



CAEL
Linking Learning and Work

TAPPING MATURE TALENT: POLICIES FOR A 21ST CENTURY WORKFORCE



A Tapping Mature Talent Publication
Published by CAEL with support from The Atlantic Philanthropies
Edited by Phyllis Snyder and Michael C. Barth
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Introduction, Executive Summary, and Policy Recommendations

People aged 55 and older are one of the fastest growing demographic groups in much of the developed world. While they have seen tremendous changes in technology and everyday living over their lifetime, some of the biggest societal changes are those that they themselves are helping to make. In the U.S., these mature individuals can expect to live several decades beyond the traditional retirement age of 65–67, and they will likely be able to do so in much better health compared to earlier generations. While a percentage of these individuals will choose full-time retirement in their mid-sixties, a large and growing percentage will want or need to have paid work.

Within this group are very diverse interests and needs. Some mature workers will want to stay in their current jobs as long as possible, while others may want to migrate to a different kind of job as a way to transition to full-time retirement (for example, they may wish to find a job with shorter hours, less stress, or fewer physical demands). Some mature workers may want to find something to do in this next stage of their work lives that is completely different than anything they have done in the past. Some in pursuit of such “*encore careers*” may want anything new, while others may seek to do something they have always dreamed of or something that gives back to the community. Still other mature workers may find that their lifelong jobs have disappeared. Facing unexpected unemployment, they will need to find a replacement job that may be in another industry.

In the U.S., we have gotten used to the idea of people going from full-time work to full-time retirement in their mid-sixties. However, we are now in a time when we will be seeing more mature workers continuing to participate in the labor market, whether out of financial need or out of continued ability and preference. When examining the country’s economic realities, this new trend has much to offer. The benefits include providing greater financial security for our older citizens and meeting the skill and talent needs of employers.

Many mature workers will need help in navigating a very complex labor market, understanding what career pathways would be good for them, and determining how to use education and training to get the right kind of job for this next stage in their work lives. Currently, however, there is very little help available specifically for the mature worker, as workforce development programs and postsecondary institutions both design their programs for younger target groups.

Recognizing this problem, in 2009, the U.S. Department of Labor supported a three-year Aging Worker Initiative (AWI). This initiative acknowledged the importance of mature workers to the economy and the need to provide them with a different kind of help in preparing for new jobs and careers. The AWI funded 10 sites to test new models of serving mature workers (see box).

Over the course of this three-year initiative, the Council for Adult and Experiential Learning (CAEL) has provided technical assistance to these sites under a grant from The Atlantic Philanthropies. The Council on Competitiveness assisted as well during the first two years of the initiative. The experiences of the 10 sites have underscored for us the importance of supporting the labor force participation of mature individuals in a deliberate way.

As this initiative comes to a close, CAEL invited leading experts on the mature workforce to help us showcase the work of the AWI grantees alongside their own research findings. Collectively, the papers commissioned for this publication address the factors that are causing more mature individuals to continue working, the range of occupations currently held by mature workers, the value of the mature workforce to our economy, the factors that most influence employer retention and hiring as they face changing workforce demographics, the difficulties workers face as they make often irreversible decisions about when to retire, and public sector strategies that support mature workers.

The conclusions reached by the authors help to inform a set of recommendations for policy makers and employers.

The 10 Aging Worker Initiative Sites

Tecumseh Area Partnership, Inc., Indiana

Quad Area Community Action Agency, Inc., Louisiana

Coastal Counties Workforce, Inc., Maine

Baltimore County Office of Workforce Development, Maryland

Macomb/St. Clair Workforce Development Board, Inc., Michigan

South Central Workforce Investment Board, Pennsylvania

Goodwill Industries of Houston, Inc., Texas

Vermont Associates for Training and Development, Inc., Vermont

Seattle-King County Workforce Development Council, Washington

Fox Valley Workforce Development Board, Wisconsin

Why We Need to Support Mature Workers

When considering the need to develop the workforce for a global economy, often the focus is on improving K-12 education so that the newest generation of workers has the skills and knowledge needed by business and industry. This is indeed critical for ensuring that the economic health of the country is strong and that employers will have the workers they need to succeed. We cannot ignore, however, the importance of developing workers on the other end of the age spectrum. There are two important reasons. First, workers are choosing to delay full-time retirement more than ever before. A second reason to pay attention to the mature worker is that our economy may need them.

Workers are increasingly choosing to delay full-time retirement.

Between 1988 and 2008, the labor force participation rate of people aged 55 and older increased from 30% to 39.4%, and in 2009, the Bureau of Labor Statistics projected that it would increase to more than 43% by 2018 (Toossi, 2009).

The rise in the participation of mature workers in the labor force is a trend that has been in the making for some time. The reasons are many. In looking at the reasons for the increase in the labor force

participation of older men, for example, researchers have concluded that the following factors have contributed to the phenomenon:

- Increases in life expectancy and healthier lives at older ages.
- The shift from defined benefit pension plans to defined contribution plans like 401(k) plans, as well as the reduction of employer-provided retiree health insurance benefits.
- Social security program changes, such as the increase in the age at which one can receive retirement benefits to age 67, and the elimination of a penalty associated with claiming benefits after the full retirement age.
- A higher proportion of educated workers compared to previous generations. Educated workers choose to work longer because they are paid more, they have more fulfilling jobs, and their work may require fewer physical demands.
- The rise in dual-earner families. Couples tend to retire at the same time (ostensibly because retirement leisure is valued less if one's spouse is still working); and since men tend to be older than their wives, they postpone retirement to a later age.
- Delayed impact from the 1968 Age Discrimination in Employment Act, which may have indirectly affected labor force participation at older ages by changing social perceptions of the "normal" retirement age (Maestas & Zissimopoulos, 2010, p. 145-148; Cappelli & Novelli, 2010, p. 22).

Projections about mature worker labor force participation will likely need to be adjusted even higher given the recent recession. A 2011 study released by the Federal Reserve Bank of Chicago, for example, estimates that current labor force participation among those aged 51-65 is likely 2.9 percentage points higher today than it would otherwise be due to the recession (in other words, people are staying in the workforce in response to declining housing prices and decreasing pension/retirement portfolios) (French & Benson, 2011). In addition, a national MetLife survey of adults ages 55-70 found that 50% of the respondents are now expecting to work for pay longer than they planned before the recent recession (David DeLong & Associates, 2009), and another survey found that 70% of workers intend to work for pay after formal retirement, mostly for financial reasons (Helman, Copeland, & VanDerhei, 2010).

During the height of the economic crisis, the experience of public sector service providers suggests that greater numbers of mature workers sought help to find jobs and to get additional training to become more employable. Several of the Aging Worker Initiative (AWI) grantees are workforce investment boards overseeing the delivery of workforce services through One-Stop Career Centers. These grantees explained to us early in the project that the recession, with its high number of job losses, created enormous demand for their services. At one location, for example, the One-Stop saw a 69% increase in all job seeker traffic from December 2007 to December 2009. At that same location, the number of job seekers aged 55 or older increased 103% over the same period, with the proportion of all job seekers aged 55 or older increasing from 13.9% to 16.7%.

With the aging of the workforce and the higher levels of labor force participation among older individuals, we would expect that the number of mature workers going to places like One-Stop Career Centers for employment and training assistance to increase further. In addition, supporting mature workers' efforts to prepare for and find good jobs may become even more important in the coming years if some of the potential restrictions to state and local pension systems and federal Social Security benefits are enacted. This will only increase the number of mature workers needing to work for financial reasons, and thus requiring help in updating their skills, finding jobs, or remaining employable.

We need mature workers to help address skilled labor shortages.

When the U.S. does fully emerge from the recession, economists are projecting that future employment growth will be in jobs that require higher educational levels than in the past. The Georgetown Center for Education and the Workforce has projected that by 2018 we will have a shortfall of workers with postsecondary degrees of about 3 million (Carnevale, Smith, & Strohl, 2010).

Prior to the recession, a number of studies reported that employers were having some difficulty in finding and retaining skilled workers. Peter Cappelli and Bill Novelli (2010) recently predicted that even though the recession had a negative impact on company hiring, the skill shortage issue is sure to reemerge. They write, “The problems that led to these shortages—a decline in investments in talent, increased demand for just-in-time skills—have not gone away. And when economies pick up and grow again, as they surely will, the concern about finding enough of the right kind of workers will return” (p. 65–66).

Cappelli and Novelli’s prediction is already showing signs of being correct. A recent survey of 40,000 employers across 39 countries and territories conducted by Manpower Group found that 34% of all employers say they are having difficulty filling positions, and 52% of responding U.S. employers are having such difficulties (ManpowerGroup, 2011, p. 3). Earlier this year, the 2011 McKinsey Global Institute’s U.S. employer survey found that, despite high unemployment levels, 64% of companies were struggling to find the skilled workers they need.

Research and Pilot Projects That Inform Strategies to Support Mature Workers

This publication has been produced with the support of The Atlantic Philanthropies to explore topics related to the mature workforce in greater depth. In the first chapter, “New Approaches for Supporting the Mature Worker,” CAEL’s Rebecca Klein-Collins sets the stage by describing the experiences, best practices, and lessons of the USDOL-funded Aging Worker Initiative.

The publication then moves to research studies shedding light on ways to support the labor force participation of mature workers. North Carolina State University’s Robert Clark is the author of chapter two, “Financial Literacy and Retirement Decisions: The Choices Facing Older Workers,” which examines the value of financial literacy programs in influencing the decision making of mature workers on future work and retirement plans. For mature workers choosing to continue their working lives, but perhaps in different occupations, Neeta P. Fogg and Paul E. Harrington of the Center for Labor Markets and Policy at Drexel University offer a process in chapter three, “Occupational Profiles for the Mature Worker: Finding and Using Detailed Information About Occupations with the Largest Share of Mature Workers,” for examining the various skills and knowledge needed for specific occupations of interest to mature workers. This approach could inform postsecondary institutions, employment advisors, and other professionals guiding the future labor market choices of the mature workforce.

In “Workplace Action Steps for Leveraging Mature Talent: Findings from the Talent Management Study,” Jungui Lee, Tay McNamara, and Marcie Pitt-Catsoupes of The Sloan Center on Aging & Work at Boston College present findings from a survey of employers on the kinds of external and internal pressures that prompt employers to adopt policies and practices that respond to the aging workforce. Finally, in “Older Workers, Rising Skill Requirements, and the Need for a Re-envisioning of the Public Workforce System,” Maria Heidkamp of the John J. Heldrich Center for Workforce Development at Rutgers University reviews demographic trends regarding the aging workforce, recent labor market experiences of older

job seekers, demand- and supply-side factors contributing to these experiences, and recommendations for improving the public workforce system.

Expanded summaries of these five chapters are provided below, followed by the policy recommendations that they help to inform.

New Approaches for Supporting the Mature Worker: The Experiences of the U.S. Department of Labor’s Aging Workforce Initiative Grantees

In “New Approaches for Supporting the Mature Worker: The Experiences of the U.S. Department of Labor’s Aging Workforce Initiative Grantees,” CAEL’s Rebecca Klein-Collins describes the work of the AWI grantees in developing new approaches to support mature workers in their regions and states. These approaches include expanding the capacity of publicly funded Workforce Investment Boards to serve mature workers, models for training and skill development, and employer engagement strategies.

Expanding the Capacity of the Public Workforce System. Most of the AWI grantees are also workforce investment boards (WIBs) that are overseeing the broader needs of a region’s incumbent, unemployed, and displaced workforce. The AWI project has provided these grantees with the opportunity to examine what the specific needs of the mature workforce are and to carry out activities that effectively expand the public system’s capacity to serve this population, not just during the grant period but also beyond it. Some of the sites have trained “career navigators” and other staff on how to be attuned to the specific needs of the mature worker, assist mature workers with career exploration to identify occupational goals, and guide the worker through the job search process. Some sites have established a dedicated resource center for the mature workers they are serving, generally housed within an existing workforce center or One-Stop Career Center, staffed by trained advisers, and providing a place where these job seekers feel welcomed.

Models for Training and Skill Development. The AWI grantees have established a number of different mature worker training programs and workshops. Short-term workshops address a range of needs, from psycho-social issues to computer and job search skills. Peer support groups provide opportunities for attendees to share job leads, discuss and receive feedback on job search issues, and provide each other with emotional and practical support. Several of the AWI sites are also working with industry partners to offer short-term training to mature workers seeking employment in high-demand industries such as health care, information technology, and manufacturing. Finally, given that many job openings require some mastery of computer technology, computer training is a key offering in many of the AWI sites. Many sites customize their training curriculum for the mature workforce or enroll mature job seekers in cohort groups so that they can support each other during the training.

Employer Engagement Strategies. When the ultimate objective is placing mature workers in jobs, it is important to engage employers and “sell” them on the contributions of the mature worker. Several sites are building on their existing reputations with employers in their region through traditional outreach like mailings, e-mail blasts, brochures, and targeted phone calls. In addition, the AWI sites are experimenting with other strategies to engage employers: internships, reverse job fairs (at which the job seekers are stationed at booths and are responsible for marketing themselves to visiting employers), interactive websites, workshops, and raising awareness of the value of mature workers. Raising awareness activities include recognizing model employers with special awards, presentations to groups of employers on the topic of the mature workforce, and workshops to help small business better manage a changing workforce.

Over the course of the three-year initiative, the grantees have identified several lessons from their work. One set of lessons emerges from having gained a clearer sense of the needs of mature job seekers. Many workers experience profound feelings of despair related to job loss at this stage in their lives, and so they often need help recognizing and addressing these emotions as they work on a transition to new work opportunities. Mature workers may need skill training, especially in computers, and they may also need help understanding modern job search strategies and application processes. Another lesson is that the public workforce system requires additional flexibility to be able to serve this population in a meaningful way. In particular, current performance measures create disincentives for placing mature job seekers in part-time work or in jobs that pay less than the workers earned previously.

Overall, the lessons from the AWI initiative have highlighted the importance of recognizing the contributions of, as well as the challenges facing, the mature workforce. They also lead to specific policy responses that can support mature workers in their continued labor force participation and expand their potential for contributing to the workplace and our economy.

Note: As part of the Aging Worker Initiative, the U.S. Department of Labor also funded a formal external evaluation of the initiative, carried out by a partnership of Mathematica Policy Research and Social Policy Research Associates.

Financial Literacy and Retirement Decisions: The Choices Facing Older Workers

In “Financial Literacy and Retirement Decisions: The Choices Facing Older Workers,” North Carolina State University’s Robert Clark discusses the series of decisions that mature workers need to make, including when to retire from their career jobs, whether to work after retirement, whether they need to continue to invest in their skills and productivity, when to start pension and Social Security benefits, whether to accept lump-sum distributions, and how to invest their retirement wealth. He notes that many of these decisions are irreversible and have long-term implications for economic well-being in retirement.

Clark posits that workers need to have a basic level of financial literacy in order to make good decisions that will affect their transition into retirement. He defines financial literacy as having a basic understanding of financial mathematics and investment concepts such as the power of compound interest, discounting of future income, the eroding effect of inflation on consumption, risk and return tradeoffs, and the need to diversify. In addition, workers need to understand the key elements of retirement plans, such as the age at which benefits can be started, how the value of the benefits change with continued work, and whether they are able to choose an annuity or a lump-sum distribution. After reviewing this information, older workers can then reevaluate how they anticipate transitioning from full-time work to complete retirement.

Clark presents evidence from U.S. and Japanese studies on the impact of financial literacy programs on mature workers. The U.S. study examined employer-provided pre-retirement planning programs at five large U.S. employers ranging in size from 8,000 to 40,000 employees. Each employer offers defined benefit plans, health insurance to active and retired workers, and supplemental defined contribution plans. The project examined the results of pre- and post-surveys of the employees taking part in the financial planning seminars, with analysis focusing on workers aged 50 to 65 at the time of the seminars. The results were then compared with findings from a 2010 survey of Japanese workers. That survey

covered a range of topics including marriage decisions, childbearing and childrearing, care for the elderly, working conditions, and knowledge of financial and investment products.

The main findings of the U.S. study are that participants in employer-offered retirement planning seminars increase their financial knowledge; and in response to enhanced financial literacy, many older workers alter their retirement behavior. For example, there is a 10-percentage-point increase in the proportion of employees planning to work after retiring from their current employer. This may be due to a better understanding of retirement income needs and their total retirement wealth.

Related research from Japan indicates that older workers with a higher level of financial literacy also have a greater understanding of the need to increase their human capital and engage in on-the-job training in order to remain competitive for future promotions and be qualified for employment after retirement from their career job.

Clark's research shows that financial literacy is positively related to the perceived need by older workers for additional on-the-job training, or other ways of maintaining and enhancing skills, in order to remain competitive in their current job and in the post-retirement labor market. Therefore, there is value in developing financial literacy programs to assist workers in their own plans for human capital investment.

Occupational Profiles for the Mature Worker

In "Occupational Profiles for the Mature Worker: Finding and Using Detailed Information about Occupations with the Largest Share of Mature Workers," Neeta Fogg and Paul Harrington of the Center for Labor Markets and Policy at Drexel University write that as expectations of extended labor force attachment develop among baby boomers, their interest in investing in their own human capital—and gaining access to information that can help them make better job searches and new career choices—will rise.

To meet this need, the authors lay out a process for using data from the U.S. Department of Labor's O*NET and the U.S. Census's American Community Survey (ACS) in combination to produce custom-designed occupational information for adults considering different employment paths. This process is one that can be carried out to create profiles for various occupations, in order to help mature workers make better decisions about their own future human capital investment related to career choice, job search, and education and training investment activities.

The authors start by identifying the top 10 occupations with the highest concentration of workers aged 55 and above through an analysis of the 2010 ACS public use data files. Those "mature worker intensive occupations" are tax preparers, clergy, bus drivers, psychologists, librarians, real estate brokers and sales agents, chief executives, dentists, taxi drivers and chauffeurs, and interviewers.

Fogg and Harrington then walk the reader through the process of analyzing these occupations in terms of what kinds of workers are currently in these occupations by using data from the ACS public use data files:

- **Education.** The authors find that workers employed in most of the mature worker intensive occupations possessed above average educational levels. This result is not surprising. Mature workers with fewer years of schooling participate in the labor market at lower rates than better educated counterparts. Moreover, the cognitive demands of many of the mature worker occupations are high, while the physical demands of these jobs are low. However, 3 of the 10 mature worker intensive occupations

were staffed by workers with much lower levels of education. The physical demands of these jobs are not as high as that of many blue-collar occupations, suggesting that these occupations are more capable of accommodating the physical limits of a mature work force, while at the same time the duties in these occupations do not demand high levels of educational attainment or unusually strong cognitive abilities.

- **Sector of Employment.** Self-employment is much more common in these occupations relative to other occupations in the nation's job market—indeed, 1 in 4 persons employed in the 10 occupations is self-employed, compared to just 10% self-employment among all workers. However, the pattern of self-employment varies enormously across even these 10 occupations. There is also an above-average share of employment in government organizations and private nonprofits, and below-average share of employment in private for-profit organizations.
- **Intensity of Work.** The intensity of work in mature worker occupations was not very different from the intensity of work across all occupations among workers of all ages (16+). The weekly work schedule, on average, of workers in 6 out of the 10 mature worker intensive occupations exceeded a full-time schedule (35 hours or more). Workers in the remaining four occupations also worked quite intensively, albeit less than the full-time threshold of 35 hours per week or more. This indicates that there is little evidence of a large scale phased-in retirement in the form of part-time work. The study finds that when mature workers do combine work with retirement, they work less intensively.
- **Annual Earnings.** The mean annual earnings of workers in these occupations vary widely and are closely associated with the educational attainment and work intensity of workers employed in these occupations.
- **Prevalence of Disability.** Disability was reported among a higher share of workers in 5 out of the top 10 mature worker intensive occupations. In addition, in each of the 10 occupations, disability was almost twice as prevalent among mature workers as among all workers (young and old). These findings indicate that mature workers with disabilities are able to find employment in occupations that allow them to capitalize on their capabilities and minimize the restrictive effects of their disability.

The final step is to turn to O*NET data for information about the specific abilities, skills, knowledge areas, and work activities needed for those occupations. This information is especially critical for understanding the connection between: the interests, aptitudes, and abilities of mature workers; and the knowledge, skills, and other requirements (such as physical, sensory, and cognitive requirements) of each occupation. A key task of a counseling and placement professional is to guide job and career seekers toward those areas that play to their strengths and, similarly, to discourage them from those areas in which they may exhibit limitations in their daily lives.

The authors examine each mature worker intensive occupation in terms of what the most relevant abilities, skills, knowledge areas, and work activities are in that occupation. For example, transit and intercity bus drivers show the highest rated ability as “control precision,” highest rated skill as “operation and control,” highest rated knowledge area as “transportation,” and highest rated work activity as “operating vehicles, mechanized devices, or equipment.”

With this kind of information about specific occupations, workers, and those assisting workers in a job or career search, can better determine which crossover occupations may be a good match for existing skill sets as well as where workers may need to improve skills for a particular occupation of interest.

The process outlined in this chapter should be seen as illustrative and presents only a first step in developing custom-designed sets of information that can be made available to job seekers and those involved in the job development and placement process. Furthermore, all of this information can be updated regularly so that job seekers and job developers can be provided the most current profile of each occupation.

In coming years, career counseling, education and training, and workforce development professionals will increasingly need to develop new approaches for working with the growing population of mature workers, who have long been ignored. Career choice and human capital investment is no longer just for the young. Using information to improve the quality of human capital choices available to the rapidly expanding groups of mature workers is essential to reducing risk of a failed human capital investment, and thus reducing the level of labor market underutilization of mature workers in the coming years. The profiles of mature worker intensive occupations presented in this paper illustrate the kinds of information available and how counseling and workforce professionals might better consider varying career pathways for a growing body of labor force participants who seek continued and intensive employment.

Workplace Action Steps for Leveraging Mature Talent: Findings from the Talent Management Study

The introductory question for the fourth chapter, “Workplace Action Steps for Leveraging Mature Talent: Findings from the Talent Management Study,” is whether it is the right time for employers to invest in mature talent. The answer? “Absolutely.” Authors Jungui Lee, Tay McNamara, and Marcie Pitt-Catsouphes of The Sloan Center on Aging & Work at Boston College explore whether employers are adopting policies and programs that can help them adapt to the aging of the workforce, and why some employers have responded to the aging of the workforce while others have not. The authors use data from a 2009 Talent Management Study, which collected survey responses from 696 employers in 10 leading sectors of the economy.

The authors find that many employers do have policies in place for the recruitment of older workers, but may not be doing as much to support career progression and promotion of older workers. More than two-thirds of employers (70.1%) reported that their organizations had “just about the right number of policies/programs” or had an “excessive number of policies/programs” in place to recruit older workers. However, more than 4 out of every 10 employers (44.7%) felt that their organizations had “too few policies/programs” for the career progression and promotion of older workers. Most career development comes in the form of on-the-job training, cross-functional tasks, or participation in project teamwork.

The data show, however, that the number of flexible work initiatives at most workplaces is limited in scope. The options most commonly available include: extended leave for caregiving (37.6%), changing in starting/quitting times from time to time (29.0%), and choosing a work schedule (25.9%). A majority of employers reported that “job share with another person” (76.6%) and “career breaks” (72.1%) were not available to their employees.

The authors assert that effective organizations attempt periodically to scan their internal and external environments so they can pick up on cues for rising needs and then make requisite adjustments. They therefore explore if and how employers perceive trends external to the organization and needs internal to the organization as pressures.

Two external trends that could exert pressure on organizations are the aging of the workforce and the current economic situation. The authors find the following:

- More than half (57.1%) of the respondents to the Talent Management Survey reported that the top management of their organizations was aware of the changing age demographics of the U.S. workforce “to a moderate/great extent” and 11.8% felt that the top management of their organizations was not aware of the changing workforce demographics at all.
- Only 11.0% of employers reported that the aging of the workforce would have a “very/somewhat positive” impact on their organizations “over the next three years” whereas 39.8% of the respondents stated that the aging of the workforce would likely have a “very/somewhat negative” impact.
- Most employers (75.0%) reported that today’s economic circumstances would likely have a “very/somewhat negative” impact on their organizations.

Internal needs that could exert pressure on organizations include skill shortages and HR challenges. Findings include the following:

- The skills in short supply, as reported by the largest percentage of organizations, included: management skills (37.5%), legal skills (29.8%), sales/marketing skills (28.6%), operations skills (23.0%), and technical computer skills (22.8%).
- The human resource concerns reported by the highest percentage of employers were: recruiting competent job applicants (43.1%), employees’ performance (29.7%), being able to offer competitive pay and benefits (29.6%), and low skill levels of new employees (27.4%). However, a minority of employers identified generational conflict (7.2%) or shifts in the age demographics of the workforce (11.8%) as human resource challenges.

More than two-thirds (68.0%) of the employers reported that they had either not done any analysis or had done only limited analysis of the demographic make-up of their own workforces. Furthermore, more than three-fourths had “not analyzed/analyzed only to a limited extent” information about employees’ career plans/work preferences (77.0%) or projected retirement rates (76.4%).

The authors state that the findings provide some explanation about why some employers have responded to the aging of the workforce while others have not. For example, the employers who anticipate that the aging of the workforce will have a “positive” impact on their organizations are more likely to take steps to recruit, engage, and retain these workers. Employers who are aware of skills shortages are more likely to have flexible work initiatives. Furthermore, employers who have collected data needed to assess the potential impact of important trends on their own business strategies are more likely to take actions for all employees, including older workers. Having this information ensures that employers will have the people they need and will also guide employers in planning the necessary action steps to support the aging workforce.

In conclusion, the authors note that shifts in the age composition of the workforce are a significant business issue. Employers who are able to maximize the benefit of today’s multi-generational workforce will be ready for emergent talent management opportunities.

Older Workers, Rising Skill Requirements, and the Need for a Re-envisioning of the Public Workforce System

In “Older Workers, Rising Skill Requirements, and the Need for a Re-envisioning of the Public Workforce System,” Maria Heidkamp of the John J. Heldrich Center for Workforce Development at Rutgers University reviews demographic trends regarding the aging workforce, recent labor market experiences of older job seekers, demand- and supply-side factors contributing to these experiences, and recommendations for improving the public workforce system.

As noted in the introduction to this executive summary, the U.S. population is aging, and so is the workforce. With labor force participation of older workers rising in recent years, older workers comprise a growing percentage of the workforce. The recent labor market experiences of older job seekers have been challenging. Though their unemployment rate is lower than the rate for younger, prime-age adults (age 25-54), currently 5.9% compared to 7.4% as of January 2012, there is substantial evidence that once older workers do lose a job, they have a more difficult time rejoining the labor market than younger job seekers do. This suggests that older job seekers need more, and more effective, assistance than they are currently receiving to facilitate their return to work.

Heidkamp explains that a number of challenges appear to impede the ability of older job seekers to reconnect to the labor market. These include both demand-side challenges, based on evidence of employers’ reluctance to hire them, and supply-side challenges, where the skills, qualifications, health, and other characteristics of older workers seem to interfere with their success in the labor market.

While it is possible that older workers need (re)training as much, if not more, than younger workers, especially for those job seekers who need to make mid-career transitions to new industries or occupations, it appears that they have less access to employer-supported as well as to publicly funded training programs when compared to younger workers. Research has found that employers may be averse to making the investment in training older workers because they are concerned they will not have sufficient time to recoup the training costs before the older workers retire. Further, it seems that the number of hours of employer-sponsored training received declines with age.

The public workforce investment system similarly seems to provide less access to training for older job seekers than for younger ones. The reasons include older workers’ reluctance to use the system, a tendency of some One-Stop Career Centers to refer older workers to the Senior Community Service Employment Program (SCSEP) instead of serving them under federal Workforce Investment Act (WIA) Adult and Dislocated Worker programs, and disincentives to serving older job seekers that result from federally mandated WIA performance measures.

Even in today’s public workforce system, older workers are likely to be served differently by One-Stops, with WIA performance data demonstrating that older workers are less likely to receive training under WIA-funded programs than younger clients. From April 2009 through March 2010, older job seekers made up 11.6% of all WIA adult exiters, yet they represented only 6.8% of training recipients.

In addition to reviewing access to training, Heidkamp also looked at the labor market outcomes of older adults who received WIA-funded services, finding that older workers who exit from WIA services are less likely to become employed than younger exiters. However, while older adults exiting from WIA services have weaker employment outcomes and are less likely to receive training than younger WIA

participants, those older WIA exiters who do receive training appear to be successful in both earning a credential and getting a job.

Based on the post-Great Recession labor market experiences of many older and other job seekers, Heidkamp concludes that the WIA service delivery system model is no longer the most appropriate to address the ongoing career, education, training, and skill needs of today's wide range of unemployed, underemployed, and incumbent workers, especially older workers. She writes that what is needed is new legislation that establishes a more flexible, more robust lifelong learning, education, and training delivery system, with a dedicated funding stream, in alignment with the country's postsecondary education institutions and local/regional economic development efforts—a system that also makes ample use of new technologies and social web tools to improve the efficiency and effectiveness of the labor exchange process to meet the demands of today's employers and job seekers.

Today's public workforce system has to play a dual role: serving as both a safety net for individuals who require income support, literacy, and vocational education and retraining as a result of unemployment, poverty, and long spells out of the labor market, as well as an ongoing support system that provides access to high quality, affordable, and labor market driven education and training to help adults of all ages prepare for and remain in the labor market.

Suggested Policy Changes

At a national summit on May 3, 2012, held at the National Press Club and co-sponsored by CAEL and the National Governors Association, a range of new policy ideas—including the recommendations from CAEL's work with the AWI sites and additional recommendations suggested by the four commissioned papers—was discussed by more than 120 attendees representing organizations focused on aging issues, workforce development organizations, federal agencies, workforce investment boards, economists, and other advocates for the mature worker. These discussions helped identify priority areas for policy change and other action at the national, state, and local levels.

Our final set of policy recommendations were informed by the AWI site experiences, the findings of our contributing authors, and the participants of the policy summit. The recommendations are presented in three areas: raising awareness, inspiring change, and improving the workforce system for all workers.

Raising Awareness

1. Governors or state agencies should create a statewide or regional task force focused on the issues of older workers. Comprised of a diverse range of stakeholders, including employers, the task force would oversee research on the mature workforce in that state, particularly the size of the mature workforce, the industries in which they currently work, and the skills they have. In addition to advancing the other policy recommendations presented below, the task force can use collected data to correct misperceptions about mature workers and make a business case for hiring and retaining mature workers. The task force could also calculate the impact on the local economy of investments in the mature workforce—analysis that is needed but has not yet been done.

A similar focus on the mature worker is also needed at the **federal level**, where a task force would include representatives from various agencies, such as the departments of Labor, Education, Commerce, and Health and Human Services. This task force would ensure that coordinated, multi-agency efforts support the diverse needs and goals of the mature workforce.

2. Employers, the workforce system, and other public and nonprofit agencies should educate the mature workforce on the financial realities of retirement. Given that financial literacy programs prompt many mature workers to begin to develop their own plans for human capital investment, employers and public officials should support the development of financial literacy programs to assist workers in understanding how to plan for their futures. Employers and the public workforce system should be urged to provide such information on a systematic basis, as should nonprofit organizations that regularly interact with older people.

3. Public officials, public agencies, and advocates should educate business and industry on the reality of the aging workforce. Since employers are a key partner for ensuring the successful labor force participation of mature workers, and many employers do not yet recognize the reality of the aging workforce, leaders should identify credible ‘messengers,’ such as leaders of industry associations, who can provide general awareness about the demographic changes, while also conveying to business some of the potential benefits and opportunities associated with the aging of the workforce. It may be particularly important to reach employers in industry sectors most affected by the aging workforce, such as finance, utilities, construction, and manufacturing.

Inspiring Change to Support Mature Workers

4. Policy makers should create incentives for employers to hire and train mature workers. One common myth is that mature workers are more costly to employers than younger workers. While there is research to suggest otherwise, employers may nevertheless need financial incentives to hire mature workers. Policy makers should also consider additional incentives for employers to provide training to mature workers, or to co-invest in training through Lifelong Learning Accounts (LiLAs), which are portable, employee-owned, and employer-matched accounts used to finance education and training.

a) Government agencies should be model employers. As large employers of mature workers, government agencies should find ways not only to retain but also to hire mature workers and provide flexible work options that include part-time work and job sharing.

5. Economic developers, employer associations, and other business advocates should develop and provide employers with simple-to-use tools and low-cost approaches for assessing organizations’ talent management situations. Talent management assessments can drive employers to take action steps that make better use of experienced and competent older workers. Employer associations should encourage the use of such assessments and assist in the analysis.

6. All levels of government should remove policy and regulatory barriers. All levels of government should examine federal and state policies and regulations to determine if they set up unnecessary age barriers to work, and then determine how to remove the barriers facing mature individuals who want to work for pay. Examples at the federal level include the following:

- The Workforce Investment Act’s (WIA’s) performance measures for adult programs include average quarterly earnings of the participants after exiting the program. This creates a disincentive to place mature workers in part-time employment, even if that is what a mature worker would prefer. Similarly, WIA’s performance measures for dislocated workers compare the wages after exiting the program to the wages earned prior to the program. This creates an incentive for the workforce system to steer workers to jobs where the new wage is as high or

higher than what was earned previously, not accounting for situations in which a mature worker may be interested in pursuing a new career in a different industry.

- The National Council on Aging has noted that another needed federal policy change would be extending the availability of COBRA health coverage for workers aged 62+ who phase down their work hours, thus bridging coverage gap between full-time employment and Medicare eligibility.

7. State and federal agencies and policy makers should provide incentives for postsecondary institutions to support mature workers and their learning needs. Strategies and programs may include: working with employers to provide internship or apprenticeship opportunities designed for mature individuals seeking to change industries or pursue an “encore career,” accelerated programming, flexible start dates for programs, modularized courses, stackable credentials, prior learning assessment that awards credit for what mature workers already know, and support services to help mature students integrate into campus life.

Improving the Workforce System for Mature Workers—and All Workers

8. Advocates should continue, and improve, efforts to transform our culture to value workforce development. Part of the challenge in supporting the mature worker is that national and state leaders often treat job training and workforce development as social service programs rather than as economic development programs. Other developed countries do understand the importance of the workforce to our knowledge-based economy and, as a result, invest in the workforce at much higher levels than we do in the U.S. Advocates need to continue, and improve upon, efforts to help our leaders understand that our economy depends upon a highly skilled workforce. Further, our leaders need to understand that education and training investments are critically needed for incumbent workers and the unemployed, not just for young entrants to the labor force.

Advocates should implement new message campaigns connecting workforce development to economic development. They should also invest in research that calculates the impact of workforce development on our economy—not just in terms of improved tax revenues that derive from higher wages, but also in terms of improved performance in the workplace and ability to fill high-skilled job openings that help business and industry grow and thrive in a global economy.

9. Policy makers and agencies should restructure the public workforce system (currently funded primarily through the Workforce Investment Act) to serve all workers and job seekers better in an ever-changing labor market. Given the changes in our economy, the workforce system needs to have a dual role. First, it must provide a safety net for individuals who require income support, literacy, and education and retraining as a result of unemployment, poverty, and long spells out of the labor market. Second, it must be a system that provides access to high quality, affordable, and labor market driven education and training to help adults of all ages prepare for and remain in the labor market. Specific changes needed include the following:

- Better alignment among the workforce system, the economic development system, and higher education, with strategies deeply grounded in state and local labor market intelligence and data.
- A focus on education, training, and skill attainment, not short-term interventions and job placement.

- More creative delivery of training, focusing on career pathways models, as well as other flexible, blended, integrated, and accelerated education and training approaches, with an emphasis on programs that lead to high-demand credentials. Workforce development programs should also recognize what workers may have already learned outside of the traditional classroom—in their work lives, in the military, in volunteer work, through self-study, etc. Programs need to utilize established prior learning assessment methods that evaluate a person’s life-learning for college credit.
- Stronger career advising, navigating, and counseling available to job seekers by well-trained workforce professionals, including information about labor market data, the costs and benefits of different training programs, demands for different credentials by employers in the labor market, and prospects for entrepreneurship.
- Recognition that mature workers are a significant population served by the public workforce system. Advising needs to take into account how the work-life stage of the job seeker affects barriers, goals, and work preferences. This may require additional training of advising and counseling staff.
- Access to and financial support for an array of flexible supports for other wrap-around services necessary for all individuals in training regardless of whether they are tied to any particular income support program such as TANF (Temporary Assistance for Needy Families) or Unemployment Insurance. These services may include short-term income support; transportation, including car repair; child or elder care; food and housing assistance; legal assistance; support for educational materials; and access to mental health services.
- Better use of technology and social media to improve the efficiency and effectiveness of service delivery systems and access to quality assistance for job seekers.

10. Policy makers should provide consistent, adequate, and flexible funding to support the public workforce development system. The public workforce system has struggled with limited resources for years, and current funding flows through more than 40 different programs, all of which place different restrictions on funding uses. The American Recovery and Reinvestment Act (ARRA) provided a temporary boost in funding, combined with clear policy guidelines and increased flexibility in the provision of training. However, as ARRA funds dried up, the challenge of maintaining these training investments returned. Funding uncertainty works against a consistent, systemic approach to workforce development. A stable base of flexible funding for the workforce system is needed.

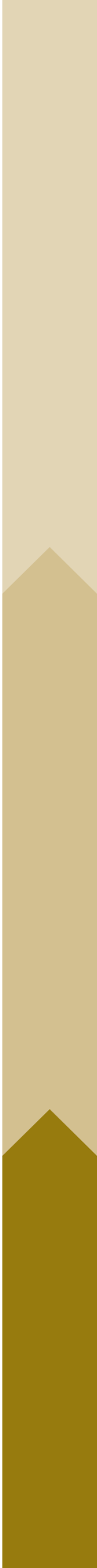
Conclusion

As we approach the conclusion of the Aging Worker Initiative, we have identified a number of steps that policy makers and employers could take to provide greater support to the continued labor force contributions of mature workers. These derive partly from the experiences of the AWI demonstration sites, partly from recommendations suggested by the four papers commissioned for this report, and partly from the attendees of the Tapping Mature Talent summit.

The recommendations include raising public awareness about the need for and value of mature workers, establishing incentives to support their labor force participation, and supporting critical changes to the public workforce system that are needed for the entire workforce. These changes will support not only the mature worker, but also strengthen the entire workforce system and our country’s economic future.

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In 2009, the U.S. Department of Labor awarded 10 demonstration grants to workforce agencies in various parts of the country to provide employment training and related services for workers age 55 and older. This paper describes the sites and their approaches to supporting the employment and career advancement needs of mature workers. These approaches include expanding the capacity of publicly funded Workforce Investment Boards to serve mature workers, models for training and skill development, and employer engagement strategies. The experiences of the 10 sites also led to lessons about the needs of mature workers and specific policy responses that can support mature workers in their continued labor force participation.

New Approaches for Supporting the Mature Worker:

The Experiences of the U.S. Department of Labor's Aging Workforce Initiative Grantees

By Rebecca Klein-Collins, Council for Adult and Experiential Learning

Introduction

The aging of the U.S. population has led many to ask: *How does a society function with a large and growing number of retirees?* Yet, given the growing labor market participation of the older workforce and the increasing skill requirements of employers in our knowledge-based economy, a better question might be: *How do we help a large and growing number of mature workers continue to support and care for themselves through work in high-demand occupations?*

In 2008, the U.S. Department of Labor's Employment and Training Administration (USDOL) undoubtedly had this second question in mind with its announcement of available funds for its Aging Workforce Initiative (AWI).¹ The invitation for demonstration grant applications noted that:

- a region's ability to develop, attract, and retain a well-educated and skilled workforce is a key factor in our nation's economic competitiveness.
- older workers are an experienced and highly skilled pool of labor that can help regions meet their competitive needs.
- if too many of the older workers retire, the loss of the older workers' critical organizational knowledge and expertise could be costly to employers.
- continued work by older individuals would help them increase their personal retirement savings and realize other benefits.
- the U.S. economy will benefit from the labor force participation of mature workers.
- financial pressures will be eased on programs like Social Security and Medicare.
- despite the strong arguments for tapping the nation's mature talent, older individuals continue to face challenges, such as the need to increase skills, a lack of self-confidence as a job seeker, and employer age bias (Notice of Availability of Funds, 2008).

The USDOL demonstration grants, awarded in September 2009, were "intended to address the workforce challenges facing older individuals by developing models for talent development in regional economies that recognize older workers as a valuable labor pool and include employment and training strategies to retain and/or connect older workers to jobs in high growth, high demand industries critical to the regional economy" (Notice of Availability of Funds, 2008, p. 77844).

In addition to these public resources, The Atlantic Philanthropies provided support for the Council for Adult and Experiential Learning (CAEL) to facilitate technical assistance to the sites, convene them for the purposes of information sharing, and educate policy makers on the need to invest in similar programs.

The grant-funded projects were launched at a difficult economic time, with many of the regions struggling with large numbers of layoffs and high unemployment. Despite the challenges for so many job seekers during this period, the AWI grantees have been very active in their work with mature workers—aggregate data from the 10 sites reflect participation at the two-year point of the project of more than 5,300 mature workers, with training enrollments of more than 3,100 and successful employment of more than 2,000.

This chapter describes the various approaches that the grantees have taken in supporting their mature workforce—whether incumbent workers or new job seekers—and promoting their value to current and prospective employers. These approaches include expanding the capacity of publicly funded Workforce Investment Boards to serve mature workers, models for training and skill development, and employer engagement strategies. The chapter concludes with lessons and policy recommendations that emerge from these on-the-ground experiences.

Note: As part of the Aging Worker Initiative, the U.S. Department of Labor also funded a formal external evaluation of the initiative, independent of CAEL's technical assistance work, carried out by a partnership of Mathematica Policy Research and Social Policy Research Associates.

The Sites

The 10 grantees which were selected by the USDOL in September 2009 through a competitive proposal process are diverse in terms of their program activities and the communities they serve. Below are short summaries of the types of activities that each site has been carrying out to support mature workers. (A subset of these activities is described in more detail later in this chapter.)

Two grantees are serving entire states:

- **Maine:** Coastal Counties Workforce, Inc. is carrying out a range of activities in Maine to engage employers through public dialogues on the value of the mature workforce, establish mature worker centers within One-Stop Career Centers, engage and support mature workers through worker forums, adapt Maine's existing Work Ready Credential for the mature worker, provide career navigation services, and offer training in high-demand occupations.
- **Vermont:** Vermont Associates for Training and Development, Inc. (Vermont Associates) has established a network of Mature Worker Resource Centers (MWRC) throughout the state of Vermont, staffed by trained AWI Training and Employment Coordinators. These hubs act as an additional portal for access to the Vermont One-Stop System and its training and job opportunities. Vermont Associates is identifying and disseminating business best practices relevant to mature workers; is coordinating existing training resources; and has initiated capacity building activities to coordinate the various federal, state, and private resources available to businesses and mature workers in Vermont.

One grantee serves a major metropolitan area and its surrounding county:

- **Baltimore:** The Baltimore County Office of Workforce Development's Maturity Works program is providing education and training for jobs in targeted health care fields. The main training areas are medical billing and coding, with additional training programs for unit clerks and physical therapy aides.

Three grantees serve multi-county regions that consist of mostly rural areas with smaller cities:

- **West Central Indiana:** The Tecumseh Area Partnership, Inc. (TAP) serves a 12-county region in West Central Indiana. As the regional Workforce Investment Board, TAP operates the region's WorkOne system of One-Stop Career Centers. The Aging Worker Initiative is establishing Career Transition Hubs within the career centers to provide centralized information, services, counseling, and training for mature workers. TAP also offers career transition groups for weekly peer support to mature job seekers, employer workshops for "Managing Your Mature Workforce," "Returning to Learning" workshops for mature workers, and subsidized internships.

- **South Central Pennsylvania:** The South Central Workforce Investment Board (SCWIB) is using its AWI funding to increase the capacity of the region's talent development system to support the mature workforce. In addition, SCWIB is working with local industry partnerships in manufacturing, information technology, and health care to provide industry training programs for mature workers and job seekers. SCWIB has developed a toolkit for career services staff and employers to support this work going forward.
- **Southwest Wisconsin:** The Fox Valley Workforce Development Board is serving 13 counties that make up the Fox Valley and Southwest Wisconsin Workforce Development Areas through the Paths to Older Worker Employment Readiness (POWER) project. In the POWER project, mature job seekers choose a career pathway and participate in a career cohort, pursue a postsecondary credential at an area technical college program, participate in job readiness training, and receive job placement services.

The remaining four grantees are multi-county regions that include major metropolitan areas:

- **Louisiana:** The Quad Area Community Action Agency, Inc. is serving mature workers in nine parishes through its Silver Force initiative. The parishes include rural areas as well as the cities of Baton Rouge and New Orleans. Silver Force clients include both urban minorities and rural individuals with very low skill levels. In addition to job placement services, the initiative is providing critically needed computer training. Successful completers of the training receive a certificate and additional help in their job search. To help with job placement, Silver Force developed an interactive website for employers and job seekers.
- **Seattle-King County and Snohomish County, Washington:** Seattle-King County Workforce Development Council is serving mature workers in Seattle-King County and Snohomish County, with a focus on disadvantaged older workers with disabilities, ex-offenders, and individuals with low-level English proficiency. The initiative has provided computer training curricula developed by AARP and Microsoft, and it has developed and provided a bridge program in health care that leads to occupational programs at the community college.
- **Southeast Michigan:** The Macomb/St. Clair Workforce Development Board, Inc.'s Older Worker Demonstration is working in seven counties to help unemployed mature workers find jobs. The project has trained 30 older-worker career navigators throughout the One-Stop system. The project is focused on job placement using a variety of strategies including reverse job fairs.
- **Texas Gulf Coast:** Goodwill Industries of Houston, Inc. is a non-profit grantee that is serving mature workers in 13 counties in the Gulf Coast area of Texas. Goodwill has developed and is providing a three-module training program for its mature workers, which includes a module addressing psycho-social needs, a module on computer training, and a module on job search skills. Goodwill refers many of its participants to training programs at a community college and has engaged with local employers through lunchtime events. In addition, the grantee initiated the reverse job fairs that other sites have replicated.

Expanding the Capacity of the Public Workforce System

Some of the AWI grantees are also workforce investment boards (WIBs) that are overseeing the broader needs of a region's incumbent, unemployed, and displaced workforce. The AWI project has provided these grantees with the opportunity to examine what the specific needs of the mature workforce are

and to carry out activities that effectively expand the public system's capacity to serve this population, not just during the grant period but also beyond it.

Three activities in particular have helped to develop lasting structures and programs, thereby expanding the public system's capacity to serve mature workers: mature-worker career navigator and other staff training, mature worker "hubs," and mature worker program toolkits.

Career Navigator and Other Staff Training

Some of the WIB grantees have recognized that frontline staff may not fully understand the specific needs and challenges of mature workers who come into a One-Stop Career Center, and so these grantees have been working to train staff to serve this group better.

In Southeast Michigan, for example, the workforce center staff recognized that the older workers coming to the center wanted to begin by talking to someone about their situation, but the centers did not have a sufficiently trained staff to accommodate this need. By training 30 staff members as "career navigators" and locating these navigators throughout the region, the initiative has expanded the capacity of the entire system to serve mature workers better. These trained career navigators are able to listen effectively, assist with career exploration to identify occupational goals, and guide the worker through the job search process.

Maine's Coastal Counties Workforce, Inc., has similarly trained career navigators stationed in the state's career centers. In addition, the AWI grantee has worked with CAEL to provide additional training for staff, particularly those working on the WorkReady Credential program that trains and certifies job readiness skills. Training workshops for WorkReady instructors and other professionals have a range of focuses. One workshop offered training on the special needs and issues of people over age 55, including generational differences in the use of technology for job searches, skills transferability, and the challenges in understanding networking and self-marketing. A second workshop for WorkReady instructors and career navigators, titled "Finding Your Way after Job Loss," focused on the psycho-social needs of mature workers, addressing the impact of job loss and how to help individuals progress from grief to action. Topics included the grieving process, change, identity, critical self-speak, and action planning.

Mature Worker Hubs

Several of the grantees established a dedicated resource center for the mature workers they are serving. The centers, often housed within an existing workforce center or One-Stop Career Center, are staffed by advisers trained on the specific needs and concerns of mature job seekers and provide a place where these job seekers feel welcomed.

Maine and Vermont have different approaches to the resource center concept. Maine has established four Workforce Solution service centers, which are dedicated spaces within One-Stop Career Centers for mature workers. Vermont Associates, while not itself a WIB, opened a stand-alone Mature Worker Resource Center (MWRC) in December 2009. It has since established MWRCs throughout Vermont's public workforce system. Intended as career transition "hubs," the centers provide training, assistance with job searches, and other services.

Indiana’s Tecumseh Area Partnership (TAP) has similarly established Career Transition Hubs for mature workers in its two largest WorkOne centers, with each staffed by a trained AWI older worker specialist. Viewed as a “one-stop within a one-stop,” the hubs offer information on job openings, career information, assessment and counseling, resume preparation, practice interviews, referrals to education and training, transition workshops, and peer affinity groups. The hubs benefit from their location, where they can draw from existing structures and resources. Conversely, the larger centers provide a ready source of older workers that can be directed to the hubs. Finally, because the AWI is located within the WorkOne centers, the mature workers can access AWI training funds along with other public training resources, such as the Workforce Investment Act training dollars and Ivy Tech Community College stimulus funds.



Toolkits

One way to ensure the sustainability of an initiative is to provide manuals and toolkits that support the work on an ongoing basis.

The South Central Pennsylvania WIB (SCWIB) contracted with a local university professor to develop a toolkit that is designed for both program staff and employers. The kit provides tools for staff to better serve mature job seekers (e.g., questions for a first-time client, a greeter guide, and sample flyers), tools for businesses to support efforts to employ mature workers (e.g., self-assessment tools on recruiting, training, and retaining mature workers), and background information for “anyone interested in supporting Aging Friendly Workplaces.” The background information includes topics such as “Why Hire Older Workers?,” “Recruiting Older Workers,” and “Repurposing an Experienced Workforce.”

The intent of the toolkit is to create sustained interest in attracting, developing, and retaining mature workers.

Models for Training and Skill Development

The AWI grantees have established a number of different training programs for the mature workers themselves. Some of the programs are focused on basic job readiness skills, while others address psycho-social needs, computer literacy, and industry-specific skills and credentials.

Mature Worker Workshops

Goodwill Houston has developed a series of three workshops for its mature worker participants. These workshops address a range of needs, from psycho-social issues to computer and job search skills.

The first workshop module, “Yes You Can,” is a four-day training that addresses the emotional and psycho-social needs of mature workers. In a classroom setting, participants identify strategies to help with work-life transitions, recognize their feelings of loss, learn time-management skills, understand how to manage stress, and address work-life transition as a continuous journey to self-transformation and discovery. The sessions also focus on the experiential strengths of older workers and what employers are looking for in job candidates.

The second module, “Technology Doesn’t Byte,” is a one-week session for participants who need computer training. The module is divided into sub-modules, and participants are placed into the module that is most suited to their skill level and needs.

In the third module, “Setting Up for Success,” participants spend a week learning about researching the job market, completing a personal bio and list of references to use when applying for a job, preparing for job interviews, and discussing things to consider when becoming an independent contractor.

Goodwill Houston has shared the “Yes You Can” curriculum with the other AWI sites as well as with the USDOL so that other agencies can provide similar training to mature workers experiencing work-life transitions.

Vermont Associates offers its “High Performance Workplace Training” at the Vermont Department of Labor One-Stop Career Centers. This training includes modules such as Career Resiliency, Teamwork, Self-Directed Employability, and Workplace Communication Skills.

Other sites have used more informal approaches, such as peer support groups for mature workers. For example, Indiana’s TAP offers a weekly Career Transition Hub meeting for mature workers. At these meetings, attendees can share job leads, learn more about retraining, develop networking possibilities, discuss and receive feedback on job search issues, and develop proficiencies in job search tools and methods. Hub group members also give and receive both emotional and practical support. TAP staff has found these hub meetings to be the foundation for all other services to mature workers.

Short-Term Training for High-Demand Industries

Mature workers who are interested in changing their careers are likely to need some kind of training for a new job in a new industry. Several of the AWI sites are working with industry partners to offer training to mature workers seeking employment in high-demand industries.

In Pennsylvania, the South Central Workforce Investment Board (SCWIB) is leveraging its industry partnerships to serve not only unemployed workers, but also to develop the skills and employability of their incumbent workers who are age 55 and older. These partnerships are in health care, manufacturing, and information technology. The partnerships recruit industry members to identify mature workers for training to enhance their skills. The training program is paid for in part with AWI grant funds as well as an industry match. As of this publication, over 73 incumbent workers have received training in a variety of areas like Auto Desk Revit, Architecture Essentials, Autocad Electrical Essentials, Nurse Executive

Review Course, Tilt 360 Leader Coach Course, ABCs of E-Books: Strategies for the Medical Library, Leadership Beyond Management, International Measurements/Hydraulics, Advanced MC Integration, PG Brothers, Waterfurnace Service and Installation, and MC Integration.

The Baltimore AWI initiative has designed its mature worker initiative with a focus on the health care industry. An implementation team and an employer outreach committee of health care and human resources professionals are helping the project with employer outreach. A partnership with the Community College of Baltimore County is providing training for specific entry-level job categories in health care (e.g., medical coding, medical billing, surgical technician, unit clerk, sterile processing technician, physical therapy aide, and nurse extender). Other partners include the Baltimore City Mayor’s Office of Employment (MOED), Baltimore County Department of Aging (BCODA), Baltimore Alliance for Careers in Healthcare (BACH), and the local office of AARP. A total of 84 job seekers are enrolled in the training programs, and about 13 of the trainees are incumbent workers in health care.

Computer Training

One reemployment obstacle for mature job seekers is the fact that many job openings require some mastery of computer technology, software programs, and even social networking sites. Computer training is therefore a key offering in many of the AWI sites, including Indiana, Washington, and Louisiana.

In Washington, the Workforce Development Council (WDC) of Seattle-King County has partnered with Microsoft’s Community Affairs since 2005 to bring free computer training courses and certification training to more than 10,000 job seekers countywide. Microsoft designed its “Unlimited Potential” courses to be donated to community centers for the benefit of people whose lack of computer skills is a barrier to work or self-sufficiency. In analyzing participant data, the WDC noticed that even though only 13-15% of its Workforce Investment Act (WIA) job seekers were 55 and older, more than half of the participants completing the computer courses were in that older age group—evidence that older participants had a high interest in such training and that older participants can be successful with technology. For the Aging Worker Initiative, the Washington site is offering a new version of the computer training that has been adapted specifically for mature workers through a partnership between the AARP Foundation and Microsoft. The 30-hour Mature Worker Technology Program was developed for mature workers who want new careers as well as those who want to upgrade their skills. The curriculum includes modules for social networking (specifically, using LinkedIn and the Internet to assist with job searches), MS Word, MS Excel, and a finance and security capstone. The other AWI sites have access to this curriculum as well.



The Louisiana site's Silver Force initiative is also offering computer training, to both unemployed workers and incumbent workers. Educational partners Southwestern Louisiana University and Delgado Community College are offering the customized computer training as non-credit courses, and participants receive a certificate upon completion. Several employers have sent their employees for this computer training, and there are more than 50 incumbent worker trainees.

Employer Engagement Strategies

When the ultimate objective is placing mature workers in jobs, it is important to engage employers and “sell” them on the contributions of the mature worker. Several sites are building on their existing reputations with employers in their region through traditional outreach like mailings, e-mail blasts, brochures, and targeted phone calls. In addition, the AWI sites are experimenting with other strategies to engage employers: internships, reverse job fairs, formal dialogues, interactive websites, workshops, and raising awareness of the value of mature workers.

Internships

Tecumseh Area Partnership, Inc. (TAP) in Indiana is implementing an employment strategy for mature workers using subsidized internships. The project's public funds pay an hourly wage to mature workers in internships that give them on-the-job experience in a new field or industry. The internships are exclusively for high-growth industries, and the hourly rate that the intern receives is based on the rate that the employer would otherwise pay a trainee or new worker in that position. TAP is reaching out to employers to let them know about this opportunity to “try out” a mature worker with no obligation to hire; based on a suggestion from the project's partner advisory group, project staff are also coaching the mature workers to pitch the idea on their own to prospective employers.

Says TAP's Susie Perkins, “Having the mature worker promote a no-cost internship directly to an employer during an interview could end up being a key part of the strategy—a way to entice the employer to take a chance on a seasoned worker.” The project is not requiring employers to hire the worker at the end of the internship, and the paperwork has been streamlined to make this an even more appealing prospect for the employer. The intern's supervisor and TAP will be evaluating the progress of the interns throughout their stay with the employers, which could last anywhere from 30 to 90 days.

In partnership with the Lake Champlain Regional Chamber of Commerce, Vermont Associates surveyed employers to determine their interest in providing internships, paid or unpaid, for mature workers/adult learners in addition to high school and college students. As a result of this collaboration, Vermont Associates has participated in a Chamber-sponsored Employer Roundtable on how to successfully place older adults as interns within their businesses. In addition, Vermont Associates has developed participant profiles for employers to review as part of the selection process for future internships.

Reverse Job Fairs

Job placement agencies often hold “job fairs” where employers are stationed at booths where they interview job seekers for available opportunities. Several of the AWI sites (Texas, Michigan, and Maryland) are flipping this model on its head and are offering reverse job fairs.

As the first of the sites to offer this approach, Goodwill Houston uses these fairs to showcase workers who have gone through AWI-funded training. The job seekers, not the employers, have booths at the job fair, and it is the job seekers' responsibility to market themselves to the visiting employers. The job seekers attend workshops prior to the event, in which they practice 30-second pitches, sharpen their resumes, and receive advice on how to dress for an interview. Goodwill Houston has received positive feedback from the participating employers, who relate that they are impressed with the candidates and find the process much easier than the traditional job fair model. Goodwill's Program Manager Sandra Berry says, "We have seen that it can make a difference and open some minds to mature workers, which is really important when so many employers may have a bias against hiring these really talented and valuable contributors to the workplace."

Interactive Website for Matching Mature Workers to Jobs

Louisiana's Silver Force initiative recognized early on that technology could be a tool for helping reach its job placement goals. To match mature job seekers with available jobs in the most efficient way possible, Silver Force developed an interactive website, www.silverforce.org, where job seekers can post their resumes and employers have private access to posted resumes. The website also provides information to employers on the value of hiring mature workers. Silver Force director Jonathan Johnston reports that employers really like the website because it provides them with a free job posting and recruitment service. They like being able to contact job seekers directly, and case managers are freed up from some of the matchmaking responsibilities.

Activities to Raise Employer Awareness

One strategy for engaging employers on the topic of mature workers is to organize special events targeted at employers and designed to raise awareness about changing demographics and skill needs, the value of the mature worker, and exemplary employer practices. The AWI grantees have used this strategy in a variety of ways.

For example, both Maine and Indiana have established special awards for employers who have strong records of hiring and retaining mature workers. Maine's Silver Collar award recognizes Maine employers whose policies and practices "match the needs of mature employees." Indiana's TAP similarly recognizes employers who provide work opportunities to mature candidates through its Maturity Matters Employer Awards.

Other strategies involve bringing together groups of employers for the purpose of outreach and education on the topic of the mature worker. Maine's Coastal Counties Workforce, Inc., for example, has collaborated



with the Muskie School of Public Service at the University of Southern Maine to develop a new kind of employer outreach. The Muskie School developed agendas for “employer dialogues” designed to help employers engage with each other in discussing the value that older workers bring to their businesses, as well as strategies for successfully recruiting and retaining older workers. These dialogues are held in a variety of locations and formats, such as small employer group meetings, professional association events, local business expos, and one-on-one meetings. The approach has helped the initiative reach 235 employers in an 18-month period.

Other AWI grantees have similarly engaged employers on the topic of the mature workforce. Seattle convened employers at an event called “The New Older Workplace,” where guest speakers helped to frame the labor market and human resources issues while discussing workplace strategies to support the continued labor force participation of mature workers. Goodwill Houston, meanwhile, has showcased the value of the mature worker at its monthly lunchtime employer gatherings.

Finally, Indiana’s TAP has offered a “Managing Your Mature Workforce” workshop to small businesses to help them better manage a changing workforce. The purpose of the workshop is to help businesses understand what demographic shifts are occurring, the value of the mature worker, and how they can retain more workers and lose less knowledge.

Lessons from the Initiative

Over the course of the three-year initiative, the grantees have identified lessons from their work developing and carrying out programs for mature workers as part of the Aging Worker Initiative.

- **Mature workers have age-related anxieties after experiencing job loss.** The grantees learned early in the initiative that while job loss is difficult at any age, mature workers may experience profound feelings of despair related to their age at the time of job loss. There are fears about their ability to afford a looming retirement, anxieties about having to start over at an older age, and concerns about being able to compete against younger candidates in a labor market that has changed dramatically since they last looked for a job. Many of the sites found it important to acknowledge the role that age plays in those feelings and to provide special workshops and support groups to help mature workers address fears and ease anxieties.
- **The public workforce system’s performance measures can make serving mature workers a challenge.** The Workforce Investment Act’s common performance measures are in place to guide the service priorities of One-Stop Career Centers, emphasizing job placements that involve full-time work at wages that are as high as, if not higher than, the wages the job seeker earned at a previous job. Early in the AWI initiative, many of the grantees learned that these measures can create disincentives to serve mature workers within the public workforce system. Dislocated and unemployed mature workers tend to earn lower replacement wages. This is partly due to the changing landscape of the job market and the lower-wage reality when someone starts over in a new career or industry. But it is also due to the fact that often older workers want part-time work, and while this coincides with many employers’ preferences for flexibility, the resulting lower wages count against the performance measures. Also, in some parts of the country, many jobs are seasonal. Unemployed workers of all ages want these jobs, but since long-term placement is what is rewarded, there is no incentive to refer job seekers to such opportunities.

- **Even the hardest working mature workers often need to develop some basic skills for employability.** Some of the AWI sites have reported to us that they need to provide training in computer skills, interview skills, and the English language to an extent that they did not anticipate at the beginning of the program. So while the contributions of mature workers should not be undervalued, we also need to be aware that it may be important to strengthen some fundamental skill sets in order for mature worker-employer connections to be successful.
- **Mature workers may need help understanding how to look for a job in today's market.** Looking for a job is hard work, and in today's labor market it helps to know how to take advantage of personal and professional networks and how to "sell" yourself to an employer. Yet several AWI sites have learned that the mature workers who come to them for help in their job search are largely unfamiliar with even the concept of "networking," and they also have a difficult time understanding how to showcase their skills and past workplace contributions to employers. The grantees have found that job search and interviewing skills need to be taught to this population very deliberately, even if someone has a long history of stable employment. Mature workers often need additional help in knowing how to take advantage of their own contacts and how best to present themselves to prospective employers.
- **Education providers do not realize how many of their current students are mature.** Many of the AWI sites are dedicating resources to getting the mature workers additional training, and sometimes this training is provided by a community college or other local provider. Several of the sites have found that these providers are sometimes nervous or otherwise wary about serving a project for "mature workers," not realizing that a lot of their other students are, in fact, older as well. The sites have found that it is not enough to educate employers about mature workers; sometimes the colleges also need special outreach and orientation.
- **Mature workers are put at ease by the sight of another older face.** Many grantees have older staff, and the grantees believe that the project participants appreciate this. The grantees have also found that peer groups, such as Indiana's weekly Career Transition Hub meetings or the cohort approach in Maine's WorkReady program, have a positive effect on the engagement of mature workers.
- **A challenging economy requires more emphasis on employer engagement.** Given the state of the economy over the life of this project, many of the AWI sites have struggled with finding placements for mature workers they serve. Some of the sites began this project with great employer relationships, while others started with minimal employer contacts. All are acutely aware of the need to create, foster, and sustain employer relationships in order to help their clients find work. It is important to develop strategies for employer engagement early in an initiative.
- **Multi-site initiatives benefit from cross-site learning opportunities.** Throughout the three-year initiative, part of CAEL's technical assistance strategy included periodic face-to-face meetings and "Learning Institutes" where the sites could learn from each other and share best (or promising) practices. As a result of this sharing, sites replicated activities that were tried with success in other sites, most notably the reverse job fairs. The sites have also shared resources, like employer outreach materials, with each other. Another example of cross-practice is Goodwill Houston's "Yes You Can" workshop. The grantee conducted a webinar for the sites and provided all sites with presentation slides and facilitator and participant workbooks. The workshop has been replicated in Michigan, with several other sites considering it as well. These examples show how valuable it can be for grantees in an initiative like this one to have a regular way to get to know each other and learn from each other. Sites can borrow good ideas and build on them or adapt them, rather than inventing something brand new and untested for every part of a new initiative.

Policy Recommendations

CAEL's work with the AWI grantees on the above activities has helped to identify several areas for state and federal policy action that would support mature workers who want not only to continue their labor force participation, but also to improve their skills and overall employability.

Recommendations for **federal action** include the following:

- **Establish more nuanced performance measures for services to mature workers.** These new measures would take into account the varying employment goals of different groups, including mature workers. Mature workers themselves are a diverse group, with some interested in full-time employment and others potentially preferring part-time or other more flexible work arrangements. New performance measures would maintain incentives for placing job seekers in full-time employment while not creating disincentives for placement in seasonal and part-time work if those are preferred by the job seeker.
- **Renew and expand investment in workforce programs.** At this time of intense concern around federal debt and deficits, every government expenditure is at risk of elimination. Given the tremendous need for a skilled and capable workforce, and given the great need to help job seekers navigate a rapidly changing economy and meet the skill needs of employers, it is critical that the workforce system has the resources it needs to support our greatest asset in this knowledge-based economy: the workforce itself. The federal government needs to continue its investment in workforce development and related supports, including job training, job search assistance, career navigation, career pathways models, and employer engagement.

Recommendations for both **state and federal action** include the following:

- **Formally address the aging of the workforce.** Governors or state agencies should create a statewide or regional taskforce focused on the issues of older workers. Comprised of various stakeholders, the taskforce would oversee research on the mature workforce in that state, particularly the size of the mature workforce, the industries in which they currently work, and the skills they have. The taskforce can use this and other data to formally address misconceptions about mature workers, make a business case for hiring and retaining mature workers, and launch a public relations/media campaign to showcase mature workers as an asset. A similar focus on the mature worker is also needed at the federal level, where a taskforce would include representatives from various agencies, such as the departments of Labor, Education, Commerce, and Health and Human Services. This taskforce would ensure that coordinated efforts support the diverse needs and goals of the nation's mature workforce.
- **Build capacities of workforce agencies.** Given projected demographic changes and the increasing labor force participation rates of mature workers, workforce agencies will see growth in the number of clients 55 years of age and older. Just as these agencies adapt for other demographic changes in their customer base, they also should deliberately build the capacity of frontline staff to help the increasing numbers of mature workers they serve. Public policy needs to support the dissemination of capacity-building strategies, such as professional development for job developers so they can persuade employers about the value of mature job seekers, workshops for marketing staff on the importance of including images of older faces in promotional material, special training and support for advising staff so they are better able to serve this group, investments in career navigators, and development of worker training programs designed around the needs of older workers. *It should be noted that many of these interventions that are designed to help people transition to new jobs and careers can also serve other important populations, particularly veterans making the transition to civilian life and work.*

- **Remove policy and regulatory barriers.** All levels of government need to examine federal and state policies and procedures to determine if they set up unnecessary age barriers to work, and then they need to remove the barriers facing mature individuals who want to work for pay. In some states, for example, regulations regarding pensions and medical benefits (including Social Security and Medicare) discourage or penalize the employment of older workers.
- **Engage employers and raise their awareness of the value of mature workers.** For mature workers to succeed, employers need to be aware of the contributions of mature workers to the workplace, and public policy needs to be focused on finding effective solutions to the problem of employer bias against the mature worker. States can do this by involving employers on their mature worker taskforces, correcting myths about mature workers being slow or unable to learn, publicizing and disseminating information about effective strategies for incorporating older adults in the workforce, and recognizing employers with strong records of hiring and retaining mature workers. All levels of government could provide incentives for employers to hire, retrain, and retain mature workers and to offer them flexible work options.
- **Provide incentives for postsecondary institutions to support mature workers and their learning needs.** Strategies and programs may include:
 - working with employers to provide internship or apprenticeship opportunities designed for mature individuals seeking to change industries or pursue an “encore career.”
 - accelerated programming.
 - flexible start dates for programs.
 - modularized courses and stackable credentials that allow working adults to show evidence of their learning progress in more incremental steps.
 - support services to help mature students integrate into campus life.
- **Encourage greater availability of programs that recognize the value of what is learned outside of the traditional classroom.** Many adults come to postsecondary education and training programs and discover that a lot of what is being taught in the classroom is material that they already have learned in their work lives, in the military, in volunteer work, through self-study, and in other parts of their lives. Public policy needs to support greater availability of prior learning assessment programs that evaluate a person’s life-learning for college credit.

Summary and Conclusion

The USDOL’s Aging Worker Initiative has provided 10 sites with opportunities to test new approaches for serving mature workers and job seekers. The initiative has supported important models for expanding the capacity of the public workforce system to serve this population, and the result is a foundation that we can build on in serving mature workers into the future.

The project has helped to expand the capacity of the public workforce system through staff training on mature worker issues and challenges, the establishment of dedicated mature worker centers or hubs within One-Stop Career Centers, and how-to guides and toolkits for supporting the labor-force participation of mature individuals. The sites have demonstrated models for mature worker workshops, training in computers and high-demand occupations, and employer engagement.

The lessons from this work have highlighted the importance of recognizing the contributions of, as well as the challenges facing, the mature workforce. Our public policies should support efforts to address these specific challenges, bolster initiatives that expand the learning and work opportunities of our mature population, and engage with employers to highlight mature worker contributions. With this support, mature workers will succeed in their continued labor force participation and expand their potential for contributing to the workplace and our economy.


Reference

Notice of Availability of Funds and Solicitation for Grant Applications for Older Worker Demonstration, 73 Fed. Reg. 77844-77862 (2008).

Note

1. This initiative was referred to as the Older Worker Demonstration in the Solicitation for Grant Applications (SGA/DFA PY-08-06); the name of the initiative ultimately became the Aging Worker Initiative.





The transition from full-time work to complete retirement involves many complex decisions concerning income needs in retirement, the management of retirement wealth, employer pensions, national retirement programs, and whether one plans to phase into retirement or abruptly exit the labor force. Many of these decisions are irreversible and have long-term implications for economic well-being in retirement. In order to make the best choices, individuals need a sufficient level of financial literacy and a detailed understanding of the characteristics of their retirement plans. This paper examines the role of financial literacy in retirement and investment decisions and illustrates how enhanced literacy can lead to more appropriate decisions for older workers as they transition into retirement.

Financial Literacy and Retirement Decisions:

The Choices Facing Older Workers

by Robert L. Clark, North Carolina State University

Introduction

Older workers face a series of decisions that will affect their economic well-being in retirement. They must decide when to retire from their career jobs, whether to work after retirement, whether they need to continue to invest in their skills and productivity, when to start pension and Social Security benefits, whether to accept lump-sum distributions, and how to invest their retirement wealth. To make decisions that are in their own best interest, workers must have a basic level of financial literacy and knowledge of the retirement benefits available to them (Liebman & Luttmer, 2011; Berheim, 1995). Without such knowledge, it is likely that many workers will make bad choices that reduce their overall well-being in retirement.

The importance of financial literacy and understanding retirement programs cannot be overstated. In order to achieve their desired retirement plans, older workers need to understand certain components of financial mathematics and investment concepts, including the power of compound interest, discounting of future income, the eroding effect of inflation on consumption, risk and return tradeoffs, and the need to diversify. Without a basic understanding of these concepts, one is unable to make sound financial decisions. In addition, one must discern and interpret key elements of retirement plans, such as the age at which benefits can be started, how the value of the benefits change with continued work, and whether they are able to choose an annuity or a lump-sum distribution (Mitchell, 1988; Mitchell, Utkus, & Yang, 2007; Gustman & Steinmeier, 2004). As workers plan for retirement, they must consider their life expectancy (how many years of retirement must they finance) and the uncertainty of one's lifetime. Better comprehension of these concepts is essential if individuals are going to have the level of retirement income that they desire.

A fundamental principle in retirement planning is that younger retirement ages and higher retirement incomes require more saving and less consumption throughout the working life. In order to prepare for retirement and achieve their desired level of well-being, older workers need to make sure they understand the decisions that they face, have sufficient financial literacy to manage their assets, and continue to invest in their own human capital so they will remain competitive in their career job and in the labor market for subsequent employment opportunities.¹ Continued employment on a career job and being competitive for subsequent employment require that older workers evaluate their current skills and consider opportunities for maintaining or improving their productivity.

Older workers should regularly review their retirement plans and reevaluate how they anticipate transitioning from full-time work to complete retirement. Key retirement objectives include the age of retirement from one's career job, whether one wants to work at another job (either full- or part-time), and the level of desired income in retirement. In order to achieve these retirement goals, workers select saving and investment behaviors consistent with their objectives. This entails managing the accumulation of resources prior to retirement and managing the drawdown of these assets in retirement. As new information becomes available or as workers learn more about their retirement programs, people should reconsider their consumption and saving patterns. Periodic reviews may lead workers to alter their retirement plans.

Available evidence suggests that American workers do not have sufficient knowledge of available retirement benefits or the financial literacy needed to make the varied and complex decisions necessary for their transition from work to retirement (Clark, Morrill, & Allen, 2012 forthcoming; Gustman & Steinmeier, 2004; Lusardi & Mitchell, 2007).² Incorrect or insufficient knowledge can lead to poor decisions on the timing of retirement, starting pension and Social Security benefits, and annuitizing retirement savings (Lusardi & Mitchell, 2007, 2011b).³ Programs that increase financial literacy and retirement program knowledge can improve retirement decisions and produce better retirement outcomes. Workers can acquire the knowledge needed to make these key decisions in various ways. One invaluable resource often available to workers is an employer-sponsored pre-retirement planning program.⁴

Workplace financial education programs can be very important in enhancing financial literacy, and many employers provide retirement planning programs for older employees. Research has shown that participants in employer-sponsored financial education programs increase their financial literacy and, on the basis of this new knowledge, often alter their retirement plans. A better understanding of these programs and their effects would provide guidance to decision makers, employers, and policy makers. A review of the financial literacy literature as it affects retirement decisions highlights the role of financial literacy in saving decisions, developing financial plans, the timing of retirement, and accepting pension and Social Security benefits. In order to plan effectively, older workers must understand the importance and cost of health insurance provided by their employers and Medicare. This paper will present research findings from studies that examine financial literacy of older workers, workplace financial education programs, and how these programs can increase financial literacy and improve retirement planning.

Key questions addressed include:

- Do employer-provided retirement planning programs increase financial literacy and knowledge about company and national retirement programs?
- If financial literacy is increased, how does this enhanced knowledge affect worker retirement behavior?
- Do more informed workers make better retirement saving decisions and are they better able to respond to the incentives that are embedded in employer pensions and Social Security?
- Does financial literacy increase the likelihood that older workers will invest more to maintain and enhance their skills and productivity so they can remain competitive in the labor force?

Many large employers offer some type of planning seminar for retirement-eligible employees. Relatively little is known about the effectiveness of employer-provided financial education programs in enhancing the knowledge of, and altering the retirement decisions of, employees. Research by Clark, Morrill, and Allen (2011b), however, has shown that participants in these programs effectively increase their financial knowledge and, in response to enhanced financial literacy, often alter retirement behavior. Knowledge gained varies with age, sex, income level, education, tenure, and wealth. Changes participants make to retirement plans include altering their expected retirement ages, their plans to take lump-sum pension payouts, and when they anticipated claiming Social Security benefits. The research by Clark et al. also concludes that workers appreciate these employer-sponsored programs. Employees value these programs and report that the programs enhance their opinion of their employers.

Related research from Japan indicates that older workers with a higher level of financial literacy have a greater understanding of the need to increase their human capital (Clark, Ogawa, & Matsukura, 2010). The Japanese respondents to the 2010 National Survey on Work and Family who showed higher levels

of financial literacy also indicated the importance of engaging in on-the-job training in order to remain competitive for future promotions and for employment after retirement from their career job. If financial literacy, or the lack thereof, affects American workers in a similar manner, we can expect that enhanced financial literacy will increase the demand for on-the-job training and result in older workers remaining more competitive in the labor market. Together, both reports indicate that financial education is directly linked to better management of financial assets and the choices concerning continued investment in one's own human capital.

Methodology and Data

This paper reviews evidence from two research projects examining the relationship between financial literacy and the work/retirement decisions of older workers. The first project examined employer-provided pre-retirement planning programs at five large U.S. employers ranging in size from 8,000 to 40,000 employees. Each of the employers offers defined benefit plans (three employers have cash balance plans⁵), each offers health insurance to active and retired workers, and each offers supplemental defined contribution plans (although not all have an employer match). The employee populations of these companies vary by gender, education, earnings, and geographic location. The details of this study are reported in Clark, Morrill, and Allen (2011b and 2012 forthcoming).

The impact of pre-retirement planning programs on the financial knowledge of participants was evaluated. Each of the employers invited retirement-eligible employees to participate in these programs. The methodology included surveying each participant prior to the start of the seminar. The first survey provided baseline socioeconomic data about the individual and his or her household, as well as information concerning retirement plans and investment strategies. Employees also completed questions about their financial literacy and their knowledge of employer and national retirement programs.

At the conclusion of the seminar, participants were asked to complete a second survey. This time, participants answered questions concerning the program, the employee's assessment of the seminar, and its value. The knowledge and literacy questions were repeated to see if the participants' overall knowledge of retirement programs and financial markets had improved. Seminar participants were also asked if they had changed any of their retirement decisions. The results discussed below are based on these surveys as incorporated into 85 seminars between June 2008 and December 2009. Seminars varied in size and duration across the employers; the shortest was four hours and the longest was two-and-a-half days in duration. During the 18-month period, over 1,500 individuals attended the seminars of these five employers. A total of 1,181 completed responses were received for a response rate of 75%. This analysis focuses on workers aged 50 to 65 at the time of the seminars.

The second research project examined in this paper is the 2010 National Survey on Work and Family of Japanese workers. The survey covered a wide range of topics related to work and family life, including information about the demographic and socioeconomic characteristics of respondents and their spouses, marriage decisions, childbearing and childrearing, care for the elderly, birth history, working conditions, knowledge of financial and investment products, contraceptive use, experience of infertility, and sexual activity. The target population was both men and women aged 20 to 59. A two-stage cluster sample design was used to select 9,000 potential respondents. Questionnaires were left for potential respondents to complete and later collected by members of the survey team. The respondents were also given the option of mailing in the questionnaire themselves. The details of this study are provided by Clark, Ogawa, and Matsukura (2010).

There were 5,162 completed surveys for a response rate of 57.4% (number of returned questionnaires divided by the number of cases contacted). In order to focus on the demand for on-the-job training by older workers, the sample herein has been restricted to individuals aged 40 to 59. This yields a sample of 2,872 individuals. Focus on the demand for additional training and skill acquisition on the job further limits the analysis to only those individuals who were working at the time of the survey: 2,339 respondents.

Analysis

Although the studies differ in methodology, scope, and culture, similar findings across the analyses suggest several fundamental elements that span these differences. First, consistent with other studies, financial literacy is relatively low and the lack of financial knowledge can lead to poor retirement plans and decisions. For example, older workers who do not understand the parameters of their pension plan or Social Security may retire too early and thus have permanently lower income in retirement. Individuals who do not understand financial markets may think that they can successfully manage their retirement wealth and make periodic withdrawals; however, these individuals may exhaust their wealth prior to death and thus have insufficient assets in their final years.

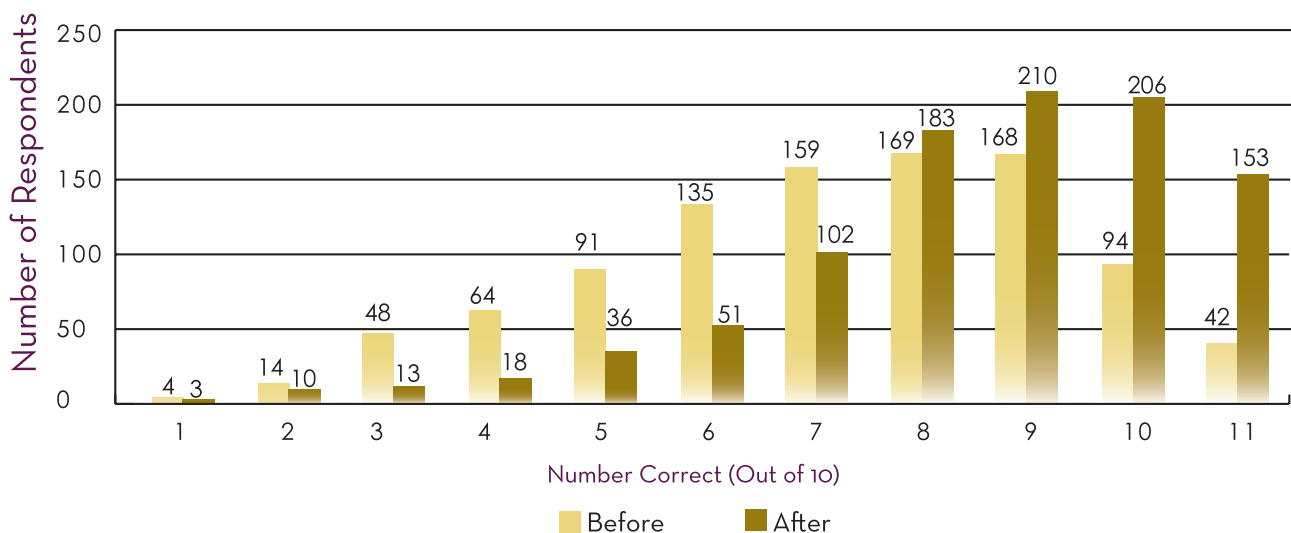
Second, older workers can increase their financial literacy by participating in financial planning seminars provided by their employers, attending classes at community colleges, or hiring financial advisors. Those who increase their financial literacy often alter their retirement decisions, including investment decisions, demand for on-the-job training, age of retirement from career job, and whether to seek post-retirement employment.

Third, older workers are interested in retirement planning and financial literacy programs and are willing to participate in employer-provided seminars that are targeted to retirement decisions.

Employer-Provided Financial Literacy and Retirement Planning Programs

The primary objective of the study of employer-provided financial education programs for older workers was to answer two key questions concerning workplace financial education programs. First, do employer-

Figure 1. Knowledge Score Pre- and Post-Seminar



Source: Clark, R. L., Morrill, M. S., & Allen, S.G. (2011b). *Evaluating employer-provided financial education programs for pre-retirees*. Final report prepared for the FINRA Investor Education Foundation.
<http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p124011.pdf>

provided retirement planning programs increase financial literacy and knowledge about company and national retirement programs? Second, if financial literacy is increased, how does this enhanced knowledge affect worker retirement behavior? To examine the level of financial literacy and knowledge of retirement programs prior to the seminar, the participants were asked a series of financial literacy and retirement program questions. The following analysis is based on 10 of these questions.

The average number of correct responses prior to the seminar was 6.2; afterwards, the average number of correct answers rose to 7.6, indicating a substantial level of learning among program participants of about 23% in the knowledge index. Figure 1 illustrates the increase in knowledge gained during the programs, shown by the fact that the entire distribution of knowledge scores shifts to the right toward higher scores.

Overall, 671 participants, or 68% of the sample, improved their knowledge scores. The knowledge score was unaffected for 193 individuals (20% of the sample) while 12% of the sample showed a slight decrease in their financial knowledge. Most importantly, those with low financial knowledge scores achieved substantial increases in their knowledge of retirement plans. Of the 514 individuals with pre-seminar knowledge scores of six or fewer correct answers, 429 improved their knowledge scores, with almost half achieving increases of three or more additional correct answers. It seems clear that the pre-retirement planning seminars did increase financial literacy for almost all participants, with large gains among those most at risk who had relatively little knowledge prior to participation in the seminar.

Table 1 illustrates that improvements in financial knowledge were observed across all economic and demographic groups who participated in the seminars. There was an average increase of 1.3 correct answers among the participants. Women had larger gains in knowledge than men but still had a lower

Table 1: Participant Index of Knowledge Pre- and Post-Seminar

Participant Characteristic	Categories	Before Seminar*	After Seminar*	Difference
Full Sample		5.72	6.98	1.26
Age	50-58	5.62	6.99	1.37
	59-65	5.89	6.97	1.08
Gender	Male	6.30	7.46	1.16
	Female	4.99	6.38	1.39
Education	HS or Less	4.73	5.90	1.17
	Some College	5.94	7.22	1.28
Earnings	50K or Less	4.47	5.68	1.21
	More than 50K	6.12	7.40	1.28
Years of Service	20 or Less	5.30	6.59	1.29
	More than 20	5.88	7.13	1.25
Self-Assessed Knowledge	1-4	5.32	6.79	1.47
	5-7	6.28	7.26	0.98
Years from Planned Retirement	Less than 5	5.94	6.95	1.01
	5 or More	5.45	7.03	1.58
Number of Observations with Valid Index		996		

Notes: Entries in these columns are mean number of questions answered by the participants in each category. Sample sizes may vary for particular rows due to missing information on some characteristics.

Source: Clark, R. L., Morrill, M. S., & Allen, S.G. (2011b). *Evaluating employer-provided financial education programs for pre-retirees*. Final report prepared for the FINRA Investor Education Foundation.

<http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p124011.pdf>

knowledge score after the program. Individuals with lower self-assessed knowledge prior to the seminar had a much larger gain in their knowledge index than those with a higher initial self-assessed level of knowledge (1.5 compared to 1.0). This is another indication that the programs were beneficial to those with relatively little knowledge of their retirement plans. Improvements in knowledge scores for the entire sample and for each of the various demographic characteristics are statistically significant. These data indicate that workplace education is effective in increasing financial literacy for older workers and that the gains are often greater for those with the lowest levels of financial literacy.

The finding that employer-provided financial education enhances the financial knowledge of older workers raises the following important question: Does enhanced knowledge result in changes to planned retirement behavior and the management of retirement wealth? Greater understanding of retirement programs may alter retirement behavior in several important ways. For example, older workers might alter their plans to work after retirement from the current employer, their plans to start Social Security benefits, their desires to annuitize account balances in supplemental retirement plans, or their expectations concerning lump-sum distributions from defined benefit plans.

Table 2: Respondents’ Retirement Plans Pre- and Post-Seminar

Response	Before Seminar	After Seminar
<i>35.2% of Respondents Changed Planned Retirement Age</i>		
Median Retirement Age		
Median Change in Planned Retirement Age	62	62
Mean Retirement Age		
Mean Change in Planned Retirement Age	62.4	62.6
<i>37.9% of Respondents Changed Planned Age to Start Receiving SS Benefits</i>		
Median Age SS Benefits Begin		
Median Change in Age SS Benefits Begin	65	65
Mean Age SS Benefits Begin		
Mean Change in Age SS Benefits Begin	64.2	64.5
Plans for Working after Retirement		
Expect to Work after Retiring	40.8%	50.8%
Have Not Decided on Working after Retirement	36.1%	26.1%
Annuitization or Lump-Sum Distributions		
Planning to Annuitize Some or All 401(k) Balance	19.4%	26.7%
Have Not Decided on Annuitization of 401(k) Balance	56.7%	46.0%
Plan to Take Lump-Sum Distribution of Entire Pension	34.5%	31.1%
Have Not Decided on Lump-Sum	50.4%	48.7%

Source: : Clark, R. L., Morrill, M. S., & Allen, S.G. (2011b). *Evaluating employer-provided financial education programs for pre-retirees*. Final report prepared for the FINRA Investor Education Foundation. <http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p124011.pdf>

Table 2 shows the proportion of workers that altered their retirement plans following the seminar. Although the mean planned retirement ages and the ages for starting Social Security benefits did not change, over one-third of all seminar participants changed the age of their planned retirement. The unchanged average retirement age is due to movements in both directions: some participants altered their retirement plans by raising retirement ages while others lowered these ages. The relationship between knowledge and retirement plans is complex and depends on the direction of knowledge errors. For example, some employees believe that they can start employer retirement benefits or social security benefits or are covered by Medicare at younger ages than is realistic. On learning that their expectations are wrong and that benefit receipt must be delayed, these employees are now likely to plan to retire at older ages. In this way, an improvement in knowledge leads to later retirement. Conversely, if an employee previously believed that benefits were only available at older ages, learning that he could retire younger may lead to earlier retirement. In this way, an improvement in knowledge would lower the planned retirement age (Clark, Morrill, & Allen, 2012 forthcoming).

Interestingly, after the seminar there is a 10-percentage-point increase in the proportion of employees planning to work after retiring from their current employer. This may be due to a better understanding of retirement income needs and their total retirement wealth. This finding is similar to that observed in the study of Japan examined below. Additionally, prior to the seminar there was considerable uncertainty concerning whether to annuitize account balances in supplemental retirement plans or to take lump-sum distributions from the defined benefit plans, with about half the respondents indicating that they had not yet decided on which of these options to take. Before the seminar, only 19.4% of the sample planned to annuitize some or all of their supplement plan funds. This number increased to 26.7% after the seminar, with the proportion that had not decided declining by 10 percentage points. Nevertheless, almost half of the participants were still undecided on annuitization. Nearly one-third of the employees planned to take a lump-sum distribution prior to the program; afterwards, this percentage increased slightly. Once again, half of the participants were undecided on the choice of a lump-sum. This implies that only about one-quarter of these employees were certain that they want to receive a lifetime benefit from their 401(k) plan.⁶

Employers who offer financial education programs as an employee benefit are naturally seeking to ensure that these programs are effective and valued by employees. Some 95% of respondents stated that the programs provided all or most of the information needed for them to make important retirement decisions (see Table 3). Next, 86% of respondents rated the programs very good or excellent, and 93% found the presenters and program leaders to be very good or excellent. Finally, 87% of employees believed that they would be able to make better retirement choices after participating in the seminar. Importantly, for companies considering whether to provide such programs to their employees, 72% of individuals reported that the programs raised their awareness of the benefits provided by their

Table 3: Demand for Program and Evaluation

Question	Response
The program provided all or most of the information needed for retirement.	94.9%
Overall very good or excellent program.	86.3%
Overall very good or excellent presenters and program leaders.	92.8%
Will be able to make better choices.	87.2%
Plan to change some retirement plans because of program.	76.9%
Participation raised awareness of benefits provided.	72.2%

Notes: The response column indicates the percent of participants that gave the indicated response to various questions about the seminar.

Source: Clark, R. L., Morrill, M. S., & Allen, S.G. (2011b). *Evaluating employer-provided financial education programs for pre-retirees*. Final report prepared for the FINRA Investor Education Foundation.
<http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p124011.pdf>

employers. Accordingly, participants gave high marks to the quality of the programs, believing that the programs provided the information they needed, and gave their employers credit for offering these programs.

Financial Literacy and Demand for On-the-Job Training in Japan

Equally interesting findings concerning the importance of financial literacy are found in the 2010 survey of Japanese workers. This survey reveals how greater financial literacy influences plans for continuing to build work skills and remaining in the workforce. In order to remain in their career jobs until mandatory retirement and to continue to receive promotions, older workers need to consider their current skill set and whether they need to enhance their productivity to remain in good standing with their current employer. The National Survey on Work and Family asks three questions concerning the need for further employment-related skills in order to remain competitive in the labor force. Almost half of the older workers in the survey indicated that they needed additional skills to remain competitive in their current job, and over two-thirds stated that they needed to acquire additional training and skills to find a job after they leave their career employer (see Table 4). Thus, additional investment in human capital appears to be an important decision for older workers in Japan. At the macro level, keeping older workers in the labor force and maintaining or increasing their productivity is essential to economic growth in a low fertility country like Japan. These are also important issues in the U.S. even though the aging of the population is much slower than in Japan.

How does financial literacy affect the demand for further investment in human capital? To answer this question, the responses to each of the three survey questions on the need for investing in human capital (Table 4) are examined relative to the number of correct responses to the three financial literacy questions (Table 5). Only 29% of the sample was able to correctly answer all three of the financial literacy questions while 37% correctly answered no more than one of the questions. Older Japanese workers seem to understand that they have a low level of financial knowledge. In response to a question to rate their knowledge on a 7-point scale from very low (1) to very high (7), over 60% rated their knowledge at the bottom of the scale (1 or 2), and only 7% gave themselves high marks (5, 6, or 7).

Table 4: Demand for Investment in Human Capital in Japan

Do you think that in order to continue your current work you need additional education or training? (unit: %)			
a. Yes	44.8	b. No	55.2
Do you think that in order to get promoted at your current workplace you need additional education or training? (unit:%)			
a. Yes	41.9	b. No	58.1
Do you think that it is necessary to acquire special qualifications or skills in order to find a job with good conditions after the mandatory retirement? (unit:%)			
a. Yes	67.9	b. No	32.1

Source: Clark, R. L., Ogawa, N., & Matsukura, R. (2010). *Low fertility, human capital, and economic growth: The importance of financial education and job retraining*. Paper presented at Optimal Fertility in Ageing Societies, Vienna, Austria.

Table 5: Financial Literacy of Old Workers in Japan

Question 1: Understanding of compounded interest (%)	
If you have savings of 10,000 yen and the interest rate is 2% per year, how much savings will you have in 5 years?	
a. More than 10,200 yen.	67.2
b. 10,200 yen.	5.4
c. Less than 10,200 yen.	13.1
d. Do not know.	14.3
Question 2: Understanding of inflation (%)	
If the current interest rate on your bank deposit is 1% per year and the inflation rate (the rate at which commodity prices rise) is 2% per year, how much do you think will be the value of the things you can buy with those savings in a year from now in comparison with the present value?	
a. Larger than now	3.8
b. Exactly the same	3.0
c. Smaller than now	66.0
d. Do not know.	27.2
Question 3: Understanding of risk and diversification (%)	
Do you think that buying stocks of a single company is safer in terms of dividend yield than a stock mutual fund?	
a. Yes	3.8
b. No	42.4
c. Do not know	53.8
Total number of correct answers (%)	
0	15.7
1	21.7
2	33.2
3	29.4
Question 4: Self assessed level of financial literacy (%)	
We wish to ask you how much you know about general investment, portfolio management, and financing. How would you assess your knowledge about investment and finances on a seven-item scale ranging from “very low” to “very high”?	
1	35.0
2	26.1
3	19.1
4	13.1
5	4.5
6	1.7
7	0.5

Source: Clark, R. L., Ogawa, N., & Matsukura, R. (2010). *Low fertility, human capital, and economic growth: The importance of financial education and job retraining*. Paper presented at Optimal Fertility in Ageing Societies, Vienna, Austria.

Table 6: Financial Literacy and Demand for Human Capital in Japan

Demand for human capital	Number of correct answers			
	0	1	2	3
Need training to continue current job	33.4	39.3	45.8	49.7
Need training for promotion current employer	33.1	37.2	40.3	46.9
Need skills for new job	59.8	61.7	67.2	72.5

Source: Clark, R. L., Ogawa, N., & Matsukura, R. (2010). *Low fertility, human capital, and economic growth: The importance of financial education and job retraining*. Paper presented at Optimal Fertility in Ageing Societies, Vienna, Austria.

Table 6 shows that in each case, workers with more financial literacy as measured by the number of correct answers on the literacy questions were more likely to indicate that they recognized a need to develop their own human capital (or skills and competencies) to remain competitive in the job market. Half of the workers that answered all three literacy questions correctly felt that there was a need for additional training to continue on their current job. In comparison, only one-third of those that failed to give a single correct answer recognized this need. Respondents who answered two or three of the financial literacy questions correctly were about 10 percentage points more likely to indicate that they needed to make additional investments in human capital in order to continue on their current job compared to those who were unable to answer any of the financial literacy questions successfully. Respondents with a greater number of correct answers were also predicted to think that they needed more investment in their skills to get promoted on their current job or to find a good job after being mandatorily retired from their current employer; however, this difference was not statistically significant. The greater recognition of the need for additional investment in human capital may be due to a better understanding of the returns to this investment and/or a better understanding of the need for income in retirement.

These findings suggest that additional education that improves financial literacy could lead to greater investment in human capital and the improvement in the productivity of older workers, thus making older workers more competitive in the Japanese labor market. Older workers in the U.S. have been delaying withdrawing from the labor force and extending their work life. If this trend is to continue, individuals must evaluate the rewards of continued employment and the role of additional on-the-job training to keep a competitive edge on employment opportunities.

Conclusions

Many older workers lack the information and financial literacy needed to make optimal retirement decisions. Many important choices are complex, difficult, and irreversible. The lack of adequate knowledge may lead workers to allow their skills to erode, save too little, begin Social Security benefits too early, retire too soon, accept lump-sum distributions when an annuity would be a better option, and make poor investment choices. Financial literacy is essential to making optimal financial, investment, and retirement decisions. The level of financial literacy in many countries is very low and the lack of appropriate knowledge will adversely affect key lifecycle decisions.

Employer-provided financial education is one method of increasing financial literacy among older workers and giving them the knowledge to make better retirement decisions. The choices that individuals make as they transition from full-time work to complete retirement will determine their economic well-being throughout retirement. Workers must understand the choices they face and the impact of these decisions on their retirement income. Financial education in the workplace can increase financial literacy

and allow older workers to make better choices. Employees clearly benefit from these programs, and there are compelling incentives in offering retirement planning events for businesses themselves.

The research described here shows that financial literacy is positively related to the perceived need by older workers for additional on-the-job training in order to remain competitive on their current job and in the post-retirement labor market. Recognizing the need for additional skills is the first step in developing a demand for additional training. In a country such as Japan that faces a demographic future of population decline and super population aging, giving older workers opportunities to remain in the labor force and to enhance their skills is essential if living standards are to be maintained. Older workers in the U.S. must also consider ways of maintaining and enhancing their skills if they are to remain competitive in the labor market. Adapting skills is necessary if older workers are to retain the option of working longer. An important step in this process may be to develop financial literacy programs to assist workers in developing their own plans for human capital investment. Ultimately, from this analysis it is clear that employer-provided financial literacy programs can perform an important service through their positive impact on the lives and futures of many.

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Notes

1. Planning for retirement is not a job that begins in old age. Instead, workers beginning a career should consider the value of contributing to retirement saving accounts and building retirement wealth. Individuals with a higher level of financial literacy and those that understand the power of compounding returns are more likely to begin saving at earlier ages (Clark & Morrill, 2010; Clark, Morrill, & Maki, 2011). There is emerging literature on the importance of framing choices and defaults associated with retirement saving decisions (Madrian & Shea, 2001).
2. Low levels of financial literacy are not just an American problem, as studies have found a similar lack of understanding of financial concepts in countries around the world (Lusardi & Mitchell, 2011b).
3. An annuity is a periodic payment over a specific period of time. For example, a person can buy an annuity that will pay her \$1,000 per month for the rest of her life. The cost of the annuity will depend on age, life expectancy, and current interest rates. Annuitization refers to an individual taking the funds in a 401(k) plan and purchasing an annuity with these monies. The retirement benefit from a defined benefit pension plan or Social Security is a form of annuity. Clark, Morrill, and Allen (2011a) discuss the role of financial literacy on the choice workers face in either accepting a lump-sum distribution or a life annuity from their retirement plans.
4. Discussion of types of employer provided financial education and retirement planning programs is provided by Wray (2008) and Clark, Morrill, and Allen (2011b).

5. Cash balance pension plans are legally defined benefit plans; however, the benefit is typically shown as an account balance rather than as a monthly payment. In most cash balance plans, the employer promises to contribute a specified percentage of salary into an account for the individual; and the account balance grows each year by a rate that is often linked to certain financial instruments, such as government bonds. The funds in cash balance plans are managed by the employer, and the employer is responsible for maintaining sufficient funds to pay promised benefits.
6. Clark, Morrill, and Allen (2011a) provide a detailed assessment of the changes in distribution choices after the seminar and examine the causes of these changes in retirement plans.

As more baby boomers choose to work past the traditional retirement age of 65, many will want occupational information to help them make better decisions about career choice, job search, and education and training investment activities. This chapter demonstrates how existing occupational data can help in the analysis of various occupations in terms of what kinds of workers are currently in these occupations, as well as what specific abilities, skills, knowledge areas, and work activities are needed for those occupations. With this kind of information about specific occupations, workers, and those assisting workers in a job or career search, can better determine which crossover occupations may be a good match for existing skill sets as well as where workers may need to improve skills for a particular occupation of interest.

Occupational Profiles for the Mature Worker:

Finding and Using Detailed Information about Occupations with the Largest Share of Mature Workers

by Neeta Fogg and Paul Harrington, Center for Labor Markets and Policy, Drexel University

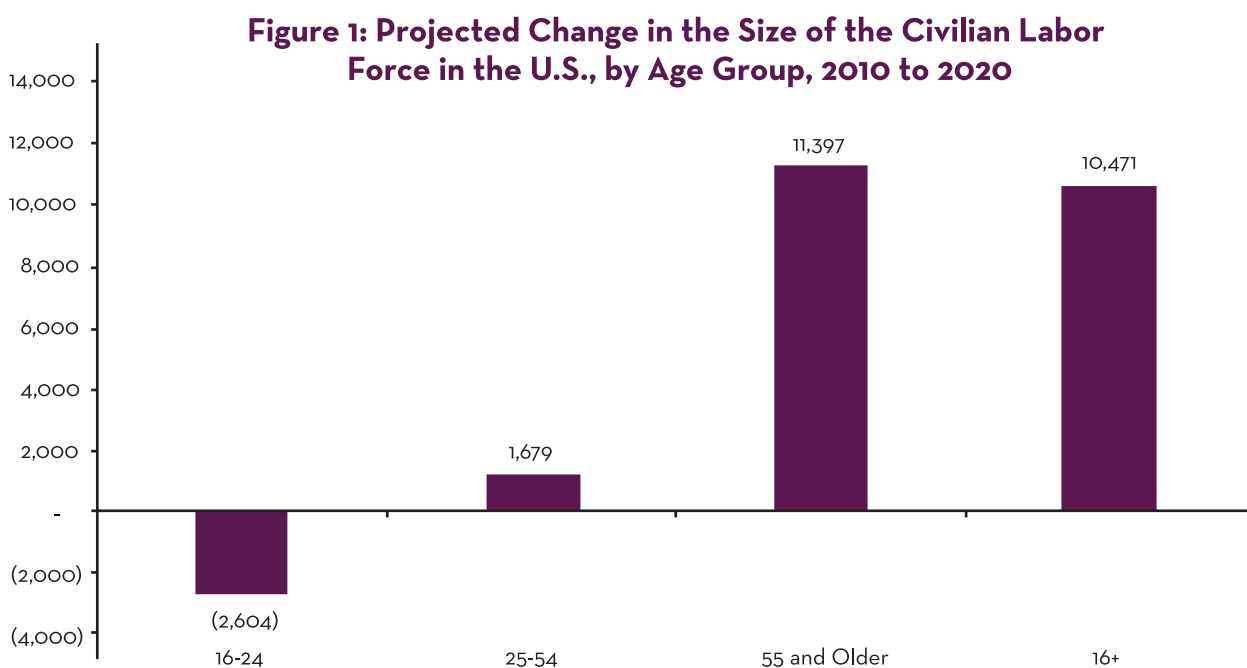
Before our recent economic downturn, economists' major worry about older adults was the need to replace them in the labor market as the baby boomers began turning 65. Instead, a number of factors have combined to bolster the job market activity of mature workers so that, for at least the next couple of decades, the baby boom generation will continue to play a central role in supplying labor to the American labor market.

This chapter explores how existing occupational data can be used to provide information to mature workers about their possible occupational pathways, as one tool to be used in their decision-making and planning process. We show how this can be done by using, as examples, 10 occupations with the largest share of mature workers. We then develop profiles of these occupations using high quality information from both the U.S. Department of Labor and the U.S. Bureau of the Census. A similar analysis can be carried out to create profiles for other occupations, in order to help mature workers make better decisions about their own future human capital investment decisions around career choice, job search, and education and training investment activities.

Explaining the Rising Number of Mature Workers

The most recent round of labor force projections released by the U.S. Bureau of Labor Statistics (BLS) indicate that the proportion of persons aged 55 and above who are actively engaged in the nation's job market will nearly double between 2000 and 2020 (Toossi, 2012). By the end of this decade, one in four active members in the nation's job market will be a mature worker.

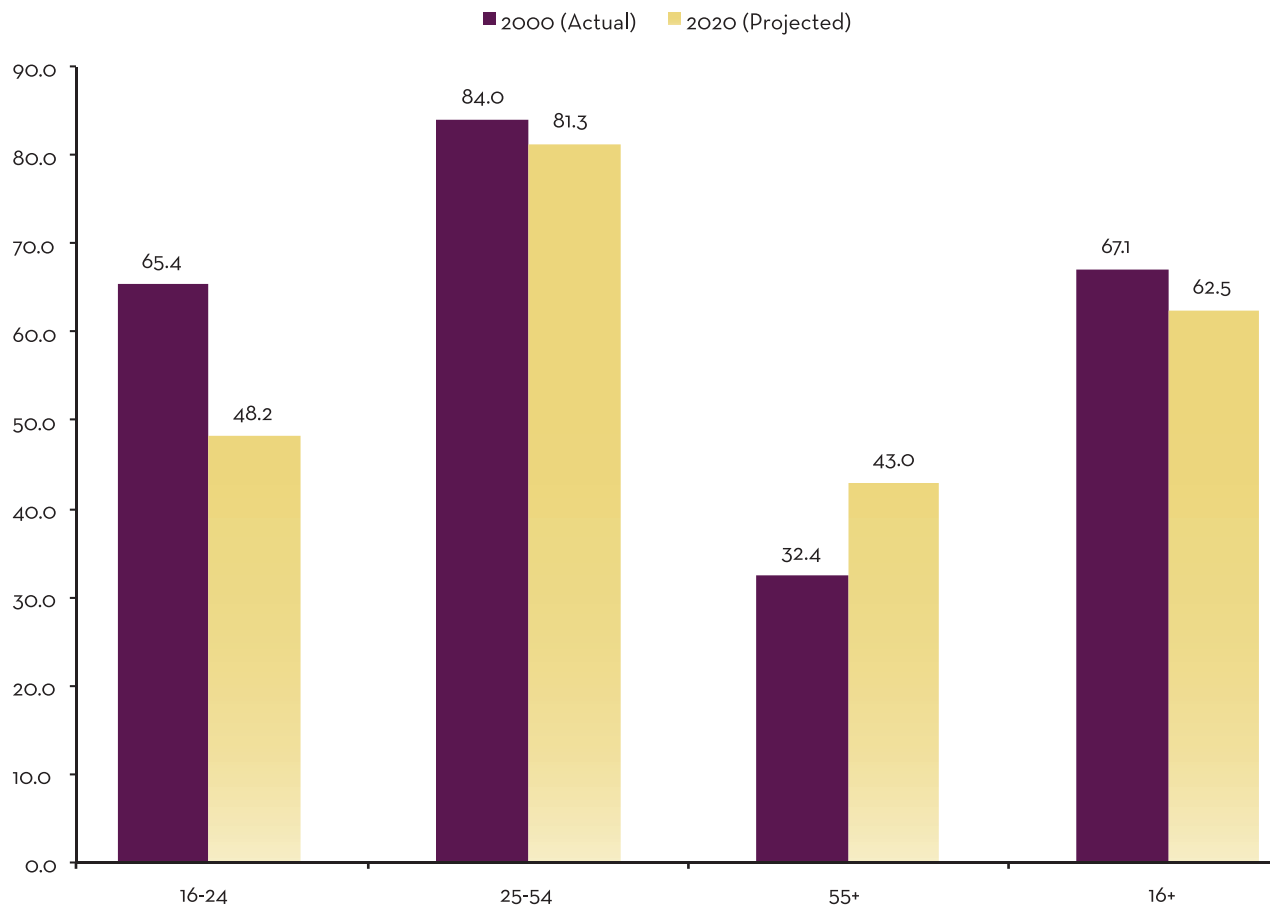
A combination of a sharp rise in the number of persons aged 55 and above along with a strong increase in the share of mature workers who opt to remain in the labor market will result in the number of mature workers engaged in the nation's job market increasing by 11.4 million persons—accounting for more than the overall projected net increase in the size of the nation's labor force between 2010 and 2020 (Figure 1).



Source: "Labor Force Projections to 2020: A More Slowly Growing Workforce," by M. Toossi, January 2012. *Monthly Labor Review*, pp. 43-64. Copyright 2012 by the U.S. Bureau of Labor Statistics.

Of course, much of the rise in number of mature workers in the labor market is associated with the aging of baby boomers. Indeed, over the 2010 to 2020 period, the number of persons aged 55 and older is expected to rise by 21.7 million, accounting for 86% of the net increase in the U.S. working age population. At the same time, the labor force participation rate of persons aged 55 and older is projected to rise to 43% by 2020—a relative rise of one-third from its 2000 level of 32.4%—even as the labor force participation rate of every age group under the age of 55 declines over the same time period. In the case of those aged 16 to 24, the decline is precipitous, with labor force participation falling from 65.4% in 2000 to just 48.2% by 2020—a relative decline of 26% over the 2000 to 2020 period (Figure 2).

Figure 2: Actual (2000) and Projected (2020) U.S. Civilian Labor Force Participation Rates by Age Group, 2000 to 2020



Source: “Labor Force Projections to 2020: A More Slowly Growing Workforce,” by M. Toossi, January 2012. *Monthly Labor Review*, pp. 43–64. Copyright 2012 by the U.S. Bureau of Labor Statistics.

Part of the explanation for rising labor force attachment of mature workers is associated with the higher levels of educational attainment by the baby boom generation relative to earlier cohorts of mature workers, since better educated workers have higher rates of labor force attachment. However, it is also clear that the financial crisis and the subsequent economic recession had the surprising result of raising labor force attachment among mature workers even as labor force participation rates for those under age 55 declined. Shrinking balances in defined contribution equity retirement accounts and increasing health care costs (due to rising Medicare premiums and reduced employer contributions to retiree

health plans) are also viewed as important contributing factors to increased labor market participation among mature workers (Sass, Monk, & Haverstick, 2010; Bosworth & Smart, 2009; Johnson, 2008).

Housing values have fallen by about one-third since 2007—reducing the value of assets in the U.S. by about \$8 trillion—at the same time, short-term interest rates on government bonds are negative in real terms. Many retirees prefer low-risk bonds to riskier equity investments; but over the past few years, little income has flowed to households from the bond market and other sources of safe investment, such as CDs and money market and savings accounts. Thus, a key source of income for retirees has dried up. Mature workers make up for these losses in income by reducing spending, perhaps investing in riskier assets, drawing down on assets, and most importantly by working (Makin, 2012). In fact, over the 2007 to 2011 period, the number of employed persons aged 55 or less fell by 9.3 million while the number of employed mature workers rose by 3.1 million (Table 1).

Table 1: Trends in the Number of 55+ and Under-55 Employed Persons, U.S., 2007, 2009, and 2011

	2007	2009	2011	Absolute Change	Relative Change
Number Employed					
55 and older	25,722	27,132	28,833	3,111	12.1%
Under 55	120,325	112,745	111,036	-9,289	-7.7%
16+	146,047	139,877	139,869	-6,178	-4.2%
55+ share of all workers	17.6%	19.4%	20.6%	3.0	17.0%

Source: Labor Force Statistics from the Current Population Survey, 2012, retrieved from <http://www.bls.gov/cps/home.htm>. Copyright 2012 by the U.S. Bureau of Labor Statistics. Tabulations by Drexel University Center for Labor Markets and Policy.

As the discussion about future labor force growth suggests, a growing proportion of those in their retirement years will work—some by necessity, some by desire—but inexorably a large and growing share of those eligible for or receiving retirement income will work. This means that entering the pre-retirement years may become less a time of contemplating retirement and more a time of investing in a renewal of personal productive capacities to prepare for continuing work. As expectations of extended durations of labor force attachment develop among baby boomers, their interest in investing in their own education and training—and gaining access to information that can help them make better decisions about occupational choices—will rise.

Methodology and Data

This paper provides a detailed profile of the top 10 occupations that are most relevant to mature workers. Mature workers in this paper include persons aged 55 years and older. We have defined the most relevant occupations to mature workers as the occupations in which there is a large presence of mature workers. The top 10 occupations with the largest presence of mature workers are labeled in this paper as “mature worker intensive occupations.” We identified those occupations with the highest concentration of workers aged 55 and above through an analysis of the 2010 American Community Survey (ACS) public use data files.¹ The ACS is a very large household survey conducted each month across the nation to produce a wide range of social, economic, demographic, and housing information on an annual basis. The ACS was designed to replace the decennial census long-form survey, and the ACS questionnaire is based on the decennial census long-form questionnaire from the 2000 Census.²

Based on a sample of about three million households, the ACS data are released in the form of summary data (published estimates developed by Census staff) and microdata (data files that researchers can use to produce their own estimates when properly analyzed). Summary data are predefined tabulations for persons, families, and households in geographic areas. The basic unit of analysis in a summary data file is a geographic area, such as state, county, etc. Microdata contain data on individual housing units or persons, and the basic unit in a microdata file is a housing unit or a person. We have used the 2010 ACS microdata file, also called the 2010 ACS Public Use Microdata Sample (PUMS), to produce the estimates of worker characteristics as well as employment and earnings profiles for each occupation discussed.

We not only used the ACS to determine the top 10 mature worker intensive occupations, but we also used the ACS data in conjunction with the U.S. Department of Labor's Occupation Information Network, known as the O*NET information system, to develop the specific occupational profiles in this study. The O*NET database was developed under the sponsorship of the U.S. Department of Labor Employment and Training Administration and is a comprehensive database of worker attributes and job characteristics covering over 900 occupations. It is a replacement for the Directory of Occupational Titles (DOT), is considered to be the nation's primary source of occupational information, and is the basis for most human resource classification systems in the nation.

Every occupation requires a different mix of knowledge, skills, and abilities and is performed using a variety of activities and tasks. The O*NET provides a common language for defining and describing occupations, containing hundreds of occupation-specific descriptors. It is continually updated to capture rapidly changing job requirements by surveying a broad range of workers and occupational experts and analysts in each occupation. We have used the most recent updated O*NET database released in July 2011 (O*NET 16.0), which contains the twelfth update of the database since its first release in 1998, to profile the abilities, skills, knowledge areas, and work activities of the 10 mature worker intensive occupations in the nation that we derived from the ACS.

The first part of the occupational profiles below was produced from the 2010 ACS PUMS data and includes information about the demographic, employment intensity, earnings, and mixing work and retirement traits of the workforce employed in each profiled occupation. Those assisting mature workers who are perhaps seeking re-employment, considering a career change, or contemplating how to potentially mix work and retirement to sustain household living standards will find this type of information especially useful. The second part of the occupational profile is based upon O*NET data task-proficiency ratings of four occupational descriptors—abilities, skills, knowledge areas, and work activities. The ratings are based on the importance of and the level at which incumbent workers utilize each descriptor to perform their jobs in each occupation.

The O*NET based information is especially critical in understanding the connection between mature workers interests; aptitudes; and abilities and the knowledge; skills; and physical, sensory, and cognitive requirements of each occupation. As the baby boom generation ages, the incidence of disability will rise sharply among both the population as a whole as well as among those boomers who opt to participate in the job market (Fogg, Harrington, & McMahon, 2012). A key task of a counseling and placement professional is to guide job and career seekers toward those areas that play to their strengths and, similarly, to ward them off from those areas in which they may exhibit limitations in their daily lives. The O*NET information included in the profiles focuses on some of the key proficiencies required in each of the occupations. Ignoring these requirements in the job search or career investment process means potentially setting an individual on a road to greater risk of failure.

We have developed a rating scale for each proficiency included in the O*NET system to identify those proficiencies that are most important in each of our 10 occupations. Using O*NET data, we rated 52 abilities, 35 skills, 33 knowledge areas, and 41 work activities for each of our 10 occupations on the importance of these occupational attributes in performing the job and the level at which these attributes are needed to perform the job. The relevance of a certain proficiency to perform a job should be gauged not only based on its importance to the job but also to the level at which it is required. For example, the knowledge of mathematics might be important for a cashier, but the level of math required to perform the job of a cashier is likely to be quite low. In contrast, math is not only very important to perform the duties of a civil engineer, but it is also utilized at a very high level by individuals working in the civil engineering occupation.

In the O*NET data, the importance of each proficiency is measured on a 5-point scale from 1 being not important to 5 being extremely important. The level of each proficiency is measured on a 7-point scale from 1 being the lowest level to 7 being the highest level. Level was assigned a value of zero if the attribute was not relevant to the occupation. Using the O*NET data that contain the mean importance and level rating for each occupation, we have computed a measure of the relevance of the descriptor item to the occupation. This measure, which we call the relevance score, is the product of the importance and level rating with a maximum value of 35 (7×5) and a minimum value of zero. The relevance score is a summary measure that gauges the importance and level of the occupational attribute; a higher relevance score of an attribute means that the attribute has a greater relevance (importance and level) to performing the work in that occupation, so a higher score suggests a high degree of relevance for a particular attribute in an occupation.

The O*NET occupational profile for each of the occupations included in this paper also contains the following items from the O*NET database: the description of each occupation, including a list of the tasks performed by workers; the projected employment growth and projected job openings between 2008 and 2018; and the top industries that employ workers in these occupations.³

Analysis

The top 10 occupations with the highest concentrations of mature workers include occupations that span the skill/ability spectrum, ranging from cab drivers and chauffeurs to chief executives and dentists. Although these occupations do not yet have a majority mature workforce, there is definitely a sizable presence of mature workers in these jobs. At the time of the 2010 ACS survey, the concentration of mature workers in these occupations ranged from a high of 44% among tax preparers to over one-third among interviewers (Table 2).⁴

The median age of workers in 8 out of these 10 mature worker intensive occupations in 2010 was over 50. This means that half of all workers in 8 out of the top 10 mature worker intensive occupations had already celebrated their fiftieth birthday in 2010. The median worker in the remaining two mature worker intensive occupations (taxi driver and chauffeur and interviewer) was 49 and 46 years old, respectively. It is likely that by 2020 the majority of workers in several of these occupations will be aged 55 or older.

Table 2: The Share of Mature Workers and Median Age of Those Employed in the Mature Worker Intensive Occupations, U.S., 2010

Occupations	Total Employed 55+	Employed	Share of 55+	Median Age
All Occupations	157,158,086	31,565,538	20.1%	41
Mature Worker Intensive Occupations				
Tax Preparers	144,252	62,983	43.7%	51
Clergy	456,635	198,565	43.5%	52
Bus Drivers	658,330	273,855	41.6%	52
Psychologists	197,794	81,018	41.0%	51
Librarians	178,612	69,821	39.1%	50
Real Estate Brokers and Sales Agents	841,861	327,366	38.9%	50
Chief Executives	1,092,461	404,792	37.1%	51
Dentists	166,897	61,560	36.9%	50
Taxi Drivers and Chauffeurs	377,752	134,416	35.6%	49
Interviewers, except Eligibility and Loan	317,226	107,858	34.0%	46

Source: “2010 American Community Survey Public Use Microdata Sample.” Copyright 2012 by the U.S. Census Bureau. Tabulations by Drexel University Center for Labor Markets and Policy.

Demographic Characteristics of Workers in the Mature Worker Intensive Occupations

We have produced a variety of tabulations about the characteristics of mature workers that are included in the appendix tables of this paper (http://www.cael.org/pdfs/TMT_Occupational_Profiles_Appendix). Among the most important findings from our analysis of the ACS data files are those related to the educational attainment and class of worker—the latter focusing on the important role of self-employment in a number of mature worker intensive occupations.

The overall educational attainment of incumbent workers is a reasonable measure of the educational requirements in that occupation even though there may be cases when workers are overqualified or underqualified to perform work in that field. Table 3 contains the distribution of all workers employed in the mature worker intensive occupations by their educational attainment. The first row contains a distribution of the entire workforce (workers in all occupations) by educational attainment. One out of 11 workers in the U.S. labor market were high school dropouts; one-third had completed high school without any postsecondary education; about one-quarter had completed some postsecondary education below the bachelor’s degree level; one-fifth had earned a bachelor’s degree; and the remaining 11% had earned a master’s or a higher degree.

Workers employed in most of the mature worker intensive occupations possessed above average educational levels. This result is not surprising. Mature workers with fewer years of schooling participate in the labor market at lower rates than better educated counterparts. Moreover, the cognitive demands of many of the mature worker occupations are high, while the physical demands of these jobs are low—suggesting better employment options for mature workers with better educational credentials. All dentists, 93% of psychologists, 61% of librarians, and over half of all clergy had a master’s or a higher degree. Chief executives and tax preparers also had above average shares of workers with a master’s or a higher degree. Five out of the 10 mature worker intensive occupations had more than half of their workforce with at least a bachelor’s degree and two other occupations had over 45% of their workforce with a bachelor’s or a higher degree. The nature of job growth and decline over the working lives of

the baby boom generation has largely worked to the benefit of those with higher levels of educational attainment. The higher labor market attachment of better-educated mature workers is reflected in the more rapid aging of the workforce in jobs with high educational requirements.

Table 3: Percentage Distribution of Workers in Top 10 Mature Worker Intensive Occupations by Educational Attainment, U.S., 2010

	Total Number Employed	High School Dropout	High School Graduate or GED	Some College or Associate Degree	Bachelor's Degree	Master's or Higher Degree
All Occupations	157,158,086	9.2%	32.7%	26.0%	19.3%	10.8%
Mature Worker Intensive Occupations						
Tax Preparers	144,252	3.7%	20.9%	29.8%	30.7%	14.8%
Clergy	456,635	1.7%	9.4%	14.1%	23.9%	50.8%
Bus Drivers	658,330	9.9%	54.5%	28.0%	5.9%	1.5%
Psychologists	197,794	0.0%	0.3%	0.7%	6.4%	92.6%
Librarians	178,612	0.1%	3.7%	14.6%	20.5%	61.1%
Real Estate Brokers and Sales Agents	841,861	1.4%	21.1%	31.5%	35.8%	10.1%
Chief Executives	1,092,461	1.6%	13.7%	18.8%	38.4%	27.5%
Dentists	166,897	0.0%	0.1%	0.4%	1.5%	98.0%
Taxi Drivers and Chauffeurs	377,752	14.8%	47.1%	23.3%	11.5%	3.2%
Interviewers, except Eligibility and Loan	317,226	2.4%	30.8%	36.7%	21.4%	8.1%

Source: "2010 American Community Survey Public Use Microdata Sample." Copyright 2012 by the U.S. Census Bureau. Tabulations by Drexel University Center for Labor Markets and Policy.

However, not all mature worker intensive occupations are staffed with a highly educated workforce. Three of the 10 mature worker intensive occupations were staffed by workers with much lower levels of education. Workers employed as bus drivers, taxi drivers, and chauffeurs had much lower levels of educational attainment than the average for all occupations in the nation, and the share of high school graduates and dropouts employed as interviewers was only slightly lower than the average for all occupations. Ten percent of bus drivers and 15% of taxi drivers and chauffeurs were high school dropouts. About half of all bus drivers, taxi drivers, and chauffeurs and 31% of interviewers were able to secure employment in these jobs with just a high school education. The physical demands of these jobs are not as high as that of many blue-collar occupations, suggesting that these occupations are more capable of accommodating the physical limits of a mature workforce, while at the same time the duties in these occupations do not demand high levels of educational attainment or particularly strong cognitive abilities.

Among the most surprising findings of our analysis of the mature worker intensive occupations are those associated with what is known as "sector of employment." Sector of employment categories include wage and salary workers (traditional payroll employees where an employer-employee relationship exists) in private for-profit and private nonprofit organizations (important since nonprofit earnings tend to be consistently lower than for-profit earnings, holding other factors constant); self-employed workers (including proprietors, partners, and corporate owners); and government employees.

Each type of work has different job search and career choice implications for mature workers. For example, our analysis of the mature worker intensive occupations reveals that self-employment is much more common in these occupations relative to other occupations in the nation's job market—indeed, 1 in 4 persons employed in our 10 occupations are self-employed, compared to just 10% self-employment

among all workers. However, the pattern of self-employment varies enormously across even these 10 occupations. Self-employment was quite high among workers in 6 out of the 10 intensive mature worker occupations. Nearly two-thirds of all dentists, 55% of real estate brokers and sales agents, 37% of psychologists, 30% of chief executives, and one-quarter of taxi drivers and tax preparers were self-employed (Table 4). Self-employment often requires a set of personal characteristics that are markedly different from those employed as wage and salary workers in either for-profit or nonprofit business establishments or in government employment, including a greater willingness to take risks, greater independence, and the ability to engage in both the occupation at hand as well as related business management activities. Self-employed persons often report that they are happier in their occupations; although, their annual earnings are lower than their wage and salary counterparts (Brooks, 2010).

Table 4: Percentage Distribution of Workers in Mature Worker Intensive Occupations by Sector of Employment, U.S., 2010

	Total Number Employed	Private For-Profit	Private Nonprofit	Self-Employed	Government
All Occupations	157,158,086	67%	8%	10%	15%
Mature Worker Intensive Occupations					
Tax Preparers	144,252	72%	1%	23%	4%
Clergy	456,635	2%	96%	0%	2%
Bus Drivers	658,330	43%	5%	2%	50%
Psychologists	197,794	17%	15%	37%	32%
Librarians	178,612	11%	20%	0%	69%
Real Estate Brokers and Sales Agents	841,861	43%	1%	55%	1%
Chief Executives	1,092,461	56%	8%	29%	7%
Dentists	166,897	28%	3%	65%	4%
Taxi Drivers and Chauffeurs	377,752	60%	8%	25%	7%
Interviewers, except Eligibility and Loan	317,226	27%	10%	1%	61%

Source: "2010 American Community Survey Public Use Microdata Sample." Copyright 2012 by the U.S. Census Bureau. Tabulations by Drexel University Center for Labor Markets and Policy.

Jobs that are concentrated in the government sector may require different career strategies (different training, application, certification, etc.) than jobs in the for-profit or nonprofit private sector. On average, the level of educational attainment in government employment is quite high, and frequently special provisions for various protected population groups influence the selection process for government employment. Surprisingly, among our 10 mature worker intensive occupations, an above average share of employment is concentrated in government organizations. About one in five workers in these occupations is employed by the government while only 15% of all employed persons are employed by a government organization. Once again we see sharp disparities in government employment across our occupations. More than 60% of interviewers work for a government organization while nearly 70% of librarians are government workers. One in three psychologists work for the government, along with librarians who most often work in public school settings. Half of all bus drivers work for government agencies as well.

The private, for-profit sector employed far fewer than two-thirds of workers in 9 out the 10 mature worker intensive occupations. The only occupation with a slightly higher share of private for-profit employment was among tax preparers (72%). The private nonprofit sector employed almost all clergy, 20% of librarians, 15% of psychologists, and 10% of interviewers. In comparison, 8% of all U.S. workers were employed in the private nonprofit sector.

Intensity of Work among Workers in the Mature Worker Intensive Occupations

Another trait of a job that would be of interest to mature workers would be the intensity of work—weekly hours and annual weeks of work of typical workers in an occupation. Using the 2010 ACS data, we have provided an analysis of the mean weekly hours a worker usually spent on a job in which he or she was employed during the year prior to the ACS interview. We have also provided data that examines the shares of workers who worked in a year-round schedule (40 weeks or more) at their jobs during the year prior to the ACS interview. Tables 5 and 6 present the work intensity of workers of all ages (16+) and of mature workers (55+) who were employed in mature worker intensive occupations during the year prior to the ACS survey.

Findings in Table 5 indicate that, across all occupations, the intensity of work measured by mean weekly hours of employment for workers of all ages (16+) was not very different from the work intensity of mature workers. In 2010, the mean weekly hours of employment among workers of all ages was 38 hours; only one hour more than the mean weekly hours of employment among mature workers.

The weekly work schedule on average of workers in 6 out of the 10 mature worker intensive occupations exceeded a full-time schedule (35 hours or more). Workers in the remaining four occupations also worked quite intensively, albeit less than the full-time threshold of 35 hours per week or more. Tax preparers, bus drivers, and librarians were employed for an average of 34 hours per week while workers employed in the interviewer occupation were employed for an average workweek of 31 hours.

The work intensity of mature workers was also quite high, although, not as high as that of workers of all ages employed in the same occupations. Mature workers who were employed as interviewers on average worked a 29 hour workweek. The average workweek among other mature workers was 31 hours for bus drivers, 33 hours among tax preparers, and 34 hours among librarians. Mature workers employed in the remaining six occupations were employed in full-time schedules ranging from 35 hours among psychologists, dentists, and taxi drivers; 37 weekly hours among real estate brokers and agents; 40 hours among clergy; and 44 weekly hours among chief executives. Mature workers who were employed in these 10 occupations work quite intensively, showing little evidence of a large scale phased-in retirement in the form of part-time work.

Table 5: Mean Weekly Hours of All Workers and Mature Workers in Mature Worker Intensive Occupations, U.S., 2010

	All Workers (16+)	Mature Workers (55+)
All Occupations	38	37
Mature Worker Intensive Occupations		
Tax Preparers	34	33
Clergy	43	40
Bus Drivers	34	31
Psychologists	36	35
Librarians	34	34
Real Estate Brokers and Sales Agents	39	37
Chief Executives	47	44
Dentists	38	35
Taxi Drivers and Chauffeurs	40	35
Interviewers, except Eligibility and Loan	31	29

Source: “2010 American Community Survey Public Use Microdata Sample.” Copyright 2012 by the U.S. Census Bureau. Tabulations by Drexel University Center for Labor Markets and Policy.

Another measure of work intensity is the number of weeks of employment per year. We have provided in Table 6 the share of workers of all ages (16+) and of mature workers (55+) in the mature worker intensive occupations who were employed in year-round jobs, defined as 40 or more weeks during the year prior to the ACS interview. There was considerable variation in this measure of year-round employment among workers in the top 10 occupations. Less than half (44%) of tax preparers and interviewers were employed for 40 or more weeks each year. Employment in these two occupations is more likely to be part-year employment. Year-round employment (40+ weeks) was much more prevalent in the remaining eight occupations ranging from 8 out of 10 bus drivers and taxi drivers to over 90% of workers in the remaining six occupations who were employed on a year-round basis.

Table 6: Percentage of All Workers and Mature Workers that are Employed Year-Round (40 Weeks or More During the Year), and Percentage of Mature Workers Employed Mixing Work and Retirement, U.S., 2010

	Percentage Employed 40+ Weeks During the Year		Percentage of Mature Employed Workers (55+) Mixing Work and Retirement
	All Workers (16+)	Mature Workers (55+)	
Mature Worker Intensive Occupations			
Tax Preparers	44%	35%	59.0
Clergy	92%	89%	40.6
Bus Drivers	78%	73%	49.3
Psychologists	90%	88%	33.3
Librarians	87%	85%	25.6
Real Estate Brokers and Sales Agents	85%	82%	42.1
Chief Executives	93%	90%	29.8
Dentists	94%	93%	27.3
Taxi Drivers and Chauffeurs	79%	77%	49.3
Interviewers, except Eligibility and Loan	44%	32%	58.8

Source: "2010 American Community Survey Public Use Microdata Sample." Copyright 2012 by the U.S. Census Bureau. Tabulations by Drexel University Center for Labor Markets and Policy.

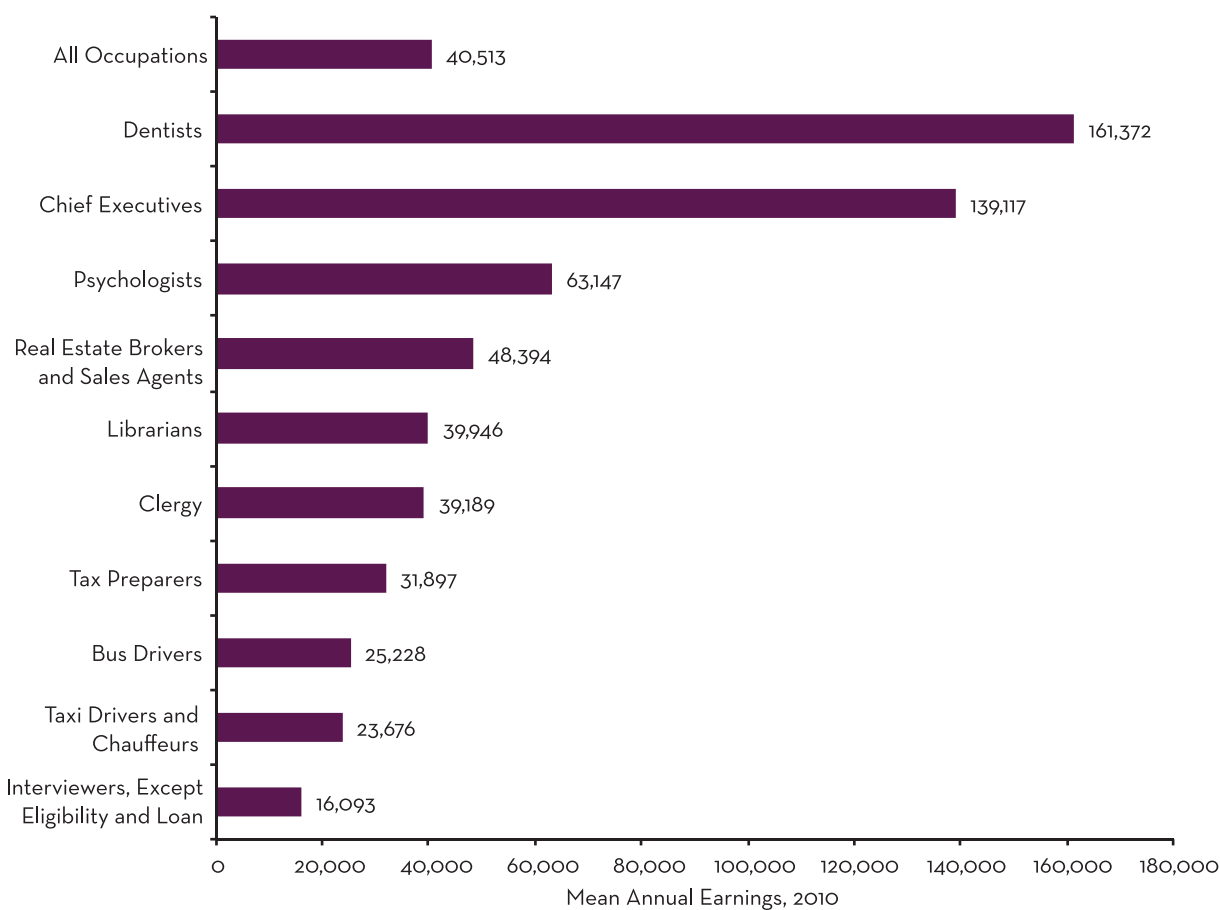
Mature workers employed in these occupations were slightly less likely to work year-round (40+ weeks). About one-third of 55+ tax preparers and interviewers were employed for 40 or more weeks during the year. Year-round employment occurred three-quarters of the time among bus drivers and taxi drivers. The remaining six occupations employed mature workers in year-round positions between 85% and 93% of the time. The intensity of work varies across the 10 mature worker intensive occupations and within each occupation, and mature workers were employed only somewhat less intensively than their younger counterparts.

Table 6 also contains a measure of the degree to which mature workers who were employed in mature worker intensive occupations mixed work and retirement income over the course of a year. Any worker aged 55 years or older who was employed in the occupation during the year prior to the 2010 ACS survey and who had received any kind of retirement income during the same year was considered to be mixing work and retirement.⁵ Findings in the last column of Table 6 reveal that mature workers worked less intensively when they combined work with retirement. For example, nearly 60% of mature workers in interviewer and tax preparer jobs (with smallest share of full-time and year-round workers) mixed work and retirement, while only one-quarter to one-third of mature workers in the psychologists, chief executives, librarians, and dentists occupations (with the largest share of full-time, year-round workers) mixed work and retirement.

Annual Earnings in the Mature Worker Intensive Occupations

A key occupational trait of central interest to workers is of course annual earnings. The annual earnings measure includes the pre-tax wages and salaries (including the salary of owners of incorporated businesses and any tips, commissions, and bonuses) before deductions on all jobs held during the year prior to the 2010 ACS survey, including the profit or loss from sole proprietor or partnership self-employment. We have provided the mean annual earnings of all workers who were employed in the top 10 mature worker intensive occupations. The mean annual earnings of workers in these occupations vary widely and are closely associated with the educational attainment and work intensity of workers employed in these occupations. The highest earnings are observed among dentists and chief executives with mean annual earnings of \$161,000 and \$139,000, respectively. At the lower end are interviewers, with earnings of just \$16,100, and the two blue-collar jobs of bus and taxi drivers, which pay workers a mean annual salary of \$24,000 to \$25,000. Between these two extremes, the mean earnings of workers ranged from \$63,100 among psychologists and \$48,400 among real estate brokers to \$39,000 among librarians and clergy and \$32,000 among tax preparers (Figure 3).

Figure 3: Mean Annual Earnings of All (16+) Workers Employed in the Mature Worker Intensive Occupations, U.S., 2010



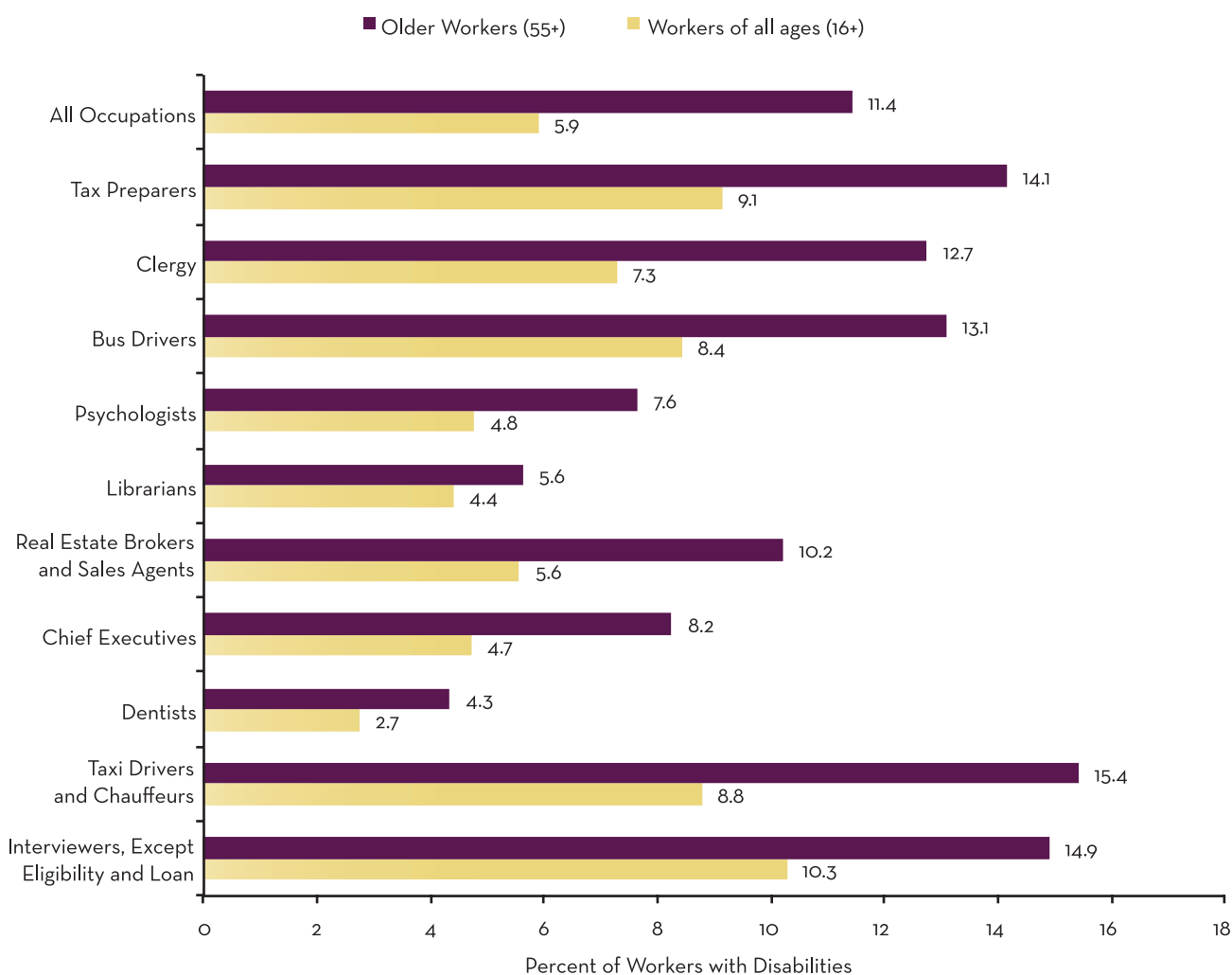
Source: "2010 American Community Survey Public Use Microdata Sample." Copyright 2012 by the U.S. Census Bureau. Tabulations by Drexel University Center for Labor Markets and Policy.

Prevalence of Disability in Mature Worker Intensive Occupations

In 2010, nearly 6% of all workers reported a disability. Disability was reported among a higher share of workers in 5 out of the top 10 mature worker intensive occupations—tax preparers (9.1%), clergy (7.3%), bus drivers (8.4%), taxi drivers (8.8%), and interviewers (10.3%). We have also presented the rate of disability among mature workers (55+) employed in the top 10 mature worker intensive occupations. As expected, mature workers were more likely to have a disability. Among all mature workers the incidence of disability was 11.4%, nearly twice as high as the rate of disability among workers of all ages (Figure 4).

Within the 10 occupations, the rate of disability among mature workers ranged from 15% among taxi drivers and chauffeurs and interviewers to only 4% among dentists. In each of the 10 occupations, disability was almost twice as prevalent among mature workers as among all workers (young and old). These findings indicate that mature workers with disabilities are able to find employment. While these individuals report various physical, cognitive, sensory, and emotional limitations on their daily activities, they have been able to find employment in occupations that allow them to capitalize on their capabilities and minimize the restrictive effects of their disability.

Figure 4: Percentage of Workers with Disabilities, U.S., 2010



Source: "2010 American Community Survey Public Use Microdata Sample." Copyright 2012 by the U.S. Census Bureau. Tabulations by Drexel University Center for Labor Markets and Policy.

Using O*NET Data to Identify Abilities, Skills, Knowledge Areas, and Work Activities of Workers in the Mature Worker Intensive Occupations

Now we turn to data from O*NET and present our analysis of the ratings by incumbent workers, occupational experts, and analysts of 52 abilities, 35 skills, 33 knowledge items, and 41 work activities in each of the 10 mature worker intensive occupations. The 10 mature worker intensive occupations found in the ACS are composed of 16 somewhat more detailed occupations included in the O*NET database. The 16 more detailed O*NET occupations map into the 10 from the Census ACS. In this section, we present the top-rated ability and top-rated skill for each of the 10 occupations and introduce the same information for the top-rated knowledge area and top-rated work activity (see online appendix for additional detail).

Recall from the methodology section above that we have used the mean importance and level rating of each descriptor item and produced a measure—the relevance score—that combines the two ratings for each descriptor item. The relevance score is the product of the importance and level rating with a maximum value of 35 (7*5) and a minimum value of zero.⁶ For example, if the mean value of the importance rating of “near vision” ability for the tax preparer occupation is 4.4 and the mean value of its level rating is 5.1, then the relevance score for the near vision (item) ability (descriptor) for the tax preparers is $(4.4 * 5.1) = 22.44$ (see online appendix for additional detail).

Abilities

Table 7 provides information on that specific ability that was rated as being the most relevant by our analysis of the O*NET database for each of the mature worker intensive occupations. The O*NET defines abilities as the enduring attributes of the individual that influence performance. The O*NET database contains data on ratings of 52 abilities including cognitive, psychomotor, physical, and sensory abilities (see online appendix for additional detail).

Our analysis reveals that tax preparers rated the ability of near vision at the top of a list of 52 abilities. Based on their assessment of the importance and level of near vision in the performance of their job, tax preparers give it a relevance score of 15.94; a score that was 1.24 times (or 24%) higher than the 12.85 mean relevance score of the near vision ability in the performance of work across all 862 occupations. The relevance rating of near vision by tax preparers places the occupation in the highest quartile of the distribution of relevance scores of the near vision ability across all 862 occupations. Absent near vision proficiencies, the chance of success in this field is greatly diminished for job seekers or those considering an investment in a second career.

Both bus driver occupations—transit and intercity and school or special client—have the control precision ability as the top ability necessary to perform the job, albeit with different relevance scores—14.00 among transit and intercity bus drivers and 10.99 among school bus drivers. Control precision ability is the ability to quickly and repeatedly adjust the controls of a machine or a vehicle to exact positions. The importance and level of the control precision ability among bus drivers exceeds that of all occupations—by 65% among school bus drivers and 110% among transit and intercity bus drivers. Both relevance scores are in the highest quartile of the relevance score distribution across all occupations. A mature worker or any worker with a limitation in the psychomotor ability of controlling and manipulating objects is not well-suited for a bus driver job.

A look further down the list of occupations finds that control precision is also the top-rated ability in the dentist occupation. However, the importance and level rating of the control precision ability in the

dentist occupation is much higher than among bus drivers. The mean relevance score for the control precision ability in the dentist occupation is 24.62; 3.7 times the mean relevance score for the same ability across all occupations (6.67).

Table 7: The Highest Rated Ability by Workers in Each of the Top 10 Mature Worker Intensive Occupations, U.S., 2011

Occupations	Highest Rated Ability	Relevance Score out of 35		Col. 1/ Col. 2	Curr. Occ. Score in Quartile of All Occs.
		(Col. 1) Current Occ.	(Col. 2) All Occs.		
Tax Preparers	Near Vision	15.94	12.85	1.24	4
Clergy	Speech Clarity	25.47	11.36	2.24	4
Bus Drivers					
<i>Transit and Intercity</i>	Control Precision	14.00	6.67	2.10	4
<i>School or Special Client</i>	Control Precision	10.99	6.67	1.65	4
Psychologists					
<i>School</i>	Oral Comprehension	21.38	14.83	1.44	4
<i>Clinical</i>	Problem Sensitivity	23.09	12.88	1.79	4
<i>Counseling</i>	Oral Comprehension	21.44	14.83	1.45	4
<i>Industrial-Organizational</i>	Oral Expression	19.52	14.63	1.33	4
<i>Neuropsychologist</i>	Inductive Reasoning	26.57	11.79	2.25	4
Librarians	Oral Comprehension	18.06	14.83	1.22	4
Real Estate					
<i>Brokers</i>	Oral Comprehension	17.06	14.83	1.15	3
<i>Sales Agents</i>	Oral Expression	16.48	14.63	1.13	3
Chief Executives	Oral Expression	21.96	14.63	1.50	4
Dentists	Control Precision	24.62	6.67	3.69	4
Taxi Drivers and Chauffeurs	Response Orientation	13.58	3.51	3.86	4
Interviewers, except Eligibility and Loan	Oral Comprehension	15.52	14.83	1.05	3

Source: O*Net 16.0 Database. Copyright 2012 by the U.S. Department of Labor, Employment and Training Administration. Tabulations by Drexel University Center for Labor Markets and Policy.

The control precision ability is ranked as number one for bus drivers as well as dentists. However, the importance and level rating for this ability is considerably higher for dentists than for bus drivers. These comparisons suggest that the ability, skill, knowledge, and work activity information presented in this paper must be used in its entirety—not just the number ranking but the actual relevance score measuring the importance and level of each descriptor item.

There are five psychologist occupations presented in Table 7, and each has high cognitive ability requirements. Cognitive abilities—oral comprehension, problem sensitivity, oral expression, and inductive reasoning—received the highest importance and level rating for each psychologist occupation. Moreover, the relevance scores of the top-rated abilities in the five psychologist occupations was between 33% and 125% higher than the mean relevance score of the same cognitive ability across all 862 occupations. Response orientation is ranked the number one ability to perform the job of a taxi driver. Response orientation is the ability to choose quickly between two or more movements in response to two or more different signals (lights, sounds, pictures). This importance and level of this ability is rated as much higher (3.9 times) for taxi drivers compared to workers in all occupations.

Skills

Using analyst ratings for each of the 862 occupations, the O*NET database provides the importance and level ratings of 35 different skills, including basic skills and cross-functional skills. The O*NET defines “basic skills” as “developed capacities that facilitate learning or the more rapid acquisition of knowledge.” Examples include reading comprehension, active listening, speaking, mathematics, and critical thinking. “Cross-functional skills” are defined as “developed capacities that facilitate performance of activities that occur across jobs.” Examples include social perceptiveness, negotiation, persuasion, operation and control, judgment, and decision making.

Key findings from our analysis of the rating of skills for the mature worker intensive occupations are presented in Table 8. Similar to the findings presented earlier on the top-rated ability, we have presented the relevance scores for the top-rated skill in each of the mature worker intensive occupations with a comparison of the importance and level rating of the same skill relative to all other occupations.

Reading comprehension is rated as the number one skill for workers in 4 out of the top 10 mature worker intensive occupations. However, the relevance scores of this skill vary widely from a high of 25.41 for the neuropsychologist occupation—a score that is twice as high as 12.55 for all occupations—to 19.4 among industrial-organizational psychologists; 16 among librarians; and 14.5 among tax preparers. Reading comprehension skill is regarded as a much more important and relevant skill to perform in the neuropsychologist occupation than it is for the remaining three occupations that also have reading comprehension rated as the number one skill.

Analyst ratings of the importance and level of the social perceptiveness skill were higher for the clergy occupation and for three out of the five psychologist occupations (school, clinical, and counseling psychologist) than their ratings of the remaining 34 skills. The relevance score for social perceptiveness for these occupations was 2 to 2.5 times higher than the relevance score of social perceptiveness for all occupations. Social perceptiveness was also ranked the number one skill for school bus drivers, albeit with a much lower relevance score than the relevance score for psychologists and clergy.

Operation and control skill is the number one skill for transit and intercity bus drivers with a relevance score of 12.11, 2.3 times higher than the average relevance score of this skill for all occupations. Speaking skill is the number one rated skill for real estate brokers, and persuasion skill is ranked the number one skill for real estate sales agents.

The top skill for each occupation provides insight into the main skill requirement of the job or occupation. But the ranking only tells part of the story. As in the abilities analysis, a more complete assessment is made by looking at the actual size of the relevance score of the skill for the occupation, which provides information on the magnitude of the importance and level at which the skill is necessary to perform the job. The comparison of the importance and level of a skill (or ability, or knowledge, or work activity) in a specific occupation with the relevance of the same skill in other occupations sheds light on the degree to which that skill is required in either occupation. With this kind of information about specific occupations, workers, and those assisting workers in a job or career search, can better determine which crossover occupations may be a good match for existing skill sets as well as where workers may need to improve skills for a particular occupation of interest.

Table 8: The Highest Rated Skill by Workers in the Top 10 Mature Worker Intensive Occupations, U.S., 2011

Occupations	Highest Rated Skill	Relevance Score out of 35		Col. 1/ Col. 2	Curr. Occ. Score in Quartile of All Occs.
		(Col. 1) Current Occ.	(Col. 2) All Occs.		
Tax Preparers	Reading Comprehension	14.55	12.55	1.16	3
Clergy	Social Perceptiveness	23.04	9.96	2.31	4
Bus Drivers					
<i>Transit and Intercity</i>	Operation and Control	12.11	5.17	2.34	4
<i>School or Special Client</i>	Social Perceptiveness	9.73	9.96	0.98	median
Psychologists					
<i>School</i>	Social Perceptiveness	20.74	9.96	2.08	4
<i>Clinical</i>	Social Perceptiveness	24.26	9.96	2.43	4
<i>Counseling</i>	Social Perceptiveness	24.86	9.96	2.49	4
<i>Industrial-Organizational</i>	Reading Comprehension	19.40	12.55	1.55	4
<i>Neuropsychologist</i>	Reading Comprehension	25.41	12.55	2.02	4
Librarians	Reading Comprehension	16.00	12.55	1.27	4
Real Estate					
<i>Brokers</i>	Speaking	17.00	12.25	1.39	4
<i>Sales Agents</i>	Persuasion	15.99	7.89	2.03	4
Chief Executives	Judgment & Decision Making	25.29	10.50	2.41	4
Dentists	Critical Thinking	19.18	12.53	1.53	4
Taxi Drivers and Chauffeurs	Active Listening	10.50	12.69	0.83	2
Interviewers, except Eligibility and Loan	Active Listening	15.45	12.69	1.22	3

Source: O*Net 16.0 Database. Copyright 2012 by the U.S. Department of Labor, Employment and Training Administration. Tabulations by Drexel University Center for Labor Markets and Policy.

Knowledge Areas

Possessing different types of knowledge is a critical ingredient to successfully perform work in an occupation. Workers seeking employment in a variety of jobs would find it beneficial to learn about the kinds of content knowledge areas that are important in different occupations so that they can find a better match between their own knowledge and the knowledge required to work in different occupations.

The O*NET database contains data on 33 fundamental knowledge areas that may be required to work effectively in a given occupation. The 33 knowledge areas include knowledge of business and management, manufacturing and production, engineering and technology, mathematics and science, health services, education and training, law and public safety, communications, and transportation. Using a process similar to the one that we used to rank abilities and skills, we have produced the top-rated knowledge area for each of the mature worker intensive occupations presented in Table 9.

Unsurprisingly, “transportation” is the highest rated knowledge area for bus drivers and “medicine and dentistry” is the highest rated area for dentists, and the relevance scores for both of these areas far exceed the average for all occupations. “Customer and personal service” is the highest area for both clergy and real estate brokers, but its relevance score is higher for real estate brokers (22.60) than for clergy (15.73).

Table 9: The Highest Rated Knowledge by Workers in Each of the Mature Worker Intensive Occupations, U.S., 2011

Occupations	Highest Rated Skill	Relevance Score out of 35		Col. 1/ Col. 2	Curr. Occ. Score in Quartile of All Occs.
		(Col. 1) Current Occ.	(Col. 2) All Occs.		
Tax Preparers	Economics and Accounting	22.22	4.04	5.50	4
Clergy	Customer and Personal Service	15.73	13.62	1.15	3
Bus Drivers					
<i>Transit and Intercity</i>	Transportation	19.98	4.38	4.56	4
<i>School or Special Client</i>	Transportation	18.62	4.38	4.25	4
Psychologists					
<i>School</i>	Psychology	30.78	6.91	4.45	4
<i>Clinical</i>	Therapy and Counseling	34.03	3.51	9.69	4
<i>Counseling</i>	Therapy and Counseling	34.44	3.51	9.80	4
<i>Industrial-Organizational</i>	Personnel and Human Resources	30.56	5.75	5.32	4
<i>Neuropsychologist</i>	Psychology	34.85	6.91	5.04	4
Librarians	English Language	22.24	13.26	1.68	4
Real Estate					
<i>Brokers</i>	Customer and Personal Service	22.60	13.62	1.66	4
<i>Sales Agents</i>	Customer and Personal Service	24.75	13.62	1.82	4
Chief Executives	Administration and Management	27.81	9.38	2.97	4
Dentists	Medicine and Dentistry	29.45	3.44	8.56	4
Taxi Drivers and Chauffeurs	Customer and Personal Service	13.49	13.62	0.99	Near Median
Interviewers, except Eligibility and Loan	Customer and Personal Service	16.93	13.62	1.24	3

Source: O*Net 16.0 Database. Copyright 2012 by the U.S. Department of Labor, Employment and Training Administration. Tabulations by Drexel University Center for Labor Markets and Policy.

Work Activities

The fourth attribute of occupations is the work activities performed by workers on the job. A work activity is a set of similar actions that are performed together in many different jobs. For example, the top work activity for transit and intercity bus drivers, as well as taxi drivers/chauffeurs, is “operating vehicles,” both with high relevance scores. Dentists spend most of their time “making decisions and solving problems,” and clinical psychologists spend their time “assisting and caring for others” (Table 10).

Having this kind of information about a job being considered could help mature workers understand not just the skills and knowledge that are needed, but also how someone in that particular occupation spends time at work. Information about the extent to which someone in an occupation works with machines as opposed to interacting with people gets at the heart of whether someone is likely to be suited to a particular job—or whether they will like doing the work that would be required.

Table 10: The Highest Work Activity by Workers in Each of the Top 10 Mature Worker Intensive Occupations, U.S., 2011

Occupations	Top Work Activity	Relevance Score out of 35		Col. 1/ Col. 2	Curr. Occ. Score in Quartile of All Occs.
		(Col. 1) Current Occ.	(Col. 2) All Occs.		
Tax Preparers	Processing Information	20.01	14.05	1.42	4
Clergy	Establishing and Maintaining Interpersonal Relationships	28.55	16.53	1.73	4
Bus Drivers					
<i>Transit and Intercity</i>	Operating Vehicles, Mechanized Devices, or Equipment	24.87	5.60	4.44	4
<i>School or Special Client</i>	Inspecting Equipment, Structures, or Material	18.57	10.11	1.84	4
Psychologists					
<i>School</i>	Establishing and Maintaining Interpersonal Relationships	26.22	16.53	1.59	4
<i>Clinical</i>	Assisting & Caring for Others	30.72	9.01	3.41	4
<i>Counseling</i>	Assisting & Caring for Others	30.65	9.01	3.40	4
<i>Industrial-Organizational</i>	Provide Consultation & Advice to Others	30.96	9.24	3.35	4
<i>Neuropsychologist</i>	Getting Information	27.91	17.25	1.62	4
Librarians	Getting Information	22.67	17.25	1.31	4
Real Estate					
<i>Brokers</i>	Communicating with Persons Outside Organization	21.02	12.25	1.72	4
<i>Sales Agents</i>	Resolving Conflicts and Negotiating with Others	23.46	10.26	2.29	4
Chief Executives	Communicating with Persons Outside Organization	29.80	12.25	2.43	4
Dentists	Making Decisions and Solving Problems	25.20	16.60	1.52	4
Taxi Drivers and Chauffeurs	Operating Vehicles, Mechanized Devices, or Equipment	17.74	5.60	3.17	4
Interviewers, except Eligibility and Loan	Establishing and Maintaining Interpersonal Relationships	19.34	16.53	1.17	3

Source: O*Net 16.0 Database. Copyright 2012 by the U.S. Department of Labor, Employment and Training Administration. Tabulations by Drexel University Center for Labor Markets and Policy.

Conclusion

The increasing numbers of mature workers that have chosen to remain in the labor market well past the traditional retirement age, and the increasing numbers who are likely to do so, will require high quality information to support their career choices and job search. The data and analysis presented here utilize ACS and O*NET data to produce custom-designed occupational profiles for the mature worker. All of this information can give job seekers contemplating a certain field invaluable insights about occupations in which they are interested. Knowing the traits of the people that work in a particular field, the average earnings of that occupation, as well as the way in which the work is organized can serve as a basis for

workers to think through how their own work needs may or may not fit into the respective parameters or trends of an occupation.

The information that we have produced and presented in this paper and in the online appendix should be seen as illustrative and presents only one of the numerous ways in which custom-designed sets of information can be produced and made available to job seekers and those involved in the job development process. Furthermore, all of this information can be updated regularly so that job seekers and job developers can be provided the most current profile of each occupation. What we have produced here merely scratches the surface of the wide variety of ways in which the ACS and O*NET data can be used to produce custom-designed information for different groups of job seekers or career changers, as well as new labor market entrants and re-entrants.

Additional data tables are found in an online appendix at http://www.cael.org/pdfs/TMT_Occupational_Profiles_Appendix.

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Notes

1. Our list of the top 10 mature worker intensive occupations excludes residual occupations such as “all other management occupations” and occupations that have a sample of fewer than 500 older workers. Using these criteria, our list has excluded the following occupations from the top 10 list:

Motor Vehicle Operators, All Other	Residual
Embalmers and Funeral Attendants	Below sample threshold
Crossing Guards	Below sample threshold
Shoe and Leather Workers and Repairers	Below sample threshold
Tailors, Dressmakers, and Sewers	Below sample threshold
Farmers, Ranchers, and Other Agricultural Managers	Residual
Tool Grinders, Filers, and Sharpeners	Below sample threshold
Religious Workers, All Other	Residual
Model Makers and Patternmakers, Metal and Plastic	Below sample threshold
Appraisers and Assessors of Real Estate	Below sample threshold
Paperhangers	Below sample threshold
Fire Inspectors	Below sample threshold
Proofreaders and Copy Markers	Below sample threshold
Models, Demonstrators, and Product Promoters	Below sample threshold
Directors, Religious Activities and Education	Below sample threshold
Travel Agents	Below sample threshold
Construction and Building Inspectors	Below sample threshold
Other Education, Training, and Library Workers	Residual
Health Diagnosing and Treating Practitioners, All Other	Residual
Switchboard Operators, Including Answering Service	Below sample threshold

2. A copy of the 2010 American Community Survey is available at: <http://www.census.gov/acs/www/Downloads/questionnaires/2010/Quest10.pdf>
3. The job openings and job growth data are derived from the O*NET; and at the time of the writing of this paper, the O*NET had not yet updated the occupational profiles with the 2010–2020 employment projections.
4. The interviewer occupation has three categories. One is “eligibility interviewers, government programs” who determine eligibility of persons applying to receive assistance from government programs such as unemployment benefits, welfare, public housing, etc. This occupation is not among the top 10 mature worker intensive occupations. The second occupation of interviewers, except eligibility and loan, includes workers who interview persons by phone, mail, or in person to assist in completing forms, applications, or questionnaires. These workers have job titles such as admissions clerk, admissions representative, registrar, market research interviewer, patient services representative, etc. The latter occupation has a much larger concentration of older

workers (34%) and is one of the 10 mature worker intensive occupations. The former, eligibility interviewers, has a relatively smaller concentration of older workers (25%). The third interviewer occupation consists of loan interviewers who interview loan applicants to elicit information. Only 13% of these workers are 55 years or older.

5. Retirement income includes social security, railroad retirement, any retirement, or survivor payments received from companies; unions; federal, state, or local governments; the U.S. military; and income from annuities and IRA or KEOGH retirement plans.
6. An ability, skill, knowledge area, or work activity that was not relevant to the performance of the job in an occupation was assigned a level of zero in the O*NET database.

Authors Jungui Lee, Tay McNamara, and Marcie Pitt-Catsouphes of The Sloan Center on Aging & Work at Boston College explore whether employers are adopting policies and programs that can help them adapt to the aging of the workforce, and why some employers have responded to the aging of the workforce while others have not. The authors use data from a 2009 Talent Management Study, which collected survey responses from 696 employers in 10 leading sectors of the economy. The authors find that employers who anticipate that the aging of the workforce will have a “positive” impact on their organizations are more likely to take steps to recruit, engage, and retain older workers. Employers who are aware of skills shortages are more likely to offer flexible work initiatives. Furthermore, employers who have collected data to assess the potential impact of important trends on their own business strategies are more likely to take actions for all employees, including older workers. Having this information ensures that employers will have the people they need and will also guide employers in planning the necessary action steps to support the aging workforce.

Workplace Action Steps for Leveraging Mature Talent:

Findings From the Talent Management Study

By Jungui Lee, Tay McNamara, and Marcie Pitt-Catsoupes, The Sloan Center on Aging & Work at Boston College

Is Now the Right Time for Employers to Invest in Mature Talent? Absolutely.

The aging of the workforce is one factor that has had a significant impact on the talent management approaches adopted by many U.S. employers. This might seem a bit paradoxical. Given the grip that the economic recession has had on businesses across the country, why should employers pay attention to the recruitment, engagement, and retention of older workers? And yet, despite the economic constraints facing many companies, a significant number of employers report that “recruiting employees with the skills needed” is a business problem, “to a moderate extent,” for them. In fact, over 40% of employers in the following sectors reported that they were experiencing problems with recruitment: manufacturing, retail trade, professional/scientific/technical, administrative/support/waste, health care/social assistance, and accommodation/food service. In addition, employers indicated that skill shortages and other human resource management issues (such as employees’ performance, knowledge transfer, and effective supervision) were challenges for them (Lee, McNamara, & Pitt-Catsoupes, 2009).

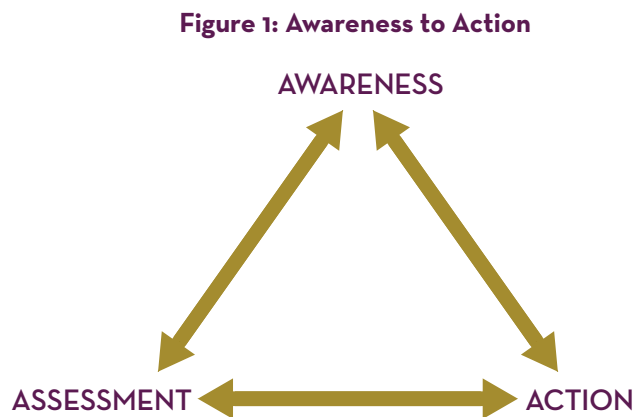
As a result, it might well be the right time to view today’s older workers as an under-tapped resource that brings some of the experience, skills, and competencies employers need today. And, it might be the right time to engage mature talent so our businesses will be ready for the competitive spaces that will open up as the economy strengthens.

In this report, we explore two fundamental questions:

- **Are employers adopting policies and programs that can help them adapt to the aging of the workforce?**
- **Why have some employers responded to the aging of the workforce and others have not?**

Companies that have a reason to change are more likely to take action steps designed to help them adapt. Much like people, organizations may respond to either ‘the carrot or the stick.’ In this report, we focus on ‘the stick’: pressures that can motivate companies to respond to the needs of today’s multi-generational workforce. Throughout the paper, we suggest opportunities for change that can guide both business and public sector decisions.

We use the Sloan Center on Aging & Work’s awareness to action model (see Figure 1) to guide the discussion in this report. Its component parts are explained in the table that follows.

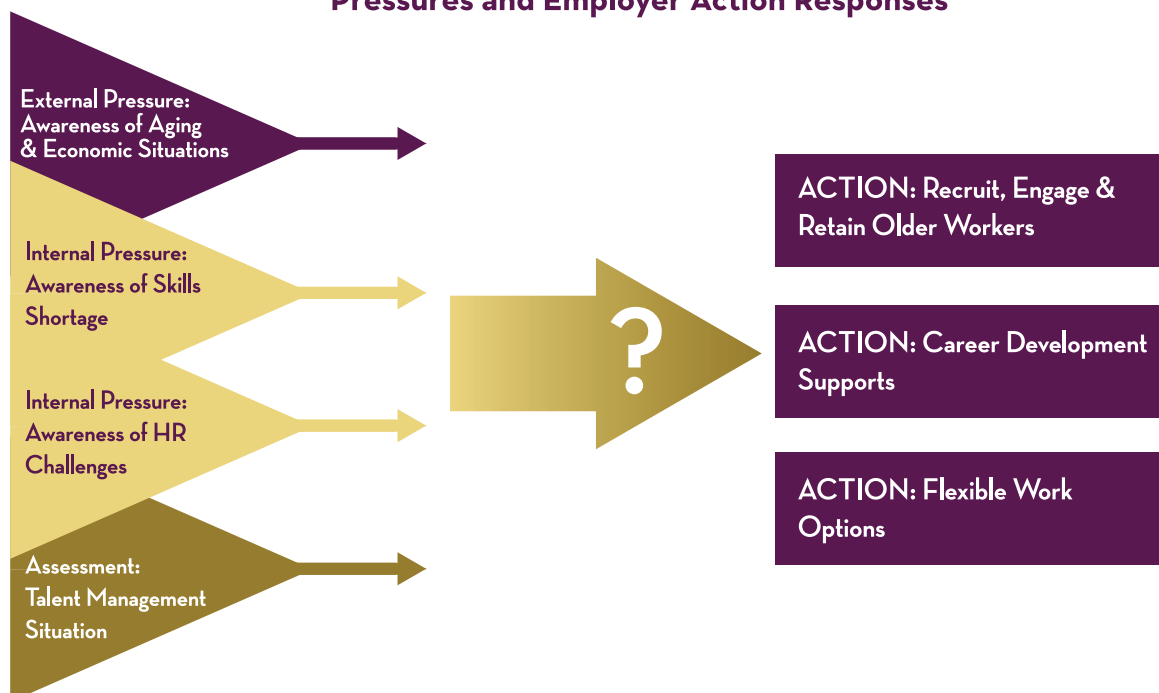


Source: Sloan Center on Aging & Work at Boston College

	WHAT IS IT?	WHAT QUESTIONS DID WE CONSIDER?
ACTION	Strategies, policies, and programs that organizations might adopt to leverage the multi-generational workforce as a competitive advantage.	<ul style="list-style-type: none"> • What action steps are employers taking to respond to their current older workers? • What career development opportunities are available at the workplace? • How available are flexible work options?
AWARENESS	Workplace recognition and interpretation of trends external to the organization, such as the aging of the workforce, and consideration of priority talent management concerns inside the firms.	<ul style="list-style-type: none"> • To what extent do employers feel that the current economic circumstances and shifts in the age demographics of the workforce are having an impact at their workplace? • To what extent do employers feel that they are faced with skill shortages and human resource management problems?
ASSESSMENT	Data collection used by organizations to assess the potential impact of important trends on their business strategies and on key stakeholder groups, including their own workforce, customers, and investors.	<ul style="list-style-type: none"> • Are employers gathering the information they need to ensure they will have the people they need, today, and in the future?

Analyzing data from the 2009 Talent Management Study, we consider whether employers' awareness and assessment of pressures affect three types of workplace action responses (see Figure 2 below).

Figure 2: Exploring the Relationships between Pressures and Employer Action Responses



Source: Sloan Center on Aging & Work at Boston College

About This Study

The 2009 Talent Management Study was designed to reveal how companies in the United States are responding to today's multi-generational workforce in the context of the changing economic landscape. The study gathered information from organizations operating in the 10 leading sectors: retail trade; manufacturing; health care and social assistance; accommodation and food services; administrative and support and waste management and remediation services; professional, scientific, and technical services; construction; wholesale trade; finance and insurance; and transportation and warehousing. A total of 696 organizations participated. A stratified sampling strategy was used to help us examine the responses based on enterprise size: smaller enterprises (with less than 100 employees), medium-sized enterprises (with 100-249 employees), and large enterprises (with 250+ employees) (Pitt-Catsouphes, Sweet, Lynch, & Whalley, 2009).

Talent Management Action

Employers interested in making the most of today's multi-generational workforce can choose to adopt a range of policies and programs that support their employees and help promote organizational effectiveness. As part of the planning process, employers will want to consider older workers' preferences and priorities. The Sloan Center on Aging & Work focuses on eight characteristics of the quality of employment that can be important to older workers, depicted in Figure 3 below.

Figure 3: Quality of Employment



Source: Sloan Center on Aging & Work at Boston College

The results of one study conducted by the Sloan Center on Aging & Work found that, among the employee respondents age 50 and older who were working in the U.S. (N = 393), more than 50.0% indicated that each of the eight blocks were “moderately/very important” to them (Lee, McNamara, & Pitt-Catsoupes, 2009). While the specific rank ordering of these different aspects of a ‘good job’ can vary depending on multiple factors, such as the older workers’ income and job type, it is important for employers to realize that the quality of the jobs they offer to older workers does matter.

Indeed, research has found that job quality is related to outcomes important to employers. Many employers use measures of employee engagement—the level of employees’ dedication to, absorption in, and vigor derived from the jobs—as an indicator of employees’ overall commitment to their work. The Sloan Center on Aging & Work (2012) has found that employees’ satisfaction with four of the blocks (opportunities for development, learning, and advancement; workplace flexibility; opportunities for meaningful work; and culture of respect, inclusion, and equity) explained variation in the level of employee job engagement.¹ That is, there are relationships between higher levels of employee satisfaction and engagement and these four aspects of job quality. Based on evidence from studies such as this, employers may be more willing to invest in selected talent management policies and programs because they anticipate that the organization may accrue benefits from taking these action steps.

In the next three parts of this section, we examine the extent to which the employers have implemented policies and programs that can leverage the talents and contributions employees bring to the workplace.

Actions for Recruitment, Engagement, and Retention of Older Workers

What action steps are employers taking to respond to some of the priorities of current older workers?

The employment relationships between employers and employees can be separated into three basic stages: the recruitment stage (when the employer and the employee begin to clarify employment expectations and job characteristics); the engagement stage (when the employer and the employee enter into an exchange of resources for short- and long-term performance); and the retention stage (when the employee and employer clarify expectations for an extended employment relationship).

The Talent Management Study included numerous questions about different action steps that employers might take to establish and maintain relationships with job candidates and employees. In one section of the survey, we asked employers whether they had “too few policies/programs” ranging to “an excessive number of policies/programs” for recruiting; engaging (policies/programs for engaging older workers in general as well as training and career progression and promotion that can support employee engagement); and retaining older workers.

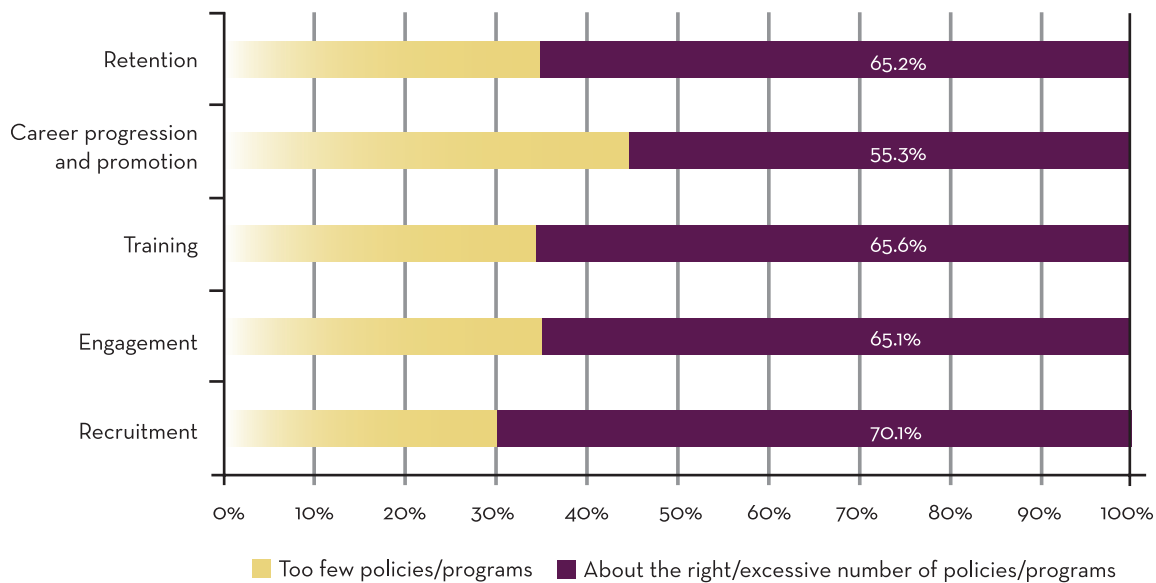
Figure 4: Policies and Programs across Employment Stages



Source: Sloan Center on Aging & Work at Boston College

As noted in Figure 5 below, more than two-thirds of employers (70.1%) reported that their organizations had “just about the right number of policies/programs” or had an “excessive number of policies/programs” in place to recruit older workers. However, more than 4 out of every 10 employers (44.7%) felt that their organizations had “too few policies/programs” for the career progression and promotion of older workers. Less than 4.0% of employers reported that their organizations had an “excessive number of policies/programs” for each of the five action items.

Figure 5: Actions for Recruitment, Engagement, and Retention of Older Worker



Notes: Wording of items was “Does your organization have too few or about the right number/an excessive number of policies and programs for recruiting, engaging (training, career progression/promotion), and retaining older workers?”
 Source: Calculations based on the Sloan Center on Aging & Work at Boston College’s Strategic Talent Management Study

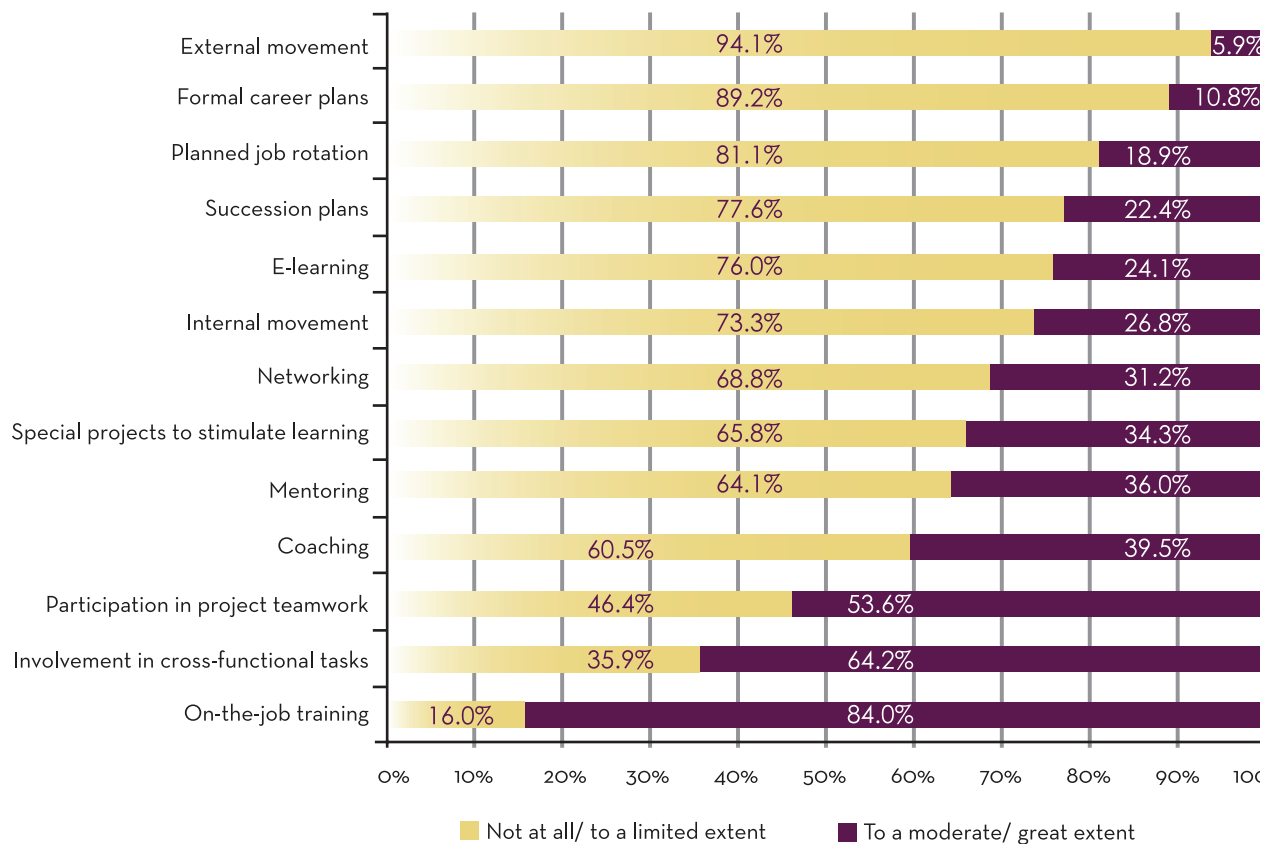
Actions for Career Development

What action steps are employers taking to provide employees with various career development opportunities?

Career development policies and programs can help employees keep their skills and knowledge up-to-date so that they are ready for the demands of today’s rapidly changing business environment. Employers may use a number of different approaches to career development: 1) special tasks/projects to stimulate learning; 2) on-the-job training; 3) involvement in cross-functional tasks; 4) participation in project teamwork; 5) networking; 6) formal career plans; 7) succession plans; 8) planned job rotation; 9) internal movement to a different department; 10) external movement to a partner business for a temporary period; 11) coaching; 12) mentoring; and 13) e-Learning for career development.

As indicated by the information included in Figure 6, the career development approach adopted by the highest percentage of employers was on-the-job training, with 84.0% having reported that they used on-the-job training “to a moderate/great extent.” The two other career development practices used by more than half of the respondents “to a moderate/great extent” were involvement in cross-functional tasks (64.2%) and participation in project teamwork (53.6%).

Figure 6: Actions for Career Development



Note: Numbers do not exactly add to 100 due to rounding.

Source: Calculations based on the Sloan Center on Aging & Work at Boston College's Strategic Talent Management

Actions for the Availability of Flexible Work Options

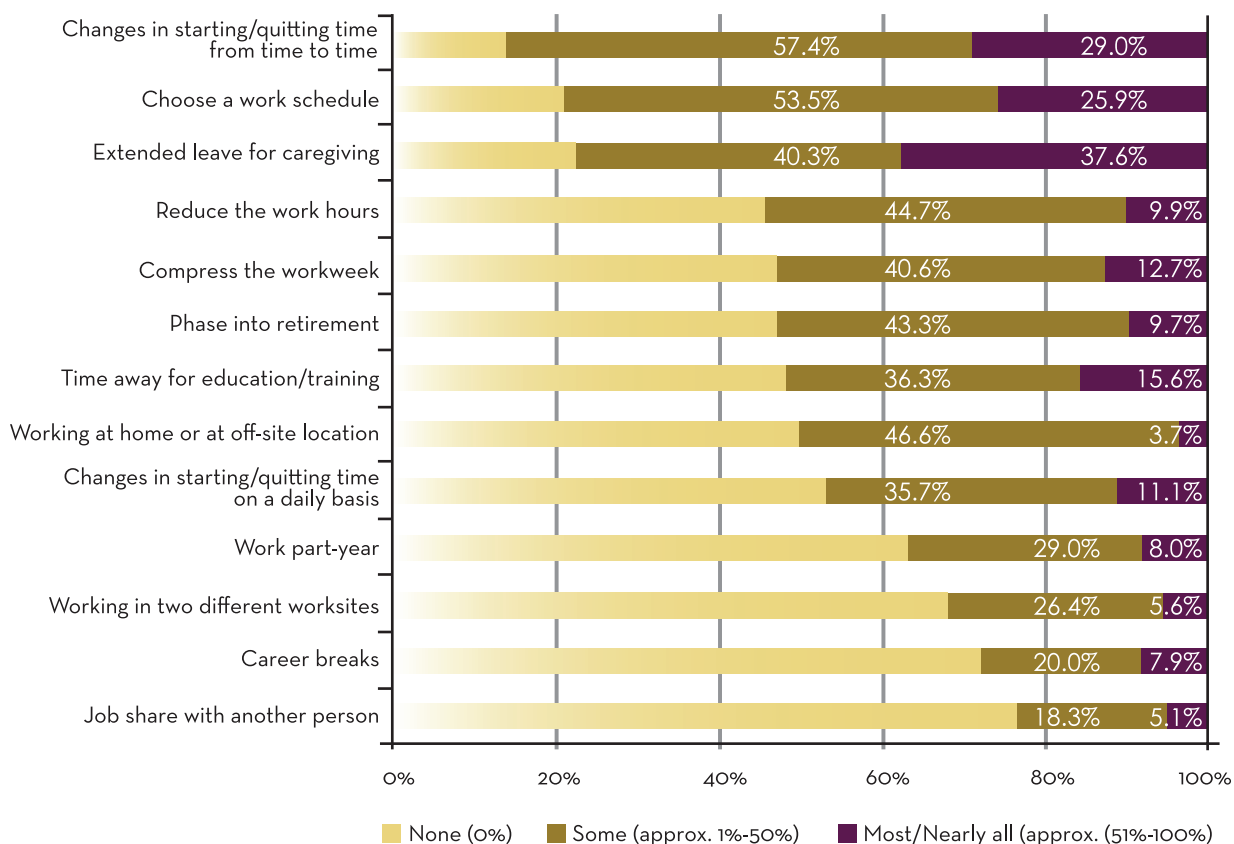
What action steps are employers taking to provide employees with flexible work options?

Survey research consistently finds that older workers indicate they would like to have access to options which give them and their supervisors some additional choices and control with regard to when, where, and how much they work during a given week, month, or year (Bank of America Merrill Lynch, 2011; Society for Human Resource Management, 2011; Work+Life Fit, 2011; World at Work, 2011). While some older workers would like to explore options for reducing the number of hours they typically work, including arrangements such as phased retirement or part-year employment, others might want to work remotely for part or all of their workweeks. In addition, some older workers might be interested in flexible schedules.

We asked employers about the availability of different flexibility policies and programs, inquiring about the proportion of employees who could: 1) choose a work schedule that varies from the typical schedule at the worksite; 2) request changes in starting and quitting times from time to time; 3) request changes in starting and quitting times on a daily basis; 4) compress their workweek by working longer hours on fewer days for at least part of the year; 5) if working full-time, reduce their work hours, and work on a part-time basis while remaining in the same position or at the same level; 6) structure their jobs as a job share with another person where both receive proportional compensation and benefits; 7) phase into retirement by

working reduced hours over a period of time prior to full retirement; 8) work part-year—that is, work for a reduced amount of time on an annual basis; 9) take sabbaticals or career breaks—that is, take leaves, paid or unpaid, of six months or more and return to a comparable job; 10) take paid or unpaid time away from work for education or training to improve job skills; 11) take at least 12 weeks of extended leave, paid or unpaid, for caregiving or other personal or family responsibilities; 12) work part (or all) of their regular workweek at home or some other off-site location, possibly linked by telephone or computer; 13) work for part of the year at one worksite, and then part of the year at another worksite.

Figure 7: Actions for the Availability of Flexible Work Options



Note: Numbers do not exactly add to 100 due to rounding.

Source: Calculations based on the Sloan Center on Aging & Work at Boston College's Strategic Talent Management

Our data show that the number of flexible work initiatives at most workplaces is limited in scope. As indicated by the information included in Figure 7, the options most commonly available to “most/all” of their employees include: extended leave for caregiving (37.6%), changing in starting/quitting times from time to time (29.0%), and choosing a work schedule (25.9%). A majority of employers reported that “job share with another person” (76.6%) and “career breaks” (72.1%) were not available to their employees.

Opportunities for Change

The above findings suggest several opportunities for change that employers and the public sector might consider:

- Organizational investment in employee programs and resources can leverage the engagement of older workers.
- A majority of today's older workers anticipate that they may extend their labor force participation into their retirement years. Resources that can help them prepare for work in their late career stages could enhance their productivity and provide them with a wider range of employment options.
- Employers with small and large workforces could use a range of career development approaches—including low and no-cost options, such as mentoring and networking—that could help employees at all career stages (including late career employees) to continue to invest in their career trajectories.
- Employers have opportunities to expand the availability of flexible work options that both fit with the needs of the organization and respond to the preferences of their employees. While employees of different ages and career stages might use flexible work options for different reasons, these policies can help employers to recruit, engage, and retain early career and mid-career as well as late career employees.

In light of our results about the programs and policies available at the workplace, in the next section we consider whether employers' awareness of pressures has an effect on the extent to which they have taken any of the three groups of action steps.

Awareness of External and Internal Pressures

Effective organizations attempt to periodically scan their internal and external environments so they can pick up on cues for rising needs and then make requisite adjustments.

In this section of the report, we explore if and how employers perceive trends external to the organization and needs internal to the organization as pressures. As suggested by Figure 8, two important external

Figure 8: Awareness of External Trends and Internal Pressures



Source: Sloan Center on Aging & Work at Boston College

trends that could exert pressure on organizations are the aging of the workforce and the current economic situation. Internal needs that could exert pressure on organizations include skill shortages and HR challenges.

Awareness of External Trends: The Aging Workforce and Economic Pressures

Two of the most significant trends that have gripped businesses across the country include the aging of the workforce and the on-going recession. In this section of the report we present information about organizational awareness of these trends and the extent to which these trends are perceived as pressures.

Are business decision makers aware of the aging of the U.S. labor force?

Since business leaders are the people who ultimately make decisions about whether their organizations view the aging of the workforce as an opportunity or threat, it is important to explore whether top managers are aware of this significant demographic shift.

More than half (57.1%) of the respondents to the Talent Management Survey reported that the top management of their organization was aware of the changing age demographics of the U.S. workforce “to a moderate/great extent.” In other words, 11.8% felt that the top management of their organization was not aware of the changing workforce demographics at all. The extent of reported awareness decreases across job levels within the organizations. Over half (53.6%) of the respondents reported that their department heads/middle managers, two-thirds (65.5%) reported that their supervisors, and a majority reported that their line employees (84.1%) had only a “limited/no awareness” of the aging of the workforce (See Appendix Figure 1; the appendix is available online at http://www.cael.org/pdfs/TMT_Workplace_Action_Steps_Appendix).

These findings were observed regardless of organizational size or industry sector (See Appendix Table 1).

To what extent do employers perceive shifts in the age demographics of the labor force or the current economic circumstances as pressures?

Organizations might anticipate that some external trends will have a positive impact on their businesses while they expect that others will have a negative impact. For this report, we considered employers’ perceptions of negative impact as ‘pressure.’

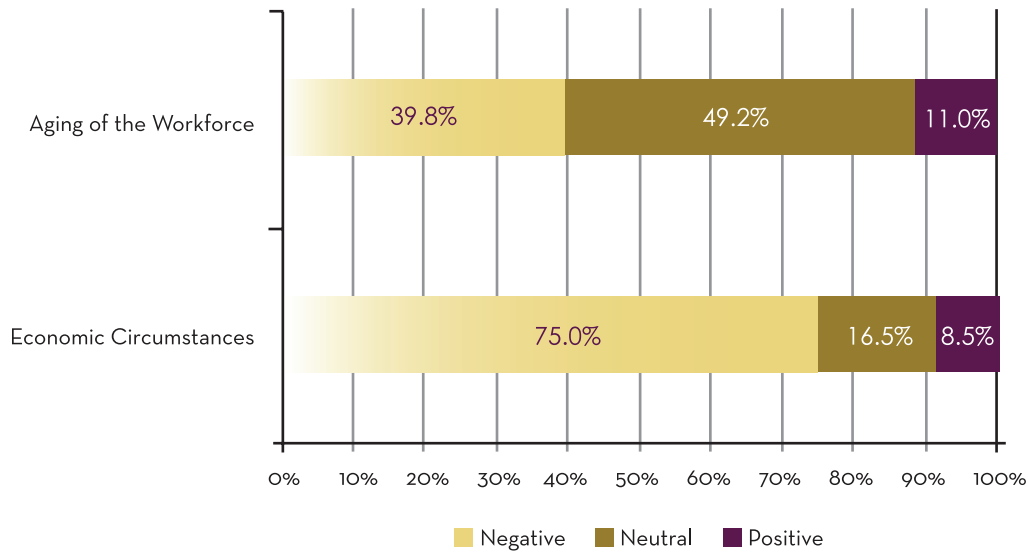
Aging As a Pressure

Only 11.0% of employers reported that the aging of the workforce would have a “very/somewhat positive” impact on their organizations “over the next three years” whereas a substantial percentage (40%) of the respondents stated that the aging of the workforce would likely have a “very/somewhat negative” impact (See Figure 9).

Economic Pressures

As expected, we found that most employers felt the current economic situation is perceived as a pressure. Three-quarters (75.0%) of the companies reported that today’s economic circumstances would likely have a “very/somewhat negative” impact on their organizations.

Figure 9: Awareness of the Aging Workforce and Perceptions of Today's Economic Circumstances



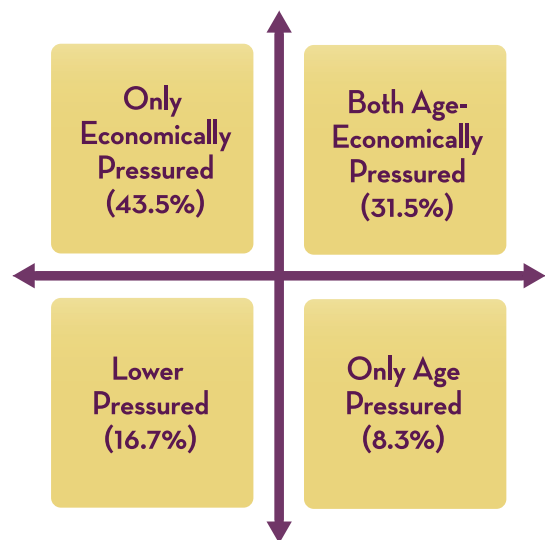
Note: Question phrasing was “In your opinion, what impact will the aging of the workforce have on the economic environment affecting your company/organization in the near future (that is, over the next 3 years)?” and “How would you characterize the impact of today’s economic circumstances on your own company/organization?”

Source: Calculations based on the Sloan Center on Aging & Work at Boston College’s Strategic Talent Management Study

Discussions about organizations’ responses to the current economic pressure or to the aging of the workforce typically treat these two pressures separately. To consider the intersections of these two external pressures, in this report we identify four different groups of employers, those who are: 1) “both age-economically pressured”; 2) “only age pressured”; 3) “only economically pressured”; or 4) “lower pressured.”²

As depicted by Figure 10, nearly one-third of the employers (31.5%) who responded to the Talent Management Survey characterized both the aging of the workforce and the current economic circumstances as being “negative” pressures. Less than 10% (8.3%) of the employers anticipated a “negative” impact associated with the aging of the workforce but reported that economic circumstances had had a “neutral/positive” impact on their business operations. Approximately two of every five (43.5%) of the employers were in the “only economically pressured” group and indicated that they had experienced a “negative” impact from the economic circumstances but anticipated a “neutral/positive” impact resulting from the aging of the workforce. Lastly, “lower pressured” employers (16.7%) anticipated a “neutral/positive” impact from the aging of the workforce and felt that the economic circumstances had made a “neutral/positive” impact on their business operations.

Figure 10: Awareness of the Aging Workforce and Perceptions of Today's Economic Circumstances: Two Pressures in Tandem



Note: Question phrasing was “In your opinion, what impact will the aging of the workforce have on the economic environment affecting your company/organization in the near future (that is, over the next 3 years)?” and “How would you characterize the impact of today’s economic circumstances on your own company/organization?”

Source: Calculations based on the Sloan Center on Aging & Work at Boston College’s Strategic Talent Management Study

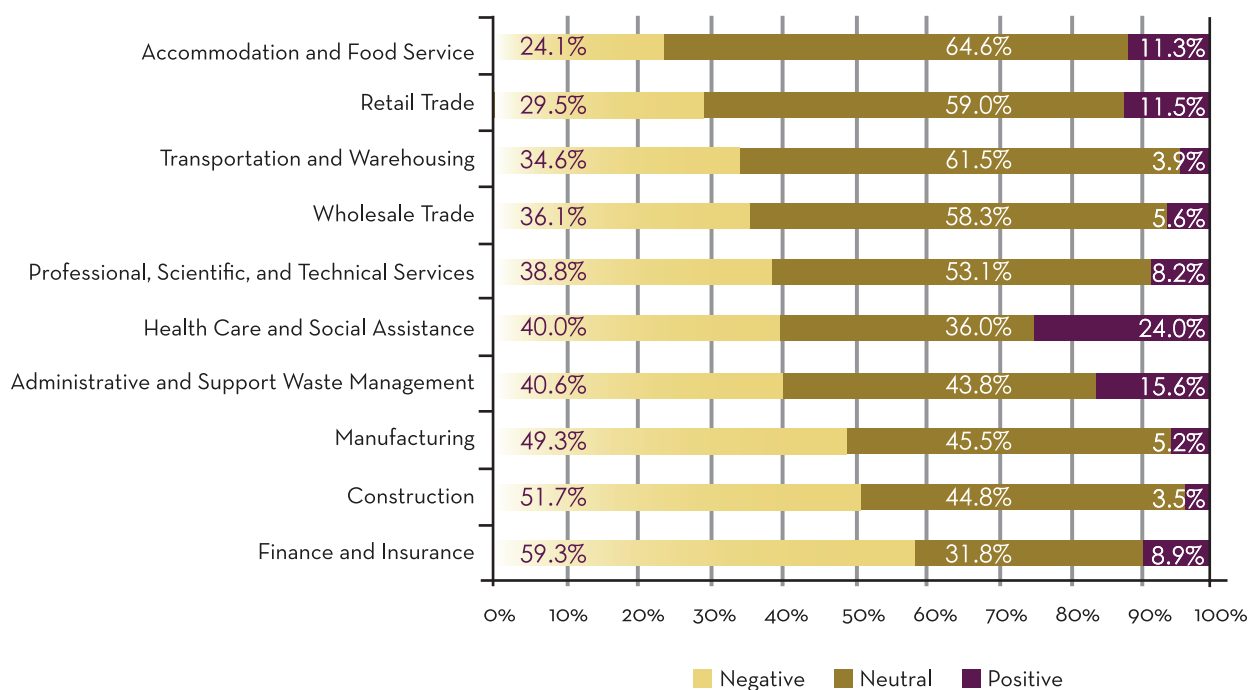
Do the economic or the aging workforce pressures faced by employers differ by industrial sector or organizational size?

As presented in Figure 11, there were differences in employers' awareness of the impact of the aging of the workforce across the industrial sectors. About 60% of employers from the finance and insurance sector (59.3%) and about 50% of employers from the construction sector (51.7%) and the manufacturing sector (49.3%) felt that the aging of the workforce might have a "very/somewhat negative" impact on their organizations in the next three years, whereas a quarter of employers (24.1%) from the accommodation and food services sector reported "negative" pressure associated with the aging workforce.

There were no statistically significant differences in employers' awareness of aging workforce pressure by organizational size (see Appendix Table 2).

In contrast to the variation across industry sectors in employers' awareness of the pressure associated with the aging of the workforce, the economic pressure reported by employers related to current economic circumstances was similar across the different industry sectors and the workforce size groups (see Appendix Table 3).

Figure 11: Awareness of the Aging Workforce as a Pressure by Industrial Sector



Note: The confidence level was 95% ($p < .05$). Numbers do not exactly add to 100 due to rounding. Question phrasing was "In your opinion, what impact will the aging of the workforce have on the economic environment affecting your company/organization in the near future (that is, over the next 3 years)?"

Source: Calculations based on the Sloan Center on Aging & Work at Boston College's Strategic Talent Management Study

Awareness of Internal Needs: Skill Shortages and HR Challenges

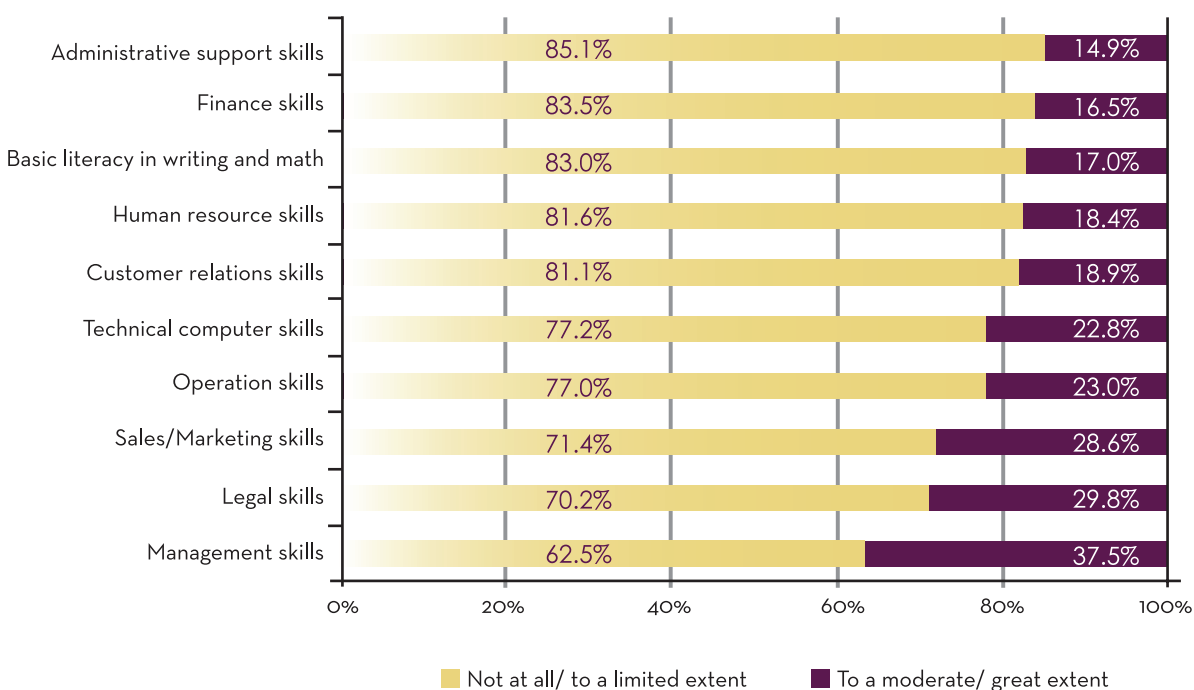
Pressures that build up within organizations can become motivators for change and adaptation, much like pressures that come from the outside. Since many employers view the aging of the workforce primarily through the lens of talent management, we wanted to put our investigation into a broader talent management framework applicable to today's multi-generational workforce.

To what extent do employers feel that employees' skills are in short supply at their organizations?

Skill shortages represent one talent management pressure. We asked employers about the extent to which they have felt skill shortages in the following areas: 1) management skills; 2) operation skills; 3) human resource skills; 4) finance skills; 5) administrative skills; 6) legal skills; 7) technical computer skills; 8) sales/marketing skills; 9) basic literacy in writing and math; 10) customer relations skills. As shown in Figure 12, more than a third of employers (37.5%) reported that management skills were in short supply “to a moderate/great extent,” while only 14.9% of employers reported that administrative support skills were in short supply “to a moderate/great extent.” The skills in short supply as reported by the largest percentage of organizations included: management skills (37.5%), legal skills (29.8%), sales/marketing skills (28.6%), operations skills (23.0%), and technical computer skills (22.8%).

As employers compare the skills they have with the skills they need (both today and for the future), they have opportunities to consider whether older workers might help them fill the skills gaps.

Figure 12: Awareness of Skill Shortages



Note: The confidence level was 95% ($p < .05$). Numbers do not exactly add to 100 due to rounding. Question phrasing was “To what extent are the following skills in short supply at your organization?”

Source: Calculations based on the Sloan Center on Aging & Work at Boston College’s Strategic Talent Management Study

To what extent do employers feel that they are faced with human resource management problems at their organizations?

Managers and supervisors can face a range of different talent management challenges.

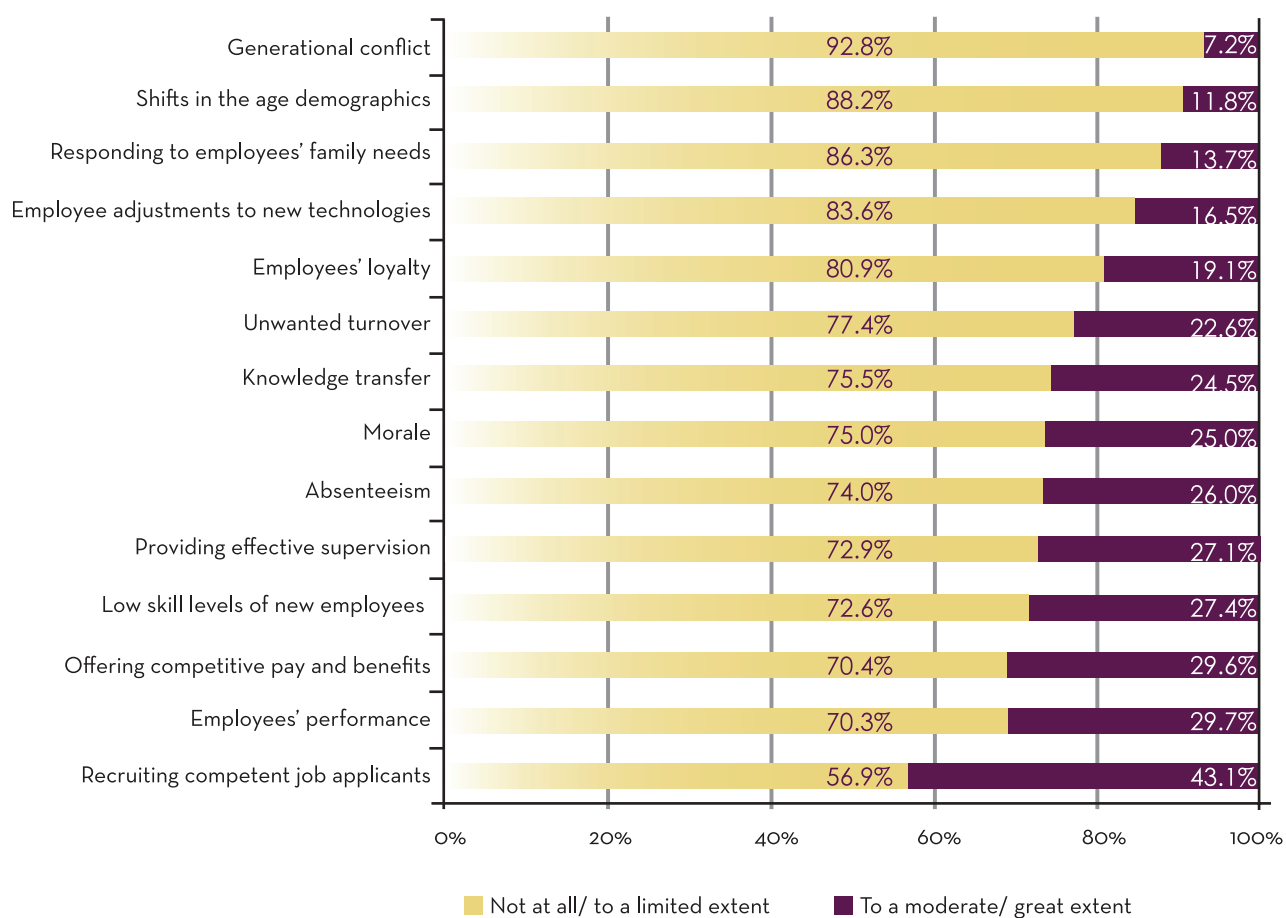
We asked the respondents to the Talent Management Study about the extent to which their organizations experience any of the following types of challenges: 1) recruiting competent job applicants; 2) employees’ performance; 3) absenteeism; 4) responding to employees’ family needs; 5) being able to offer

competitive pay and benefits; 6) employees' loyalty to the company/organization; 7) morale; 8) providing effective supervision; 9) unwanted turnover; 10) knowledge transfer from experienced employees to less experienced employees; 11) low skill levels of new employees; 12) shifts in the age demographics of the workforce; 13) conflict among employees from different generations; 14) employee adjustment to new technologies.

As shown in Figure 13, the human resource concerns reported by the highest percentage of employers were: recruiting competent job applicants (43.1%), employees' performance (29.7%), being able to offer competitive pay and benefits (29.6%), and low skill levels of new employees (27.4%).

It is important to note that a minority of employers identified generational conflict (7.2%) or shifts in the age demographics of the workforce (11.8%) as human resource challenges.

Figure 13: Awareness of Human Resource Challenges



Note: Numbers do not exactly add to 100 due to rounding. Question phrasing was "To what extent are the following problems for your business/ organizations?"

Source: Calculations based on the Sloan Center on Aging & Work at Boston College's Strategic Talent Management Study

Effect of Awareness on Talent Management Action

Is employer awareness of pressures related to action steps?

The more employers feel aging of the workforce will have a negative impact, the fewer policies or programs they have to recruit, engage, or retain older workers. In other words, the more employers feel aging of the workforce will have a positive impact, the more they are likely to take action steps to recruit, engage, and retain older workers (see Appendix Table 4).³ Our data show that employer awareness of economic pressure is not related to their talent management actions. This information suggests that, despite the current economic downturn, there might still be room for employers to take action steps to hire and retain older workers (see Appendix Table 4).⁴

Employer awareness of skill shortages is inversely related to the action steps they take to recruit, engage, and retain older workers. That is, the more they are aware of skill shortages, the fewer action steps they take to recruit, engage, and retain older workers (see Appendix Table 4).

However, employer awareness of skill shortages is positively related to the number of flexible work options available. In other words, the more employers are aware of skill shortages, the greater the scope of flexible work options provided (see Appendix Table 4).

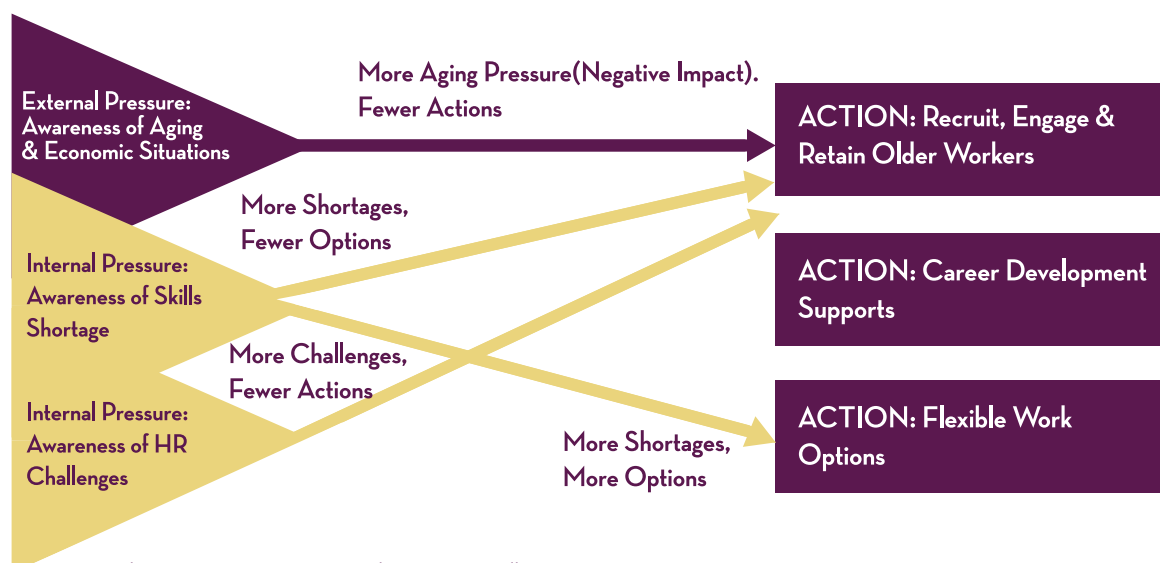
Employer awareness of skill shortages is unrelated to the extent of organizations' career development initiatives (see Appendix Table 4).

Employer awareness of HR challenges is negatively related to their actions for older workers. The more employers are aware of HR challenges, the fewer policies or programs to recruit, engage, and retain older workers (see Appendix Table 4).

However, employer awareness of HR challenges is unrelated either to the extent of their career development initiatives or to the number of flexible work options available (see Appendix Table 4).

These findings are summarized in Figure 14 below.

Figure 14: Relationships between Pressures and Action Steps



Source: Sloan Center on Aging & Work at Boston College

Opportunities for Change

The findings in this section suggest several additional opportunities for change:

- Given the significant media attention that has been paid to the aging of the workforce, it was unexpected that more than two of every five organizations would report their top managers had just limited awareness of this important trend. Unless top managers have an awareness of this significant demographic shift, it is unlikely that the aging of the workforce will appear on companies' strategic radar screens.

In addition, since department heads and supervisors make many critical decisions that could affect the employment opportunities and work experiences of older adults, it is essential to identify ways to raise their awareness of this demographic trend.

- About two of every five organizations felt that the aging of the workforce would have a negative impact. Employers need access to business-relevant information that will shift the paradigm so that older workers are perceived as potential assets. For example, a majority of employers who responded to the Center's 2006 National Study of Business Strategy and Workforce Development indicated that late career workers typically bring a number of valued assets to the workplace, including their professional and client networks as well as high levels of competencies for the jobs they hold.
- There is widespread perception in three industry sectors that the aging of the workforce will have a negative impact on business: finance/insurance, construction, and manufacturing. It is important to identify credible 'messengers' (such as leaders of industry associations) who can convey to business leaders in these sectors some of the potential benefits and opportunities associated with the aging of the workforce.
- Employers may well view older workers who possess—or can develop—the competencies that employers need to address their skill shortages as critical assets.
- Over 40% of employers indicated that they experienced problems recruiting competent job applicants and over 25% expressed concerns about the low skill levels of new employees. Innovative strategies for expanding the older applicant pool could be beneficial for employers.
- Despite media fascination with the possibilities of conflict that might be connected with the aging of the workforce, most HR managers do not view this as being problematic. Indeed, HR managers might view age diversity as a strength that could be leveraged for the benefit of the organization.
- Since employers who view the aging of the workforce as having a positive impact on their organizations were more likely to have taken action steps to recruit, engage, and retain older workers, it is important to provide business leaders with evidence about the assets that older workers can bring to the workplace, how they can help address skills shortages, and how they might contribute to the solutions for some HR challenges.

Assessment of Human Resource Needs

In this section of the report, we explore the types of information that organizations might gather—such as changes in the age demographics of their own workforces and projections of retirement rates among different groups of their own employees—which can help them link their awareness of different pressures to business priorities and, ultimately, to strategic responses.

Information Gathering

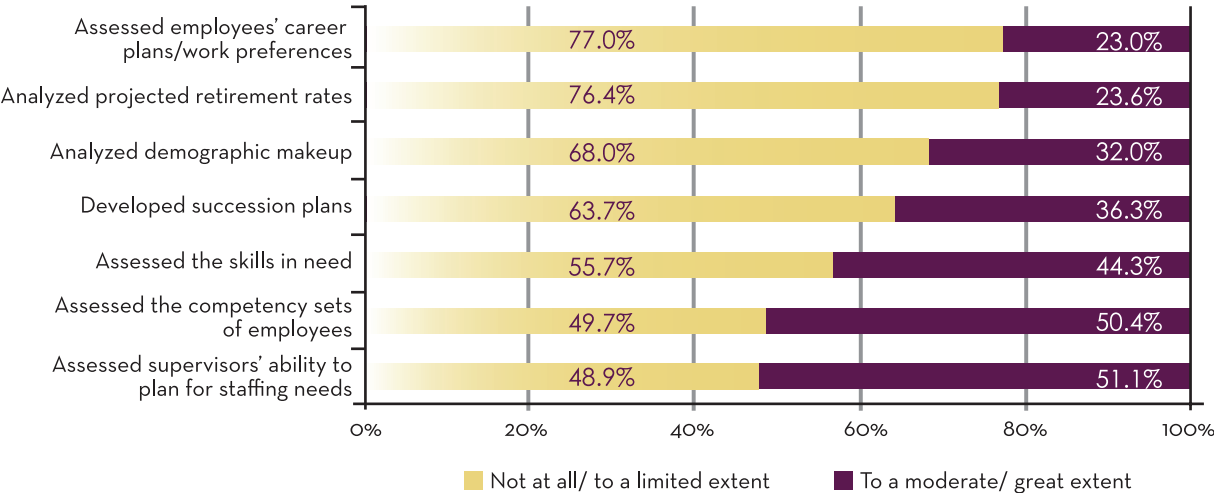
Are employers gathering the necessary information to ensure they will have the people they need, today and in the future?

Talent management is predicated on assumptions that organizations will be better prepared for tomorrow’s human resource needs if business leaders gather information today. For example, employers who are interested in employees’ career priorities may be better able to create development plans that work both for the employees and for the business.

Interested in the different ways employers gather information that might provide them with some insight about workforce changes, we asked them whether their organizations had: 1) analyzed the demographic makeup of their workforce; 2) analyzed projected retirement rates; 3) assessed employees’ career plans and work preferences (e.g., through a survey or some other mechanism); 4) assessed the skills the organization anticipated needing; 5) assessed the competency sets of current employees; 6) assessed supervisors’ ability to anticipate and plan for staffing needs; and 7) developed succession plans. Despite the insights employers can gain from examining data about their own workforces, many organizations reported that they did not devote extensive attention to these assessments. In fact, more than two-thirds (68.0%) of the employers reported that they had either not done any analysis or had done only limited analysis of the demographic make-up of their own workforces. Furthermore, more than three-fourths had “not analyzed/analyzed only to a limited extent” information about employees’ career plans/ work preferences (77.0%) or projected retirement rates (76.4%) (see Figure 15).

While a higher percentage reported that they assessed supervisors’ ability to anticipate and plan for staffing needs “to a moderate/great extent” (51.1%) and assessed the competency sets of their current employees “to a moderate/great extent” (50.4%), nearly half of the respondents had “not done these assessments at all/only to a limited extent.”

Figure 15: Assessment of Human Resource Needs



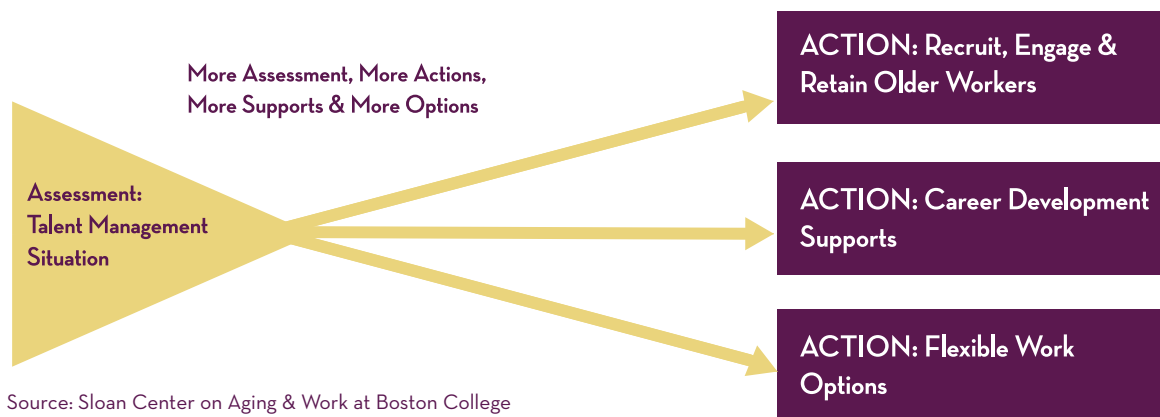
Note: : Numbers do not exactly add to 100 due to rounding. Question phrasing was “In your opinion, to what extent has your company/ organization taken the following planning steps to ensure that it will have the people it needs, today and in the future?”
 Source: Calculations based on the Sloan Center on Aging & Work at Boston College’s Strategic Talent Management Study

Effect of Assessment on Talent Management Action

Is employer awareness of pressures related to action steps?

Employers' assessments of HR factors are positively related to their talent management actions. The more employers analyze their own talent management situations, the more likely they are to have policies and programs to recruit, engage, and retain older workers; the more likely they are to have more comprehensive career development initiatives; and the more likely they are to have a greater number of flexible work options (see Appendix Table 4). These results are highlighted in Figure 16.

Figure 16: Relationships between Assessments and Action Steps



Source: Sloan Center on Aging & Work at Boston College

Opportunities for Change

Our examination of the impact of assessing human resource needs points to the following implications and opportunities for change:

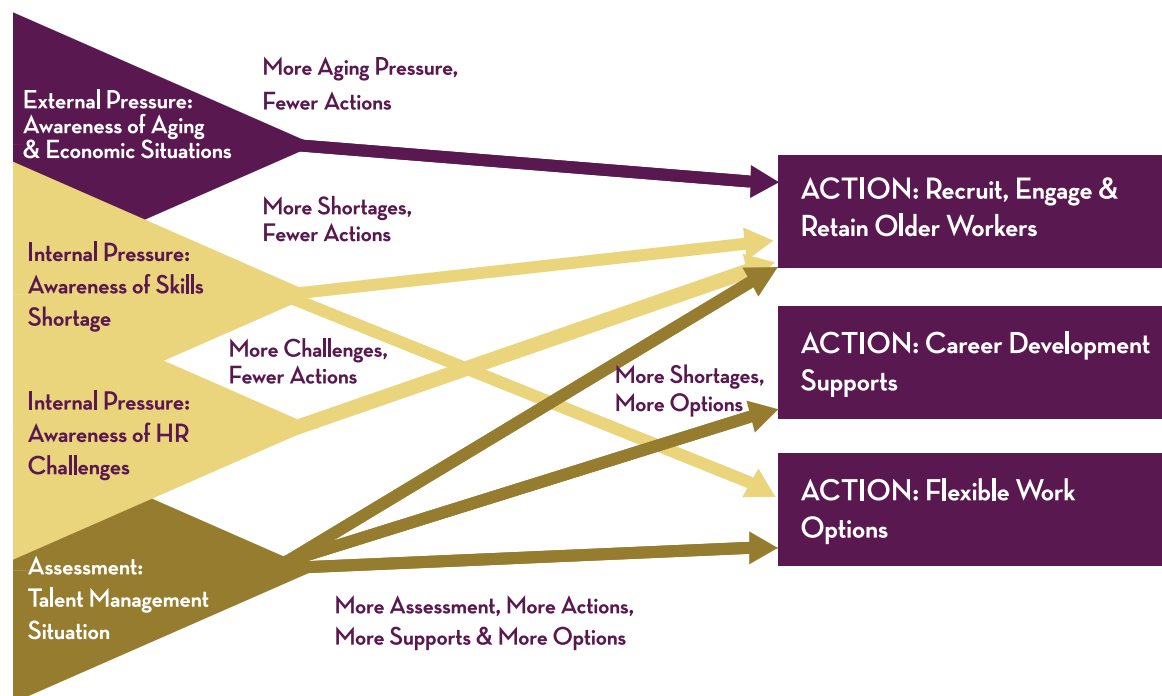
- Without having access to talent information, it is difficult for employers to consider how they can better utilize older workers.
- Even though organizations may have a good sense of the pressures from the trends which exist outside of the organizations as well as from the internal needs, mere awareness of the pressures may not be enough to compel companies toward timely action. Employers who do not gather and evaluate data about their own workforces may well be missing opportunities for strengthening their organizations' positions in the future.
- Talent management assessments appear to be critical drivers of employer action steps that could help organizations make the most of experienced and competent older workers. Employers who conduct more of these talent management assessments are more likely to have policies to recruit, engage, and retain older workers and are more likely to have more comprehensive career development resources and more extensive flexible work options; therefore, policy makers should pay particular attention to providing employers with simple-to-use tools and low-cost approaches for assessing organizations' talent management situations.

Summary and Conclusion

Our findings in this report include:

- More than half (57.1%) of the respondents to the Talent Management Survey reported that the top management of their organizations was aware of the changing age demographics of the U.S. workforce “to a moderate/great extent” and 11.8% felt that the top management of their organizations was not aware of the changing workforce demographics at all.
- Only 11.0% of employers reported that the aging of the workforce would have a “very/somewhat positive” impact on their organizations “over the next three years” whereas 39.8% of the respondents stated that the aging of the workforce would likely have a “very/somewhat negative” impact.
- Most employers (75.0%) reported that today’s economic circumstances would likely have a “very/somewhat negative” impact on their organizations.
- The skills in short supply, as reported by the largest percentage of organizations, included: management skills (37.5%), legal skills (29.8%), sales/marketing skills (28.6%), operations skills (23.0%), and technical computer skills (22.8%).
- The human resource concerns reported by the highest percentage of employers were: recruiting competent job applicants (43.1%), employees’ performance (29.7%), being able to offer competitive pay and benefits (29.6%), and low skill levels of new employees (27.4%). However, a minority of employers identified generational conflict (7.2%) or shifts in the age demographics of the workforce (11.8%) as human resource challenges.

Figure 17: Awareness of Pressures, Assessments, and Action Steps



Source: Sloan Center on Aging & Work at Boston College

- More than two-thirds (68.0%) of the employers reported that they had either not done any analysis or had done only limited analysis of the demographic make-up of their own workforces. Furthermore, more than three-fourths had “not analyzed/analyzed only to a limited extent” information about employees’ career plans/work preferences (77.0%) or projected retirement rates (76.4%).

The findings of this report also provide some explanation about why some employers have responded to the aging of the workforce while others have not. Not surprisingly, we found that employers who anticipate that the aging of the workforce will have a “positive” impact on their organizations are more likely to take steps to recruit, engage, and retain these workers. Employers who are aware of skill shortages are more likely to have more comprehensive flexible work initiatives. Furthermore, employers who have collected data needed to assess the potential impact of important trends on their own business strategies are more likely to take actions for all employees, including older workers. Gathering information that ensures employers will have the people they need will also guide employers in planning the necessary action steps to support the aging workforce in this country. Our findings are summarized in Figure 17.

Clearly, the aging of the U.S. workforce is an important societal issue. There are far-reaching implications associated with the extent to which older workers who want to work can find employment situations that fit their experiences, interests, and priorities. However, the shifts in the age composition of the workforce are also a significant business issue. Employers who are able to maximize the benefit of today’s multi-generational workforce will be ready for emergent talent management opportunities.

Supplemental figures and tables for this article can be found in an online appendix at http://www.cael.org/pdfs/TMT_Workplace_Action_Steps_Appendix.

Acknowledgements

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Notes

1. These relationships were found after controlling for a number of important factors: gender, education, marital status, tenure, work hours, occupational group, supervisory status, and income.
2. “Both age-economically pressured” employers reported that the aging of the workforce and today’s economic circumstances would have “very/somewhat negative” impacts on their organizations. “Only age pressured” employers reported that the aging of the workforce would have a “very/somewhat negative” impact on their organizations; however, today’s economic circumstances would likely have a “neutral” or “very/somewhat positive” impact on their organizations. “Only economically pressured” employers reported that today’s economic circumstances would likely have a “very/somewhat negative” impact on their organizations; however, the aging of the workforce would have a “neutral” or “very/somewhat positive” impact on their organizations. “Lower pressured” employers reported that the aging of the workforce as well as today’s economic circumstances would have a “neutral” or “very /somewhat positive” impact on their organizations.
3. We coded this item reversely so that the higher score would represent higher pressure.
4. We coded this item reversely so that the higher score would represent higher pressure.





This chapter reviews demographic trends regarding the aging workforce, recent labor market experiences of older job seekers, demand- and supply-side factors contributing to these experiences, and recent recommendations for improving the public workforce system. The author makes the case for new legislation that establishes a more flexible, more robust lifelong learning, education, and training delivery system in alignment with the country's postsecondary education institutions and local/ regional economic development efforts—a system that also makes ample use of new technologies and social web tools to improve the efficiency and effectiveness of the labor exchange process to meet the demands of today's employers and job seekers.

Older Workers, Rising Skill Requirements, and the Need for a Re-envisioning of the Public Workforce System

By Maria Heidkamp, John J. Heldrich Center for Workforce Development, Rutgers University

Introduction

The lingering aftermath of the Great Recession that commenced in December 2007 has shown that despite the efforts of the traditionally under-resourced public workforce system to serve more job seekers than ever before, far too many job seekers have been unable to reconnect to the labor market. Though the economic news is slowly improving, unprecedented and extreme long-term unemployment has become a reality for many individuals, including many low-skill and older workers. Slack employer demand for workers is undoubtedly a primary cause; in a booming economy, these low-skill and older job seekers might have stood a better chance, with or without the services of the public workforce system. At the same time, the post-Great Recession economy has illuminated a number of trends that have been underway for some time, especially regarding older workers and rising skill requirements, and points to a need to re-envision the public workforce system as we know it.

This paper will review demographic trends regarding the aging workforce; recent labor market experiences of older job seekers; demand- and supply-side factors contributing to these experiences; and recent recommendations for improving the public workforce system. It will conclude with broad recommendations for re-thinking, rather than tweaking, the Workforce Investment Act.

Demographics: The Aging Workforce

In the years ahead, demographic trends predict a U.S. population that is made up of a much greater proportion of older adults than in the population today, thanks largely to the size of the baby boom generation—those individuals born between 1946 and 1964—relative to younger cohorts. According to the 2010 U.S. Census, 13% of the U.S. population in 2010 was age 65 or older. By 2030, the Census Bureau projects that the percentage of the population age 65 or older will have risen to 19.3%—or nearly one in five individuals (U.S. Bureau of the Census, 2008).

It is not surprising that as the population ages, so does the labor force. Participation rates for older workers have been rising in recent years. According to the U.S. Bureau of Labor Statistics (BLS), in 2010 there were 30 million workers who were 55 years and older in the labor force, representing 19.3% of the total (Toossi, 2012). BLS projects there will be 41.4 million in 2020, with their share of the total labor force reaching 25.2% that year, or one in four workers. The Bureau of Labor Statistics (2011) also estimates that currently there are roughly seven million people 65 or older in the labor force. By the year 2050, BLS projects that number will have almost tripled to 19.6 million. Over the next 10 years, the number of individuals in the labor force who are at least 65 years old will grow by 75%, compared to the number of workers ages 25 to 54, which will grow by only 2% (U.S. Bureau of Labor Statistics [BLS], 2011).

Aside from the sheer numbers of baby boomers, certain factors are influencing the need and desire of older workers to stay in the workforce past the traditional retirement age. For example, changes in retirement plans, with the shift away from employer-provided defined benefit plans, combined with the impact of the Great Recession on retirement and other savings, are forcing many older individuals to work longer than they might have anticipated for economic reasons. Though designed to stimulate the

economy overall, the Federal Reserve's policy of maintaining low interest rates has hurt the retirement savings of many older individuals (Whitehouse, 2011), who may choose to continue to work or to return to work to make up for their losses. Federal policy changes in Social Security rules are also having an impact, with the full retirement age, traditionally 65, increasing to 67 for people born after 1959 (U.S. Social Security Association, 2012). In addition, Social Security benefits increase for those who delay retirement beyond the normal retirement age, potentially providing an incentive to continue to work. Further, fewer employers are offering health insurance to retirees—only half as many as two decades ago—encouraging those too young for Medicare to stay in the workforce (Greenhouse, 2009). On the positive side, better overall health and longer life spans, combined with more options for less physically demanding labor, are also shaping the working lives of older, retirement-age Americans.

And while there have been fears of labor shortages due to the eventual exodus of the baby boomers from the labor market, it is worth noting that even as the oldest members of the baby boom generation are nearing retirement age, large numbers of baby boomers are likely to be in the labor force for several decades yet. The 4.6 million youngest baby boomers born in 1964 are currently 48 years old and could easily be working two decades from now, especially if trends of working past typical retirement age continue. They greatly outnumber the 2.7 million oldest baby boomers turning 66 this year (Sloan Center on Aging and Work, 2012).

Recent Labor Market Experience of Older Job Seekers

With older individuals making up an increasingly significant portion of the workforce, it is worth considering their recent labor market experience. Though their unemployment rate is lower than the rate for younger, prime-age adults (age 25–54), currently 5.9% compared to 7.4% as of January 2012 (BLS, 2012), there is substantial evidence that once older workers do lose a job, they have a more difficult time rejoining the labor market than younger job seekers do. In December 2011, the average period of unemployment for older job seekers (55 and up) was 52.2 weeks, compared to 37.5 weeks for younger job seekers (Rix, 2012). According to a study by Pew Charitable Trusts (2012), unemployed older workers (55+) were the most likely of any age category to have been without a job for a year or longer. As there is considerable evidence that long spells of unemployment make it difficult for individuals to get reemployed, the labor market experience of older job seekers today does not bode well for their long-term employment prospects.

Recent studies have found that only half of older workers who lost jobs and were seeking to go back to work were successful at getting reemployed (Maestas & Li, 2006; Li, 2010). Older workers (ages 50 to 61) who lost their jobs between mid-2008 and 2009 were a third less likely to find work within 12 months when compared with those age 25 to 34, and those 62 or older were half as likely to find work within 12 months (Johnson & Park, 2011).



Older displaced workers also have less favorable employment rates when compared to their non-displaced older peers. A 2001 report found evidence that two years after losing a job at 55 years of age, only 60% of men and 55% of women were employed, in contrast to 80% employment rates for their same-age peers who had not been displaced from jobs (Chan & Stevens, 2001). The same study found that even four years after the loss of a job, the different employment rates for older displaced workers and older workers who had not been displaced continued.

Further evidence of the travails of older job seekers was found in the 2007 to 2009 study of displaced workers done by the U.S. Bureau of Labor Statistics. The reemployment rate for displaced workers who were between the ages of 55 and 64 was 39%; and for displaced workers 65 years of age and older, it was 23%. This compares to reemployment rates for younger workers age 20 to 24 of 55%, and for prime-age displaced workers (25-54) of 53% (BLS, 2010).

Therefore, based on these recent labor market experiences of older and younger job seekers, it seems that older job seekers need greater, and more effective, assistance than they are currently receiving to facilitate their return to work.

Demand- and Supply-Side Challenges to the Hiring and Retention of Older Workers

What accounts for the different reemployment experiences of older and younger job seekers? A number of challenges appear to impede the ability of older job seekers to reconnect to the labor market. These include both demand-side challenges, based on evidence of employer reluctance to hire them, and supply-side challenges, where the skills, qualifications, health, and other characteristics of older workers seem to interfere with their success in the labor market.

Demand-Side Challenges

The Great Recession has left a legacy of high unemployment and a reduced willingness or necessity of firms to hire new workers, limiting demand for workers of all ages. Older workers who have jobs are also in many cases electing to work longer and postpone retirement, further tamping down the number of job openings that might be filled by unemployed job seekers. At the same time, older workers appear to face genuine challenges that make their quest for employment more difficult than for younger job seekers.

Reluctance of employers to hire older workers seems to be foremost among the obstacles that older job seekers confront. At a 2006 employer forum on older workers held by the U.S. Government Accountability Office (GAO), employers shared a number of negative perceptions about older workers that color their reluctance to hire and retain them, including:

1. Older workers are more expensive, including their wages, health insurance, and the cost to train them.
2. Older workers are less productive than younger workers and deliver lower-quality work.
3. Older workers are less flexible about adapting to change in the workplace (Walker, 2007).

Employers at the same forum also described their fear of facing age discrimination lawsuits if they needed to lay off recently hired older workers (Walker, 2007). Other research has reported employers referencing concerns based on stereotypes of older workers: that they lack energy, that they may have

obsolete skills and knowledge, that they have limited time remaining in their careers, and that hiring and retaining them blocks career opportunities for younger workers (Rhine, 1984). Although most of these concerns have been addressed by such reports as AARP's *The Business Case for Workers Age 50+* (Feinsod, Davenport, & Arthurs, 2005), which counter with positive portraits of older workers based on such attributes as experience, emotional maturity, perseverance, and work habits, the negative perceptions seem to linger in the minds of many employers. Research studies have documented hiring discrimination against older workers, finding that similar resumes with information identifying the age of applicants produce far better outcomes for those who are younger (Lahey, 2005). Lahey found that job applicants under age 50 were 42% more likely to be called for an interview than those 50 or older.

A 2010 study published by the Congressional Research Service surmised that the lower employment rates of older displaced workers relative to both younger worker and to non-displaced older workers seemed to be related to the “restricted opportunities” available to them, as opposed to factors such as more non-labor income or a preference for leisure (Levine, 2010). Another theory is that older job seekers are reluctant to accept jobs that come with lower wages than they were earning previously. Research has found, however, that roughly half of older job seekers who failed to find new jobs can be categorized as discouraged workers, who are willing to work at the prevailing wage but unable to find jobs (Maestas & Li, 2006).

Supply-Side Challenges

Older job seekers face a range of supply-side obstacles affecting their chances for reemployment. Among these barriers are skill limitations, limited access to training programs, and inadequate job search skills.

Many older job seekers and dislocated workers appear to have skill limitations that make it difficult for them to return to work. For example, researchers who examined workforce programs in Kentucky serving job seekers 55 and older found that, in the opinion of more than two dozen workforce staff, older workers lack technical skills, are less educated, have outdated skills generally, and consequently remain unemployed longer than younger job seekers (Graycarek & Thomas, 2010). Heldrich Center research has found similar opinions among public workforce system staff who work with older dislocated workers (Heidkamp & Mabe, 2011).

A dearth of technology and digital literacy skills is often cited as a barrier confronting many older job seekers. For example, Levine (2010) references research demonstrating that the high demand for computer skills is one of the factors that is positively correlated with older job seekers' limited access to employment.

Low literacy levels are also cited as a problem for older dislocated workers, in particular for those who had been in low-skill or physically demanding jobs. These literacy challenges affect the ability to participate in retraining that might help older job seekers transition to new occupations (Heidkamp & Mabe, 2011). An examination of the No Worker Left Behind program in Michigan, which provided up to \$10,000 for unemployed and underemployed workers to attend programs offering postsecondary credentials, similarly found many program participants were lacking the basic skills necessary to participate successfully in community college (Good, 2011). Although the program included participants of all ages, it highlights a serious issue facing many dislocated workers, many of whom are older, regarding literacy and basic skills.

In addition to skill deficits compared to younger workers, older dislocated workers also appear to have weaker job search skills than younger workers (Abraham & Houseman, 2008). Older job seekers who had retired but are returning to work as well as those who worked for a single employer for a long period of time are likely to be lacking job-hunting techniques (Zhang, 2011). With the job search process increasingly taking place online and via social networking sites, older workers may be further hampered if they have inadequate technology and digital literacy skills.

Limited Access to Training

While it is possible that older workers need (re)training as much, if not more, than younger workers, especially for those job seekers who need to make mid-career transitions to new industries or occupations, it appears that they have less access to employer-supported as well as to publicly funded training programs when compared to younger workers. Research has found that employers may be averse to making the investment in training older workers because they are concerned they will not have sufficient time to recoup the training costs before the older workers retire (U.S. Department of Labor [USDOL], 2008). Further, it seems that the number of hours of employer-sponsored training received declines with age, with employees over 55 participating in 9 hours of training per year, in contrast to 37 hours per year for employees aged 25 and 34 (USDOL, 2008). Other research has found that employers are more likely to provide training and cross-training for younger workers than for later career employees, which may reflect employer age biases (Dobbs, Healey, Kane, Mak, & McNamara, 2007). A 2008 Urban Institute paper cites evidence from the 1990s suggesting employers are less likely to provide training for older workers than for younger workers. The report includes 1995 survey data showing that 51% of workers ages 55 and older in large and medium-sized firms received formal employer-sponsored training during the previous year, as compared to 79% of those ages 25 to 34, 75% of those ages 35 to 44, and 65% of those ages 45 to 54. The same study found that older workers also receive less intensive training: workers ages 55 and older averaged 17 hours of informal on-the-job training between May and October, 1995, compared with 30 hours for those ages 35 to 44, and 39 hours for those ages 44 to 54 (Gordon, Mermin, Johnson, & Toder, 2008).

The public workforce investment system similarly seems to provide less access to training for older job seekers than for younger ones. Several potential reasons for this were outlined in the *Report of the Taskforce on the Aging of the American Workforce* (2008), including:

- Older worker reluctance to use the system
- A tendency of some One-Stop Career Centers to refer older workers to the Senior Community Service Employment Program (SCSEP) instead of serving them under federal Workforce Investment Act (WIA) Adult and Dislocated Worker programs
- Disincentives to serving older job seekers that result from federally mandated WIA performance measures (U.S. Government Accountability Office [GAO], 2003).

In a recent report from the Heldrich Center, older worker reluctance to participate in training was also noted in interviews with several public workforce system experts, who commented that older workers may be uncomfortable in training classes with younger students who may be better with new technology and able to learn material more quickly (Heidkamp, Mabe, & DeGraff, 2012, in press). It was also noted that they may be reluctant to start over with training for a new career.

The Public Workforce System and Older Job Seekers

The Government Accountability Office describes a federal public workforce system made up of more than 47 separate programs under the administration of nine federal agencies (GAO, 2011). Former Michigan Workforce Office Chief Andrew Levin describes it as a patchwork, “comprised of a maze of overlapping and often conflicting statutes born from the 1930s to the 2000s” (2010, p. 1).

The primary vehicle of the public workforce development system is the Workforce Investment Act (WIA) of 1998, with its network of One-Stop Career Centers. Under WIA are the Adult and Dislocated Worker Program and the Wagner-Peyser Program, which includes the Employment Service and its reemployment and labor exchange services, adult education, and programs directed to specific populations (youth, veterans, Native Americans, migrant workers, and people with disabilities).

Only two highly restricted programs of the public workforce system are dedicated to serving older workers: the Senior Community Service Employment Program (SCSEP), which is authorized by Title V of the Older Americans Act, and the Alternative Trade Adjustment Assistance (ATAA) Program under Trade Adjustment Assistance. SCSEP provides part-time, subsidized community service employment opportunities to roughly 100,000 very low-income older workers (55+) per year. It has been estimated by GAO (2008) that SCSEP serves approximately 1% of the eligible population. Some observers have questioned whether SCSEP is a viable model that is appropriate for a broader population of today’s older job seekers, especially given its focus on very low-income (125% of poverty) older people.

ATAA provides older workers (50+) who have been displaced by foreign trade with a temporary wage subsidy for those who find a job in 26 weeks or less at a wage that is lower than what they earned previously (and under \$50,000 per year) and who agree to forgo training. In calendar year 2006, the latest year for which data are available, only 6,352 individuals participated in ATAA (U.S. Department of Labor, Employment and Training Administration, n.d.).

The Workforce Investment Act (WIA) was designed with the intent to provide services for job seekers of all ages. Since the start of the Great Recession, WIA has seen a vast increase in the number of adults served. In 2009, adults 55 and older make up about 12.6% of clients served under WIA, representing a little more than 200,000 individuals. This compares to the approximately 2.1 million unemployed older adults at the beginning of 2011 (BLS, 2011). To determine whether older adults are receiving WIA services at rates different from younger adults, Heldrich Center researchers analyzed data from 2006–2009 comparing the number of older adults (55+) served under WIA relative to the number of unemployed older adults, with the number of younger adults served under WIA relative to the number of unemployed younger adults. The Heldrich Center found that WIA slightly underserves older workers compared to younger ones. In 2009, 11.5% of unemployed younger adults received WIA services, compared to 10.1% of unemployed older adults; a similar gap was evident in each of the years 2006–2009. Although the difference is small, it is statistically significant and indicates that WIA appears to routinely underserve older workers (Heidkamp, Mabe, & DeGraaf, 2012, in press).

Prior to WIA, the Job Training Partnership Act actually had a special set-aside to serve older workers, but this program was not included in the WIA legislation. In a 2003 report, the GAO noted that, as a consequence of ending the older worker set-aside, One-Stop staff observed that the number of programs targeted to older workers declined despite the increasing age of the American population. Perhaps more

significant is that in today's public workforce system, older workers are likely to be served differently by One-Stops, with WIA performance data demonstrating that older workers are less likely to receive training under WIA-funded programs than younger clients. From April 2009 through March 2010, older job seekers made up 11.6% of all WIA adult exiters, yet they represented only 6.8% of training recipients (Heidkamp, Mabe, & DeGraaf, 2012, in press).

In addition to looking at access to training, Heldrich Center researchers also studied the labor market outcomes of older adults who received WIA-funded services, finding that older workers who exit from WIA services are less likely to become employed than younger exiters. However, while older adults exiting from WIA services have weaker employment outcomes and are less likely to receive training than younger WIA participants, those older WIA exiters who do receive training appear to be successful in both earning a credential and getting a job. According to the data, older adults age 55 and up who accessed training through WIA earned a credential of some sort—high school diploma or equivalency, college degree, occupational certificate, or other credential—at about the same rate, and in some years at a slightly higher rate, than younger WIA exiters. In addition, the data show that older adults who do receive training also have some success in attaining employment after training relative to individuals from other age groups. Based on the USDOL's calculated credential and employment rate, measuring the number of WIA exiters who were employed in the first quarter after exit and who obtained a credential by the third quarter after exit, outcomes for older adults are about the same as those of younger adults, except for in 2009, when they were a few percentage points lower. In other words, it is possible that increased access to training for older adults may reduce the gap in the employment rates between WIA exiters 55 and older and those who are younger (Heidkamp, Mabe, & DeGraaf, 2012, in press).



In recognition of the challenges facing older job seekers in WIA-funded programs, the U.S. Department of Labor launched an Aging Worker Initiative in 2009. Under this initiative, 10 pilot areas are currently experimenting with various strategies to improve the public workforce system's ability to serve older workers. Pilot sites are making use of dedicated career navigators, offering short-term training for high-demand industries, providing computer training and internships, offering reverse job fairs, developing interactive websites, and engaging in public messaging and employer dialogues around the value of mature workers (Council for Adult and Experiential Learning, 2011). An evaluation of the Aging Worker Initiative is underway, but results are not yet available.

Community Colleges and Older Job Seekers

Community colleges are becoming an increasingly important partner in the public workforce system, training workers through both degree and credential—"credit"—programs and "non-credit" programs that

help job seekers and incumbent workers learn basic and/or occupational skills. Heldrich Center research found that, as with WIA, older workers are less likely to engage in training at community colleges than younger workers, and they enroll at lower rates in credential or degree-granting programs at two- and four-year colleges. The research also found that even accounting for older workers being underrepresented in higher education credit programs, an even lower percentage of them receive federal Pell Grants, needs-based financial aid awards (Heidkamp, Mabe, & DeGraaf, 2012, in press). In spite of the important role played by non-credit community college workforce programs, very little data on participation in these programs is available.

In an effort to expand the capacity of community colleges to develop programming to address the needs of older learners, the American Association of Community Colleges (AACC), with funding from The Atlantic Philanthropies, launched its Plus 50 Initiative in 2008 with 13 colleges, later adding 11 more. With support from Lumina Foundation, AACC subsequently added a completion phase to its Plus 50 Initiative, which will encourage Plus 50 students to attain certificates and degrees to enhance their employability. This effort will also emphasize prior learning and experience credit for older students and include the use of “completion coaches.” In early 2012, AACC announced that it had received a \$3.2 million grant to expand the Plus 50 Initiative, with plans to reach 10,000 additional older students at 100 community colleges who will participate in job training and work to complete degrees or certificates in health care, education, or social service occupations. An evaluation of the Plus 50 Initiative is underway, but results are not yet available.

A Vision for the U.S. Public Workforce System

Multiple reports in recent years have discussed the increasing importance of postsecondary credentials and the projected increase in middle-skill jobs, which are typically defined as jobs requiring some postsecondary education and training beyond a high school degree, including associate degrees; vocational certificates; substantial on-the-job training; prior work experience; or some college, but less than a four-year degree (Holzer & Lerman, 2007; Carnevale, Smith, & Strohl, 2010). Middle-skills occupations might include clerical and legal assistants; sales; construction; engineering technicians; health care support jobs, such as dental hygienists and radiation therapists; installation/repair; production; and transportation/material moving jobs (Holzer & Lerman, 2009).

In addition, ongoing advances in technology are resulting in constantly evolving new skill requirements. As New York Times columnist Thomas Friedman (2011) put it: “This is not your parents’ job market.” He notes that employers are increasingly seeking individuals with critical thinking skills who can add more value than a computer, a robot, or an off-shore worker, and who can adapt to changing conditions and reinvent themselves as needed. Thanks to both globalization and the information technology revolution, new products come and go more quickly than ever before, resulting in the trend among some Silicon Valley employers to review employee performance quarterly rather than annually to keep current with the changing nature of jobs. Even if Friedman is talking primarily about college educated employees, for all job seekers, inadequate access to training and lifelong learning opportunities is most likely to leave individuals economically behind in the labor market. For the growing population of older job seekers, the lack of access, resources, or reluctance to engage in midlife and midcareer training remains a chronic disadvantage in today’s changing labor market.

How can the broader U.S. public workforce system better respond to the demographic changes of an aging labor force? How might limited public workforce system resources be reallocated to better serve the growing number of older job seekers, trying to reconcile the unique needs of older and midcareer

job seekers with the need for a universally designed system that must serve a wide range of clients at different points throughout their careers? There has always been tension between the need for a system that can serve a wide range of clients in an integrated setting, including people with disabilities, veterans, TANF recipients, older workers, younger workers, high school dropouts, non English speakers, ex-offenders, and others, and the recognition that one size does not fit all. In an era of scarce resources, how can or should the public workforce system balance these potentially conflicting needs? What would a re-envisioned public workforce system consist of that would better align the needs of the growing number of older job seekers with the reality of today's labor market?

Based on the post-Great Recession labor market experiences of many older and other job seekers, the WIA service delivery system model is no longer the most appropriate to address the ongoing career, education, training, and skill needs of today's wide range of unemployed, underemployed, and incumbent workers, especially older workers. Many of the thoughtful recommendations made in recent years as part of WIA reauthorization efforts to address perceived shortcomings of WIA—such as the incorporation of career pathway efforts and sector strategies—are likely to result in a marginally improved system, but do not go far enough. What is needed is new legislation that establishes a more flexible, more robust lifelong learning, education, and training delivery system in alignment with the country's postsecondary education institutions and local/regional economic development efforts—a system that also makes ample use of new technologies and social web tools to improve the efficiency and effectiveness of the labor exchange process to meet the demands of today's employers and job seekers.

Today's public workforce system has to play a dual role—serving as both a safety net for individuals who require income support, literacy, and vocational education and retraining as a result of unemployment, poverty, and long spells out of the labor market—as well as an ongoing support system that provides access to high quality, affordable, and labor market driven education and training to help adults of all ages prepare for and remain in the labor market. A new national education and workforce development strategy should also be flexible and eliminate decades-old program and funding silos, and more fully integrate the current patchwork of programs, including unemployment insurance, the employment service, adult education, vocational rehabilitation, and others into a more seamless system of resources that can better respond to local needs.

Though not specific to the needs of older workers, a number of recent reports have offered suggestions for reforming the current WIA framed public workforce system or have made recommendations that might be incorporated into a re-envisioned system. Noteworthy among these are reports published by the Center for Law and Social Policy (CLASP), the National Skills Coalition, Georgetown Center on Poverty, Inequality and Public Policy, Brookings' Hamilton Project, and the Center for American Progress. As mentioned earlier, there have also been several pilot projects targeting older job seekers, including the U.S. Department of Labor's Aging Worker Initiative (AWI) and the AACC's Plus 50 Initiative, which offer some preliminary lessons for consideration. However, in order to provide a better system to address the needs of older workers, a new re-envisioned workforce system should include the following:

- **Better alignment, especially with employers and the needs of regional economies, with strategies deeply grounded in state and local labor market intelligence and data.**

Several research organization reports note that sector strategies have demonstrated successful outcomes, especially for low-skill job seekers. Some version of sector strategies is currently in use in at least 25 states (Good & Woolsey, 2010). This alignment should include a “cradle-through-careers” view of elementary, secondary, and postsecondary education and training. Several states have begun to develop such broad strategic plans, better aligning their workforce and economic development

systems, and holding postsecondary educational institutions accountable for being responsive partners, including tying funding to outcomes (National Governors Association Center for Best Practices, 2011).

- **A focus on education, training, and skill attainment, not short term interventions and job placement.**

Access to and financial support for more robust training is needed, including training lasting a year or more, in place of the current national focus on short-term interventions that made sense in the tight labor market for which WIA was originally developed. It has been noted in several reports that older workers and older dislocated workers especially require more intensive training to transition to new occupations. WIA has been described as a “training as a last resort” program (Mangum, 2008), and it is no longer an appropriate vehicle for today’s education and training needs.

- **More creative delivery of training is needed, focusing on career pathways models, as well as other flexible, blended, integrated, and accelerated education and training approaches, with an emphasis on programs that lead to credentials.**

Creative approaches to training should take into account the learning styles of older and working learners and recognize and award credit where appropriate for prior learning and experience. System performance measures should recognize and incentivize outcomes reflecting not only access to education and training, but also retention and graduation from training as well as successful transition into employment in the local labor market.

- **Stronger career advising, navigating, and counseling available to job seekers by well-trained workforce professionals, based on labor market data as well as information about the costs and benefits of different training programs, demands for different credentials by employers in the labor market, and prospects for entrepreneurship.**

Career advisors need to understand the varying needs of individual job seekers, including having a deeper understanding of the skills, requirements, and needs of various high-growth local industries. Resources should be used that not only connect job seekers with in-person “high touch” assistance but also makes use of advances in technology that can virtually connect job seekers with high quality industry advisors via the computer and social media.

- **Access to and financial support for an array of flexible supports for other wrap-around services necessary for all individuals in training regardless of whether they are tied to any particular income support program such as TANF or Unemployment Insurance.**

Services, either available through direct assistance or vouchers, may include short-term income support; transportation, including car repair; child or elder care; food and housing assistance; legal assistance; support for educational materials; and access to mental health services.

CLASP and AACC are currently launching a Benefits Access project that will encourage students to access a wide range of existing public support they may be entitled to as a strategy to help bolster the odds of their successful completion of education and training. Another effort to marry supportive services to community college programs is the Community College/Career Collaboration, which was launched in 2009. Known as the C4 project, it is a partnership between Goodwill Industries International, AACC, the Aspen Institute, Jobs for the Future, and three local pilot projects involving community college/Goodwill partnerships in northern Virginia; San Antonio, TX; and Winston-Salem, NC. The goal of the C4 project is to increase college and career prospects for individuals who lack a college or career credential by providing them with access to education, job-specific training, and

supportive services. The current models involve a mix of efforts to pool resources and assets in creative ways, including co-enrolling individuals and co-locating services. Each student gets a case manager to help them along the way.

- **Expand and support the use of technology and social media to improve the efficiency and effectiveness of the service delivery system and access to quality assistance for job seekers.**

The public workforce system is just beginning to grapple with how to use social media and virtual platforms for delivering employment services, education, and training; and it should be assumed that a re-envisioned public workforce system will want and need to make substantial use of these tools. Among the examples of recent online systems targeted to older workers is the AARP Foundation's WorkSearch Assessment System, a web-based system that assesses skills, interests, aptitudes, and skill and training gaps and connects users to training virtually or in the community as well as to job opportunities. Launched in 2007, the model includes "virtual job coaches"—trained peer volunteers who work with clients virtually via discussion groups, e-mail, and phone. This hybrid approach allows an efficient use of technology and self-directed activity blended with access to more personalized assistance as needed.

There have been several efforts to develop basic computer skills training programs for older job seekers, including a Digital Inclusion Program, developed by Senior Service America, Inc., a national SCSEP grantee. Targeted to adult learners over the age of 55, the model includes an online computer tutorial designed for older adults who may be using a computer for the first time, with SCSEP participant "peer coaches" on hand to provide support and technical assistance. The program has been available at libraries, senior centers, and other public and community settings. Another example is a 30-hour Mature Worker Technology Program that has been developed by the Workforce Development Council of Seattle-King County in Washington State in partnership with the AARP Foundation and Microsoft. This training includes segments on using social networking to assist with the job search.

Though not targeted to older job seekers, the American Association of Community Colleges (AACC) recently launched a Healthcare Virtual Careers Platform (HCVP), supported by the U.S. Department of Labor. HCVP will provide job seekers with information on health care careers and will help them find and enroll in training. The program will include free online remedial courses as well as information about online and classroom courses leading to health care credentials. The pilots are being run in conjunction with several national nonprofit partners, including the International Association of Jewish Vocational Services (IAJVS), Goodwill Industries International, and SER-Jobs for Progress.

The Facebook Social Jobs Partnership is another recently launched pilot to expand the use of social media in the public workforce system, with partners including Facebook, the National Association of Colleges and Employers (NACE), Direct Employers Association, the National Association of State Workforce Agencies (NASWA), and the U.S. Department of Labor. The project will study how job seekers are using social media, support a centralized Facebook page for job seekers and employers, and promote available employment programs.

In late 2011, USDOL awarded grants to Idaho, Minnesota, and New York to develop plans to use social media to help connect job seekers with jobs as part of an effort to improve access to reemployment services for Unemployment Insurance claimants.

- **Provide consistent, adequate formula funding to support the system.**

The public workforce system has struggled with limited resources for years. The American Recovery and Reinvestment Act (ARRA) provided a temporary boost in funding, combined with clear policy

guidelines and increased flexibility in the provision of training that, according to the Center for Law and Social Policy, resulted in greater emphasis on training and support services, including for low-income adults, and more innovative training design and delivery (Ridley & Ganzglass, 2011). However, as ARRA funds dried up, the challenge of maintaining these training investments returned.

While formula funds have decreased, some funding has been made available to the system through grants, such as \$500 million under the Trade Adjustment Assistance Community College Career Training Initiative and \$98.5 million for the Workforce Innovation Fund. While these initiatives may result in innovation for those grantees that are successful, they may also result in projects that are difficult to sustain when the competitive funding is spent. A stable base of formula funding is needed.

Conclusion

Though replete with lingering high unemployment, and especially long-term unemployment for many job seekers, the post-Great Recession labor market provides an opportunity to re-think today's public workforce system. Access to training and education, including vocational and other postsecondary education, is increasingly important to all workers, and particularly vital to older individuals who need to change industries and occupations or gain new skills because of job loss, age-related health issues, family and personal circumstances, and/or geographic displacement.

But just improving access to training for older workers is not enough. The current public workforce service delivery system can be made more productive and more efficient by making better use of advanced communication and computer technologies and social media; by providing all older workers access to a wide array of flexible support services, not just to those by virtue of poverty, family size, or disability; by uniting and aligning income support (e.g., Unemployment Insurance), reemployment services, and education and training programmatically; and by ending decades-long fiscal silos.

Current federal reform efforts have been characterized by "Race to the Top" style, one-time grant solicitations and pilot opportunities and for granting states waivers to develop integrated and aligned workforce systems of the future. These efforts alone, however, are unlikely to transform or make more efficient poorly performing or under resourced local One-Stop Centers or Workforce Investment Boards. Today's reform efforts reward high performers and leaders who understand the need for close connections to employers and critical high-growth sectors; who are investing in advanced technology and using social media; and who are looking to integrate unemployment benefits, employment services, and education and training for all job seekers. A re-envisioned public workforce development system, reinforced by new legislation, backed by ample formula funding, and not one-time grants, is needed to facilitate the ability of all older job seekers and incumbent workers to gain the education and training employers increasingly need them to have today, and to help them stay working as long as they desire.

The new legislation should recognize the greatly changed labor market circumstances including demographics, rising skill needs, and the global economy. Given the pace of change in the labor market and different regional needs across the country, few parameters should be spelled out, and funding silos removed, providing a streamlined, single funding stream that allows states the flexibility to craft programs and policies that reflect their own populations and their mix of industries and educational institutions. Efforts are currently underway to forge stronger partnerships between employers and community colleges around developing responsive education and training tied to labor market needs and jobs; this

coalition could be expanded to incorporate broader workforce development issues and to help create the buy-in and champion the vision for the new system.

In a new system, far more sophisticated use of data is needed to target appropriate job search, education, and training services as well as job prospects to clients of the system, drawing on techniques used by private sector marketers as well as a growing number of public programs. Using data on various economic, demographic, and employment variables, the public workforce system can develop the capacity for what is being called data-guided management or data-driven decision making, fine-tuning its offerings and measuring their effectiveness (Lohr, 2012). According to a recent *New York Times* story, the “predictive power of Big Data is being explored—and shows promise—in fields like public health, economic development and economic forecasting,” and companies using these techniques are finding significant gains in productivity (Lohr, 2012). The public workforce system can do the same. In addition, also relying on technological innovation, many services can be delivered virtually rather than at physical locations: providing information is both “pushed” and “pulled.”

Formula funding for the new system should reflect the efficiencies that are likely to be achieved by redirecting or reducing the administrative costs associated with the current siloed programs, as well as the productivity and cost savings that may result from moving from bricks and mortar into the provision of more virtual service options and making more sophisticated use of technology. The higher costs of providing more robust



support services and training could be offset by these savings. For example, New York State is currently experimenting with Virtual One-Stop Career Centers that will offer career services to customers who do not require in-person assistance. While results remain to be seen, this and similar efforts should provide a basis for estimating potential cost savings.

In the end, learning from the experiences of a growing number of older job seekers under WIA, and recognizing the changed environment that exists today versus when WIA was enacted in 1998, it is time for new legislation that can move towards a holistic public workforce system that can help people at different points in their careers, whether they are dislocated workers, the working poor, the long-term unemployed, or the growing number of older workers who need reemployment, transition assistance, or skills upgrading.

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Additional CAEL Resources for Tapping Mature Talent

For Employers:

Just Add the Seasoning: A Business Case for Tapping Mature Talent - by CAEL (supported by The Atlantic Philanthropies), 2012. http://www.cael.org/pdfs/2012_TMT_Employer_Paper

For State Policy Leaders:

State Strategies to Support the Maturing Workforce: A Paper for CAEL's Tapping Mature Talent Initiative - by CAEL (supported by The Atlantic Philanthropies), 2011. http://www.cael.org/pdfs/2011_TMT_State_Policy_email

For Those Interested in the Direct Experience of Mature Workers:

Maturity in the Workplace: Stories of Workers Aged 55+ on Their Journeys to New Work and Careers - by CAEL (supported by The Atlantic Philanthropies), 2011. http://www.cael.org/pdfs/2011_TMT_Profiles_for_email

Earlier Publications from Tapping Mature Talent:

Developing the Workforce as It Matures - by CAEL and the Council on Competitiveness (supported by The Atlantic Philanthropies), 2011. This monograph describes the work of the U.S. Department of Labor's Aging Worker Initiative grantees and emerging practices at the mid-point of the project. <http://www.cael.org/pdfs/TMT-Monograph>

Regional Economic and Workforce Strategies: A Focus on the Mature Workforce New Opportunities for Meeting Skill Needs - by CAEL and the Council on Competitiveness - (supported by Atlantic Philanthropies), 2009. http://www.cael.org/pdfs/115_regionaleconomicandworkforcestrategies_final

This publication is available online at

http://www.cael.org/pdfs/TMT_21stCentury_Policies_Full_Report

The executive summary is available at

http://www.cael.org/pdfs/TMT_21stCentury_Policies_Executive_Summary

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