In 2006, the first wave of the baby boom generation turned 60. In 2011, the oldest baby boomers will turn 65, the traditional retirement age. Older workers are now one of the fastest-growing segments of the American workforce. According to the U.S. Census Bureau, the Bureau of Labor Statistics (BLS), and the General Accounting Office (GAO; now renamed the Government Accountability Office)\(^1\), the number of older workers is predicted to grow substantially over the next two decades, and older workers will become an increasingly significant proportion of all workers (BLS 2004a, 2005; Carroll and Tauber 2004a,b,c,d,e,f,g,h,i,j, 2005; GAO 2001). The BLS (2004a, 2005) estimates that between 2002 and 2012, the number of workers aged 55 and older will grow by nearly 50 percent, outpacing any increases in the number of younger workers. By 2012, the BLS predicts, 42 percent of workers in the United States will be 45 and older, up from 37 percent in 2002. During this 10-year period, the number of workers aged 45 and older will grow by nearly 27 percent, while the number of workers aged 16 to 44 grows by only 3 percent.\(^2\)

The aging workforce is likely to have important consequences for the American labor market. First, upon reaching retirement age, workers are not likely to drop out of the workforce entirely in the future. As recent surveys indicate, they are more likely to seek voluntary transitions— from full-time work to part-time work, from one field to another, or from work to education or volunteer activities. Many American work-
ers are realizing that work will likely continue to be part of their lives well into their 60s and 70s. In a national Work Trends survey conducted by the John J. Heldrich Center for Workforce Development at Rutgers University, researchers found that nearly 7 in 10 American workers plan to continue to work full or part time for pay following retirement from their main job (Reynolds, Ridley, and Van Horn 2005).

Second, as the proportion of older workers in the workforce continues to rise, more older workers are likely to encounter involuntary job loss. Today, American workers are experiencing layoffs as a reality of the job market, and as the number of older Americans in the labor market increases, the number of older Americans who find themselves out of work or left with reduced work hours and incomes will likely increase as well. While some workers will opt to leave the labor market voluntarily through buyouts or retirement, others are likely to be laid off or to have their wages and hours reduced as a result of business mergers, acquisitions, divestitures, and cost-cutting.

And third, as baby boomers reach retirement age, the pending wave of retirements may lead to industry-specific labor or talent shortages as well as human resource problems in such areas as succession planning, recruitment, and retention (of both knowledge and workers). For example, the electric utilities industry has already identified workforce aging and turnover as a significant business issue, citing that the size of its workforce has declined by 25 percent in the past 15 years and now stands at pre-1975 levels. According to the Utility Business Education Coalition, one of the biggest problems facing the industry is a projected gap for skilled technical or craft labor, and being able to find skilled and well-educated workers to fill that gap. Industry leaders note that the average utility worker is four years older than the national average, and that half of their workforce is eligible for retirement over the next decade. The greatest impact reportedly will fall on small and mid-sized utility companies (Kussman 2005). Other industries that have identified concerns with the aging workforce and talent shortages include aerospace, petroleum, and the federal government. In addition, the U.S. Census Bureau, through employment development departments in various states, has identified industries where more than one in five workers is 55 years or older and, thus, where shortages are most likely to occur. These include transportation and transit services, real estate, mining and
quarrying, educational services, the garment industry, and membership organizations (Carroll and Taeuber 2004a,b,c,d,e,f,g,h,i,j, 2005).

According to recent studies by the Conference Board, the American Association for Retired Persons (AARP), and the Society for Human Resource Management (SHRM), businesses that are starting to see large waves of retirements are exploring ways to remedy the possible impact of lost knowledge, as well as ways to best retain retired employees in some capacity and to recruit new workers (both younger and older) into the workplace. Other businesses, however, currently see no need to take any action or are slow to prepare for the challenge (AARP 2000; Collison 2003; Conference Board 2002; Morton, Foster, and Sedlar 2005).

The aging of Americans, combined with the realities of today’s economic environment, presents significant challenges for American society and communities, as well as for U.S. public policy and programs. Given that observers anticipate more Americans will be working (or looking for work), the nation’s public workforce system will likely face enormous pressure to meet the anticipated demand from older workers for more attention, better service, and more access to local, state, and federal resources to help them retain or find employment. While the public system will be faced with policy and operational issues, the prospect of serving an older population can offer an opportunity for policymakers to begin to better assess the needs of older workers, with a goal of improving the information, access, and quality of employment-related assistance and service.

**TRENDS IN DISPLACEMENT AS A WHOLE AND IN DISPLACEMENT OF OLDER WORKERS**

As noted earlier, at the same time that the American population is aging, rapid changes have taken place in the economy, which have resulted in tremendous labor-market job churning. Key industries have eliminated jobs (such as in manufacturing), while other industries have made employment gains (such as in retail, education, and health care). According to the Bureau of Labor Statistics (2004b), 11.4 million people were displaced between 2001 and 2003, and 5.3 million of them
were displaced from jobs they had held for at least three years. Nearly one-third (1.7 million) of these displaced long-term workers lost jobs in manufacturing. The reality is that technological changes and globalization have had a tremendous impact on the job market, generating job dislocations and making layoffs a reality for many American workers.

Job dislocation has considerable costs. In addition to those costs workers bear by having their careers disrupted and their lives upended, they incur other costs equally as burdensome, including wage losses, isolation, depression, intense stress and despair, and loss of job seniority. They also incur the costs of searching for new jobs (Rodriguez and Zavodny 2000; Van Horn et al. 2005).

Older workers are particularly vulnerable to job dislocations. A recent study suggests that since 1980, the rate of job displacement among workers over the age of 50 has risen faster than that of younger workers (Elder 2004). Older workers also tend to have lower reemployment rates and larger earnings losses than their younger colleagues. In data collected by the BLS on worker displacement, workers over the age of 55 have a harder time becoming reemployed than younger workers. The average duration of unemployment in 2004 for older workers looking for work was 25.8 weeks, compared to 18.9 weeks for younger job seekers.

In addition to displacement, older workers are also more likely to drop out of the labor market than their younger colleagues. While few older Americans who are not currently working say they wish they were employed (in 2004, slightly more than 2 percent of the 40.5 million people aged 55 and older who were not in the labor force reported that they wanted a job), as many as 84,000 people aged 55 and older classify themselves as discouraged. Essentially, they have given up looking for work because they do not believe work is available or, for whatever reason, they have simply stopped looking for employment. While only a small number of these 84,000 discouraged workers reported wanting a job (8.7 percent), this 84,000 figure represents an increase of 12 percent in the number of older discouraged workers from 2003 to 2004. Older workers had a higher probability of dropping out of the labor force following displacement than any younger age group (Rix 2005).
PUBLIC AND PRIVATE PROGRAMS FOR DISPLACED WORKERS—BOTH YOUNG AND OLD

The Heldrich Center recently undertook a study of laid-off American workers that focused on the experience of involuntary job loss among workers (Van Horn et al. 2005). The research examined three areas: 1) the consequences of job loss among laid-off blue-collar and white-collar workers, 2) the types of workers that are affected by displacement, and 3) the policies and practices of both employers and the government in response to worker layoffs.

The Heldrich Center’s research shows that employer support to laid-off workers is uneven, uncoordinated, and unavailable to many. Overall, the availability of severance pay and transition services by companies depends on the size of the company and its culture and values. In addition, trends indicate that these supports and commitments are diminishing as companies face greater financial pressure to reduce costs. The same study finds that government support and assistance for displaced workers, too, has been uneven, cash-strapped, and out-of-sync with today’s labor market realities. The Heldrich Center study reveals that while workers view unemployment insurance, job placement assistance, job training, and extended health care as important programs and services, these safety nets and the policies that guide them have suffered from diminished funding, outdated eligibility criteria, and a lack of connection to the realities of today’s business needs and workforce demographics.

Notwithstanding indications that older workers will be important to the American labor market and will be needed to fill predicted labor and talent shortages, other signs suggest that older workers’ employment and reemployment prospects will continue to be poor. A recent GAO study, as well as surveys of employers conducted by the Conference Board, AARP, and SHRM, shows that employers continue to have a lack of interest in hiring older workers and to have negative perceptions regarding the value of older versus younger workers. Although many employers publicly state a willingness to recruit or retain older workers, most employers are not currently engaged in human resource practices that are in favor of older workers. Fundamentally, a majority of employers today fail to recognize the proposition that an older worker has
value, and these employers are not making an effort to hire or retain older workers. The exceptions are in some specific industries where a high average age exists (such as utilities, transportation, aerospace, and the public workforce) or where there is a clear business case for employing older workers and, thus, a labor market need to hire them, such as in the retail industry (AARP 2000; Collison 2003; Conference Board 2002; Morton, Foster, and Sedlar 2005).

As these studies imply, a major barrier for many older workers reentering the workforce is ageism: negative attitudes toward the job abilities and job prospects of older workers. As the Heldrich Center Work Trends study reports, surveyed workers believe that younger workers are in a much better position to find a new job at the same salary following a layoff. Those surveyed also suspect that employers favor younger workers over older workers in the workplace. These views are supported by recent research from the GAO reporting that, in its study, retired workers most often cited three things as barriers to continued employment: 1) their own limited skills, 2) limited employment options (that is, that most jobs available are lower-skilled and lower-paying jobs), and 3) age discrimination by employers. This is supported by U.S. Department of Labor data showing that, among workers who are able to find reemployment, 56 percent of workers over the age of 55 take a new job at a lower wage than the one they left, the highest rate of any age group (Helwig 2004). And, according to data from the U.S. Equal Employment Opportunity Commission, while age bias lawsuits tend to rise and fall with the economy, the number of workers filing age discrimination complaints has been escalating. In 2001, age-related complaints from firings and layoffs reached their highest level since 1996 (Spolter 2002).

A less obvious obstacle to older workers getting back to work may be the competition they are likely to face when desiring employment services from the public workforce system, which provides services to anyone seeking assistance. While federal public awareness campaigns on the value to older workers of working and the value to employers of hiring older workers have begun, most One-Stop Career Centers and the programs designed to help older workers are overwhelmed with applicants, underresourced, and overburdened with work from serving many other dislocated workers (who may be better candidates for quicker job placement) or other disadvantaged adults. The public workforce system
has historically underserved older workers according to their proportion in the labor market, and, despite the efforts of senior advocates, older workers are but another subgroup competing for attention with other subgroups in the system (USDOL 2002).

Currently, the federal government has only two programs designed to serve older workers looking for employment: the Senior Community Service Employment Program (SCSEP) and the Alternative Trade Adjustment Assistance Program (ATAA). Both are small programs with narrowly defined eligibility criteria (Table 10.1). The U.S. Department of Labor advises older workers who do not qualify for services under the ATAA or SCSEP that they may be eligible for services under the Workforce Investment Act’s (WIA) Dislocated Worker or Disadvantaged Adult programs or other programs that may be available through a local One-Stop Career Center. At present, state and local workforce development systems (i.e., One-Stop Career Centers and Workforce Investment Boards) are being encouraged to be more responsive to the needs of older workers in general and to the needs of older dislocated workers specifically (Kramer and Nightingale 2001). However, there are few, if any, federal initiatives aimed at expanding workforce programs for older workers or at improving the ability of existing programs to serve older workers.

At the same time, a growing number of nonprofits, faith-based organizations, new private-sector institutions, and some state and local government agencies have begun to offer innovative programs targeted at unemployed older workers, using one or more of a combination of public and private funding sources patched together, including but not limited to WIA Dislocated Worker funds, private foundation support, United Way grants, other private individual or business donations, or fees for service. Preliminary research currently being conducted by the Heldrich Center shows that grassroots programs in distinct local areas are being established to serve an identified local need (helping unemployed workers aged 40 and older, of all income levels) to reconnect to employment. Examples of such programs that have emerged include the following:

**MaturityWorks in East Orange and Whippany, New Jersey.** Funded through a grant from the HealthCare Foundation and other small grants, MaturityWorks serves unemployed residents of the Jewish
<table>
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<th>Program</th>
<th>Eligibility requirements</th>
<th>Key services</th>
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| Senior Community Service Employment Program (SCSEP) | Based on age, income, and place of residence. Applicants must:  
• Be 55 years or older  
• Reside in an SCSEP-funded area  
• Have income that is not more than 125 percent of the federal poverty level  
• Be unemployed | • Orientation  
• Part-time job training with a nonprofit agency, with salary paid by SCSEP  
• Possible job placement | • Established under Title V of the Older Americans Act, as amended  
• Administered by the U.S. Department of Labor, Employment and Training Administration  
• Available in all 50 states and through 10 national sponsor programs |
| Alternative Trade Adjustment Assistance (ATAA) | • Similar to the Trade Adjustment Assistance (TAA) criteria, whereby workers must demonstrate that foreign trade has adversely affected them, except that it is specifically designed for workers aged 50 and older. Workers who are certified as eligible may apply for both TAA and ATAA but may only be enrolled in one or the other. | • Rapid Response Services. Government personnel provide on-site reemployment services to newly laid-off employees.  
• Reemployment Services. These offer workers assistance in finding new jobs. Workers who wish to qualify for benefits under the program may be able to quickly return to work through a combination of services provided through a One-Stop Career Center. | • Established through the Trade Assistance Reform Act of 2002 and administered by the U.S. Department of Labor, Employment and Training Administration. States serve as agents of the U.S. Department of Labor in administering the program. |
• Wage Subsidy. Eligible workers aged 50 or older who obtain new, full-time employment at wages of less than $50,000 within 26 weeks of their separation may receive a wage subsidy of 50 percent of the difference between the old and new wages, up to $10,000 over a period of up to two years.

• Health Coverage Tax Credit: Workers who are receiving the wage subsidy under ATAA may be eligible to receive tax credits for 65 percent of the monthly health insurance premiums they pay.

SOURCE: USDOL (n.d.).
Vocational Service of MetroWest area who are aged 45 and older. Services provided include career counseling, résumé writing, skills training, group workshops, and job placement.

**The Tacoma Experienced Workers Program in Tacoma, Washington.** Funded through state WIA Rapid Response funds, the Tacoma Experienced Workers Program serves dislocated workers aged 50 and older who have been displaced in the state of Washington’s King, Pierce, and Thurston counties. Services include job search and résumé assistance, workshops, job clubs, and some short-term training. Program services are provided through the Tacoma One-Stop Career Center.

**Seniors Job Bank in West Hartford, Connecticut.** Funded through several corporations, foundations, and individual and business gifts, Seniors Job Bank provides free employment services to job seekers aged 55 and older in the Greater Hartford area, as well as assistance to employers who wish to hire such workers. Services include employment referral and staff-assisted, Internet-based job search.

**Senior Employment Source in Dallas, Texas.** Funded through private grants and the local United Way, Senior Employment Source assists adults aged 50 and older in conducting an effective job search and finding employment in the city of Dallas, in Dallas County, and in adjacent suburban areas. Services include group support meetings on job search and other topics, one-on-one coaching and résumé preparation, off-site job search seminars, and marketing of older workers to local employers.

In addition, a wide array of private businesses and institutions provide more immediate help to unemployed and underemployed older workers. Such businesses run the gamut from small entrepreneurs (such as individuals who advertise that they will—for a fee—provide help with career coaching, résumé preparation, personality testing, image makeovers, job search, and job leads) to large outplacement firms that are specifically marketing their services to workers aged 40 and older. Also emerging are numerous local job search and networking clubs, offered free or for a fee by individuals, churches, and faith-based organizations; by local civic organizations (such as the chamber of com-
This growing private industry in career transitions has been explored recently by Barbara Ehrenreich (2005) in *Bait and Switch: The (Futile) Pursuit of the American Dream*. The book, about white-collar employment and job hunting, has brought the plight and vulnerability of older displaced workers to the attention not only of the public, but also of those who want to help reconnect older workers to the labor market.

**TRENDS IN THE AVAILABILITY OF EMPLOYMENT SERVICES FOR OLDER DISPLACED WORKERS**

There is a clear recognition among policymakers and employment professionals alike that the American workforce is aging. These professionals also recognize that this demographic factor of aging, along with other economic and financial issues, has affected and will continue to affect the ability of older dislocated workers in America to quickly regain employment after a job loss or to take on employment in retirement. Overall, there are several trends that affect an older worker’s ability to get access to affordable and high-quality employment services, that affect the public workforce system’s ability to deliver these same services, and that demonstrate the current complexity of the career and work transitions landscape that is faced by older and out-of-work adults. These include the following four developments.

1. **Since the number of older workers is increasing, it can be expected that the number of older laid-off workers will increase as well. The more dislocated older workers, the more likely the need for services tailored to help them find compatible work.** According to Kramer and Nightingale (2001, p. 33) “The aging of the baby boom generation as a whole will naturally increase the number of older workers in the labor market . . . and also likely increase the need for employment-related services to those older workers who are relatively less advantaged.” If there is a need for more employment services, then more public attention must be paid—and more resources devoted—to addressing the growing gap between the need for help and the supply of affordable, high-quality assistance.
2. The fewer public resources that there are available for employment-related services, the more likely it is that older workers will seek help either from the overwhelmed and underresourced WIA system, from free local programs and community services, or by paying for help from private entrepreneurs and organizations. This is especially true of those workers with limited financial resources and those lacking information about the labor market and how to navigate it. In many areas, the WIA system is not prepared to serve older workers. And SCSEP and ATAA, while important, are relatively small, targeted programs with limited eligibility, limited resources, and narrow program models. In describing the current dilemma with respect to public workforce development services for older workers, the USDOL (2002) concluded that currently “WIA programs can be described as being too broad to focus attention on the special needs of the rapidly increasing population of older workers, and SCSEP programs can be described as being too narrow to effectively meet those needs.”

While it is widely believed that the WIA-financed workforce development systems will need to (or be forced to) change to respond to the aging worker population, it is unlikely that One-Stop Career Centers and Workforce Investment Boards will be financially able to rise to this challenge without an increase in funding and more flexible eligibility criteria that would allow them to serve a broader older worker population (aged 45 and over, regardless of income). In the absence of these services, older workers are left with limited choices and limited opportunities.

3. Although there are few federal initiatives, community-based agencies are developing and nurturing active programs and approaches for serving displaced older workers in their communities, funded mostly by private interests and with private dollars. These programs are emerging outside the SCSEP, ATAA, and WIA program frameworks, while other programs are working in collaboration or in partnership with WIA and SCSEP. Many are being patched together with private and some public funding and are serving an older worker population that is more broadly defined but perhaps just as much in need of services.
4. The private market has caught on to the enormous business potential of a large and growing market of older displaced workers who are desperate for help in getting back to work. This sector, undefined as an industry but emerging nonetheless, fills both a market need and a void, but it also operates with few to no regulations or protections for those older workers who may be vulnerable to scams and shams.

Currently, there is a growing constituency of public policymakers, senior advocates and retirement associations, private employers, human resource executives, unions, and workforce practitioners. These groups are looking for ways to strengthen work and reemployment opportunities for all older workers, and to provide better services and tools to help them reconnect to the labor market, either after a job loss or in retirement. As mentioned earlier, the demographic trends of the labor market strongly suggest that the demand for workforce services and supports for older workers will only increase. Drawing on national research by the Heldrich Center, including Van Horn et al. (2005), on dislocated workers and older workers, we advance five recommendations that could be put in place to enhance employment and reemployment services so that they better serve older workers after a job loss.

RECOMMENDATIONS FOR NEW PUBLIC/PRIVATE STRATEGIES FOR DISLOCATED OLDER WORKERS

The four trends discussed above lead to the following five recommendations for policymakers.

1. Better integrate both One-Stop and community-based reemployment services with the administration of unemployment insurance, and better integrate government benefits with employer-funded benefits. As the Heldrich Center’s study on dislocated workers notes, many laid-off workers find new jobs with little to no assistance from the government. However, a large number are lost when it comes to looking for a new job. Research has shown that many older dislocated workers—especially those in the younger half of the category (aged 40 to 60)—experience stress, depression, anxiety, and despera-
tion, psychological problems that leave them vulnerable to being taken advantage of and that hinder their ability to look for work. Many older workers need hands-on attention and personal help with navigating the labor market and the complex array of government benefits. Reemployment services can hasten the transition of laid-off workers to new jobs, but they must be available, accessible, and effectively developed to do so. Policymakers can help with this transition by taking successful community-based reemployment programs and services that are currently helping older workers and better integrating them with unemployment insurance benefits and privately funded transition services (USDOL 2003; Van Horn et al. 2005).

2. In the absence of federal funding, encourage the growth of innovative, community-based service models, particularly program models that offer a wide array of services and interventions, including partnerships with the business community. When public funding is lacking, state and local officials can act as catalysts in generating local support for older-worker reemployment programs, such as by providing data documenting the dimensions of the aging workforce on the state and local labor markets, by helping community-based organizations leverage private-sector funding, and by fostering partnerships between older-worker reemployment programs and local employers or business associations, such as the chamber of commerce. State and local policymakers can also work to build better and more effective coordination among existing community-based programs for older workers and seniors, the WIA-funded system, local offices on aging, and SCSEP operators.

3. Develop flexible service strategies attuned to the needs of older workers. Policymakers need to recognize that in order to effectively serve the older worker population, they must understand both the different age ranges of older workers and the different service models and interventions necessary to assist these groups. Older workers are a diverse group. Older displaced workers in the younger range (those aged 40 to 60), regardless of past or present earnings, are more likely than not looking to get back into the full-time workforce, replace their lost wages, and enhance their job market skills. Thus they need significant career transition assistance. This “too old to hire, too young to re-
"tire" cohort is currently the population that is not being served through SCSEP. Older displaced workers in the upper range (aged 60 and above) may not be interested in full-time employment, but they may be looking for more flexible work arrangements that they can supplement with other retirement income. SCSEP focuses on this population but currently lacks the resources to meet the potential demand for services (U.S. Department of Labor 2003).

In addition, policymakers should explore alternative service strategies that go beyond provision of retraining or reemployment services. Research suggests that older workers are less inclined to enroll in long-term community college or other retraining programs (Jacobson, LaLonde, and Sullivan 2003). They may instead benefit from accelerated or flexibly designed education options. Alternatively, they may benefit from earnings supplements, such as those offered through ATAA, which encourage reemployment while mitigating the potential earnings losses of displacement. Additional research and demonstration projects are needed to assess the effectiveness of earnings supplements and the likely interest in them among older workers.

4. Provide research and disseminate information on promising local practices and effective older worker reemployment strategies. Advocates for older workers have raised concerns about whether older workers can be successfully served in One-Stop Career Centers under the current WIA model (USDOL 2002). Overall, there is little information available to community-based organizations and public agencies about the types of publicly and privately funded older worker programs currently operating in the nation, about what is possible in terms of the financing and structure of such programs, and about what types work best to assist this population.

5. Provide public information and guidance on how to navigate the career-transitions industry marketplace and how to protect consumers from deceptive practices and unprofessional conduct. At present, the career-transitions industry is still relatively new, and there is a general lack of information available to consumers about what qualities make up a reputable organization or professional in the field. Federal and local officials can help consumers by providing fact guides that advise consumers on a variety of topics, such as what credentials
to look for when needing help with résumé development, job search assistance, or other reemployment services; what services to reason-
ably expect from outplacement firms, image consultants, or other such transition professionals; how to spot scams; and how to file a complaint about disreputable firms or individuals.

Today, both workers and employers recognize that the economy has changed the nature of work, the workplace, and workplace life in many ways. In this new environment, workers consider themselves responsible for managing their careers and handling job transitions. But more often than not, older workers encounter more reemployment difficulties than their younger colleagues and are more vulnerable in a labor market that is different from when they first began their careers. While all displaced workers bear the costs of job loss, older workers are more susceptible to longer periods of unemployment, greater wage loss, and more mental health issues. In the face of existing economic trends and an undisputedly aging workforce, it is important that public policies toward laid-off workers—and especially toward older ones—be reexamined so as to develop effective strategies that provide better support for this population.

Notes

1. The General Accounting Office was created in 1921 and was known by that name until 2004, when, as part of the GAO Human Capital Reform Act, the name was changed to the Government Accountability Office. The information cited here is from GAO (2001), when it was still known as the General Accounting Office.
3. The Senior Community Service Employment Program was reauthorized in the fall of 2006.

References


