Policies to improve workforce services for older Americans

Katharine G. Abraham
Professor of Economics and Survey Methodology, University of Maryland

Susan N. Houseman
Vice-President for Research, W. E. Upjohn Institute for Employment Research

This report is available online at: https://www.brookings.edu
## Contents

About the authors .................................................................................................................. 3  
Statement of independence ..................................................................................................... 3  
Acknowledgements ................................................................................................................ 3  
Abstract ................................................................................................................................ 4  
Introduction ............................................................................................................................ 5  
Employment at older ages has been rising ............................................................................ 6  
Older workers often face difficulties in transitioning to new employment .......................... 10  
Barriers to employment at older ages .................................................................................. 13  
Recommendations .................................................................................................................. 17  
  
  - Job Centers should have, at a minimum, specialized staff who understand older workers’ needs and can serve them more effectively. ................................................................. 17  
  - Job centers should experiment with job placement programs specifically for older workers. .......................................................................................................................... 18  
  - Workforce programs for older adults should promote self-employment ...................... 19  
  - Workforce programs should provide targeted skills development for older workers. .... 21  
  - WIOA programs should have separate performance standards for older adults .......... 21  
  - Funding should be restored for the Senior Community Service Employment Program ................................................................. 23  
  - Programs and initiatives targeting older adults should be evaluated ......................... 24  
Conclusion .............................................................................................................................. 24  
References ............................................................................................................................... 26
ABOUT THE AUTHORS

Katharine G. Abraham is Professor of Economics and Survey Methodology at the University of Maryland, co-coordinator of the Labor Statistics program of the Institute of Labor Economics (IZA), and a research associate of the National Bureau of Economic Research.

Susan N. Houseman is Vice-President for Research at the W. E. Upjohn Institute for Employment Research, and co-coordinator of the Labor Statistics program of the Institute of Labor Economics (IZA).

STATEMENT OF INDEPENDENCE

The authors did not receive financial support from any firm or person for this article or from any firm or person with a financial or political interest in this article. Neither author is currently an officer, director, or board member of any organization with an interest in this article.

ACKNOWLEDGEMENTS

The authors are grateful to Gary Clark of the Michigan Department of Labor and Employment Opportunity, Ben Damerow of Michigan Works! Southwest, Mindy Feldbaum of the AARP Foundation, and Andrea Palmer of AARP Michigan for helpful conversations about the employment service needs of older workers; Randy Eberts and Henry Farber for data tabulations; and Lillian Petrovic and Lisa Abbott for outstanding research and library assistance. The paper benefitted from helpful comments by Martin Baily and Ben Harris on an earlier draft.
ABSTRACT

Older Americans increasingly need or want to work beyond the traditional age of retirement and doing so often requires changing jobs late in life. Because of age discrimination and skills obsolescence, among other factors, however, older adults may face special challenges to finding new work. We propose seven relatively low-cost reforms that will improve the workforce services provided to older adults and can be implemented quickly: (1) having specialized staff at job centers who understand older workers’ needs and can serve them more effectively, (2) experimenting with job placement programs specifically for older workers, (3) promoting self-employment among older adults, and (4) providing targeted skills development for older workers. Additionally, we recommend (5) adopting separate program performance standards for older adults to eliminate disincentives for the provision of services to this population, and (6) restoring funding to the Senior Community Service Employment Program (SCSEP), a program that serves disadvantaged older adults. Given the limitations of available evidence on the best approach to serving older workers, we also propose (7) evaluating the new programs and initiatives we are recommending to ensure they are having the intended effect.
Introduction

Americans are living longer, are healthier at older ages, and increasingly are working beyond the traditional age of retirement. While many who work until late in life do so to stay active and connected or for other nonfinancial reasons, others work out of financial need. Owing to a variety of factors including changes in the structure of private retirement benefits, an increase in the eligibility age for claiming full Social Security benefits, and stagnant wages in recent decades for those at the bottom and middle of the earnings distribution, a large share of older Americans lack adequate savings for retirement.

At the same time, the U.S. economy has become more reliant on older workers. Reflecting not only the increased labor force participation of older workers but also, and more importantly, the aging of the baby boomer generation, today nearly a quarter of the labor force is age 55 and older, an increase of 12 percentage points since the mid-1990s.

A significant challenge to continued employment at older ages is that workers often must change jobs late in life. Particularly for those in manual jobs, the physical demands of their work may become too great, leading them to need to change the type of work they do. Older workers also may need or want to reduce their work hours, or they may lose their job and need to search for new employment, possibly in a different industry or occupation. The rapid pace of technical change and globalization could make such displacement more common in the future.

Yet, finding new work is especially difficult for older adults. Age discrimination in hiring is widespread and can discourage older Americans from searching for work. Older workers’ skills may be outdated, making them less attractive to employers. And, it may have been many years since they last looked for a job. Because the application and hiring process has changed, they may not know how to go about searching for a new job. During the exceptionally strong economy that prevailed in 2019, on average 1 million Americans age 55 and older were unemployed and another 1.5 million who were counted as out of the labor force nonetheless said they wanted to work. Permanent job losses during the current recession have greatly exacerbated the problem.

The federal-state workforce system is the main policy vehicle for helping the unemployed find new jobs. Yet, this system often fails to meet the needs of older adults. In contrast to the situation for jobless youths, another group with needs that are notably different from those of prime-age adults, no special programs exist to serve older job seekers. Moreover, the measures used by the U.S. Department of Labor to evaluate state workforce agencies’ performance create a disincentive to provide services to older workers. Especially given
today’s high level of unemployment, the large share of affected workers who are older, and the inadequacy of many older adults’ retirement savings, the need to address these shortcomings is urgent.

We propose seven relatively low-cost reforms that will improve the workforce services provided to older adults and can be implemented quickly. These proposals include (1) having specialized staff at job centers who understand older workers’ needs and who can serve them more effectively, (2) experimenting with job placement programs specifically for older workers, (3) promoting self-employment among older adults, and (4) providing targeted skills development for older workers. Additionally, we recommend (5) adopting separate program performance standards for older adults to eliminate disincentives for the provision of services to this population and (6) restoring funding to the Senior Community Service Employment Program (SCSEP, a program that serves disadvantaged older adults). Given the limitations of available evidence on the best approach to serving older workers, (7) we also propose evaluating the new programs and initiatives we are recommending to ensure they are having the intended effect.

To provide motivation and background for these recommendations, we begin by discussing employment trends among older adults, the difficulties older workers face in transitioning to new employment, and other employment barriers faced by this population.

**Employment at older ages has been rising**

After declining steadily for many years, older men’s employment rates flattened in the 1980s before beginning to reverse course in the 1990s. Older women’s employment rates also have risen in recent decades. The long-term trends in employment rates for both men and women are shown in figure 1. In 1999 53.6 percent of men age 60–64 were working; by 2019, the employment rate for men that age had risen to 62.5 percent, an increase of 9.0 percentage points. Over the same 20-year period, the share of women age 60–64 who were employed rose by 13.1 percentage points. Employment rates for both men and women age 65–69 and 70–74 also have grown substantially.
The substantial increases in employment at older ages can be attributed in part to changes in economic incentives. Important changes in Social Security rules that encourage continued employment have included increases in the eligibility age for claiming full benefits, increases in the reward for the deferral of benefit claiming, and elimination of the earnings test for workers past the so-called normal retirement age (Abraham and Houseman 2008; Maestas and Zissimopoulos 2010; Munnell 2015). The shift in employer-provided retirement plans from defined benefit to defined contribution arrangements also has played a role. Whereas the benefit formulas in the typical defined benefit plan discourage staying on the job past a specified age, defined contribution plans create no such disincentive.\(^1\) Additionally, the retirement benefits provided by the defined contribution plans that replaced the traditional defined benefit plan have tended to be less generous, and the share of workers covered by any employer-provided retirement plan has fallen over time (Ghiar-ducci, Saad-Lessler, and Bahn 2015).

Thus, retirement savings are especially important for workers who lack a traditional defined benefit pension, yet many older adults, especially those who have earned low to moderate incomes over the course of their careers, have not saved enough for retirement. Esti-

\[\text{...}\]

\(^1\) Under a typical defined benefit plan, pension accrual is positive up to some age but then becomes negative (Kotlikoff and Wise 1989). In contrast, under a defined contribution plan, money continues to be added to workers’ retirement accounts as long as they are working.
mates vary depending on researchers’ specific modeling assumptions, but a reasonable estimate is that 40 to 50 percent of those in their early 60s lack adequate savings to maintain their standard of living in retirement (see, e.g., Munnell, Hou, and Sanzenbacher 2018; Pang and Warshawsky 2013; and VanDerhei 2019). Inadequate savings is therefore another important motivation for many to continue working at older ages.

Although rising education can account for a sizable portion of the increase in employment rates at older ages, the larger story is that older workers of all educational levels are working longer than in the past. Older adults at every age who have higher levels of formal education are more likely to be working than are less-educated older adults; at the same time, in recent decades the educational level of the older population has risen (Blau and Goodstein 2010; Burtless 2013). As shown in figure 2, however, among both men and women, employment rates for those age 60 and older have been rising at all educational levels. Over the past 20 years, within-education-group increases in employment rates have made a larger contribution to rising employment rates than have changes in educational mix. Holding within-education-group employment rates by age constant, changes in educational attainment among the older population account for just 22.8 percent of the increase in employment observed between 1999 and 2019 for men age 60–64 and 24.9 percent of the increase for men age 65–69. For women, the corresponding figures are 32.0 percent and 28.8 percent. The increases in employment rates have been driven by increases in full-time employment; part-time work at older ages generally has been stable or declining.

**Figure 2. Percentage point change in employment to population ratio, by gender, age, and education, 1999–2019**
Another development contributing to increased work at older ages has been the improving health of the older population. Improvements in health make working at older ages possible, but the increased longevity that comes with better health also may make it necessary to work until later in life (Coile, Milligan and Wise 2017).

Finally, many of those still employed at older ages continue to work because it is a way to stay active and connected or because they take satisfaction in their work rather than because of financial need (Pitt-Catsouphes and Smyer 2005). Abraham, Hershbein, and Houseman (forthcoming) find that, among workers age 65 and older working as independent contractors, fewer than half give “earning money” as their primary motivation, and the share who do so falls with age.

Because the aging of the baby boom generation means that older adults represent a growing share of the population and, secondarily, because employment rates among older adults have risen, the share of the workforce that is age 55 and older is much larger today than it was 20 years earlier. This can be seen in figure 3. In 1999 adults age 55 and older accounted for 13.0 percent of the workforce. By 2019 the share of workers who were age 55 and older had risen to 23.8 percent, approaching a quarter of the total.

Figure 3. Share of employment accounted for by adults age 55 and older, 1976–2019

Source: Authors’ calculations using Current Population Survey data.
Older workers often face difficulties in transitioning to new employment

Although employment at older ages is much more common today than it was two decades ago, many older workers who want to continue to work will need to change jobs. For many, the search for a new job results from needing or wanting to reduce their hours or change the type of work they do. A recent AARP survey found that 35 percent of workers age 55 and older expected to be searching for a new job within the next three years (AARP 2017). Others are thrown back into the labor market unexpectedly by a layoff or plant closing. In either case, the job search process for this population can be daunting.

Few older workers have the option of reducing their hours or changing the type of work they are doing without changing their employer. Citing data from the first five waves of the Health and Retirement Study (HRS), for example, Abraham and Houseman (2005) report that only about 28 percent of older employees holding a single job and working fewer than 48 hours per week believed that their employer would allow them to reduce their hours on their current job. Data collected more recently by the Society for Human Resource Management show that, as of 2018, only about 5 percent of those responding to the Society’s annual member survey reported that their firm had a formal phased retirement program. Even counting those who say their firm offers phased retirement on an informal basis, that share rises only to about 20 percent (Society for Human Resource Management 2018).

Unfortunately, older adults who would like to change their hours or work arrangements often are unable to do so. In their analysis of HRS data, Abraham and Houseman (2005) found that, among individuals age 50 to 69 with significant labor force attachment, nearly as many said they planned to keep working but reduce their hours (18.3 percent) or change the type of work they were doing (4.7 percent) as said they planned to stop working entirely (25.0 percent). Among those with definite plans for retirement over the next two years, however, just 35.3 percent of those planning to reduce their hours and 22.1 percent of those planning to change the type of work they were doing realized those plans, compared to 65.0 percent of those who planned to stop work entirely. Maestas (2010) reports that, when asked directly in the baseline HRS interview conducted in 1992 whether they planned to work following retirement, 71 percent of working respondents said that they had such plans. Among those who had planned to continue working in some capacity or to return to
work after retiring, only about half actually reported postretirement work over the next four years.\(^2\)

Another risk faced by older adults is the loss of their job due to a layoff or plant closing. In a study based on successive Survey of Income and Program Participation panels covering the period from 1996 to 2007, Johnson and Mommaerts (2011) tracked workers of different ages for 48 months from the date of first observation in the data. They report a cumulative four-year risk of job displacement of just under 7 percent for men age 62 and older, compared to about 8 percent for men age 35–49. Analysis of data from the Displaced Worker supplement to the Current Population Survey (CPS) that identifies individuals who have lost or left a job for economic reasons, shows that, although older workers are somewhat less likely than younger workers to be displaced, displacement rates by age have converged over time (Farber 2015).

Research on dislocated workers unambiguously shows that displaced older workers have an especially difficult time finding new jobs. Using data from the HRS, Chan and Stevens (2001) find large and long-lasting adverse effects of job loss on employment among older workers. Compared to similar workers who do not lose their jobs, individuals who experience job loss at age 55 are an estimated 20 percentage points less likely to hold a job at age 59. In an analysis of Displaced Worker supplement data, Farber (2005) also finds relatively low levels of reemployment among older displaced workers. According to the most recent Bureau of Labor Statistics data on worker displacement, more than 900,000 workers age 55 and older who had been on their jobs three years or longer were displaced during the years 2017–19, and only about 60 percent of these displaced workers had been reemployed as of January 2020. This compares to a 75 percent reemployment rate for workers age 25–54. Both displacement rates and reemployment rates are cyclical, with displacement more likely and reemployment less likely when the economy is weak.

It is possible, of course, that older workers who leave or lose a job simply discover that their financial situation is better than anticipated or that they enjoy not working more than they had expected. While undoubtedly true in some cases, this is not the whole story. Ameriks et al. (2020) asked nonemployed members of the Vanguard Research Initiative, a panel of Vanguard customers age 56 and older, whether they would be interested in working. Almost 40 percent of those not working at the time of the survey, most of whom were in their 60s and 70s, would have been willing to work had the conditions been the same as in their last job, with about 60 percent expressing an interest in doing so if they could choose the

\[\ldots\]

\(^2\) Maestas defines “retirement” based on a combination of self-reported status and either no work hours, or only part-time work hours.
number of hours they would work. Furthermore, a significant share of those expressing an interest in work would have been willing to accept a substantial cut in pay from their previous job if they could choose their hours.

Even in 2019, a year when a strong economy had produced the lowest unemployment rate in 50 years and employment opportunities were relatively plentiful, a significant number of older Americans who were not employed expressed a desire to work. Figure 4 shows the percentages of the population by gender, age, and education who were not working but who wanted work. In absolute numbers, despite the strong economy prevailing in 2019, there were an average of nearly 2.5 million adults age 55 and older who would have liked to be working but did not have a job. Of these, roughly 1 million were unemployed and another 1.5 million were classified as out of the labor force but wanting a job. The reported numbers may well understate the true extent to which older adults want employment, since some of those unable to find work might find it more comfortable simply to say that they are retired than to acknowledge (to themselves or to an interviewer) that they have failed to find a job.

**Figure 4. Percent of population not working but unemployed or out of the labor force and wanting a job, by gender, age, and education, 2019**

The employment situation for older adults has worsened markedly since the onset of the COVID-19 pandemic. Employment in every age group was lower in September 2020 than it was in January 2020, but the proportional decline was greater for those age 65 and older than it was for younger adults. Whereas employment of those age 25–49 was 5.8 percent lower in September than it was in January, for those age 65 and older it was 7.2 percent lower.
lower. Some of the relatively sharper decline in employment at older ages might reflect older workers’ concerns about their heightened vulnerability to COVID-19. Still, the share of adults age 50–64 who were not working but who wanted to work was double its January 2020 level in September 2020—6.9 percent as compared to 3.4 percent. Even among adults age 65 and older, the group facing the most serious COVID-19 health concerns, the share of the population not employed but wanting to work was about 50 percent higher in September (3.0 percent) than it had been in January (2.0 percent).

Barriers to employment at older ages

One factor limiting older workers’ job opportunities undoubtedly is employer discrimination. Responding to an AARP survey conducted in 2017, 61 percent of workers age 45 and older said they had experienced or observed age discrimination in the workplace (Perron 2018). Several correspondence studies have found empirical evidence of age discrimination. In these studies, pairs of matched résumés that are otherwise similar but that vary the age of the applicant are sent to prospective employers, and callback rates for those of different ages are observed. Lahey (2008), for example, found that, among female applicants to entry-level positions in two urban labor markets, those age 35–45 were more than 40 percent more likely to be offered an interview than were those age 50–62. In a more recent study, Neumark, Burn, and Button (2019) focused on the experiences of workers closer to the traditional age of retirement. They find significantly lower callback rates to retail sales, administrative assistant, janitorial, and security guard jobs for applicants age 64–66 than for middle-aged (age 49–51) and younger (age 29–31) job candidates.

Another problem for older adults seeking new employment is that, often, they have not had to search for work for many years. According to data from the most recent Job Tenure supplement to the CPS, more than half (52.3 percent) of currently employed adults age 55–64 had been on their current jobs 10 years or more (Bureau of Labor Statistics 2020). Consistent with these figures, a 2017 AARP survey found that almost half of workers age 50 and older had not searched for a job for at least 10 years (AARP 2017). Displaced Worker supplement data show that nearly 40 percent of all older adults displaced from their jobs between 2013 and 2019 had held those jobs for 10 years or longer prior to being displaced.3

The ways that employers recruit employees have changed. Many jobs now are advertised online, and candidates are screened based on applications they submit online. This process...

3. We thank Henry Farber for the tabulations of Displaced Worker supplement data on which this statement is based. This percentage has varied relatively little over time.
is more likely to be foreign to older job seekers than to their younger counterparts. Moreover, these new recruitment processes could disadvantage older workers in other ways. Relative to younger workers, older workers are more likely to have good soft skills—such as being reliable or able to work well with others—that are difficult to showcase in an online application. In contrast, older workers’ hard skills—such as their specific competencies or certifications—may be obsolete, or, just as damaging, may be perceived as being obsolete, making older workers less attractive to employers.

The barriers to reemployment can loom even larger for older adults seeking part-time work than for those seeking full-time work. An extensive literature on partial retirement or bridge jobs has found that older adults often transition from full-time work to part-time work before retiring fully (see, e.g., Giandrea, Cahill, and Quinn 2009; Gustman and Steinmeier 1984; and Ruhm 1990). Similarly, a significant share of retirees later “un-retire” and return to the labor force, frequently taking part-time rather than full-time jobs (Maestas 2010). More recently, Ameriks et al. (2020) report that, among those in their Vanguard Research Initiative sample who had made a transition from a career job to a bridge job, more than one-third moved from a job with an inflexible schedule to one with a flexible schedule. Yet, although a growing share of older adults say they would like to be working part time and some succeed in doing so, the share of part-time workers has instead been stagnant or falling.

Data from the HRS illustrate the seeming disconnect between older workers’ desires to work part time and the likelihood of their doing so.4 To assess older workers’ desires for part-time work, we use answers to the following question: “Now I want to ask about your retirement plans. Do you plan to stop working altogether or reduce hours at a particular date or age, have you not given it much thought, or what?”

Responses included “Reduce work hours,” “Change kind of work,” “Stop work altogether,” “Never stop work,” and “Not given much thought,” among others. We focus here on the share of sample members 55–79 years of age with significant labor force attachment (working at least 20 hours per week and 1,000 hours per year) who said they planned to reduce their hours within the next two years. This percentage is plotted in figure 5, together with

---

4. The design of the HRS is such that the sample in each year from 1998 forward should be representative of the population age 55 plus in that year.
having at least eight fewer usual weekly hours than at the time they were asked about their future plans—when interviewed two years later.5

Figure 5. Percent of adults age 55–79 who want to reduce hours within next two years and percent who do so, 1998/2000 to 2014/2016

In 1998 16.8 percent of the older workers in our sample said that, looking ahead two years, they planned to keep working but reduce their hours. This share increased substantially between 1998 and 2014, rising more than 10 percentage points to 27.0 percent. Looking at the same set of people two years later, however, the share that in fact had reduced their hours is almost flat over time. In 1998 the share of older workers strongly attached to the labor market who said that they wanted to reduce their hours over the next two years roughly matched the share who did so. By the end of the period, although the share of older workers who said they planned to reduce their hours had risen substantially, the share actually doing so had not budged.

5. Abraham, Hershbein, and Houseman (2019b) provide additional details concerning all of the various responses to the question about retirement plans and outcomes two years later. A significant share of workers indicated they had not given much thought to their retirement plans but that share has not changed much over time.
Self-employment may offer some older workers a means to cut back on their hours rather than withdraw entirely from the labor force. Fuchs (1982) and Quinn (1980), both using data from the Retirement History Survey, are early studies that identify self-employment as one way for workers to phase into retirement. Using HRS data, Zissimopoulos and Karoly (2007) find far higher rates of transition from full-time work to part-time work among individuals who were initially self-employed than among those who initially held a wage and salary job. Ameriks et al. (2020) report that, among those in their sample who took a bridge job at the end of their careers, self-employment was substantially more common on the bridge job (23.3 percent) than on the career job (6.4 percent). Ramnath, Shoven, and Slavov (2017) use tax data rather than survey data to study transitions to self-employment. Consistent with the idea that some older workers use self-employment as a way to keep working while cutting back on their hours, those authors find that late-career transitions to self-employment are associated with significantly larger earnings reductions than are mid-career transitions.

The share of workers who are self-employed rises sharply with age. According to data from the CPS, in 2019 the self-employment share of workers was about 13 percent for workers in their 50s and 15 percent for those age 60–64, but rose to 21 percent for workers age 65–69, 28 percent for workers age 70–74, and 31 percent for workers age 75 and older. Other research suggests that the CPS does not capture all self-employment work and that even the high rates of self-employment it measures among older workers are likely an understatement (Abraham et al. 2018; Abraham, Hershbein, and Houseman forthcoming). According to data from a special module added to a recent Gallup survey, working as an independent contractor is especially common at older ages, notably so for individuals with college or advanced degrees (Abraham, Hershbein, and Houseman forthcoming).

Recent years have seen growing discussion of the gig economy, including the emergence of mobile apps and online platforms, such as Uber, Lyft, TaskRabbit, and Upwork, that match workers to customers with a need to have a specific task performed (see, e.g., Abraham, Hershbein, and Houseman forthcoming; Collins et al. 2019; and Farrell, Greig, and Hamoudi 2018). In practice the number of older adults taking up platform work appears thus far to have been modest (Abraham, Hershbein, and Houseman 2019a; Collins et al. 2019; Farrell Greig, and Hamoudi 2018), but this could change in the future. Platform work is expected to continue to expand rapidly, and, as discussed further below, work through certain types of platforms can be especially attractive to some older adults.
Recommendations

The federal-state workforce system is the main policy vehicle for helping the unemployed find work and, in some circumstances, to acquire skills they need to secure employment. The Wagner-Peyser Act, passed in 1933 at the depths of the Great Depression, set up a system of public employment offices, known as the Employment Service, across the country to help workers seeking employment connect with employers who are hiring. The Wagner-Peyser Act has been amended twice since then, most recently in 2014 by the Workforce Innovation and Opportunity Act (WIOA). The WIOA authorizes additional programs for youths, adults, and dislocated workers, as well as specialized programs for certain vulnerable populations.

The Employment Service provides basic job search assistance, referrals, and placement assistance to job seekers, and assists employers in finding workers with the skills they need. Other WIOA programs provide more-extensive assistance to job seekers. The core services in the adult and dislocated worker programs include a basic assessment of workers’ skills, individual job development services, job clubs, and other group activities. Job seekers could be eligible for individualized career services that include more-extensive assessment, counseling, case management, and relocation assistance. They also might be eligible for occupational skills training, on-the-job training, apprenticeships, entrepreneurial training, and adult education and literacy services. The WIOA requires that the Wagner-Peyser Employment Service be collocated with the other employment services programs to make accessing the various services easier for program participants and to facilitate coordination and planning across programs. Today, there are about 2,400 one-stop centers, known as American Job Centers, across the country, that provide the bulk of the public employment and training services in the United States.

The existing system often does not work well for older workers. The rapid aging of the workforce and growing need among older Americans for workforce services make reforms urgent. We recommend several steps to better tailor the workforce programs to meet the special needs of older Americans.

Job Centers should have, at a minimum, specialized staff who understand older workers’ needs and can serve them more effectively.

Although the WIOA authorizes separate programs for youths, disadvantaged adults, and dislocated workers, there is no separate program for older workers. As noted earlier, older
workers who have lost or who need to leave a job face special challenges in finding new employment. Discrimination against older workers is widespread. Often, they are leaving a job where they had accumulated long tenure, and so have not searched for a job in many years. This means they may not know how to go about looking; they also may be unfamiliar with the online tools many employers now routinely use in hiring. In addition to facing special challenges finding new work, older workers tend to be less adept with the automated systems for client intake and job search that are now used in job centers. They also may feel uncomfortable in job centers where many clients and staff are considerably younger.

Recent research on the role of caseworkers in the public employment system in Sweden underscores the potential importance of carefully matching caseworkers to job seekers for improving employment outcomes (Cederlöf, Söderström, and Vikström 2020). In general, this research shows, participants with caseworkers who demonstrate a high level of support or activity—such as meeting frequently with their clients—have better outcomes. Moreover, the research finds that, whereas the cognitive ability of the caseworker has no significant effect on client outcomes, the similarity of the characteristics and circumstances of the caseworker and those of the client does. Having a caseworker from the same social background improves participants’ outcomes, which Cederlöf, Söderström, and Vikström argue likely reflects enhanced communication and trust. Additionally, they find that having a caseworker with similar labor market experiences or educational background improves outcomes. Besides enhancing communication and trust, such shared experiences can help the caseworkers better understand the labor market opportunities that might be available for their clients.

Recruiting and training staff who specialize in working with older clients would be a relatively straightforward and low-cost measure that could greatly improve services for them.

Job centers should experiment with job placement programs specifically for older workers.

AARP’s Experience for Hire program is a possible model. The program is being piloted in Michigan job centers, although planned events have been postponed during the pandemic. Through the program, job centers host job fairs restricted to workers age 50 and older at which employers interview job candidates. AARP advertises the event to its members and the job center recruits older job seekers from its register. The marketing of the event to employers emphasizes older workers’ soft skills (e.g., reliability) as well as their hard skills (e.g., competencies). Workers participating in the event provide information on their job
history and the type of employment they are seeking. Participating employers review applicants in advance and select candidates to be interviewed at the job fair. This pre-matching of applicants with employers is a unique feature of the Experience for Hire job fairs. The job fairs thus far have led to placements of older workers into a wide range of sectors and occupations, including health care, home health care, hospitality, childcare, accounting, and transportation.

AARP’s Experience for Hire program is notable in trying to address several major barriers to employment that older adults often face. First, it promotes the value of older workers to employers, emphasizing soft skills such as reliability, skills that may be difficult for job applicants to convey and for employers to assess in online applications. Interviews are prearranged, and job seekers know that the employer is potentially interested in hiring them, allaying concerns about age discrimination. The program does not require that job seekers register at a job center, an environment that older Americans may find off-putting.

While the Experience for Hire program has not been formally evaluated and other approaches could prove to be better, there is a need for targeted programs designed to address employment barriers that older workers face.

Workforce programs for older adults should promote self-employment.

As noted above, the share of the employed who are self-employed rises dramatically with age. Self-employment includes a wide range of arrangements, from owning one’s own business to independent contracting, freelancing, and gig work with online platforms. The high prevalence of self-employment at older ages likely reflects older workers’ desire for greater flexibility and reduced hours, which often is easier for self-employed workers to arrange. The higher rate of self-employment could also reflect discrimination against older workers. Discrimination on the basis of age is illegal, but antidiscrimination laws are difficult to enforce, particularly in hiring.

Although many older job seekers could find self-employment attractive, workforce programs focus primarily, and in many cases almost exclusively, on placing job seekers into traditional wage and salary positions with employers. Job centers should make workers aware of opportunities with various self-employment arrangements alongside those with employers.

The metrics by which service providers’ performance are evaluated may contribute to the bias against encouraging workers to enter self-employment. One metric on which providers
Policies to improve workforce services for older Americans

are evaluated is the earnings that program participants receive in the second quarter following the date they exit the program. The second quarter earnings of the self-employed can appear to be depressed relative to earnings of those placed in wage and salary jobs because of the time it takes to establish a business or for independent contractors to develop a client base. Additionally, service providers are evaluated on whether the participant is still employed two quarters and four quarters following program exit. Measures of quarterly employment and earnings come from state administrative records, collected for the purposes of administering the unemployment insurance programs, and do not cover the self-employed. To obtain this information for the self-employed, service providers must survey workers after they exit the program, which can be both difficult and expensive. All of this seems likely to discourage service providers from promoting self-employment. Below we discuss realigning performance measures to address this bias.

Another concern in promoting self-employment is that individuals will require special training to set up and run a business and that such endeavors make less sense late in one’s career. Yet, this concern is less applicable for independent contractors and freelancers who provide services for one or more clients and who typically are not setting up a business that requires significant capital investment or hiring employees. Additionally, the advent of online platforms, which are used by many independent contractors and freelancers to find clients, facilitate this type of work and, in certain circumstances, may be particularly attractive to older workers. The large and rapidly expanding number of online platforms include those in which independent contractors provide in-person services, such as ride-share services through Uber and Lyft. They also include platforms such as Upwork on which workers perform tasks for clients entirely online. Businesses use platform workers to perform a wide range of tasks, from those involving relatively low skills such as data entry, administrative support, and customer service to professional services such as writing and translation, as well as IT, accounting, legal, engineering, and design services. Platforms facilitate connections between workers and potential clients, making it easier for older workers to successfully market their services. Platforms also mediate payments between the workers and their clients so that workers need not concern themselves with billing clients.

Additionally, older adults disproportionately experience mobility or other disabilities that could make work in a traditional setting difficult. According to estimates from the Bureau of Labor Statistics, about half of all platform jobs in the United States involve work performed online (Bureau of Labor Statistics 2018). Platforms that connect workers with freelance jobs that are performed online could play a valuable role in helping those with disabilities secure work in the future.
Recognizing the need for services to help older adults explore self-employment opportunities, the AARP Foundation recently launched its Work for Yourself@50+ initiative, targeting low-income and minority older adults, groups that are underrepresented in self-employment as compared to other older adults. The AARP Foundation has developed toolkits on how to start a business or enter freelance work. It also has partnered with community organizations in a number of states to host workshops on entering self-employment (AARP Foundation 2020). This initiative may provide a useful model that could be scaled at job centers across country. Job centers also could serve as a clearinghouse for information on private initiatives such as the Work for Yourself@50+ initiative.

Workforce programs should provide targeted skills development for older workers.

Older workers are less likely than younger workers to receive employer-provided training, and consequently their skills, particularly those required to work with new technology, often become outdated. While long and expensive training programs for older workers are unlikely to be cost-effective, those who must change jobs may need to update their skills to find new employment.

Much research debunks the stereotype that older workers have difficulty learning new skills (see Charness and Czaja 2006 for a summary). For instance, short e-learning programs have been found to be effective in training older adults with no previous computer experience to use programs such as Excel (Czaja 2020). Because of physical and cognitive changes that occur with aging and because older adults are less likely to have a basic underlying knowledge of technology, however, the way that they learn often differs from the way that youths and younger adults learn. Older adults tend to respond best to informal training and training that is directly relevant to the skills needed (Bazley and Brooks 2013; Zwick 2011). As with job placement services, therefore, training courses for older adults should be tailored to meet their needs and learning styles.

WIOA programs should have separate performance standards for older adults.

Organizations that administer the WIOA programs through the approximately 2,400 American Job Centers across the country are evaluated on a uniform set of criteria. Key criteria include the share of those program participants who are employed two quarters and four quarters following program exit, and the median earnings of participants in the second quarter following program exit. Targets for each of these criteria are negotiated at
the local level for the youth, adult, and dislocated worker programs. Older adults are lumped into the adult and dislocated worker programs, yet they perform systematically worse on these criteria. This is illustrated in figure 6, which shows employment rates in the second quarter following program exit and, for those who are employed, the median earnings in the second quarter, reported for participants in the adult and dislocated work programs by age. The figure is based on data for all participants in these programs in 2016–18.6

Figure 6. Percent employed and median earnings for those employed, 2nd quarter following program exit, adult and dislocated worker programs, by age, 2016–18

![Figure 6](image)

Source: Tabulations of WIOA administrative data provided by Randy Eberts.

The share of program participants who are employed in the second quarter following exit falls sharply beginning around age 60. Near-identical age patterns hold for the share employed in the fourth quarter following program exit. The lower employment rates among older adults likely reflect the problems they experience in securing employment, including discrimination.

Likewise, although median earnings in the second quarter following program exit initially rise with age and plateau when individuals are in their 40s and 50s, they fall sharply when participants are in their 60s and 70s. The sharp decline in median earnings among older participants likely reflects the fact that they work shorter hours. It also could reflect a higher incidence of self-employment: as noted above, it can take time to establish clients

6. We thank Randy Eberts for the tabulations from the administrative microdata on which figure 6 is based.

22 /// Policies to improve workforce services for older Americans
as an independent contractor, freelancer, or new business, and thus self-employment earnings trajectories may lag those for wage and salary employees. Additionally, the performance metrics primarily rely on administrative wage records that are collected by each state for its unemployment insurance program. Because the self-employed are not included in these data, programs would need to separately survey these individuals about their employment and earnings, and self-employment earnings are more likely to be missed.

The weaker performance of older adults on standard metrics is a potential deterrent to providers serving older adults. And, among those they serve, providers may discourage part-time work and self-employment, which often are preferred by and particularly suited for older adults. We therefore recommend that separate performance measures be developed for older adults, just as they are for youths. These biases in performance measures must be removed if program administrators are to tailor workforce programs to meet the growing number of older adults in need of employment services.

Funding should be restored for the Senior Community Service Employment Program.

SCSEP, the only federal-state program specifically targeting older adults, is not covered by the WIOA. It was authorized by the Older Americans Act of 1965 and provides subsidized employment to adults age 55 and older whose incomes are below 125 percent of the poverty level. The program’s goal is to provide these older adults with work experience that will help them transition to unsubsidized employment.

A 2006 report by the U.S. Government Accountability Office found that, at the time, SCSEP served fewer than 1 percent of eligible adults. While funding for SCSEP rose during the period of high unemployment in the Great Recession, funding for the program in 2020 was only $405 million—nearly $80 million less in nominal dollars than funding levels in 2007, despite the rapid rise in the population age 55 and older that has occurred since then. Even prior to the onset of the current recession, SCSEP administrators reported large waiting lists (e.g., Baker 2018). The need for SCSEP services, as with other public workforce services, is expected to sharply increase in the post-pandemic period. We recommend that funding for SCSEP be increased by $563 million, which would restore funding to the 2010 level, in inflation-adjusted dollars, when unemployment was at similar levels as today.
Programs and initiatives targeting older adults should be evaluated.

Too often, government agencies do not know whether the public employment and training services they provide in fact work. To our knowledge, no (recent) evaluation of the SCSEP has been conducted. This should be done. Moreover, we have proposed several new initiatives and programs to improve information, training, career planning, and job placement services for older Americans. After being adopted, they should be rigorously evaluated to determine whether they increase employment and earnings among older adults relative to the baseline services they would otherwise receive and whether any additional monies required to provide these specialized services are cost-effective public expenditures. Modest investments in program evaluation can help staff modify programs, if needed, and ensure that real improvements in service delivery for older Americans are implemented.

Conclusion

Many older Americans need or want to work beyond the traditional age of retirement, but often they must change jobs late in life. At the same time, older adults face a special set of challenges in securing new employment including discrimination, obsolete skills, and difficulty navigating the job search process. Although the workforce system is the primary vehicle for helping older Americans train for and find new work, existing programs often do not meet their needs. A constellation of events—the high share of older Americans who lack adequate retirement savings and need to work, the aging of the labor force, and the ongoing recession that has thrown many (including many older Americans) out of work—increases the urgency of reforms to improve workforce service delivery for older adults. We believe that needed reforms can be implemented quickly and at relatively modest cost by effecting sensible changes in the existing structure of federal–state workforce services.

Funding of the workforce system is countercyclical, rising during periods of high unemployment and falling during periods of low unemployment. Funding for the SCSEP, which serves the most disadvantaged older adult populations, should be restored in inflation-adjusted terms to the funding levels during the Great Recession. Similarly, funding levels for WIOA programs will need to be substantially increased to accommodate the higher demand for training and employment services during the current recession. To the degree that this recession results in greater structural change than has been typical in prior recessions, as some expect, increases in funding for training and employment services will need to be greater than in the past.
The United States has a robust public workforce system largely comprised of about 2,400 American Job Centers located in communities across the country. Our proposed reforms would tailor the services offered at these centers to better meet the needs of a workforce that is considerably older on average than in the past. Job centers should include staff who specialize in counseling older clients; they should experiment with job placement programs tailored for their older clients; service staff should provide information and guidance on self-employment options, which are especially attractive to many older workers; and available training programs should include short courses that are customized to older workers’ learning needs and styles. To incentivize program administrators to implement these changes, separate performance standards may need to be developed for older adults.

Although implementing these reforms also will require expenditures for staff training, program development, and evaluation, it will not require major new expenditures. Piloting of the Experience for Hire program in Michigan, for instance, was largely handled by existing staff and resources. The workforce system already serves many older Americans, but it needs to reorient its services to better meet the needs of this rapidly growing demographic.
References


Czaja, Sara. 2020. “Technology to Enable Working Longer.” Presentation to Committee on Understanding the Aging Workforce and Employment at Older Ages, June 9–10, National Academies of Sciences, Engineering, and Medicine, Washington, DC.


The Brookings Economic Studies program analyzes current and emerging economic issues facing the United States and the world, focusing on ideas to achieve broad-based economic growth, a strong labor market, sound fiscal and monetary policy, and economic opportunity and social mobility. The research aims to increase understanding of how the economy works and what can be done to make it work better.