

# BROOKINGS

Report

## **Policies to improve workforce services for older Americans**

Katharine Abraham and Susan Houseman Thursday, November 19, 2020

### **Editor's Note:**

*This report was produced in conjunction with the webinar, "Improving economic opportunity for older workers," co-sponsored by Brookings and the Kellogg Public-Private Initiative.*

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 Older workers' skills may be outdated, making them less attractive to employers.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,
4. Providing targeted skills development for older workers,
5. Adopting separate program performance standards for older adults to eliminate disincentives for the provision of services to this population
6. Restoring funding to the Senior Community Service Employment Program (SCSEP, a program that serves disadvantaged older adults), and

7. Evaluating the new programs and initiatives we recommend to ensure they have the intended effect.

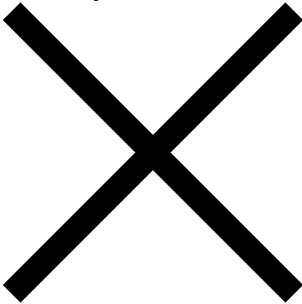
To provide motivation and background for these recommendations, we begin by discussing employment trends among older adults, the difficulties older workers face in transitioning to new employment, and other employment barriers faced by this population.

Read the full paper [here](#).

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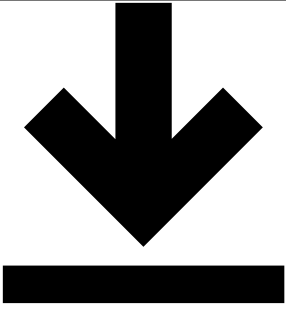
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