

# **Older and Out of Work: Trends in Older Worker Displacement**

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# IMPLICATIONS OF AN AGING WORKFORCE

- Older workers will become a larger proportion of the workforce in the coming decades.
  - According to the Census Bureau, nearly a quarter of Americans ages 65 to 74 were working or looking for work in 2006, up 20% since 2000.
- 7 in 10 older workers plan to continue working full or part time following “retirement” from their main job.
- Over half of older workers said they must continue to work because they need the income or to obtain health care prior to age 65.

Source: *A Work-Filled Retirement: Workers' Changing Views on Employment and Leisure*, from *Work Trends* #16 (2005), Heldrich Center for Workforce Development/Rutgers

# OLDER WORKERS ARE ESPECIALLY VULNERABLE TO JOB LOSS

Older workers are:

- Increasingly more likely than younger workers to be laid off
- Take longer to find a new job
  - Unemployed workers 45 and older represent a quarter of the unemployed, but a third of long-term unemployed.
  - In 2008, laid-off workers over 45 were out of work 22.2 weeks on average, compared with 16.2 weeks for younger workers.
- Less likely overall than younger workers to find another job
  - According to a BLS study of displaced workers, 75% of workers 25 to 54 were reemployed, versus 61% of workers 55 to 64 and 25% of workers over 65.
- Earn less income if they find another job
  - Unemployed workers with 20 years of job tenure find jobs that pay 20% to 40% less than previous job.

# OLDER WORKERS EXPERIENCE SEVERAL BARRIERS TO REEMPLOYMENT

Many older workers:

- Need new skills to find another job, yet have limited access to training,
- Lack the confidence and job search skills to find another job,
- Must change industrial sectors in order to find another job,
- Have health problems or physical disabilities and limitations, and
- Experience age discrimination.

# EMPLOYER ASSISTANCE TO OLDER UNEMPLOYED WORKERS

- Employer-funded support for laid-off workers (e.g., severance pay, transition services) is not available for most workers.
- Small and medium-sized businesses are less likely than larger employers to provide assistance to laid-off workers.
- Employees with less education and lower incomes (under \$40,000) are less likely to receive post-employment benefits than those with more education and higher incomes.
- Employer-funded post-employment assistance is diminishing as companies face pressures to cut costs.

# FEDERAL GOVERNMENT ASSISTANCE TO OLDER UNEMPLOYED WORKERS

- The public workforce system provides only very limited services targeted to older job seekers.
- Federal policy does not recognize older workers as a vulnerable population.
- The few programs that are set aside for older workers receive modest funding and serve a small number of people.

# FEDERAL EMPLOYMENT AND TRAINING PROGRAMS

- Nationwide system of One-Stop Career Centers provides information about job openings, career counseling, and training. It receives modest funding and is not focused on older workers.
- Less than 1 in 10 participants in federally funded dislocated worker programs are 55 years and older.
- Barriers to greater participation by older workers include lack of funding and performance measures that discourage administrators from enrolling older workers.

# SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM (SCSEP)

- Part-time community service jobs program for low-income individuals 55 or older.
- More than two-thirds of older adults who obtain federally funded employment and training assistance are enrolled in SCSEP.
- However, SCSEP serves 90,000 people annually — less than 1% of the eligible population; placements into unsubsidized employment are low.

# STATE GOVERNMENT-FUNDED PROGRAMS FOR OLDER UNEMPLOYED ADULTS

## Enhanced Services for Older Workers

Several states are better coordinating and focusing employment and training services for older unemployed workers.

### *Example:*

Arizona's Mature Worker Initiative hopes to increase the percentage of workers over age 50 participating in the workforce by:

- changing policies, reallocating resources, and engaging employers and community leaders;
- implementing a statewide mature worker job bank;
- developing a certification program for mature-worker friendly employers; and
- assigning Elder Services Specialists and training staff on aging worker issues to each state One-Stop Career Center.

# COMMUNITY COLLEGES AND OLDER UNEMPLOYED WORKERS

Community colleges are revising and expanding programs to serve older adults.

Most of older workers enrolled in community colleges are there to gain skills for new jobs/careers.

*Example:*

Portland Community College (PCC) is collaborating with AARP, the State of Oregon, and the Portland One-Stop Career Center to support older workers and encourage businesses seeking to retain or hire older workers.

PCC has modified its educational programs to serve the special needs of older student populations, offering courses in a compressed format designed to help people get to back to work.

# NONPROFITS AND OLDER UNEMPLOYED WORKERS

Dozens of national and community-based nonprofit organizations have initiated services focused on older unemployed workers, especially those who are not SCSEP-eligible.

## *Examples:*

- AARP is supporting the WorkSearch Assessment System at 20 locations. A web-based assessment system geared to low-income, low-skilled job seekers, it also provides community-level job and career information and over 1,200 job-specific online courses.
- Local affiliates of the International Association of Jewish Vocational Services have developed a range of employment assistance programs for older workers, including workshops on financial planning, lifelong learning, and career transitions.

# CONCLUSIONS AND RECOMMENDATIONS

- Older workers — especially those with limited financial resources and who lack information about navigating the labor market — will increasingly seek help from an overwhelmed and under-resourced public workforce system, or local community service providers, or purchase help from private individuals and organizations.
- Neither the federal UI or WIA programs are currently well positioned to serve older unemployed workers, though recent changes may help.
- Specialized federal programs for older workers have limited resources and feature narrow service models.
- States, community colleges, national nonprofits, and community-based agencies are developing a diverse array of programs for older job seekers.
- The private for-profit sector is also developing fee-based services for older unemployed workers, but these services may not be affordable for most.

# CONCLUSIONS AND RECOMMENDATIONS

- Government, business, education, nonprofit, and community leaders should address the growing gap between the need and the supply of affordable, quality assistance for older job seekers. This can be achieved by:
  - allocating more resources to existing programs,
  - better integrating government and community-based reemployment services,
  - better integrating government benefits with employer-funded benefits, and
  - redesigning programs to better fit the needs of older workers.
  
- Innovative service models supported by national and community-based nonprofits should be evaluated to determine the extent to which they are effective in serving the needs of unemployed older workers.
  
- Very limited information is available about public and privately funded older worker programs and about what works best to assist older workers.