

Ohio's Aging Labor Force: An Update



Executive Summary

From 2000 to 2016, the proportion of Ohio workers ages 55 and older grew from 13.4 percent to 24.2 percent.

This increase in older workers was largely a consequence of the baby boom generation getting older. Declining labor force participation rates among most age groups exacerbated the problem.

As the baby boom generation retires and leaves the labor force, fewer workers will be available to fill vacated jobs. From 2010 to 2030, Ohio's population of those ages 15 to 64, which is the bulk of the labor force, will shrink more than 7.0 percent.

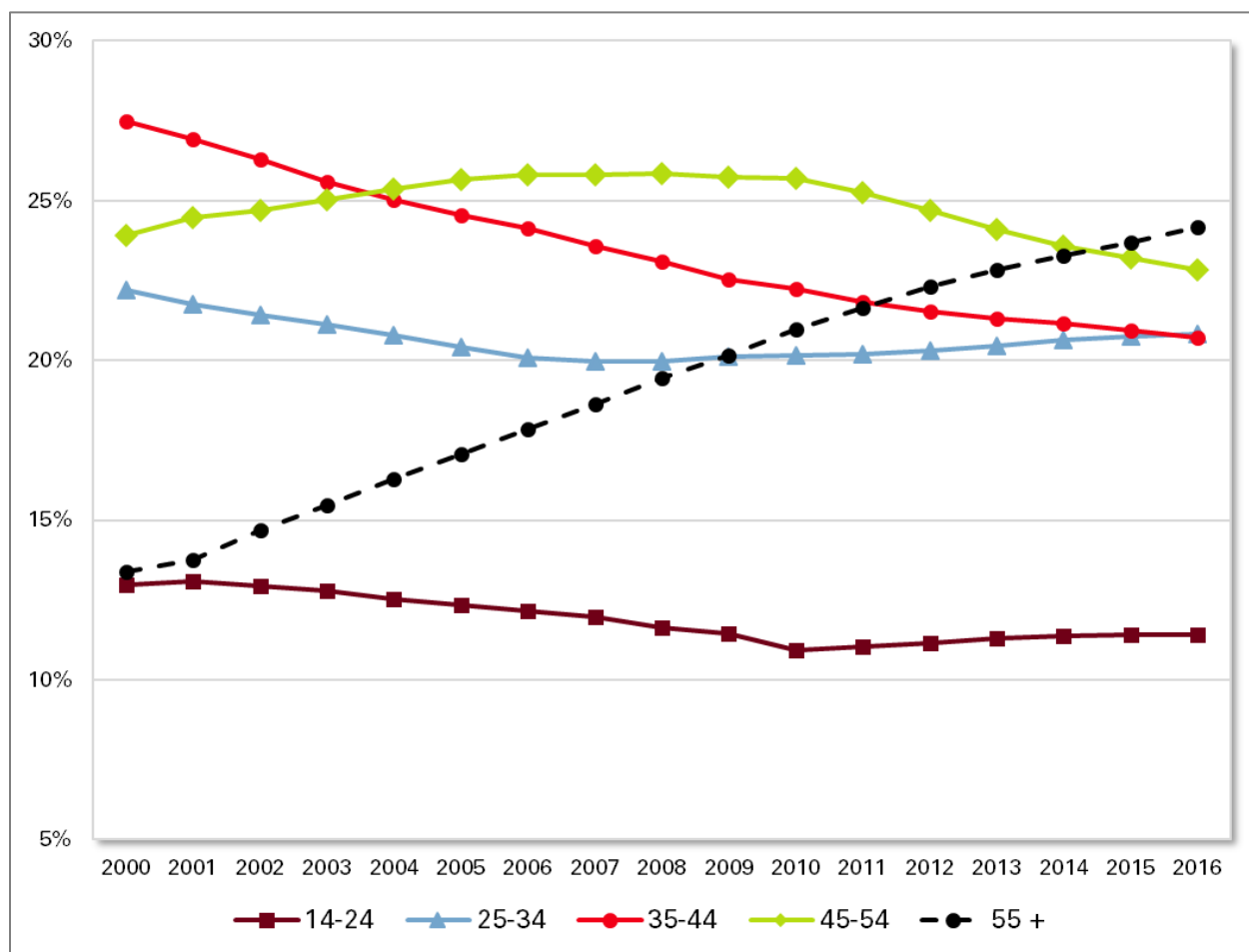
Some regions and counties in Ohio have higher proportions of older workers than others. The JobsOhio Northeast Region has the highest proportion of older workers. Smaller counties on or near Ohio's eastern and western borders also tend to have high proportions of older workers.

Similarly, some industries have higher proportions of older workers than others. The educational services and utilities industries have the highest proportions of workers 55 and older. Among occupations, legal occupations and management occupations have the highest proportions of older workers, but this may be because of their educational and experience requirements.

In 2011, a group of workers began turning 65, the youngest age at which they could retire and receive full Social Security benefits. There was some media attention for this “birthday” because those workers were the leading edge of the baby boom generation. That generation has had an outsized effect on the economy and the workforce. As they aged, the average age of the workforce increased, as well. Their exit from the workforce presents a significant workforce challenge for Ohio.

Figure 1 shows the composition of the Ohio workforce by age group from 2000 to 2016. The most striking feature is the increase in the proportion of workers 55 and older. In 2000, workers 55 and older accounted for 13.4 percent of Ohio workers; by 2016 they accounted for 24.2 percent.

Figure 1. Ohio Workers¹ by Age Group, 2000 to 2016



Source: Quarterly Workforce Indicators

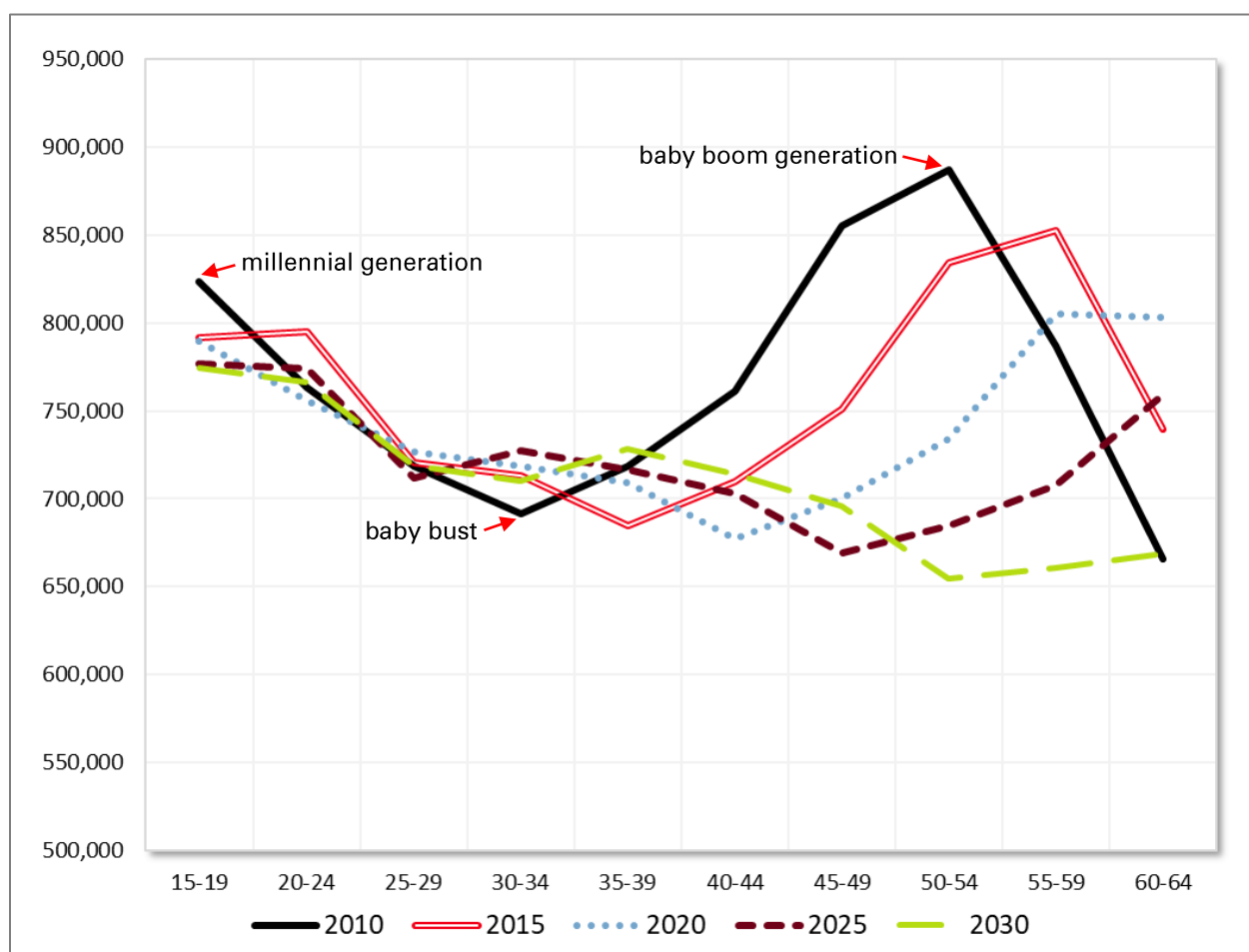
¹ Stable jobs lasting at least one full quarter.

Two factors led to the age shift among Ohio workers. The strongest factor was a series of shifts in birth rates following World War II. From about 1946 to 1964, the United States enjoyed high birth rates, which led to an historically large number of births: the baby boom generation. When this generation reached working age, they enlarged the workforce. Birth rates began declining in the late 1950s, and from 1965 to about 1990, the number of births was much less than during the boom. The “baby bust” did not produce the number of potential workers the baby boom did. A third wave of births, the millennial generation that followed the baby bust, was larger than the baby bust but not as large as the baby boom.

The second factor in the worker age shift has been a decline in labor force participation after 2007. Labor force participation generally declines with worker age, but participation rates have fallen among all age groups except for those 65 and over. Lower participation rates further reduced the size of the smaller age groups in the work force.

Figure 2 shows the change in the age distribution of the Ohio working-age population over time. The solid black line is the age distribution in 2010. The baby boom generation is the large hump on the right, the baby bust is the shallow dip just left of center, and the uptick on the left is the millennial generation entering the workforce. By 2015 (the double red line), the baby boom generation shifted more to the right as it aged; it also dropped a bit as baby boomers retired. By 2020 (the blue dotted line) the baby boomers will account for a smaller but still significant share of the workforce. By 2025 (the maroon short-dashed line), the effect of the baby boom generation on the work force will have declined, and the role of the millennials in the workforce will increase. The baby boomers will be out of the work force by 2030 (the green long-dashed line). Based on these population projections, it does not appear there will be enough workers to replace retiring baby boomers.

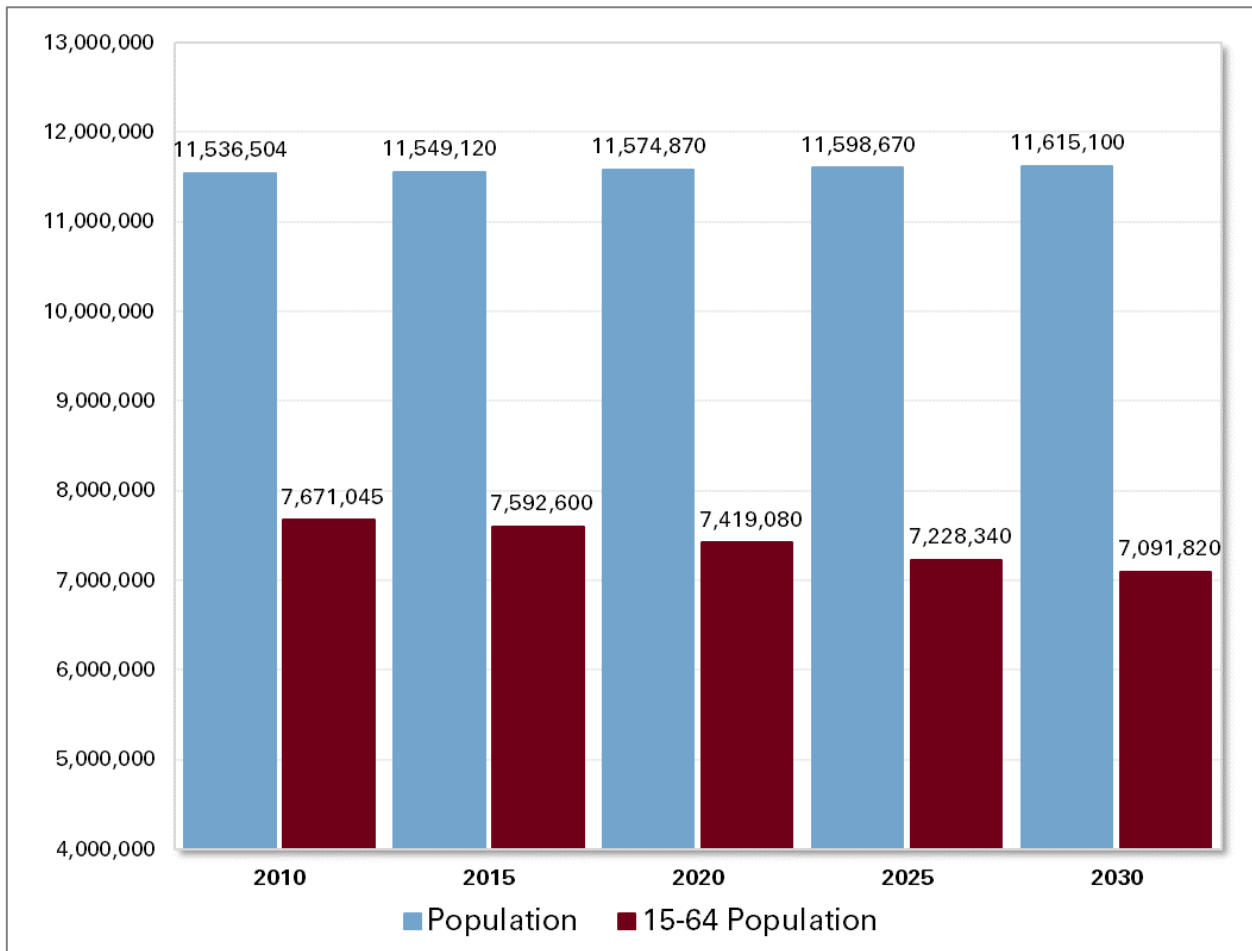
Figure 2. Distribution of Ohio Prime Working-Age Population Over Time



Source: Ohio Development Services Agency

The net effect is that as the baby boom generation leaves the work force, the work force will get smaller. Figure 3 shows actual and projected trends for Ohio's total population and age 15-to-64 population. The total population is projected to grow only 0.7 percent from 2010 to 2030. The 15-to-64 age group, the prime working-age population, is projected to shrink 7.6 percent by 2030. A shrinking workforce can limit economic growth in two ways: fewer workers to provide goods and services, and fewer consumers of goods and services.

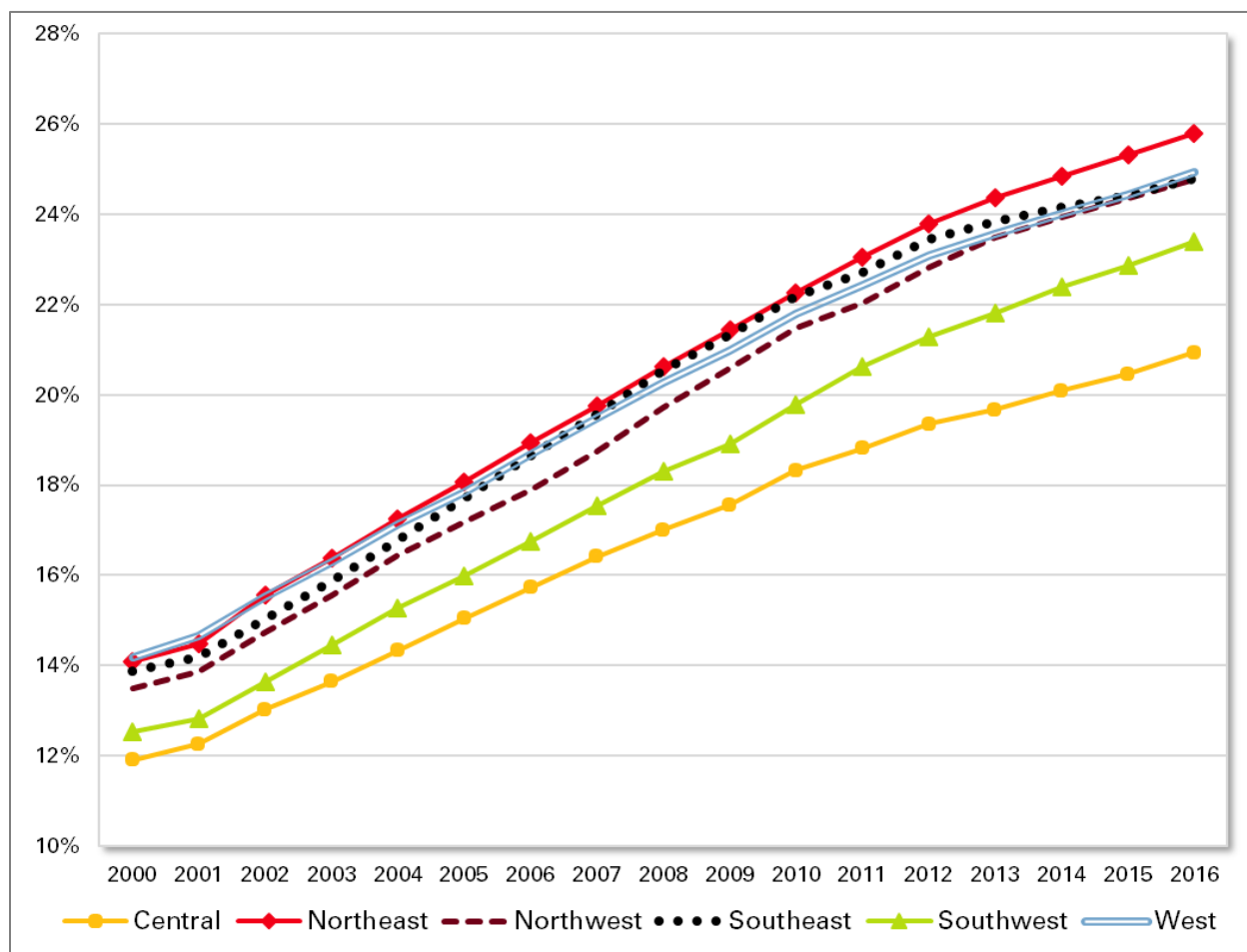
Figure 3. Total and 15-64 Population Estimates and Projections



Source: Ohio Development Services Agency

Although every area of Ohio has an aging workforce, some areas are less affected than others. Figure 4 shows the percentage of workers 55 and older from 2000 to 2016 for each of the six JobsOhio regions. For all areas, the percentage of workers 55 and older went from less than 15 percent in 2000 to more than 20 percent in 2016. The Central region had the lowest proportion of workers 55 and older in 2016, with 20.9 percent. Its proportion of older workers does not appear to have grown as quickly as the other regions. The Northeast Region had the highest proportion of older workers in 2016 at 25.8 percent.

Figure 4. Percentage of Workers² 55 and Older by JobsOhio Region, 2000 to 2016

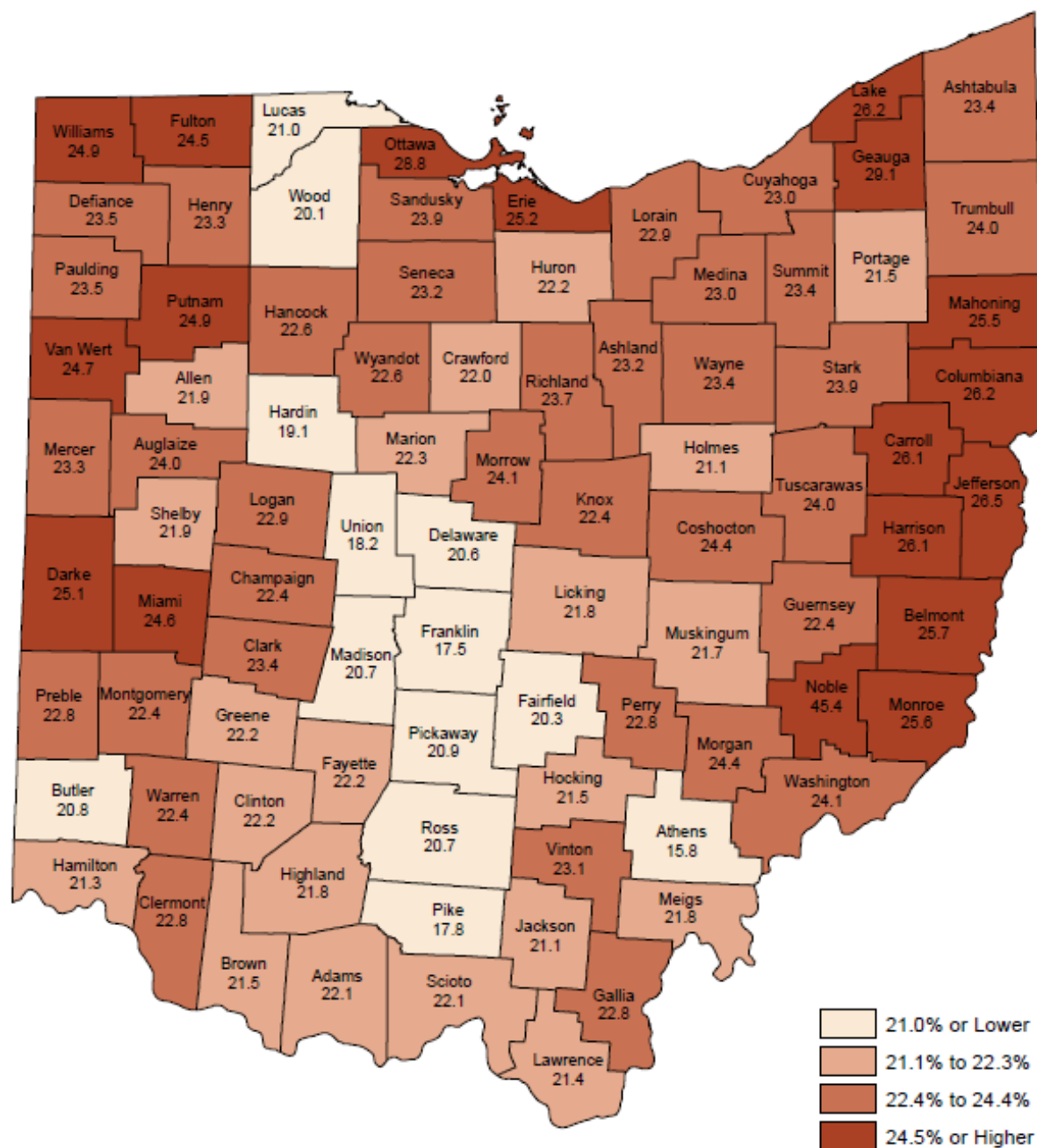


Source: Quarterly Workforce Indicators

² Stable jobs lasting at least one full quarter.

It is possible for a county to have a relatively older population but a younger labor force. Participation in the labor force means having a job or actively seeking work. Many older individuals may not be in the labor force because they have retired, have left the labor force for other reasons, or have never entered the labor force. Figure 5 shows the percentage of those 55 and older in the labor force by county. Athens County has the lowest percentage of those 55 and older in the labor force, at 15.8 percent, and Noble County has the highest at 45.4 percent.

Figure 5. Percentage of County Labor Force Ages 55 and Older

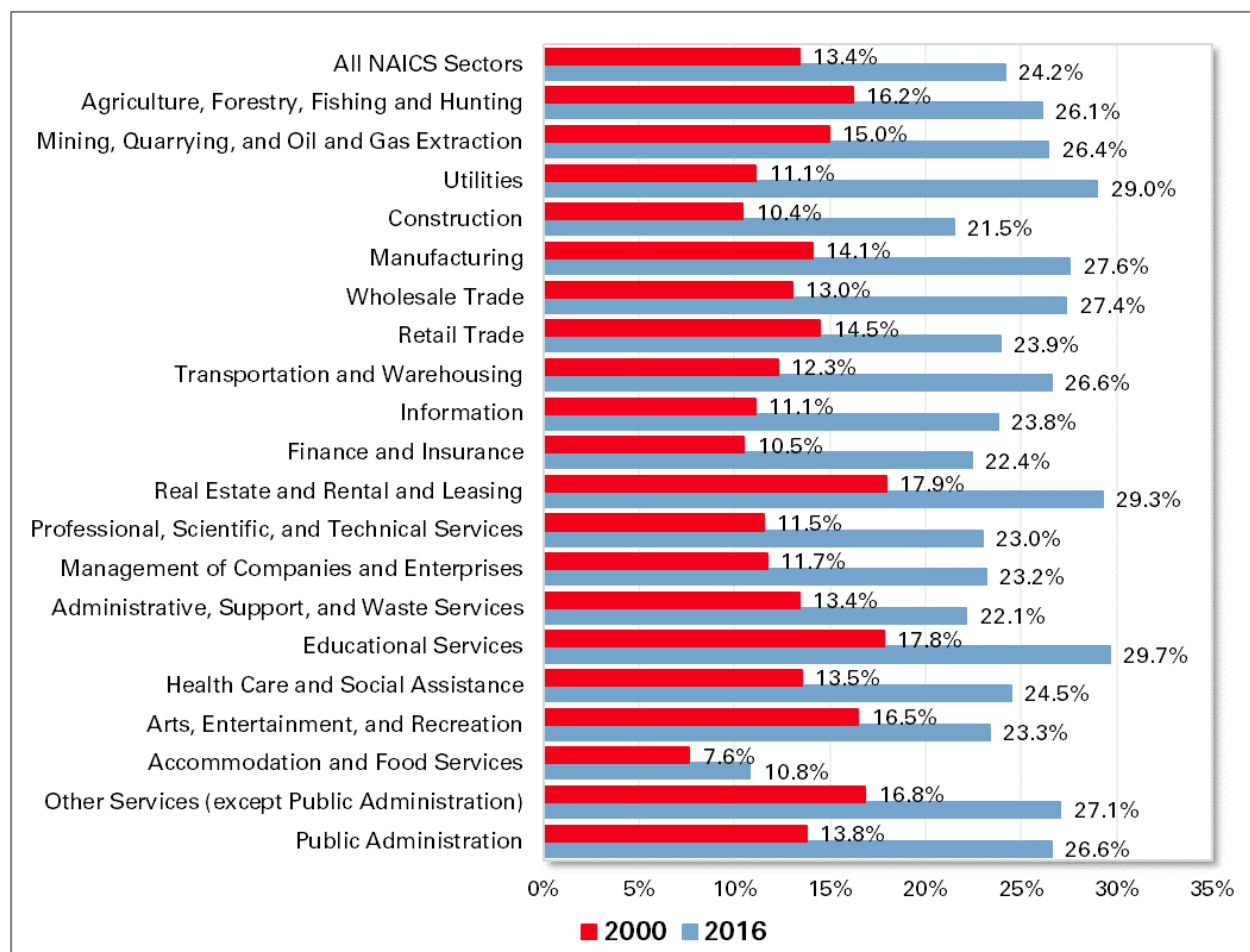


Source: American Community Survey, 2012 to 2016 Sample

Industries tend to have different age distributions; those with higher proportions of workers 55 and older may have a harder time managing baby boomer retirements. Figure 6 shows the percentages of workers 55 and older by industry sector for 2000 and 2016. In 2000, workers 55 and older accounted for 13.4 percent of the workforce. By 2016 that percentage had grown to 24.2 percent, a 10.8 percentage point increase.

Educational services had the highest percentage of older workers in 2016 at 29.7 percent, but it also had the highest percentage of older workers in 2000. The utilities sector had the largest increase in the proportion of older workers, with a 17.9 percentage point increase from 2000 to 2016. It was followed by the wholesale trade sector and transportation and warehousing sector, with 14.3 percentage point increases. Manufacturing had a 13.5 percentage point increase in workers 55 and older. Accommodation and food services had the smallest increase in older workers, with a 3.2 percentage point increase from 7.6 percent to 10.8 percent.

Figure 6. Percentages of Workers³ 55 and Older by Industry Sector, 2000 and 2016

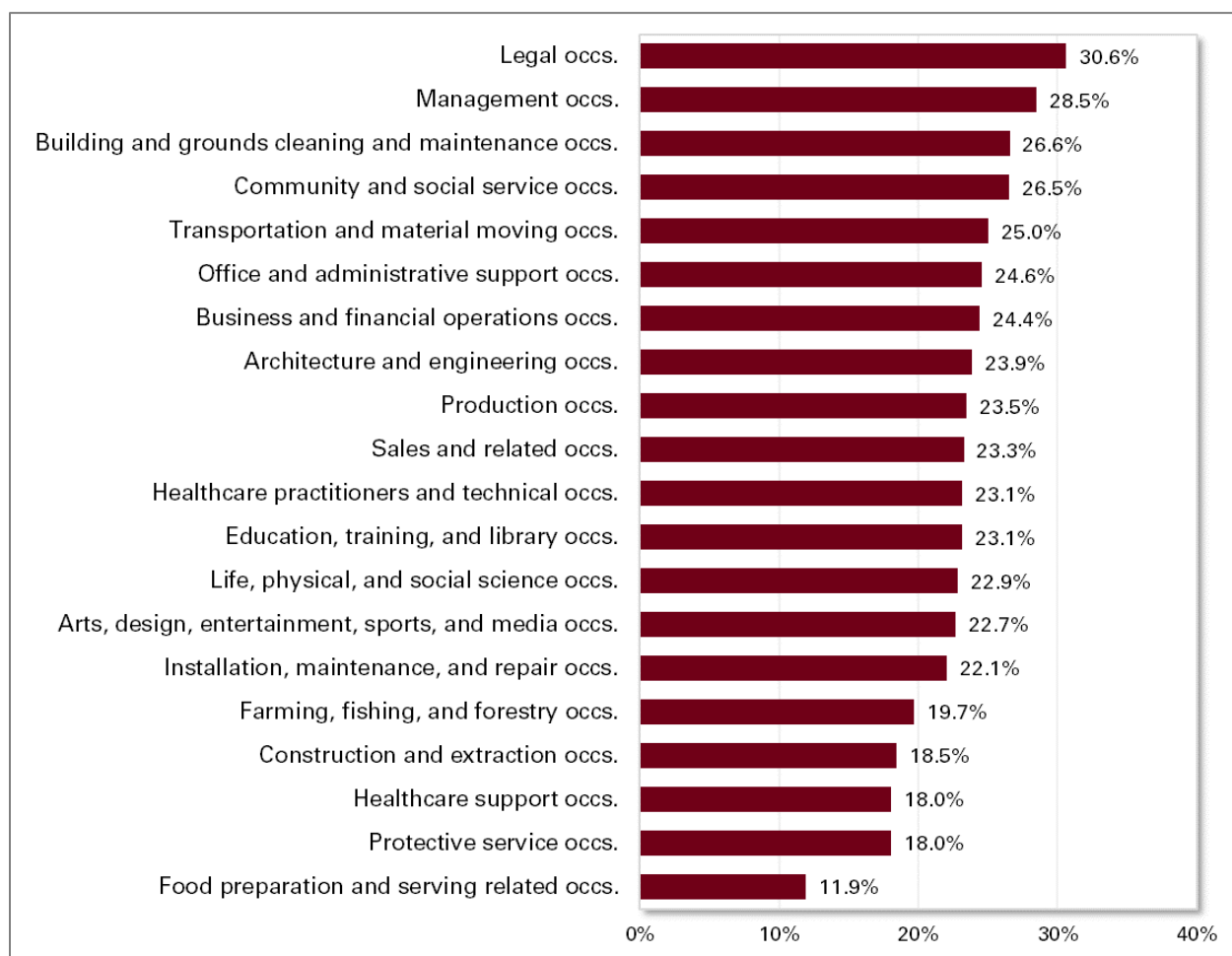


Source: Quarterly Workforce Indicators

³ Stable jobs lasting at least one full quarter.

Figure 7 shows the percentages of workers in the U.S. age 55 and older by occupational group. Nationally, 23.0 percent of workers were 55 and older in 2017.⁴ Ohio's workforce is slightly older. In Ohio, about 24.5 percent of workers were 55 and older.⁵

Figure 7. > Percent of U.S. Workers 55 and Older by Occupational Group, 2017



Source: U.S. Bureau of Labor Statistics, Current Population Survey

The legal and management occupational groups had the highest percentages of workers 55 and older, with 30.6 percent and 28.5 percent, respectively. Intuitively, this appears to make sense. Lawyers must have post-graduate law degrees; judges and magistrates must have significant legal experience. Managers usually have significant experience in their fields, and they must have more experience to move to higher-level positions.

The healthcare practitioners and technical occupations might be expected to have a high percentage of older workers because many occupations in this group require professional degrees plus internships and residencies, which could delay entry into the occupation.

⁴ Based on the Current Population Survey.

⁵ Partial year data.

Yet, only 23.1 percent of workers in this group are 55 and older. Part of the reason may be that some occupations in this group require only on-the-job training or a post-secondary certificate, which could speed entry into those occupations. Also, healthcare is a steadily growing industry, and the new job entrants may be lowering the age distribution of the occupational group.

Some occupational groups with a high percentage of workers 55 and older do not have significant educational barriers to entry. About 26.6 percent of workers in the building and grounds maintenance and cleaning occupations group are 55 and older, making it the third oldest occupational group. None of the occupations in this group require significant training that would delay entry. Projected growth rates for this group are mostly positive, although below the statewide rate for all occupations.

Summary

Since 2000, Ohio has seen a significant increase in the percentage of its workforce that is age 55 and older. That group consists of most of the baby boom generation. Current population trends and projections suggest that the prime working-age population, those 16 to 65, will shrink more than 7 percent from 2010 to 2030. This means there may not be enough workers in Ohio to fill positions left vacant when baby boomers retire. The JobsOhio Central region has the lowest concentration of older workers, while the Northeast region has the highest concentration. In half of the state's 20 industry sectors, more than 25 percent of workers are 55 and older. In a few sectors, almost 30 percent of workers are 55 and older. Five occupational groups have concentrations of workers 55 and older at 25 percent or more. Some occupational groups might be expected to have high concentrations of older workers because of significant educational requirements. Some occupational groups with high percentages of older workers do not have high educational requirements.

Ohio Department of Job and Family Services
Office of Workforce Development
P.O. Box 1618
Columbus, OH 43216-1618



Search for jobs.
Visit OhioMeansJobs.com
Locate talented employees.

Bureau of Labor Market Information Business Principles for Workforce Development

- Partner with the workforce and economic development community.
- Develop and deploy new information solution tools and systems for the workforce and economic development community.
- Provide products and services that are customer- and demand-driven.
- Be known as an important and reliable source for information solutions that support workforce development goals and outcomes.

Acknowledgments: The Workforce Research Section produced this report under the direction of Bureau Chief Coretta Pettway. For further information, visit OhioLMI.com or call the Ohio Bureau of Labor Market Information at **1-888-296-7541** option 6, or **(614) 752-9494**.

John R. Kasich, Governor
State of Ohio
Ohio.gov

Cynthia C. Dungey, Director
Ohio Department of Job and Family Services
jfs.ohio.gov

Office of Workforce Development
jfs.ohio.gov/owd/

Bureau of Labor Market Information
OhioLMI.com

(11/2018)

An equal opportunity employer and service provider.
A proud partner of the American Job Center network.

This workforce product was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by and individual for non-commercial purposes is permissible. All other uses require the prior authorization of the copyright owner.