

Retirees Replacing Teen Workers in Low-Wage Jobs

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By David R. Jones

President and CEO, Community Service Society of New York

In 2005, the Community Service Society issued a report on disconnected youth, young people ages 16 to 24 who were neither at work nor in school ("[Out of School, Out of Work.... Out of Luck? New York City's Disconnected Youth](#)"). The numbers at that time, before the recession, were staggering; nearly 200,000 in New York City and more than five million nationwide.

In our study, we speculated that the lack of credentials, a work history, and intense competition for low-wage jobs were making it difficult for many young people, particularly young people of color, to enter the workforce. The nature of that competition included the significant presence of workers over 65 who were taking low-wage jobs in order to supplement their retirement income. Two recent stories spell even more significant problems for young workers and increased desperation for retirees on fixed incomes.

An analysis by the nonpartisan Employee Benefit Research Center ("Study: Many workers' retirement savings will run out too soon," USA Today, July 14, 2010) found that 64 percent of workers earning less than \$30,000 a year will run out of money within 10 years of retiring, and that "early" baby boomers, meaning people ages 56 to 62, have a 47 percent likelihood of not having enough money to cover basic retirement costs (i.e., housing, food, and clothing) and will be unable to meet uninsured medical expenses.

If anyone doubts the conclusions of these estimates, the consequences are already becoming apparent in the latest U.S. Department of Labor report ("Workers Over 65 Vie With Teens in Labor Market for First Time Since Truman," [Bloomberg.com](#), July 13, 2010) that announced that for the first time since at least 1948, people over age 65 now outnumber young workers 16-19 by a significant margin. There are currently 6.6 million seniors working or actively seeking work versus only 5.9 million 16-19 year olds. Moreover, the rate of growth in this disparity is increasing rapidly. The two reports when taken together spell a major change in the labor market that will be particularly problematic for places like New York City, which has such a large number of young people, seniors, and people living at or near poverty.

Why should we be alarmed by more and more seniors coming back into the labor market? For at least two reasons. First, many are not coming back voluntarily, but because they

cannot afford basic necessities on their fixed incomes; second, because they're often taking low-wage jobs that used to be the first steps into the labor market for young people, particularly those without credentials and who come from poor communities.

Employers are gravitating towards workers over 65 for very good reasons. They often have decades of experience working with both customers and co-workers. Many are much more dependable than young people just starting work. And Medicare covers their health costs. Take those positives against a teenage worker, with no job experience, limited skills, and attitudes that often come with being young. That makes the choice almost ridiculously simple, particularly when it comes to service work that doesn't require strength or dexterity.

But what may be good for the public and employers may be seriously bad for the city and nation. At least some studies show that if individuals don't make a solid connection to the world of work by age 25, they may never make a connection (see Andrew Sum, "Leaving Young Workers Behind," National League of Cities Institute for Youth, Education and Families, 2003). For young people of all races across the country, particularly those without skills, this presents the very real prospect of a significant number of those who never get on track in terms of finding work. If the numbers we found five years ago begin to grow rapidly from 5 to 10 million and beyond, the nation is going to have to permanently support an ever more costly group of young, middle aged, and ultimately elderly people who never get to contribute.

If we're not going to lose a generation, the creation of a new national Works Progress Administration program -- such as was created in the 1930s -- is a necessity to provide work and motivation for 100,000 young people who are currently disconnected. With current changes in the labor market, with seniors and more experienced workers who have lost skilled jobs suddenly competing for low-wage employment, the employment prospects for young unskilled workers being able to compete are bleak. It's time for government to step in, not with handouts but with jobs involving public works that allow the young to acquire critical skills, get some income and, most of all, not lose hope.