

## EXECUTIVE SUMMARY

The post-World War II baby boom generation has had a profound effect on public policy and society at large. At each stage of the life cycle, this generation has changed the demand for public services. The social and policy phenomena associated with the baby boom result from a complex interaction of (a) the sheer numbers of people in this generation, and (b) the coincident occurrence of important events and developments in society and the economy as a whole.

As the baby boom generation turns fifty, it is important to reconsider the implications for U.S. employment and training programs. This paper presents background information about the baby boom generation, its characteristics, how it compares to other generations, and factors affecting this cohort.

### Population

- The baby boom generation consists of persons born between 1946 and 1964. In 1996 baby boomers were between the ages of 32 and 50. By the end of 2005, the first of the baby boomers will begin to turn 60.
- About 75 million baby boomers were born in the U.S. between 1946 and 1964. Today, there are about 83 million baby boomers in the U.S., about 10 percent of whom were born in other countries. Since immigrants tend to be younger than the general population, their presence means that 54 percent of baby boomers are in the younger part of the generation (32 to 40 years old in 1996) and 46 percent are older (41 to 50 years old in 1996).
- In 1995, baby boomers represented about 41 percent of the national total population age 16 or older. Projections are that they will continue to be a significant portion of the population until at least 2025, when there will still be 65 million baby boomers, ranging in age from 61 to 79 and constituting 25 percent of the population.

## Workforce

- When baby boomers began entering the workforce, they increased the size of the labor market. Since then, they have raised the average age of the workforce. Assuming a retirement age of 65, baby boomers will not begin to retire until 2011. The median age of workers in 1994 was 38 years and by 2005, the median age will be 41 years. The labor force will continue to age until about 2015.
- In 1995, there were about 41 million workers age 45 and older, representing about 31 percent of the labor force. By 2005, there will be about 55 million workers 45 and older, or about 37 percent of the labor force. Much of the increase will occur in the 50 to 60 year old category. After 2005, there will also be an increase in the 60 to 70 year old category until the early baby boomers begin retiring in large numbers after 2020.
- Baby boomers in general have done better than any previous generation in terms of income and education. Real median household income is 35 to 53 percent higher than in their parents' generation, and about 25 to 30 percent of baby boomers have four or more years of college. Still, 11 to 13 percent lack a high school diploma. Younger baby boomers (32 to 40 year olds in 1996) have not done as well as those 41 to 50 years old. The wage stagnation that began in the mid-1970s particularly affected the younger baby boomers, especially those without high school diplomas. Baby boomers who have not graduated from high school have experienced real incomes that are 12 percent lower than for similarly educated persons in their parents' generation.

## Economically-Disadvantaged

- The total economically disadvantaged population (i.e., the JTPA eligibles) will increase by about 2.3 million, or 9.5 percent, between 1995 and 2005. The age distribution of this low-income population will shift up because of the aging baby boom. In 2005, there will, for example, be about 1.3 million more 45 to 54 year old disadvantaged adults than in 1995 and 1.4 million more 55 to 70 years. In contrast, there will also be about 200,000 more 20-24 year olds and about three-quarters of a million *fewer* disadvantaged 25 to 34 year olds.
- This means that the JTPA-eligible population will age over the next decade. In 1995, 39 percent of the eligibles were under 35 years old, 21 percent were between 35 and 44, and 40 percent were over 45 years old. By 2005, 34 percent will be under 35, 20 percent will be between 35 and 44, and 47 percent will be over 45. Young adults 20-24 will continue to comprise about 10 percent of the eligible population.

## **Employment and Training**

- In 1995, no more than about 3 percent of the 8.4 million economically disadvantaged 45 to 70 year olds participated in a federally-sponsored employment and training program. About half of those who did participate were over age 55 and in one of the two programs specifically for persons 55 and older-- Senior Community Service Employment Program (SCSEP) (97,500 participants) and the special Job Training Partnership Act (JTPA) older workers program under Section 204(d) (13,700 participants).
- About 122,000 mature workers (age 45 and older) participated in JTPA in 1995. About 91,000 of these were in JTPA Title III dislocated worker programs. Only about 18,000 persons 45 and older were in Title IIA adult programs, which was about 11 percent of all Title IIA participants. Only about 2 percent of all IIA participants were 55 years of age or older. The overwhelming majority of mature workers in JTPA were under 55 (72 percent of the Title III and 81 percent of the Title IIA participants). Given that older persons represent about 45 percent of the eligible population, this means that older workers in general (45 and older) have been substantially under represented in JTPA IIA adult programs, in part because fewer in this age range may choose to apply.

## **Future Directions**

- Based on historic participation, one can anticipate that the demand for employment services by older workers will increase as the baby boom generation ages over the next twenty years. That demand, mainly from those with relatively less education and work skills, may suggest that current employment and training programs should begin now to prepare for the aging of its participants and, possibly, for expanding program services to accommodate growing need. Even if the rate of participation by mature baby boomers is the same as for mature workers today, the number of persons 45 and older in IIA programs could nearly double between 1995 and 2005. If the rate of older workers choosing to enter JTPA increases, then, of course, there would be relatively more participants age 45 and older.
- The JTPA system should re-examine current service delivery approaches to assure that strategies are appropriate for older workers. For example, promising approaches include work experience/community service and small group instruction (rather than large classroom settings).

- As the baby boom ages, more persons will become eligible for special older worker employment programs. The SCSEP has been fairly effective with low-income workers over 55, but at current funding levels can serve only about 1 percent of eligibles. Once the baby boom begins to reach 55 in 2001, far fewer than 1 percent will be able to participate if funding remains constant. An increase in funding proportionate to the increase in the older population seems justified. Between 1995 and 2005, there will be 1.4 million more disadvantaged persons between the ages of 55 and 70.
- There will also be an increased need for employment-related services by persons between the ages of 45 and 54, below the SCSEP age level of 55. There will be about 1.3 million more 45 to 54 year old disadvantaged adults in 2005 than in 1995, and one third of these will be between the ages of 50 and 54. The SCSEP and 204(d) programs could be expanded to also serve the younger cohort, but services should not be reduced for those over 55. Projections are that both groups will be experiencing substantial growth.
- Federal policymakers should consider ways to also leverage both public and private resources to minimize the number of older baby boomers who need extra public support, for example, by encouraging more flexible combinations of work and retirement; and to maximize the productivity activity that this highly educated generation can continue to provide well into their sixties and beyond (e.g., by encouraging and channeling more voluntarism and community service).