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Older workers were devastated by the pandemic downturn and continue to face adverse employment outcomes

Testimony prepared for a Senate Special Committee on Aging hearing on "A Changing Workforce—Supporting Older Workers Amid the COVID-19 Pandemic and Beyond"

Testimony • By Elise Gould • April 29, 2021

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Thank you, Chairman Casey, Ranking Member Scott, and members of the committee, for the invitation to participate in today's important hearing on supporting older workers amid the COVID-19 pandemic and beyond. My name is Elise Gould, I am a senior economist at the Economic Policy Institute, a leading non-profit non-partisan think tank that analyzes the effects of U.S. economic policy on working families. Today I would like to outline the economic impacts of the COVID-19 pandemic on older workers, how it compares to the Great Recession, and how we can build a stronger, more equitable economy going forward.

In 2020, the U.S. economy took a hit like none other in recent history. Because the 2020 recession was driven by a highly unusual cause—the need to control the pandemic and keep people safe—its first-round impacts were far different than most previous recessions in terms of which sectors and workers were hit hardest and most durably. Workers across the economy, including older workers, experienced devastating job losses. 5.7 million workers 55 years old and older lost their jobs last spring—15% of total employment for this group—and remain over 2 million jobs short of their employment levels before the pandemic hit.

Labor market outcomes were far worse for older workers in this recession as compared to their experience in the Great Recession. In particular, employment losses were greater for older workers 55 years and older in the pandemic recession compared to the Great Recession while the oldest of workers (65 years and older) experienced employment gains in the Great Recession and losses in the pandemic recession. In particular, women ages 55 and older were met with a harsher economic reality in this recession than the prior one. One of the reasons the economic reality was bleaker for older workers is that they were less likely to be able to telework coming into the pandemic. They were also significantly harder hit by the pandemic itself and therefore may have left employment in greater numbers because of concerns over their own health. The economy requires continued assistance from policymakers to ensure that the economy comes back strong, and the recovery provides greater economic security and opportunity for *all workers*, regardless of age, race/ethnicity, gender, and educational attainment.

The U.S. economy faced devastating job losses in the pandemic recession and continues to face a significant employment shortfall

At the beginning of the coronavirus pandemic, the U.S. economy experienced losses in March and April of 1.7 million and 20.7 million jobs, respectively, losses the likes of which we hadn't experienced in modern history. **Figure A** shows the monthly changes in payroll employment between January 2020 and March 2021. The labor market saw a significant bounce back in May and June with 2.8 million and 4.8 million jobs added, respectively. Unfortunately, over the remainder of 2020, job growth rapidly slowed as vital federal relief expired and the virus surged. Then, employment fell outright in December 2020, a loss of 306,000 jobs.

A solid 916,000 jobs were added in March, the strongest job growth we've seen since the initial bounce back faded last summer. Even with these gains, the labor market is still down 8.4 million jobs from its pre-pandemic level in February 2020. In addition, thousands of jobs would have been added each month over the last year without the pandemic recession. If we count how many jobs may have been created if the recession hadn't hit—consider average job growth (202,000) over the 12 months before the recession—we are now short 11.0 million jobs since February. Even at this pace, it could take more than a year to dig out of the total jobs shortfall.

The latest jobs number is certainly a promising sign for the recovery, especially as vaccinations increase and vital provisions in the American Rescue Plan (ARP) have continued to ramp up since the March reference period to today's data. While the benefits of the ARP will continue to be captured in coming months, more can be done to continue to keep the economic recovery on track, invest in the economic infrastructure, and surpass pre-pandemic benchmarks.

Millions of older workers lost their jobs in the COVID recession

Older workers were far from spared in the COVID recession. **Figure B** charts the monthly employment level for workers 55 years and older between January 2020 and March 2021. Between March and April 2020, 5.7 million workers ages 55 and up lost their jobs. This represents a loss of 15% of employment among older workers. As with workers overall, older workers experienced a bit of a rebound last summer, but unlike most other workers, older workers lost ground through the fall. March 2021 was the first month since October 2020 that older workers saw positive gains in employment. Even with that more promising gain of 308,000 jobs in March 2021, older workers are still down 2.1 million jobs since February 2020.

This understates the shortfall in employment for older workers because it simply calculates what it would take to return to the February 2020 labor market. A better measure would take into account the fact that the older population has grown significantly since then. The 55+ population has increased by more than 1.5 million since February 2020. Considering what the employment level could be given the February 2020 employment rate and recent population growth, older workers are facing a job shortfall of over 2.7 million jobs.

Older workers lost employment in greater numbers in the COVID downturn than in the Great Recession

In the pandemic recession, older workers have faced a more challenging labor market than they experienced in the last labor market downturn, also referred to as the Great Recession. The official Great Recession followed the business cycle peak in 2007 and ended in 2009, though job losses continued into 2011. Therefore, the depth of the Great Recession is best measured by comparing 2007 with 2011. **Figure C** reports full year data on the share of the population with a job, also known as the employment-to-population ratio (EPOP), by age group, comparing changes in EPOPs in the Great Recession

(2007-2011) with changes in the pandemic recession (2019-2020). Comparing full year data for 2019 with 2020 does not capture the full extent of the worst of the pandemic recession, but it provides a sense for how the year as a whole impacts employment across age groups.

The depth and length of the recession on employment rates was worse for young workers (16-24 years old) and prime-working-age workers (25-54 years old) in the Great Recession than in the pandemic recession. EPOPs fell by 7.7 percentage points for young workers in the Great Recession and by 5.3 percentage points in the pandemic recession. Prime-working-age workers experienced less of a difference between the recessions, but they did see a slightly larger fall in EPOPs in the former recession than the latter (4.8 ppt decline versus 4.3 ppt decline).

Older workers, on the other hand, experienced far worse labor market outcomes in the pandemic recession than the Great Recession. Workers 55-64 years old experienced more mild employment losses in the prior recession and workers ages 65 and older experienced outright gains in the prior recession.[1] Job losses may have been lighter among older workers in the former recession because of where the job losses occurred as well as the fact that older workers' retirement income may have been more compromised during the financial crisis than during the COVID recession and therefore they may have remained in the labor force longer than they otherwise would have. In addition, in the current recession, older workers may have left employment for fear of the pandemic itself.

Figure D compares the employment rates of men and women older workers, separately. Older men ages 55+ experienced greater employment losses than women in the COVID downturn, but older women experienced a bigger difference in employment between the Great Recession and the COVID recession. In particular, men ages 55-64 only saw a mild difference in their losses between the Great Recession and the COVID recession (3.0 percentage point changes versus 3.5 percentage point change in their EPOPs). Women ages 55-64 saw a much larger drop in employment in the most recent recession, 3.1 percentage points versus 0.7 percentage points. This could be due in part to additional caregiving responsibilities for this cohort of older women. They may have left the labor force to care for elderly parents who left their nursing home or assisted living facility, other ill family members, or even grandchildren when the schools shuttered.

Both men and women ages 65 and older experienced a significant swing in employment between the Great Recession and the COVID downturn. In the earlier period, both men and women saw increases in employment, while in the latter period, both experienced significant losses.

Older workers were harder hit by the pandemic itself and therefore may have employment in greater numbers because of concerns over their own health

The data over the last year have been conclusive that older workers are at higher risk for severe illness from COVID-19. **Figure E** shows the disproportionate death toll borne by the

population 55 years old and older. The vast majority—93%—of the deaths from COVID-19 were among those 55 years old and older. Over a half a million deaths were attributed to this older population. It would be no surprise then that many older workers may have not only lost their jobs but opted out of the work force for fears of their own health and safety. This may be particularly true for older workers of color who have been hit harder from both the health and economic aspects of the pandemic.

Unfortunately, older workers were less likely than many other age groups to be able to telework before the pandemic hit. **Figure F** shows the share of workers who were able to telework before the pandemic hit, by age group. Nearly three-fourths of workers ages 65 and older—or over 5 million older workers—are unable to telecommute. And over two-thirds of 55- to 64-year-olds cannot telework either; this represents another 15 million workers. That means that these workers, who are at higher risk for severe illness from COVID-19 because of their age, could be putting themselves at risk to earn a paycheck.

The latest data from the Bureau of Labor Statistics shows that only about one-fifth of the current workforce is teleworking. That means that nearly 80% of workers are physically going to work. Not only does that include many older workers, but it's likely that millions of younger workers who cannot telework may be putting older family members at risk by going to work themselves.

Congress has taken important steps to protect the health and economic well-being of workers and their families during the pandemic. However, in order for the economy to grow back quickly and *stronger* than before, policymakers should make sure the recovery hits all corners of the labor market. This means putting significant investments in policies that meet the pressing social needs the COVID-19 pandemic made so visible and that lead to greater economic security and opportunity for workers, including but not limited to, physical infrastructure, caregiving needs for young and old, paid leave, and expanded unemployment insurance.

Thank you and I look forward to your questions.

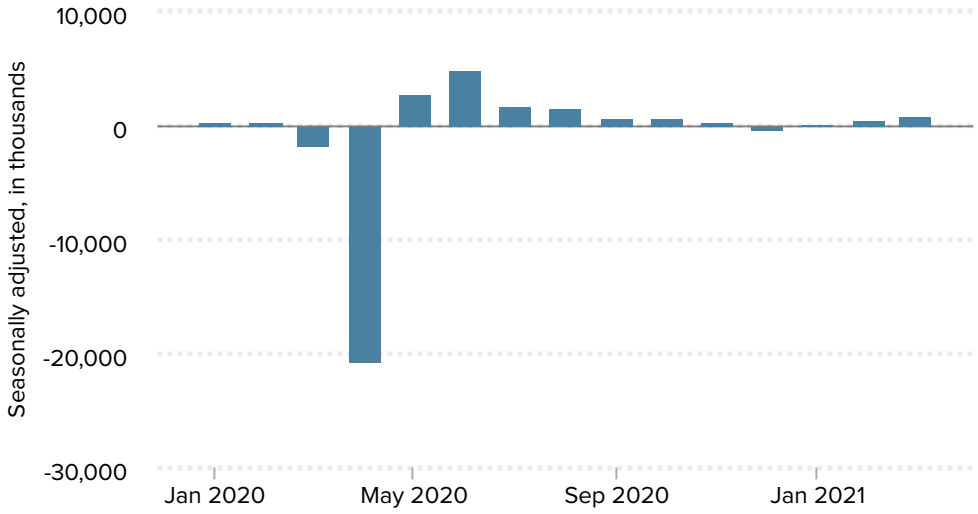
Note

1. While the aging population—namely baby boomers reaching age 65 during the Great Recession—may be a factor in the employment increases for workers age 65+ in the Great Recession, an examination of the same data using smaller age groupings confirms that the labor market led to fewer job losses among this group and the outright gains were experienced among those 65-69, 70-74, and 75 and older when measured separately.

Figure A

U.S. labor market struggles to recover job losses after massive decline in jobs last spring

Monthly change in payroll employment, January 2020–March 2021



Source: EPI analysis of Bureau of Labor Statistics' Current Employment Statistics public data series

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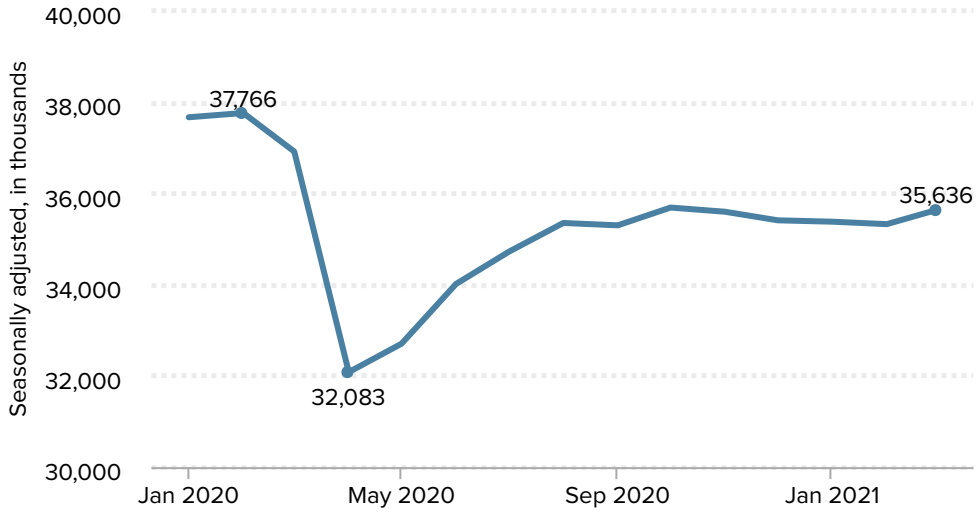
Figure B

The COVID-19 recession has hit older workers hard

Employment level for workers 55 years and older, 2020–2021



Source: Authors' analysis of Bureau of Labor Statistics' Current Employment Statistics public data series.

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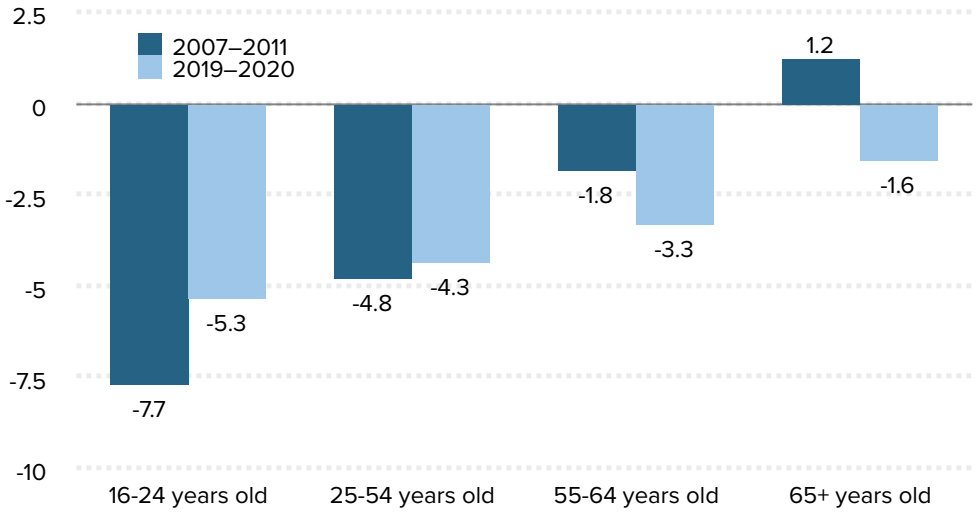
Figure C

Older workers face a more difficult recovery from the COVID-19 recession

Change in employment-to-population ratios during the Great Recession and the COVID-19 recession, 2007–2011 and 2019–2020, by age group



Source: Authors' analysis of EPI Current Population Survey Extracts, Version 1.0.14 (2021), https://microdata.epi.org.

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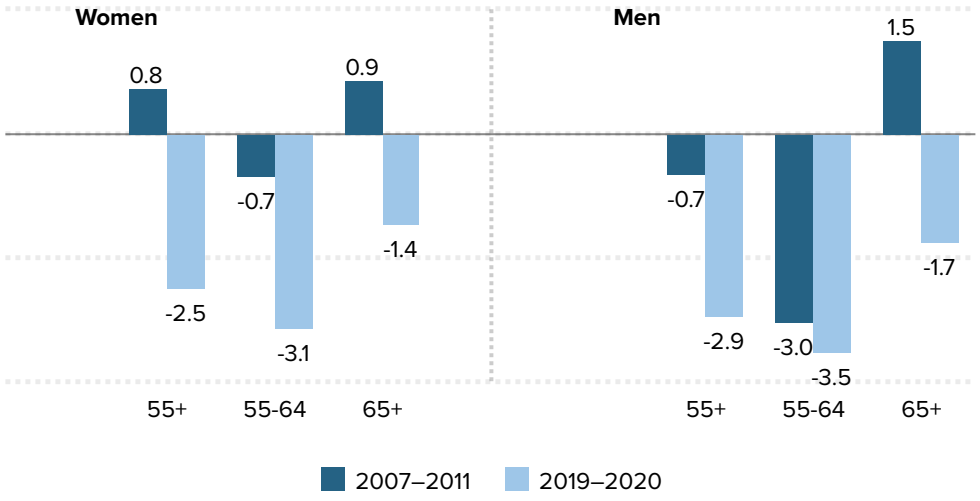
Figure D

Both older men and women workers suffered more job losses in the pandemic recession than the Great Recession

Change in employment-population ratios during the Great Recession and the COVID-19 recession, 2007–2011 and 2019–2020, by gender and older age group



Source: Authors' analysis of EPI Current Population Survey Extracts, Version 1.0.14 (2021), https://microdata.epi.org.

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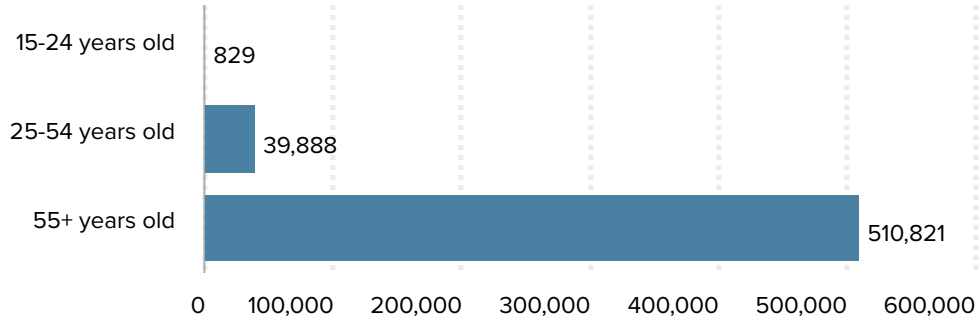
Figure E

Older workers are worried about high COVID-19 related death tolls

Number of COVID-19 related deaths, January 1, 2020–April 17, 2021



Source: Authors' analysis of Centers for Disease Control and Prevention (CDC) Provisional COVID-19 Death Counts by Sex, Age, and State data.

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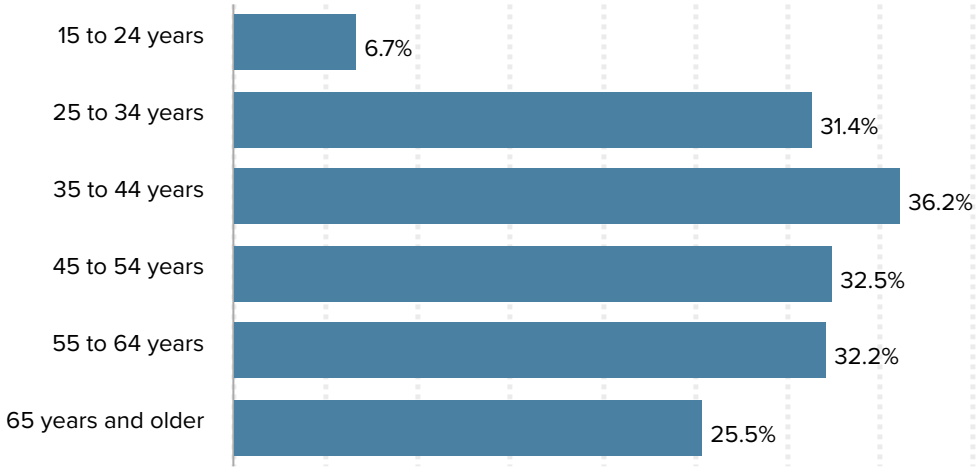
Figure F

Older workers among the least likely to be able to telework

Share of workers who can telework, by age, 2017–2018



Source: U.S. Bureau of Labor Statistics, Job Flexibilities and Work Schedules — 2017–2018 Data from the American Time Use Survey

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