Public Employment Policy for an Aging Workforce

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Abstract
Americans are working longer. For many older workers, employment earnings are essential for self-sufficiency. When older workers are forced to change jobs, they suffer bigger earnings losses and take longer to find new jobs than prime-age workers. Unfortunately, public workforce policy has not adapted to serve older workers. Our strategic survey of published research evidence and government statistics suggests a variety of ways that employment programs could be adapted to benefit older workers. In this article, we examine the changing age composition of the labor force, the employment patterns of older workers, and offer specific improvements in public employment policy for an aging workforce.

Keywords
older worker, job loss, employment, public policy, economics of aging

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Older workers are the only segment of the age distribution whose labor force participation has increased since the mid-1990s. Today, workers age 50-plus make up more than one fifth of the labor force. America’s economic engine is graying. Seeking necessary income, social engagement, or both, older workers are choosing to work longer. The federal-state public workforce system has not kept pace with this shift in the labor force. Older workers benefit greatly from individualized employment and training services, and this approach works for others too. Yet, states have moved away from one-on-one services. Renewal of this customized individual approach to employment assistance could benefit all workers.

Using results from prior research and evidence from published government statistics, we first examine the changing pattern of older workers’ labor force participation, then identify relevant workforce programs, and suggest how they can be adapted to promote labor market success and economic security for older workers.1 Finally, we offer recommendations for policy and program reforms suggested by research evidence that can improve workforce programs to better serve the needs of the growing population of older workers.

Labor Force Patterns of Older Workers
The number of Americans age 60-plus increased by more than 30% in the years from 2003 to 2013—jumping from 48.1 to 62.8 million (Agbayani et al., 2016). Since the 1990s, the labor force participation rate (LFPR) of individuals age 55-plus has steadily increased. Although younger adults are delaying entry into the labor force, older workers constitute a growing percentage of the working population (Toosi, 2015).

Many older workers are remaining longer in their career jobs. Others are voluntarily transitioning into new careers or bridge jobs—part-time or full-time jobs taken as a “bridge” to full retirement. Some older workers are forced out of career jobs involuntarily because of layoffs, while others leave manual work at older ages because they lose the physical capacity to continue (Chan & Stevens, 2001; McLaughlin & Neumark, 2018). Many workers who plan to continue working in career jobs at reduced hours as they get older find it impossible to do so, and end up fully retired (Abraham & Houseman, 2005). Still others voluntarily retire and then reenter the labor force seeking new jobs (Cahill, Giandrea, & Quinn, 2015). Older workers experience lower unemployment rates than prime-age workers, but when they become unemployed, they tend to have a harder time finding new jobs and remain unemployed.
for longer periods of time than younger workers (Monge-Naranjo & Sohail, 2015; O’Leary & Wandner, 2001).

Figure 1 displays the percentage-point change in the number of individuals employed or actively seeking employment in the United States by age group. The figure also provides the Bureau of Labor Statistics’s (BLS) forecast of changes in LFPRs from 2016-2026. This figure shows that compared with older cohorts, younger workers (aged 25-54 years) experienced declines in their LFPRs between 1996 and 2016 and are expected to experience only a small increase in the 2016-2026 period. In stark contrast, not only did older workers—across all age groups—increase their LFPR from 1996-2016, their participation is expected to increase between 2016 and 2026.

**Lower Unemployment Rates but Longer Unemployment Durations**

**Unemployment Rates**

Figure 2 shows the breakdown by age and gender of the 2017 unemployment rate. The age groupings include prime-age workers (25-44 years), a middle age range...
(45-54 years), and five groupings of older workers (55-59, 60-64, 65-69, 70-74, and 75-plus years). Women are seen to have higher unemployment rates than men for all categories except the 60 to 64 age range. The difference between genders is greatest in the two oldest age categories, reflecting higher longevity for women who are often single-earner widows above age 70. Prime age workers have higher unemployment rates than all other groups below age 70. Joblessness is most severe for workers older than age 70.

### Duration of Unemployment

Despite increased labor force participation and low unemployment, older workers have suffered longer periods of unemployment when out of work compared with younger workers. Figure 3 shows the duration of unemployment for groups by age between 1995 and 2015. At the peak of the Great Recession and during its slow recovery, older workers remained unemployed for longer than their younger counterparts.

On average, unemployed workers age 65-plus were jobless for more than 50 weeks in 2011, greatly exceeding the average length of unemployment experienced by prime-age workers (25-44 years). Older workers continued to have unemployment problems long after the end of the Great Recession. As of 2015, many older jobless workers were still searching for full-time work, others had become discouraged and left the labor market, and still other older workers were working part-time but would have preferred full-time jobs. Miller and Reuters (2016) reported that 2.5 million Americans age 55-plus wanted jobs but could not find them. At the same time, those older jobless workers who found new work required more time to find it and needed more job search assistance (JSA) to land these new jobs. Older jobless workers on average took 36 weeks to become reemployed, which was 10 weeks longer than younger workers (Miller & Reuters, 2016).

### Changing Employment and Labor Force Status

As part of their changing labor force participation, older workers take many different paths: from one career job to another career job, from a career job to a bridge job, from one bridge job to another bridge job, from a career job to retirement, reentry from retirement to a career job or bridge job. For example, using two waves of the Health and Retirement Study, Cahill, Giandrea, and Quinn (2011) examined the labor force status of persons age 67 to 77 years in 2008, who were all full-time workers in career jobs when surveyed in 1992 when they were age 49-plus.

Among those in full-time career jobs in 1992, Table 1 reports that 23% were still in full-time career jobs in 2008. Approximately 43% had moved to bridge jobs between 1992 and 2008, and among these just under half were still in bridge jobs, the remainder had left the labor force, and about 10% of the latter group had returned to the labor force. Between 1992 and 2008, approximately one third exited full-time career jobs and left the labor force, about 80% of these stayed out of the labor force and the remainder returned.

The evidence from the Health and Retirement Survey shows the different paths that older workers take. There are changes in the types of employment in which they engage, changes in their labor force status, and frequently a reversal of their decisions. To facilitate these transitions, many older workers can benefit from JSA, job counseling, and development services from public workforce agencies.
Table 1. Sample Percentages by Labor Force Status in 2008 of Respondents to the Health and Retirement Survey Who Were Age 49-Plus and Employed in a Full-Time Career Job in 1992.

|                           | Men       | Women     |
|---------------------------|-----------|-----------|
| Sample size               | 4,288     | 3,144     |
| Still in a full-time career job | 22.6   | 23.3     |
| Moved to a bridge job      | 44.0      | 41.7      |
| Still in a bridge job      | 20.9      | 18.7      |
| Moved out of the labor force | 23.1    | 23.0      |
| Still out of the labor force | 21.2   | 21.1      |
| Reentered the labor force  | 1.9       | 1.9       |
| Exitied labor force directly from a full-time career job | 33.4 | 35.1 |
| Still out of the labor force | 27.0 | 29.2     |
| Reentered the labor force  | 6.4       | 5.9       |

Source. A summary of results from the University of Michigan Health and Retirement Study as reported by Cahill, Giandrea, and Quinn (2011, p. 36).

Part-Time Employment

As older workers make their transitions between different forms of employment, many of them choose to work part-time, particularly when they work in bridge jobs. By age, teenagers and older workers are most likely to work part-time compared with prime-age (25-54 years) workers. Older workers (65 years of age and older) have tended to work part-time a great deal more than workers age 55 to 64 years, but their employment in part-time work has declined greatly from 1994 to 2016, from 48.3% to 34.6% (Dunn, 2018). Nevertheless, many older workers need assistance in searching for part-time work, something that the unemployment insurance (UI) system has rarely supported in the past when recipients formerly had been working full-time.

Self-Employment

While self-employment makes up a small portion of total employment, it is a much more important option for older workers. Incorporated self-employed, age 16 years and older, averaged 5.8 million or 3.8% of total employment in 2017 (BLS, 2017). Combining unincorporated and incorporated self-employed yields total self-employed of 15.4 million in 2017 or about 10% of total employment. Compared with this, the self-employment percentage for older workers is 16% of workers age 55 to 64 years and 26% for workers age 65 years and older (Hipple & Hammond, 2016).

Public Employment Programs and Older Workers

Since older workers are a large and rising share of the U.S. labor force, have greater difficulty gaining reemployment after job loss, and often search for certain types of employment (e.g., part-time work and self-employment), they need income support while they are searching for work, and they need substantial and often specialized forms of reemployment assistance (O’Leary & Wandner, 2001). This section concentrates on the programs that serve the greatest number of older workers—UI, the Wagner-Peyser Act Employment Service (ES), the Workforce Innovation and Opportunity Act (WIOA), Adult and Dislocated Worker Act programs, Trade Adjustment Assistance (TAA), and the Senior Community Service and Employment Programs (SCSEP). We identify those that offer the greatest promise for improving employment success for older workers (see Table 2). The numbers of program participants and program budgets are based upon 2016 published figures. Published statistics on the age of program participants differ in the age category bounds. To contrast the percentage by age in each program to the percentage of unemployed, we use age groupings published by the BLS for the numbers of unemployed. Footnotes in Table 2 explain the differences in the age group definitions for program participants.

Looking at the row for age 55-plus in Table 2, it can be seen that older workers are about the same or a greater percentage of program participants than their percentage of unemployed workers for most of the programs listed. In 2016, while unemployed workers age 55-plus made up 16.7% of all unemployed workers, they were nearly 25% of all UI beneficiaries, more than half of those getting TAA assistance, and made up all of the SCSEP recipients—because of the SCSEP age eligibility requirement. Relative to their share of the unemployed (16.7), the age 55-plus group made up a slightly smaller percentage of all ES service recipients (15.9) and disadvantaged WIOA adult job training recipients (16.1), but they were a larger percentage of dislocated worker job training participants (22.5). The UI program, which provides temporary income replacement, has much higher annual spending levels than the other programs listed which are all active labor market programs promoting reemployment.

Older unemployed workers tend to have substantial labor force attachment, so the great majority of them become eligible for UI that provides them with income support while they search for new employment. The Wagner-Peyser Act provides funding for the ES which delivers reemployment assistance in more than 2,400 American Job Centers (AJC) around the country. UI and ES are the public workforce programs that serve by far the most older workers. The WIOA funds job training programs for low-income adults and dislocated workers and is a much smaller program than UI. While older workers do not receive much publicly funded job training under WIOA, those older workers constitute a larger percentage of dislocated worker job training participants than low-income job training participants.
There are only two public workforce programs that are specifically targeted to older workers, the SCSEP and the Alternative Trade Adjustment Assistance (ATAA). These programs are expensive on a per-participant basis, and they serve relatively few workers. For example, the total budget for SCSEP is about two thirds of the total budget for Wagner-Peyser Act ES, yet, in 2016, SCSEP served fewer than 60,000 persons, while the ES served more than 13 million customers, of which 36% were age 45-plus.

UI
The federal-state UI system was established under provisions of the Social Security Act of 1935. The federal government has established a national UI institutional framework, the states operate under their own laws that must conform to federal requirements, and states carry out day-to-day program operations. The main policy goals of UI are to provide adequate, temporary, income replacement to the involuntarily unemployed, and operate as an automatic countercyclical stabilizer of the economy. Thus, UI is both a social insurance program for individuals and a part of macroeconomic policy to limit the harmful effects of economic downturns for both individual states and the entire United States.

In most states, the regular UI program pays up to 26 weeks of benefits to eligible workers, but some states have cut the maximum potential benefit duration. In high unemployment periods, extended benefit programs often provide additional weeks of compensation. Benefit payments usually replace about half of workers' prior wages up to a state-determined maximum weekly benefit amount while workers search for reemployment. Because UI only pays benefits to unemployed workers who have substantial employment experience and who become unemployed through no fault of their own, the great majority of older workers who lose their jobs do qualify for and receive UI benefits after job loss. Indeed, as can be seen in Table 2, older UI beneficiaries make up a larger percentage of all UI beneficiaries than the older percentage of all unemployed persons. For example, in 2016, persons age 55-plus made up only 16.7% of all unemployed adults, but they constituted 24.9% of all UI beneficiaries.

However, there are some UI provisions that prevent older workers from receiving UI. For example, some state laws prevent part-time workers from receiving UI if they are looking for new part-time jobs, and a high percentage of older workers are in part-time employment. In many states, eligibility for UI requires availability for full-time work, even if usual work was only part-time and only part-time reemployment is sought (O’Leary, 2011). Many older workers in bridge jobs work part-time, and if they become unemployed, they are likely to search for new part-time bridge jobs.

Some states also consider pensions that older workers receive from a career job when making determinations of UI eligibility, even if these workers go on to a new career job or bridge job. When such workers become unemployed from their new jobs, their UI benefits may be reduced or eliminated because of pension income from a prior job. Some states reduce weekly by Social Security benefits dollar-for-dollar, while others do not reduce benefits at all. For pension income from plans funded by UI base period employers, nearly all states reduce UI payments dollar-for-dollar. In 23 states, the UI private pension offset is pro-rated to adjust for employee contributions to pension funds (U.S. Department of Labor [USDOL], 2018). Hamermesh (1980, p. 92) recommended eliminating any pension offsets to improve the income security provided by UI to older workers who, while they may be receiving pensions, still work to make ends meet.

Table 2. Age Distribution Percentages of Unemployment and Program Participation and Spending Per Participant in Employment Programs, 2016.

| Age groups | Unemployed | UI | ES | WIOA adult | WIOA | TAA | SCSEP |
|------------|------------|----|----|------------|------|-----|-------|
| Below 25   | 28.5       | 6.5|    |            |      |     |       |
| 25-44      | 39.4       | 45.1|61.9|56.6        | 51.8 | 26.1|       |
| 45-54      | 15.3       | 23.5|20.0|19.3        | 23.3 | 25.4|       |
| 55-plus     | 16.7       | 24.9|15.9|16.1        | 22.5 | 58.4|100.0 |
| Participants| 7,751,000  | 6,215,891|13,132,674|846,886 | 369,777| 45,814| 59,916|
| Budget US$mil | US$32,001.9 | US$680.0 | US$815.6 | US$1,261.7 | US$626.8 | US$434.3 |        |
| US$/participant | US$5,148 | US$52 | US$963 | US$3,412 | US$13,681 | US$7,248 |

Source. Bureau of Labor Statistics (BLS; 2016); Congressional Budget Office (2017); U.S. Department of Labor (2016a, 2016b, 2016c, 2016d, 2016e, 2017a).

Note. The age distribution of unemployed persons is calendar year data from BLS (2016). The program data are for fiscal year ending September 30, 2016, or program year ending June 30, 2016. Programs are unemployment insurance (UI), Wagner-Peyser Act—Employment Service (ES), Workforce Innovation and Opportunity Act (WIOA)—disadvantaged adult and dislocated worker programs, Trade Adjustment Assistance (TAA), and Senior Community Service Employment Program (SCSEP).

Age groups different from the listed ranges are WIOA programs 22-44, 45-54, and 55-plus; ES below 18-44, 45-54, and 55-plus; TAA below 40, 40-49, 50-plus.
Provisions like the full-time availability requirement and the pension income offset were enacted at a time when the expectation was that older workers would fully retire when they left their full-career jobs. The provisions reflect that decades ago (a) part-time employment among retired workers was an exception, and most unemployed prime-age UI applicants wanted to find full-time work, and (b) older part-time workers were not considered a significant share of the labor force, so it made sense to consider pensions their main source of income.

Today, UI is a significant social insurance system for older workers. For example, in 2016, 48.4% of UI recipients were older than age 45, and nearly 25% of recipients were 55-plus. Its benefit to older workers could be even greater if the part-time and pension offset policies were reformed to reflect current workforce patterns of older Americans.

ES

Public ES services are widely used within the nationwide network of local AJC. Funded through federal grants to states under the Wagner-Peyser Act of 1933, ES services are provided at no-cost to jobseekers and employers. Services for jobseekers include skills assessment, interviewing skills, job search counseling, testing for aptitude and competency, referrals to job openings and training, and job placement. Job seeker services also include workshops for resume preparation, interviewing, coping with job loss, identifying occupations in demand, family budgeting, and hosting job clubs, with similar career services provided by Wagner-Peyser Act ES and WIOA. Services for employers include taking job vacancy orders, job development, recruitment, and candidate screening.

Wagner-Peyser Act grants are allotted to state agencies and allocated within the states by governors, who have direct responsibility for statewide ES programs. The ES is paid for with money raised under the Federal Unemployment Tax Act (FUTA). However, the FUTA taxable wage base has not increased since 1984. Consequently, funding for ES programs has stagnated (Chocolaad & Link, 2013, p. 5).

ES services are an entitlement, meaning that they are available to all workers as a matter of right. Partly because of their low cost per participant, ES job referrals have been found to be cost-effective (Jacobson, Petta, Shimshak, & Yudd, 2004). Use of ES services varies with the unemployment rate. A high of 22.5 million jobseekers received ES services in program year (PY) 2009 during the Great Recession, while customers dropped to 13.1 million in PY 2016 when unemployment dropped to just over 4%. In 2016, among ES service recipients, 35.9% were age 45-plus and 15.9% were 55-plus.

Additional ES services are provided to UI claimants at risk of long-term unemployment under two programs—the Worker Profiling and Reemployment Services (WPRS) System and the Reemployment Services and Eligibility Assessments (RESEA) program. The workers targeted by these two programs often receive some staff-assisted services, along with facilitated self-help and self-services. Because these workers tend to have had long tenure in their previous jobs, recipients of these services tend to be older workers with little recent experience searching for work.

JSA consists of a package of job search tools and training JSA is either delivered in workshops lasting from 2 hr to 3 days, or in job clubs that offer small group support and networking assistance (Balducchi, Johnson, & Gritz, 1997, pp. 464-465). Field experiments found that JSA provided to unemployed workers at risk of long-term unemployment significantly reduced the duration of their unemployment and was cost-effective (Corson et al., 1989; Decker, Olson, Freeman, & Klepinger, 2000). Other evaluations have concluded that the early return to work aided by JSA does not reduce earnings (D’Amico, 2006; Meyer, 1995). Finally, combining reemployment services with enforcement of the UI work test—ensuring that UI recipients are actively searching for work—also speeds reemployment without reducing earnings (Almandsmith, Ortiz Adams, & Bos, 2006; Michaelides, Poe-Yamagata, Bens, & Tirumalasetti, 2012; Poe-Yamagata et al., 2011).

Older workers are overrepresented among both ES and RESEA participants, and both programs speed the return to work without lowering average reemployment wages. RESEA involves one-on-one service delivery, while improved funding and targeting could increase delivery of personalized ES service for older workers.

From staff assisted to self-services. Decreased funding for JSA staff in AJC offices has led to a rise in computerized vacancy postings and automated services for resume preparation, skills assessment, and aptitude testing. With lower staffing levels, jobseekers with low levels of computer literacy, including many older workers, have reduced access to job placement assistance. A national survey found that the shift to computerized ES systems accelerated in state agencies after temporary ES funding expired after the Great Recession (Wandner, 2013, p. 6). A major study found that ES self-services are least used by older workers because they often have difficulty with computer-based systems (D’Amico et al., 2009). The study found that the ratio of computerized self-services to staff-assisted services has dramatically increased, reaching 50:1 at some centers. Self-services were used most by the prime-aged workers, while only 10% of the users were age 55-plus.

Job clubs. Job clubs originated in some midwestern states in the late 1960s. They focus on hard-to-serve populations and involve peer-support groups of unemployed individuals (Balducchi et al., 1997, p. 464). Job clubs typically provide practice in job search skills, networking for job leads, and personal support. They were rigorously evaluated in the 1970s and 1980s. In one experiment, older workers who were ES clients were
assigned to job club treatment groups or to a control
group. For these older workers, after 12 weeks, 74% of
the job club treatment group participants were employed
compared with 22% of the control group (Gray, 1983).
Nathan Azrin and his co-authors also found significant
employment impact from conducting a series of job club
studies in a college town and with welfare recipients
both on a small scale and in larger experiments (Azrin,
Besalel, Wisotzek, McMorrow, & Bechtel, 1982; Trutko,
O’Brien, Wandner, & Barnow, 2014). Subgroup analy-
ses in these studies showed significant increases in
employment and earnings for a number of populations—
including older workers.

Self-Employment Assistance (SEA)

Normally the UI program pays weekly benefits to unem-
ployed workers who are actively searching for work.
The SEA program alters the traditional UI approach by
allowing UI-eligible unemployed workers to receive
compensation while starting and establishing microen-
terprises—small businesses that usually consist only of
a single owner-operator. Since 1998, SEA has been a
permanent program authorized by federal UI law. States
have the option of establishing programs that provide
workers who are likely to exhaust their UI benefits with
self-employment allowances, as long as they commit to
working full-time to establish and operate their own
microenterprises. They must participate in entrepreneur-
ial counseling and training as a condition of SEA partici-
pation. SEA has been found to be particularly effective
among older workers, who have higher rates of self-
employment in the population, and higher rates of SEA
business survival (Benus, Johnson, Wood, Grover, &
Shen, 1995).

SEA today is a small but effective program opera-
tional in only eight states—Delaware, Maine, Mississippi,
New Hampshire, New Jersey, Oregon, Pennsylvania, and
Rhode Island. A key weakness of the states’ SEA pro-
grams is that they lack a steady source of funding for
entrepreneurial counseling and training.

The USDOL conducted two self-employment allow-
ance experiments in the 1980s. Evaluation results found
that the program reduced participants’ length of unem-
ployment and increased their total time in employment.
Participation also had a positive impact on participants’
earnings. When placed in a benefit–cost framework, the
Massachusetts experiment provided net benefits to par-
ticipants, society, and the government sector (Benus
et al., 1995).

Zissimopoulos and Karoly (2007) estimated that
among all workers, self-employment peaks at 24% for
men age 66 years and at 38% for women age 65 years.
They find that, among older workers, movement into
self-employment is more likely among those with pen-
sion coverage, higher levels of personal assets, and
more flexible employment arrangements. They also
find that poor health—as measured by the presence of a
work-limiting health condition—encourages transition
to self-employment among older workers. Since health-
limiting factors do not increase movement into self-
employment for younger workers, they suggest that
older workers with a work-limiting health condition are
better able to accommodate their condition and con-
tinue working if they are self-employed compared with
being employed in the wage sector.

Work Sharing

Work sharing, also known as Short-time Compensation
or Shared Work, is an alternative to layoffs when
employers have reduced needs for labor to produce
goods or services. Employers reduce the hours of work
for a larger group of workers, rather than laying off a
smaller number of workers. Employees receive partial
wages for the hours they work and a proportion of their
weekly unemployment benefits for the nonwork peri-
ods. Work sharing is a state option under federal UI law,
but currently only 28 states have work sharing laws.

Employers generally target the use of work sharing to
retain skilled workers. These workers generally have
long tenure, and many of these participating workers are
older workers. Because work sharing avoids layoffs and
offers the possibility of return to full-time employment,
it is of particular value to long-tenured, older workers.
Although older workers tend to be the last laid off
because of their seniority, when they are laid off, they
have been found to have much more difficulty returning
to work than prime-age workers. Monge-Naranjo and
Sohail (2015).

Two recent USDOL-sponsored evaluations have
shown work sharing to be effective based upon experi-
ences during the Great Recession. In one study examin-
ing employer attitudes and experiences (Balducchi et al.,
2015), participation by employers in work sharing pro-
grams resulted in two significant findings: (a) employers
saved on hiring and training costs by retaining valued
employees, and (b) across the study states, only 16% to
21% of work sharing employers reported that they eventu-
ally laid off some employees. In another study examin-
ing outreach to employers (Housman et al., 2017),
moderate outreach appeared to have increased employer
awareness and participation in work sharing. The large
majority of participating employers in the study states
viewed work sharing positively, indicating that there is
considerable latitude for expanding participation.

SCSEP

SCSEP is the only substantial employment program run
by USDOL targeting older workers. In 2016, SCSEP
funded about 60,000 subsidized job slots for low-income
older workers with a total budget of approximately
US$434 million. Forty-seven percent of SCSEP partici-
pants were women, and the incomes of 89% of all par-
ticipants are below the poverty line. The SCSEP average
cost per job slot was about US$7,248 in 2016, but less than half secured unsubsidized jobs after their SCSEP subsidies ended (USDOL, 2017b). There have not been any rigorous comparison group–designed net impact evaluations of the SCSEP program. A process and outcome study by Kogan et al. (2013) identified some best practices that may increase the rate of unsubsidized employment among SCSEP participants. Still, SCSEP is an expensive subsidized employment program, costing more than US$7,000 per job slot—or over 20 times more costly than JSA.

**Reemployment Trade Adjustment Assistance (RTAA) Program—Wage Insurance**

The 2002 reauthorization of the TAA Program established a new wage insurance program for older workers. The program was reauthorized in 2015 and renamed the RTAA Program. The RTAA Program is a small wage supplement program. In fiscal year (FY) 2016, it served 3,034 TAA-eligible workers representing 17.6% of all TAA participants (Employment and Training Administration, 2016). The TAA program provides extended unemployment benefits and job training to workers losing jobs due to foreign trade.

As the only TAA program targeted to older workers, RTAA allows workers who are age 50-plus—workers for whom retraining may not be appropriate because of their nearness to retirement—to receive wage supplements, if they accept reemployment at lower wages than they had earned at the time of job separation. In a national TAA evaluation, the take-up rate of RTAA was quite low during the study period—only about 5% of eligible participants of the sample (D’Amico & Schochet, 2012). Under RTAA, wage supplements are paid only for reemployment within 26 weeks of separation where earnings are lower than those in the displaced job. This wage supplement was found to speed up reemployment for older workers. The evaluation results are only suggestive because the sample was small, participation required quick reemployment, and the amount of the supplement was not included in the earnings computed for participants. The main conclusion of the evaluation was the lack of participant interest in a wage supplement instead of regular TAA benefits (extended unemployment benefits and skill training).

**Publicly Funded Job Training**

Between 15 and 20 million workers seek employment assistance every year at AJCs. Most often, they receive only self-services from computers in AJC resource centers (Wandner, 2012). In principle, the AJCs also provide access to job training under the Workforce Innovation and Opportunity Act (WIOA)—the recent successor program to the Workforce Investment Act (WIA). However, few program participants in the three WIOA programs—disadvantaged adults, disadvantaged youth, and displaced workers—receive training. For example, in FY 2016, only 60,647 program exiters completed training—just over 14% of WIOA displaced workers and less than 1% of UI participants (USDOL, 2016c). Displaced workers include a large proportion of workers age 45-plus who have been permanently separated from a long-term job and have exhausted entitlement to regular unemployment benefits.

**Types of job training.** Most training provided by the public workforce development system is skill and occupational training, and most evaluations have been conducted for these types of training. For example, in FY 2010, skills and occupational training combined to make up 84% and 91% of all training funded by the WIA Adult and WIA Dislocated Worker programs. On-the-job training made up only 9% and 10% of the WIA Adult and WIA Dislocated Worker training expenditures. Soft skills training for job readiness is very small share of training budgets.

While federally funded employer-based customized training—to increase the skills of existing company employees—is a small share of all federally funded job training, state-funded customized training provided outside of WIOA is much larger (USDOL, 2011). Customized training may help older workers retain their existing jobs as technology alters job requirements. Since 2002, the USDOL has increased its investment in this form of customized training. Impact results for customized training have been found to exceed those for most occupation or skill training (Barnow, 2004, p. 12). To the extent that such training helps older workers become more effective, it helps them to retain their jobs, and it may also make it easier to get a new job if they lose their current one.

**Effectiveness of job training.** Two evaluations of WIA services have been completed, and a third evaluation is being conducted. The first evaluation (Hollenbeck, Schneider, King, & Huang, 2005) concluded that “WIA services as currently provided in these states are effective and appear to be doing a good job of addressing WIA’s state objectives” (Hollenbeck et al., 2005, p. v).

The second WIA evaluation (Heinrich, Mueser, Troske, Jeon, & Kahvecioglu, 2011) was conducted in 12 states using a comparison group methodology. The evaluation was of the WIA Adult and Dislocated Worker programs. For WIA Adults, the evaluation found large and immediate impacts on employment and earnings for participants. For WIA Dislocated Workers, earnings grew to be greater than the comparison group by about US$400 per quarter.

Investment in training is likely to be more effective if it is carefully targeted. A study of the returns to education at community colleges for displaced workers in the State of Washington (Jacobson, LaLonde, & Sullivan, 2001) reveals the potentially large returns for older workers and for those who take certain types of courses.
The analysis divides courses into “high return” courses and all other courses. High return courses are defined as technically oriented vocational skills training and courses in math and science. These courses include those in the health fields and in the construction trades. Jacobson, LaLonde, and Sullivan (2005) found that older displaced workers participated in community college schooling at a lower rate than younger workers. For those older workers who participated, however, the impact on quarterly earnings was similar to that of younger workers. One academic year of community college schooling is estimated to have increased long-term earnings by about 7% for older men and by about 10% for older women. The implications of these results are that older workers can benefit from such training as much as younger workers.

Reemployment Bonuses for UI Beneficiaries

Although not a current program option for states, reemployment bonus field experiments were conducted in four states between 1984 and 1989. The first experiment was done in Illinois and offered US$500 for reemployment within 11 weeks and staying on the new job for at least 4 months. Follow-up large-scale field experiments with varying bonus amounts and reemployment duration requirements were conducted in New Jersey, Pennsylvania, and Washington. Impact estimates suggested that bonus offers shortened insured unemployment by between 0.50 and 1.15 weeks (Meyer, 1995). Meaning that UI reemployment bonuses can lead to faster return to work and shorter UI durations.

There is research evidence that UI reemployment bonuses can be particularly effective for older workers. Subgroup analysis of the Pennsylvania experiment found that beneficiaries age 55-plus shortened durations significantly more than prime-age workers in response to high bonus amounts with short qualification periods (Corson, Decker, Dunstan, & Kerachsky, 1992). Recent regression discontinuity estimates for reemployment bonus offers in Korea suggest that higher bonus amounts offered to jobseekers age 55-plus are cost-effective (Ahn, 2018). Cash reemployment incentives for older workers are a viable policy option to help unemployed older workers applying for UI benefits get back to work faster.

Conclusions and Recommendations

Older workers are an increasing share of the U.S. workforce; they rely on income from work to make ends meet, and they suffer longer unemployment after involuntary job loss than do prime-age workers. However, the public workforce system has not adapted to effectively serve older workers. It is time for action to improve the public workforce services offered to older workers. While the public workforce system has become more automated, older workers need more in-person, one-on-one services—including counseling and placement services.

The following are policy recommendations to improve workforce development programs to accommodate older workers. Many of these suggestions will generally improve workforce programs to benefit all jobseekers and employers.

UI

To encourage older workers to stay in the labor force and continue to search for employment, and improve the income replacement role of UI, the system should ensure that experienced older workers unemployed through no fault of their own and actively searching for work receive UI. Among the provisions that should be enacted are the following:

- Pensions should not be considered in calculating unemployment benefit amounts.
- Limiting job search to part-time work should not disqualify UI beneficiaries from eligibility.

ES

ES services are cost-effective, yet funding has declined steadily over time. This has caused a reduction in staff-assisted services and an increase in automated services, which are less effective for computer novices, including some older workers. To increase the availability of staff-assisted ES services for older jobseekers, we recommend that the public workforce system:

- Reduce reliance by state and local AJCs on automated self-services, especially for older jobseekers, by increasing staff-assisted services for screening, counseling, JSA, job development, matching jobseekers to available job openings, and referring jobseekers to appropriate job interviews and job training opportunities.
- Provide additional investments through federal grants to state workforce agencies for staff-assisted job matching for older workers.
- Establish staff positions in AJCs for Older Worker Representatives to assist jobseekers.
- Increase the use of job clubs for older workers and conduct rigorous evaluation research on the effectiveness of job clubs for older workers.
- Increase funds for RESEA and WPRS-targeted Reemployment Services provided to UI claimants. These programs are especially helpful to older workers because they tend to target longer tenured workers who also tend to be older.

SEA

While self-employment is a small but important source of employment, it is of much greater importance to older workers who participate in self-employment to a much greater extent than prime-age or younger workers. SEA
provided through the UI system has been rigorously evaluated and shown to be cost-effective. As a result,

- All states should have SEA programs as part of their state UI programs, and rigorous evaluations should be conducted on the effectiveness of such programs for older workers and other subpopulations. A long-term follow-up could also be done of participants in the Massachusetts and Washington self-employment experiments.
- Workers participating in self-employment programs should be provided with entrepreneurial training funded by the Workforce Innovation and Opportunity Act and/or provided by the Small Business Administration’s Small Business Development Centers.

**Work Sharing**

Since older workers experience longer durations of unemployment after job layoffs, they would particularly benefit from work sharing programs that can prevent periods of unemployment by sharing reductions in work hours among all employees in a work unit during periods when firms experience a decline in demand for their goods or services. Employment units that participate in work sharing tend to include more highly skilled, long-tenured workers who are likely to be older than the rest of the labor force. Work sharing is a public workforce option in only 28 states, despite temporary federal financial incentives to states to enact the program after the Great Recession.

- All states should have UI work sharing programs available for employers.
- In high unemployment periods, work sharing benefits could be paid for from the federal UI tax under FUTA or federal general revenue (rather than employer funded state UI accounts) to provide states with an incentive to enact work sharing.
- When the federal partner pays for works sharing UI benefits, states should not charge work sharing benefits against employer UI tax accounts to encourage employers to make use of work sharing rather than implementing layoffs.

**SCSEP**

SCSEP provides temporary subsidized employment and usually does not result in permanent unsubsidized jobs. It provides income transfers and on-the-job training opportunities to eligible unemployed low-income older participants, some of whom transition to regular unsubsidized employment. It adds community services that might otherwise not be provided. However, compared with other ES programs, SCSEP is relatively expensive, costing more than US$400 million annually while creating fewer than 60,000 job slots per year.

- A rigorous evaluation of SCSEP should be conducted to determine the program’s impact.
- A proper comparison group–designed evaluation to estimate net benefits must account for the community benefits of services provided and the deadweight costs for workers who would have been hired anyway.
- Funding for SCSEP should be reevaluated based on cost-effectiveness estimates from net impact studies.
- Any SCSEP budget reductions should result in an equivalent increases in funding to provide ES services for jobseekers including older workers.

**Wage Supplements and Wage Subsidies**

Wage subsidies paid to employers to hire targeted groups of workers have generally proven to have low success in promoting transition to unsubsidized work for the targeted group. Evaluators have cited stigma effects of the subsidies on targeted workers (Wandner, 2016). Wage supplements paid to jobseekers upon reemployment do not stigmatize employees in new jobs. While previous evaluations raise questions about the cost-effectiveness of wage supplements, older workers could benefit from an expanded earned income tax credit. The RTAA is a small wage supplement paid to workers, and it does not cost much. For now, the RTAA should be retained, but it should be studied rigorously to assess whether wage supplements in general are a promising reemployment policy option.

**Job Training**

With training slots available for only 200,000 to 300,000 WIOA Adults and Dislocated Workers per year, older WIOA participants may expect to receive an extremely limited number of available training slots, which are distributed mostly to younger workers. Given the strong past labor force attachment of older workers and limited training funds, policy efforts should be largely devoted to providing more cost-effective staff-assisted ES services.

- When older workers participate in job training, that training should be targeted to their aptitudes, attitudes, and prospects for obtaining jobs in the occupations for which they are being trained.
- Targeted training could be more successful if AJCs were to provide stronger guidance through staff-assisted counseling and testing.
- Any job training should be concentrated in (a) high demand, high return occupations, as prescribed in WIOA, especially in areas such as math, science, and health services; and (b) customized or on-the-job training that can result in immediate employment with significant earnings.
Reemployment Bonuses for UI Beneficiaries

Reemployment bonuses provide an incentive for UI beneficiaries to rapidly search for new jobs. There is reliable evidence that reemployment bonuses can be particularly effective for older workers.

- Congress should enact legislation to make reemployment bonuses a program option for states.
- A national evaluation of UI bonus programs should be required to identify the best UI reemployment bonus program designs.
- A demonstration project with higher bonus amounts for older workers should be tested.

Conclusion

A handful of workforce development services are particularly helpful for older jobseekers, and each of these could be improved. The most important single change would be to make one-on-one job readiness assessment and placement services available for older workers in all AJCs. Funding for ES is too thinly stretched to adequately staff local AJCs to meet the growing needs of jobless older workers who need counseling, JSA, job clubs, and placement services. Improved funding should increase ES staffing that would improve services to all customers and could accommodate designated staff for older workers. ES serves a large population at low cost with high success rates. Additional funding for ES could come from and increase in the FUTA taxable wage base, or by redirecting some SCSEP appropriations—if a new SCSEP evaluation does not find this program to be cost-effective.

Refinements in other public workforce programs could help older workers remain self-sufficient. First, to encourage older workers to keep working, the UI program should be reformed to eliminate pension offsets and allow part-time work. Second, all states should have UI work sharing programs and should pass through federal incentive payments to employer accounts whenever they are available. Third, all states should have SEA as a UI program option along with entrepreneurial training. Fourth, reemployment bonuses in UI should be available as a policy option to states, and they might be particularly effective for older workers. Finally, there could be large returns from job training of older workers if enhanced screening is conducted for those referred to training to determine their ability to succeed in skill training for high demand occupations.

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Notes

1. This article relies in part on our 2015 report for AARP (Wandner, Balducchi, & O’Leary, 2015).
2. Part of the increase in unemployment duration shown in Figure 3 for 2011 was due to a measurement change. In 2011, the Bureau of Labor Statistics increased the top-coded value of unemployment duration from 2 to 3 years. Figure 3 essentially presents two different time series, but the methodology applies to both younger and older unemployed workers, and it shows the longer durations for older workers.
3. Publicly provided training also includes on-the-job training, employer-based customized training, and soft-skills training in interpersonal and workplace behavior.

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