different percentages of workers. The information in Table 2 indicates the occupational groups with the highest percentage of workers in each of the age groups. For example, employees aged 50-59 comprise 23.7% of people in the management occupational group.

Table 2: Occupations (top 3) with the Highest Percentages of Workers (as % of the workforce in that occupation) by Age Group*

• 20-29 years	Food preparation & serving related	58.2%
	Healthcare support	45.0%
	Sales & related occupations	43.3%
• 30-39 years	Legal occupations	30.3%
	Business & financial operations	29.9%
	Protective service	29.1%
• 40-49 years	Management	30.1%
	Computer & mathematical science	28.9%
	Production occupations	25.3%
• 50-59 years	Management	23.7%
	Community & social service	22.1%
	Life, physical, & social science	21.5%
• 60+ years	Legal occupations	13.6%
	Architecture & engineering	9.4%
	Management	8.6%

Source: Current Population Survey, April 2006 - July 2007

*Note: Occupations accounting for less than 1% and fewer than 25 respondents were omitted.

Questions you might want to consider:

What is the age distribution in occupational groups anticipated to grow in the next decade?

Section 4: Education & Workforce Preparedness

Introduction

Education and training continue to be the most effective path to sustained employment. The highest level of education attained by the majority of California residents of all age groups, except those 55-64 years of age, was high school graduate.

Educational Attainment by Age Group

Importance of Information:

Education is a predictor of employment rate and income. Employers want to hire employees with relevant and current education and training.

Observation about Educational Attainment by Age Group:

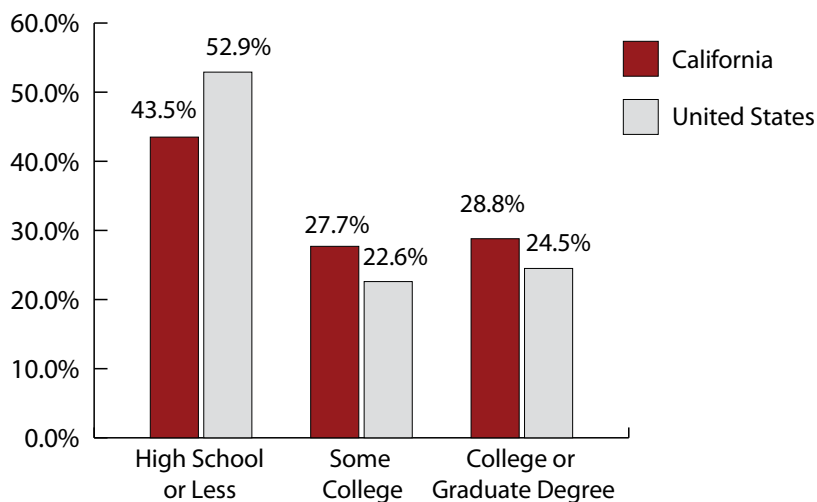
Compared with the nation as a whole, California residents aged 55 and older comprise a higher percentage of those with some college or a college or graduate degree.

Questions you might want to consider:

Do the residents in our state have the education and training sought by employers currently located in the state?

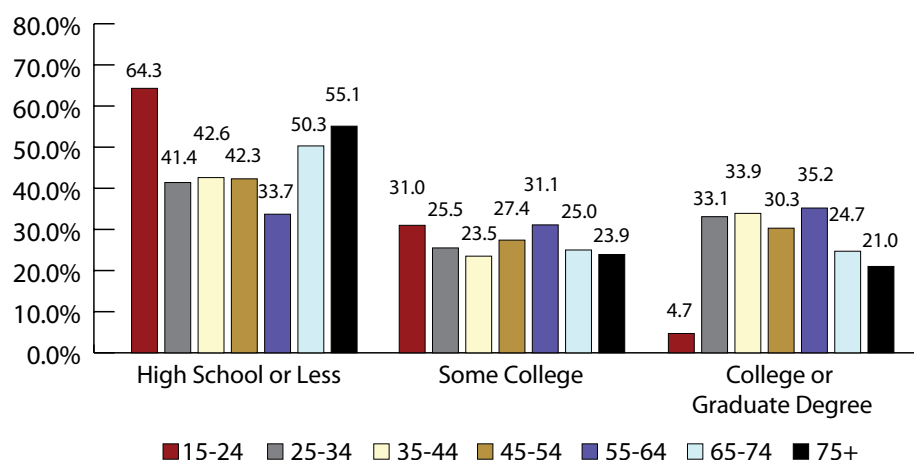
Do the residents in our state have the education and training needed by businesses that might have an interest in locating in the state?

Figure 11: California Education Levels for the Population 55+



Source: Current Population Survey, 2007

Figure 12: California Educational Attainment by Age



Source: Current Population Survey, 2007

Section 5: Legislative Readiness

Introduction

One way of evaluating states' readiness to address the aging population is by looking at legislation and legislative committees relevant to older workers. Policies that expand the employment opportunities available to older workers can complement the efforts of employers interested in recruiting, engaging, and retaining older workers.

There are ample opportunities for states, as both policy-makers and as employers, to facilitate the employment of older workers, including:

- Raise awareness about the aging of the workforce by providing information to residents, community-based organizations, and employers.
- Establish employment standards to guide employer decision-making.
- Provide services to older residents and to employers, such as training.
- Recognize the efforts of model employers who work to expand the quality employment opportunities to older workers.
- Being model employers themselves and utilizing "best practices," such as expanding the availability of flexible work options or providing training.

Current Legislation

Legislative activity is one indicator of the state's level of preparedness to respond to the aging of the workforce.

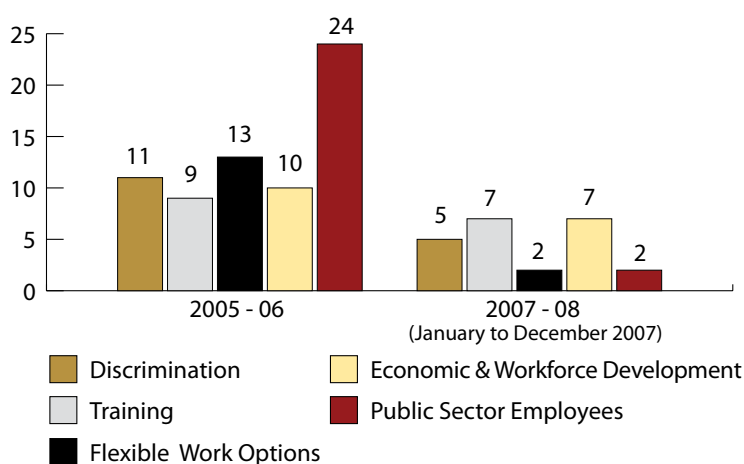
Figure 13 indicates that most of the state bills in 2005-2006 addressed issues related to the employment of older workers who work in public sector agencies and departments.

Questions you might want to consider:

Have state agencies considered how the aging of the population will affect the expectations for state services?

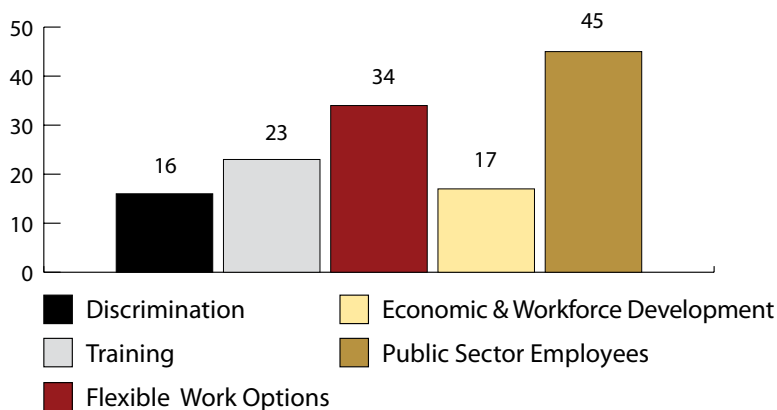
Have state agencies considered how the aging of the workforce will affect their ability to recruit, engage, and retain talented employees?

Figure 13: State Bills Related to Older Workers by Content Area



Source: Center on Aging and Work, 2007⁴

Figure 14: State Statutes Related to Older Workers by Content Area



Source: Center on Aging and Work, 2007⁵

The following bill was introduced into the California State Assembly in the 2007-2008 session:

A.B. 1708

“The purpose of the program shall be to improve the enforcement of claims regarding age discrimination in employment and increase educational and outreach efforts to advise employers and employees about protections, rights, and obligations under laws prohibiting discrimination in employment on the basis of age.”

Legislative Committees:

The presence of legislative committees is another indicator of a state's readiness to respond to aging because these committees channel much of legislators' discussion and dialogue.

At present, California has one legislative committee relevant to older adults: Aging and Long Term Care Subcommittee.

References:

- ¹ Brown, S. K. (2005). *Attitudes of individuals 50 and older toward phased retirement* (research report). Washington, D.C.: AARP Knowledge Management. Retrieved November 21, 2007 from http://www.aarp.org/research/work/retirement/Articles/attitudes_of_individuals_50_and_older_toward_phase.html
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- ³ Bureau of Economic Analysis. (2005). *Industry Economic Accounts*. Washington, D.C.: U.S. Department of Commerce. Retrieved November 21, 2007 from <http://www.bea.gov/industry/index.htm>
- ⁴ Center on Aging and Work. (2007). [Analysis of records from LexisNexis State Capital database, 2007]. Unpublished data.
- ⁵ Center on Aging and Work. (2007). [Analysis of records from LexisNexis State Capital database, 2007]. Unpublished data.

The State Perspectives Institute

The State Perspectives Institute at the Boston College Center on Aging & Work partners with state leaders across the country to examine impacts of the 21st century age demographics on economic and workforce development. The Institute gathers and analyzes information about employment at state agencies, as well as workforce demographics in the states' primary industry sectors.

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