



Using the Workforce Investment Act to Serve Mature and Older Workers

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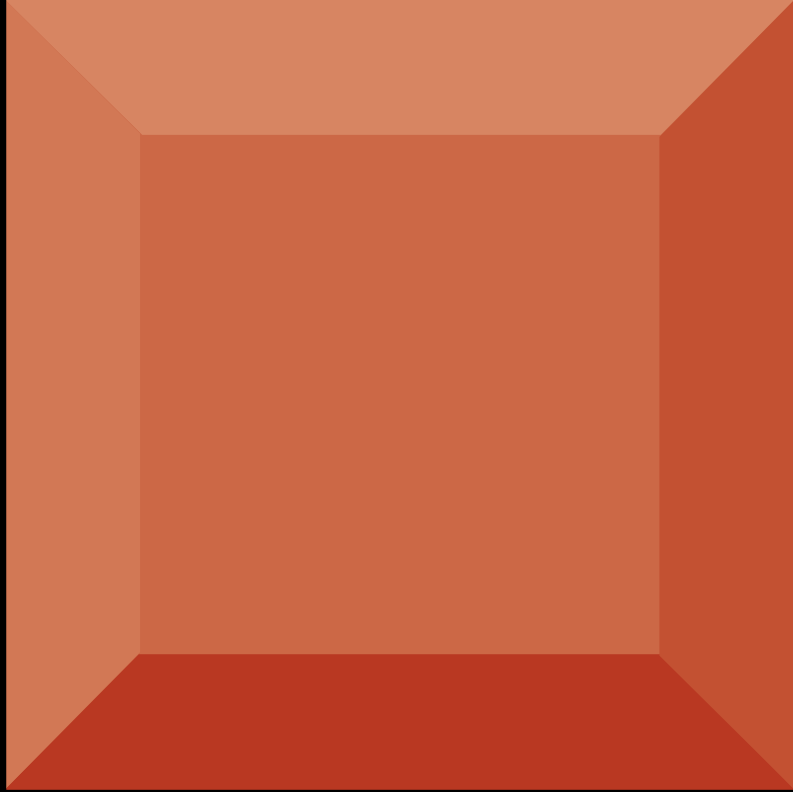
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Division of Older Worker Programs

U . S . D e p a r t m e n t o f L a b o r



Employment and Training Administration

Using the Workforce Investment Act
to Serve Mature and Older Workers

Implementation of the *Workforce Investment Act of 1998* (WIA, Public Law 105-220, enacted Aug. 7, 1998) will significantly affect the way in which mature workers can be served in both the Senior Community Service Employment Program (SCSEP), authorized by Title V of the *Older Americans Act* (OAA), and in other federally funded employment programs formerly authorized under the *Job Training Partnership Act* (JTPA) and redesigned under the new WIA authority.

The WIA is intended to consolidate and streamline the numerous federal employment programs and provide states and localities with more discretion to design and monitor workforce development strategies to meet their own labor market needs. WIA emphasizes universal access to programs and services. Although WIA gives priority to low-income individuals and welfare recipients, it eliminates specific targeting for certain populations, including older and disadvantaged workers. The Act repeals JTPA, including the Section 204(d) set-aside program for older workers, Title IIA adult programs for economically disadvantaged workers, and Title III for dislocated workers, which served many older workers under JTPA. Instead, WIA encourages state and local Workforce Investment Boards (WIBs) to develop integrated systems and one-stop centers that best meet the needs of their areas. Older workers and the pre-existing programs authorized under the OAA, including SCSEP, are now considered part of the overall workforce development system.

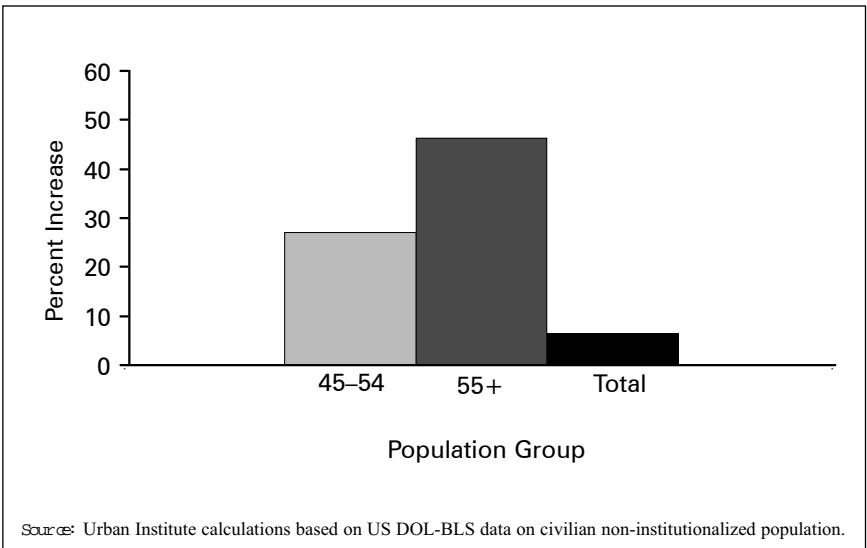
The WIA raises important challenges both to the SCSEP and to local workforce investment boards serving older disadvantaged workers formerly targeted under JTPA. It offers an unprecedented opportunity to assess the needs of mature and older workers in a coherent and coordinated fashion, at a time when those workers will in fact represent a dominant portion of the workforce and are likely to need and to seek workforce development services in order to allow them to remain in the workforce at levels sufficient to support their income needs. And it affords new opportunities to improve services to older workers overall, if state and local workforce investment boards are adequately informed about the needs of the aging worker population and programs that serve mature and older workers can advocate for their interests.

I. DEMOGRAPHIC AND WORKFORCE CHARACTERISTICS OF MATURE AND OLDER WORKERS

Aging Baby Boomers. The post-World War II baby boom generation is moving into their forties and fifties at the same time as states and localities are redesigning their employment and training programs. Baby boomers can be expected, because of their sheer numbers, their higher labor force participation rates than previous generations, and their record use of employment and training services when they were young workers, to be the dominant group needing and seeking workforce development services—but now as mature and older workers.

The baby boom generation in 1999 consisted of about 77 million individuals aged 35 to 53, and represented about 37 percent of the population 16 and older. As the generation ages, it will dramatically increase the number of individuals 45 and older. The Bureau of Labor Statistics (BLS) projects that by 2008 the population 45 and older will be 112 million, an increase of 26 percent since 1998. In the same period the population 55 and older is likely to increase by over 46 percent. In comparison, the Census Bureau expects the total population of the nation to increase by only about 9 percent over this 10- year period.

PROJECTED CHANGE IN MATURE AND OLDER ADULTS, 1998-2008,
COMPARED TO TOTAL POPULATION

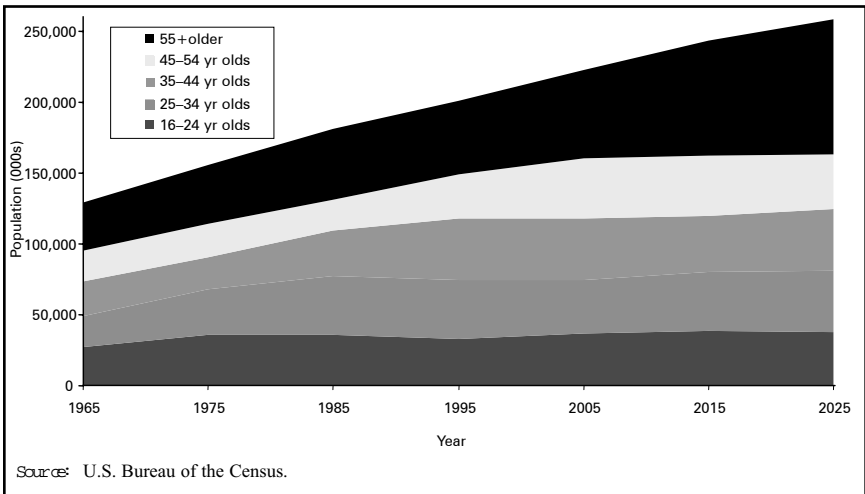


Between 1996, when the first baby boomers reached 50, and 2025,

the population 55 and older is expected to increase more sharply than any other age group. In fact, by 2025 the number of persons over 65 will be at least 18 percent of the population in 39 states—now true only for the state of Florida.

As the baby boom generation has affected the age distribution of the population, it has also increased the size and raised the average age of the labor force. When the baby boomers were children and young adults, in the 1960s and 1970s, the median age of workers steadily declined. But the average age of the labor force has been rising steadily since 1980. It is now projected to be 41 by 2008 and is expected to continue to rise until at least 2020.

POPULATION TREND, 1965-2025, BY AGE



Thus mature workers make up an increasing share of all workers. In 1985 all baby boomers were under the age of 40; by 2004 they will all be over 40, and by 2010 they will all be over 45.

The Bureau of Labor Statistics projects an increase of about 12 per-

cent in the total labor force between 1998 and 2008, but a 37 percent increase in older workers in the same period. Thus by 2008 over 40 percent of the labor force (over 62 million workers) will be 45 and older, and 37 million will be between 45 and 54 years old. The number of workers 25 to 44 years of age will actually decline during this period. The new workforce development system under WIA, therefore, will be called upon to serve more mature and older workers than the former system under JTPA.

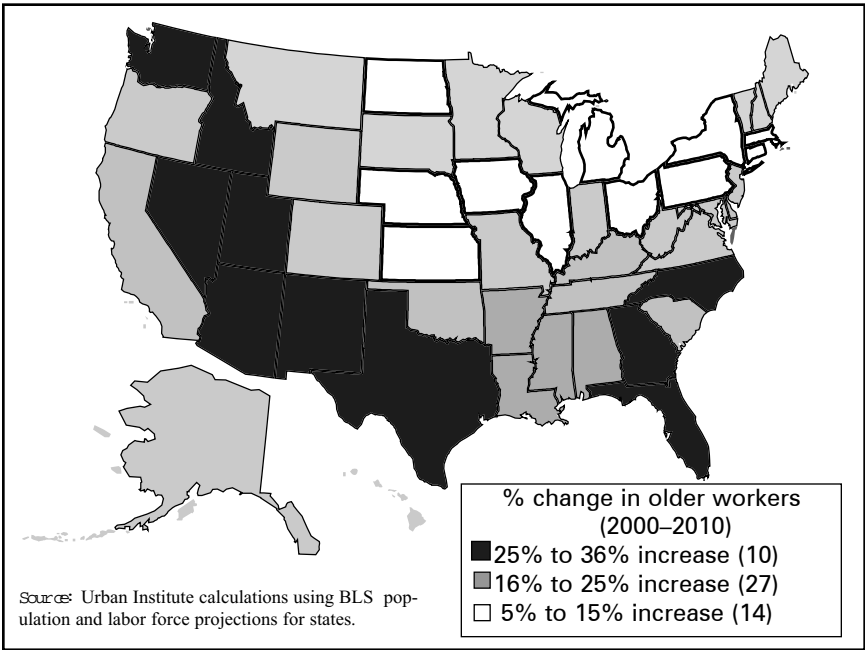
M EDIAN AGE OF THE U.S. LABOR FORCE , 1962–2008



Although labor force projections are not available by state, rough approximations by the Urban Institute¹ suggest that states in the south and west might expect the largest percentage increases of older workers in the coming decade, and six states (Illinois, New York, Pennsylvania, California, Florida, and Texas) might expect the greatest number. Labor force participation may vary from state to state, creating different demands on workforce development systems as well as on state health care and social service systems. The adequacy of the new workforce development system will depend both on the characteristics of the workforce and the availability of services.

Labor Force Participation. Although the baby boom generation has

1. Kramer, Fredrica D. and Demetra Smith Nightingale, *Aging Boomers in a New Workforce Development System* (January 2001).



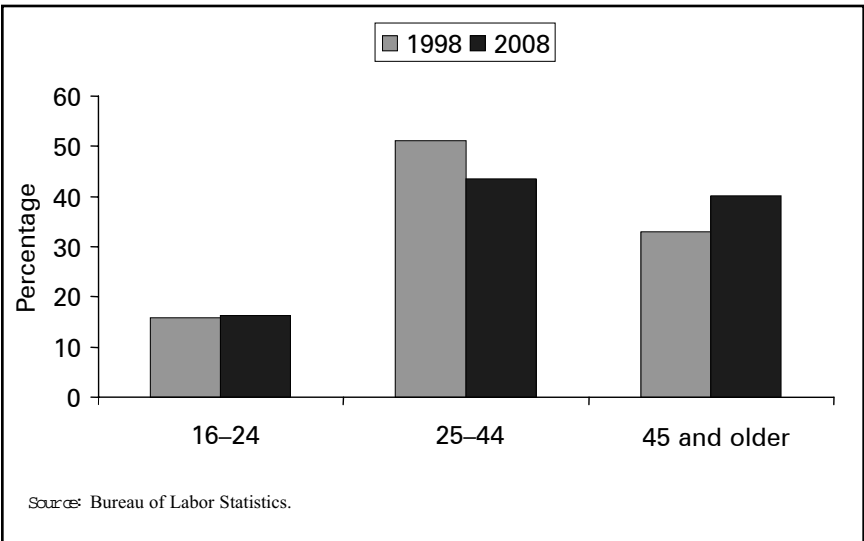
had higher labor force participation than previous generations, those rates begin to decline for those over age 50. But not all baby boomers will choose to or be able to retire, creating new demands on workforce development systems to help older workers remain in the labor force to support their income needs.

An array of public policies have in fact begun to encourage later retirement, including changes to the Social Security system and public and private pension and benefit regulations that remove incentives to early retirement. And Congress has enacted new laws prohibiting age discrimination in the workplace and restricting policies that mandate a particular retirement age.

For those who need to continue to work, major changes in the workplace, in the structure of work, and most importantly in the increasing use of technology and the globalization of the labor market, continue to demand different and higher skills of U.S. workers. For many workers, particularly those in their mature working years, these

structural shifts are increasing the uncertainty of employment. The cohort of younger baby boomers, aged 36 to 44 in 2000, has a greater number of immigrants, is less well educated, and has faced very different economic conditions since entering the labor force than their older counterparts, including more workforce disruptions, and wage stagnation that began in the mid-1970s. The ability of these workers to use the workforce development system effectively will be critical to improving their skills and remaining in the labor force at levels sufficient to support their income needs.

AGE DISTRIBUTION OF THE LABOR FORCE, 1998–2008

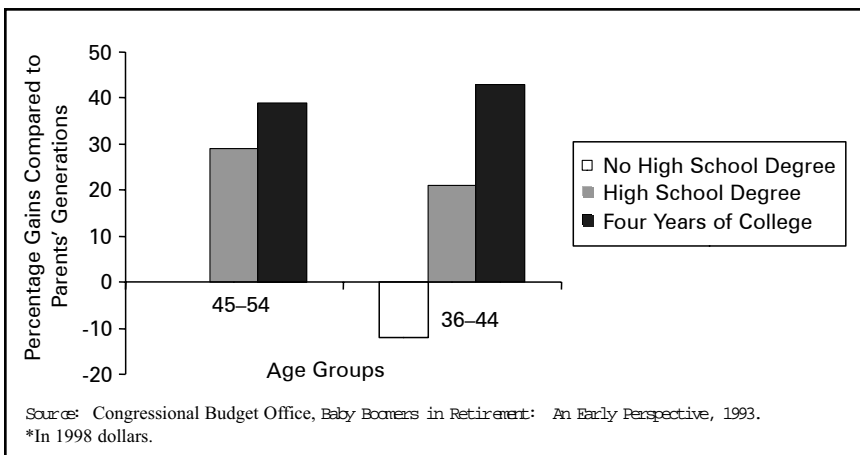


Economic Status of Mature and Older Workers. Even if economic conditions do not worsen substantially over the next several years, the aging of the baby boom generation means that there will be a substantial increase in the number of mature and older workers who are unemployed, living below poverty, or otherwise characterized as economically disadvantaged. Furthermore, while the generation as a whole has done well economically, those less well educated have seen, depending on their age, either no increase or an actual decline in their income compared to the prior generation.

If we apply current employment and unemployment rates of each age group of older workers to BLS labor force projections, estimates suggest that the aging of the baby boom generation could result in nearly half a million more unemployed workers 45 and older in 2008 than there were in 1998. Applying the same (simple) assumptions that economic conditions and unemployment rates remain the same, there could be over 3 million more economically disadvantaged adults (using the JTPA definition), nearly 2 million of whom would be living below poverty. This represents a 27 percent increase in economically disadvantaged adults, 45 and older, and a 24 percent increase in older adults living below poverty.

Education accounts for most of the differences in income among maturing and older workers. While those with four years of college have experienced substantial increases in income compared to the prior generation (39 to 43 percent, depending on their age), those without a high school education have made no gains in income. About 12 to 13 percent (about 10 million people) do not have a high school diploma or equivalency. Workers aged 36 to 44 in 2000 without a high school education have actually experienced a 12 percent decrease in median annual income compared to their parents' generation.

MEAN ANNUAL INCOME* OF BABY BOOMERS
 COMPARED TO THEIR PARENTS' GENERATION



As the graph indicates, not only does education account for a significant increase in earnings compared to prior generations, but the disparity between the value of a college education compared to a high school degree has increased dramatically; higher education is becoming increasingly important.

II. STRATEGIES FOR SERVING OLDER WORKERS UNDER WIA

One-Stop System. The one-stop systems are an opportunity to integrate services funded by WIA and by SCSEP in order to better serve mature and older workers. The SCSEP has been part of many one-stop career centers established over the past few years and is required to be part of the one-stop system mandated by the WIA, but states and localities have discretion over the nature of SCSEP involvement, and it will vary. The presence of SCSEP within the one-stop system may help centers tailor their programs to address the needs of both older workers served by SCSEP and others entering their mature working years.

The WIA requires that each state establish fully operational one-stop service delivery systems. The one-stop system must deliver core services, including labor market information, job search assistance, and job placement, as well as access to other pre-employment services, testing, and training for those who will need additional help. The one-stop system must consist of at least one physical location in each designated local area where all core employment services are made available to all persons, and where all services through all the required programs are made accessible to all eligible populations. The local one-stop center must provide access to all programs and services included in the WIA.

The local system may also include a network of affiliated sites, operated by “one-stop partners”—organizations and programs that serve special populations. The operator of the local one-stop is selected by the local Workforce Investment Board (WIB) and the local elect-

ed officials through a competitive process, or chosen in accordance with an agreement reached between the local WIB and a consortium of three or more of the one-stop partners. Advocates will want to ensure that the interests of mature and older workers are represented in the selection of operators of one-stops and in the participation of one-stop partners.

The SCSEP is required to be part of the one-stop system—that is, operated entirely out of a comprehensive one-stop center or affiliated with the one-stop center as a “partner” for a special population. Older worker organizations can apply to the WIB to operate as a separate specialized center, affiliated with the one-stop center as a “partner,” to serve their special population. They may obtain WIA funds to serve this special population, but the Act strongly states that all WIA-funded service providers be selected through a competitive process. The decision about whether any WIA funds will be used in this manner for services to any special populations is left to the discretion of the WIB.

It may seem easier in the short term for SCSEP to remain separate, but that may also mean foregoing the opportunity to access additional funds that are available through the WIA. The elimination of the 204(d) set-aside should motivate SCSEP grantees to try to replace those lost funds, either by receiving WIA funds directly to augment the SCSEP or by assuring that SCSEP participants can access WIA-funded services (usually through the one-stop center).

Even if SCSEP is separate from the one-stop, some mechanism must exist in the core one-stop center to allow eligible persons to access SCSEP services. A major benefit of locating within the one-stop center is the opportunity to enhance the general awareness among the traditional employment and training providers of the special needs of maturing workers. Lessons learned from SCSEP may apply to serving mature workers under 55, not yet eligible for SCSEP, but who nonetheless have different training needs and require different approaches than those for younger workers. In addition, physical proximity may allow better coordination of SCSEP resources with WIA resources to serve those workers eligible under both SCSEP and WIA.

Workforce Investment Boards (WIBs). Although their membership is not specifically required, state WIBs should consider including representatives of the State Unit on Aging, other SCSEP grantees, and/or other organizations with expertise in serving older workers, to assure that the employment needs of mature and older workers continue to be part of the planning and governing process of the state workforce development system.

The WIA specifies some of the representatives who must be included as members of the state and local WIB, but also gives elected officials discretion in deciding the specific composition of the boards. The Act requires that lead state agencies of programs in the one-stop system be included on the state WIB and that local one-stop partners be included in local WIBs, but the law does not require that **all** partners be included.

SCSEP grantees and others who represent the interests of mature and older workers, including those that offer other services that impact on employment, should actively advocate for their inclusion on WIB boards and one-stop systems, if they were not included at the outset of WIA planning. Given the numerous programs specifically listed in WIA (e.g., business representatives, elected officials, labor organizations, youth organizations, and education agencies), it cannot be assumed that all possible members will have been identified by state planning officials. Especially in states where the SCSEP has operated fairly independently from mainstream employment and training programs, it may be necessary to campaign actively for a representative of the State Unit on Aging or a national SCSEP grantee, and one or more representatives of local SCSEP providers, to be included on the boards. Similarly, providers that have served dislocated workers will likely be serving more older dislocated workers in the future. Their active participation in WIBs should bring a needed perspective to the oversight of state workforce development systems, as well as help them adjust their focus to the needs of workers who are older, may be more difficult to serve, and will need greater help relocating into jobs that can support them through their later working years.

Workforce Investment Plans. The WIA directs states to develop workforce development plans and allows states to submit even more comprehensive Unified Plans if they choose. The planning process can be a substantive mechanism to assure equitable service to mature and older workers and advocates should continue to assess whether state plans adequately accommodate the needs of older workers or whether modifications are needed.

In keeping with the intent of the law, states are required to include in their workforce investment plans specific information about program coordination and non-duplication of service. SCSEP is among the programs that must be addressed in the plan, and service to older workers is one population group specifically noted. The WIA also amends the OAA to require that the State Units on Aging coordinate WIA and OAA programs and avoid duplication of services.

Developing strategies for dislocated workers and youth, and establishing coordination between WIA activities and other large systems, such as vocational education or those resulting from welfare reform, will undoubtedly be a higher priority than SCSEP for states implementing WIA. In fact, the population of 16- to 24-year-olds is projected to increase over this decade, albeit very slightly, for the first time in 25 years, and WIA planners will need to begin to address the effects of these increases. The State Unit on Aging and other SCSEP grantees should seek to be actively included in the WIA process in developing and amending the five-year plan, since the Act provides an important window of opportunity to influence the targeting of WIA funds.

The Act has fewer specific participant eligibility criteria than existed under JTPA. States are given discretion over establishing priorities for serving particular groups within the broad eligibility parameters (unemployed in general, low-income unemployed for intensive services.) Thus, there are no "dual enrollment" provisions in the WIA. There are still separate appropriations for dislocated workers and that can include a broad range of individuals, but there is no provision similar to the 204(d) set-aside for older workers. (There is an implicit set-aside amount for youth programs.)

Recent findings of the Urban Institute on the effects of the aging of the population on employment and training programs² suggest that mature and older workers (45 to 70 years of age) were generally under-represented in JTPA, and the majority of mature and older workers in JTPA (about 94,000 of 123,000 in the 1997 program year) were served under the Title III dislocated worker program. Only about 2 percent of the approximately 12 million economically disadvantaged individuals 45 years and older were served under the federal system (in both JTPA and SCSEP combined) prior to WIA. But their success in programs such as Title III highlights the potential for training and retraining mature workers to compete successfully in the labor market.

The mature workers of today, maturing baby boomers, are the same individuals who as young workers used JTPA services at record levels. Officials planning programs under WIA will need to reflect in their planning that low-income or disadvantaged adults in the next several years will increasingly be older, and that the greatest population growth is expected for persons over 45, while the number of workers aged 25 to 44 is expected to decline. Further, this generation of maturing workers has been particularly affected by the economic restructuring of the past 20 years, and the increasing demand for new and greater skills in almost all occupations. It is important to assure that maturing and older workers are more equitably served under WIA than they were under JTPA IIA and to assure that these workers continue to be served effectively by dislocated worker programs. The projected demographic trends are very important to understand and be reflected in states' five-year workforce investment plans, in Unified Plans that reflect coordination among workforce activities, and in decisions to modify and update those plans.

Beyond the need to plan for older workers because of their increasing numbers and their own needs to maintain adequate income into their mature working years, wholesale loss of older workers represents a drain in human capital needed for a healthy, productive, and competitive workforce. WIA planning should reflect the need for a balanced

2. Kramer, Fredrica D. and Demetra Smith Nightingale, *Aging Boomers in a New Workforce Development System* (January 2001).

workforce, with a continuing core of stable, experienced, and reliable workers who can share that experience with their younger counterparts who will ultimately replace them. This is consistent with the changing perspective in public policy that seeks to delay retirement and to protect against age discrimination in the workplace.

SCSEP may have to be expanded at the national level, and other services reallocated in workforce investment plans, as the aging of the baby boom generation makes more persons become eligible for the only remaining program specifically authorized for workers 55 and older. Beginning in 2001, the first wave of baby boomers will reach 55. If funding levels remains constant, far fewer than the current 1 percent of those eligible will be able to be served. State funds could be reallocated to support more programs appropriate to serving older workers.

Need for Different Services. In order to serve older workers effectively, the types of services, including teaching strategies and the design of curricula, may need to change to reflect their particular needs.

Some of the strategies used successfully in SCSEP could be adapted in planning new programs under WIA. Experiences in SCSEP showed that work experience and small group or individualized instruction may be preferable to classroom training for teaching older workers. Similarly, in certain contexts it may be useful to pay special attention to how older and younger workers are grouped for instruction in order to accommodate different learning styles and create the greatest opportunities for peer support. Officials from programs familiar with the special needs of this population and appropriate services to address them should be actively involved in specific program planning as well as overall system planning.

Older workers may themselves need to be encouraged to avail themselves of the benefits of lifelong learning. This can be particularly important in a strong economy, when workers may be lulled into a sense of false security, be disinclined to invest in further education or

training, and, especially with older workers, be vulnerable when the economy slackens. Aggressive outreach about available education and training services, and financial assistance, and the benefits, both psychological and financial, of remaining in the workforce, should all be part of the menu of approaches to engage older workers. Passive vehicles, such as distribution of informational materials, and more active counseling programs can both assist older workers in goal setting and in assessing the consequences of investing in or rejecting training or retraining. Options to modify work to prolong a productive work life, such as through the use of flexible work schedules, should be made available to older workers.

Toward the same end, workforce development programs might support additional research to better understand the relationship of different education and training strategies to the probability of raising income and how best to engage older workers in such efforts. Thus, tastes and preferences in education, making education and training sensitive to the needs and capabilities of older individuals, what motivates individuals to invest in further education, and how to boost self-confidence to undertake training at an advanced age are important issues to explore.

Employers may need to be encouraged and supported in their efforts to retain and retrain older workers. One way is to market the advantages of maturity—experience, stability, reliability, low absenteeism—to employers who might otherwise not seek to hire, and not attempt to accommodate, the needs of a mature workforce. Another is to help employers design in-house training within their human resources departments that is sensitive and responsive to the learning styles of older workers. Employers may also be assisted in ways to configure job descriptions, work sites, and work schedules, as well as pension and benefit offerings, to help them retain mature and valuable workers, and make gradual reduction in work possible. Employers, human resource personnel, and supervisors may also be assisted in devising ways to address worker attitudes toward older co-workers, and to foster cooperation and collegiality across ages in the workplace.

Performance Accountability. The WIA establishes a comprehensive performance accountability system that, among other features, requires states and local WIBs to report on performance for special populations, including older workers.

The Act expands the concept of performance standards in a few ways. In keeping with the federal Government Performance and Results Act (GPRA), states must include not only measures of standard employment outcomes, such as entered employment and earnings, but also indicators of customer satisfaction. In addition, the WIA performance system will involve a substantial degree of negotiated performance measurement. Through a mutual negotiation process, the federal government, states, and local WIBs must agree on plans for achieving performance goals, assuring continuous performance improvement, and adjusting levels of performance to take into account economic conditions and other factors. Each year, states must submit a performance report to the Department of Labor that includes information on the progress the state is making towards its WIA objectives, including customer satisfaction. The report must also provide information on a number of additional items, including performance with respect to the following special populations: welfare recipients, out-of-school youth, veterans, individuals with disabilities, displaced homemakers, and older individuals.

The performance accountability provisions in the WIA provide another opportunity, along with the strategic planning process, to emphasize the importance of serving mature and older workers. Since few older workers have been served through traditional JTPA II-A programs, states and WIBs will do well to consider in their performance measures whether the increasing numbers of older workers are served within the new system. In the context of universal targeting, states will need to assess how well workforce development systems served the increasing number of mature and older workers, and how they balanced those needs against the needs of younger disadvantaged workers. In addition, they will need to assess the experience of younger baby boomers, between the ages of 36 and 44 in 2000, who will remain in

the labor force and continue to swell the ranks of older workers as they age. Performance accountability should pay special attention to the kinds of programs and strategies that appear to best benefit mature and older workers, and assess the extent to which those strategies are integrated into new programs to serve older workers.

State Set-aside Funds. While there are fewer federal set-aside provisions than had existed under JTPA, the WIA does provide states with discretionary funds that can be used for statewide workforce investment strategies, representing an opportunity for developing and expanding services to older workers.

States may reserve up to 15 percent of each of their separate adult, youth, and dislocated worker WIA allotments to "carry out statewide employment and training activities." The types of activities mentioned in the law as examples include developing exemplary programs, implementing innovative programs for certain populations (e.g., displaced homemakers), or providing "other activities" allowed under the Act. These set-asides will represent a significant amount of funding, especially since the three set-aside funding streams can be consolidated, meaning that a certain amount does not have to be spent on adults versus youth, for example.

The state set-aside funds may provide an opportunity for developing and funding special services for older workers. SCSEP grantees, including State Units on Aging, should consider proposing innovative strategies that can be funded with the state WIA 15 percent set-asides. Proposals that intend to capitalize fully on the possibilities of coordinating resources across programs might be of particular interest to states. Examples might include: 1) integrating welfare reform, SCSEP, and WIA resources to serve older individuals exiting from welfare, to assist welfare recipients who have exhausted time limits to benefits, or to assist caretakers of children on welfare in so-called child-only cases (in which only the children receive cash benefits), who tend not to receive employment-related services but whose income and employability may have direct bearing on the economic well-being of poor children; 2) combining SCSEP, WIA dislocated worker funds, and vocational education funds to serve unemployed or under-

employed older workers, or to redirect the focus of dislocated worker programs to the needs of an increasingly older population; or 3) using SCSEP and WIA funds to upgrade skills of unemployed workers or underemployed incumbent workers. Set-aside funds could also be used simply to deliver training and employment services to mature, experienced workers. The experience of SCSEP grantees in serving the maturing worker population should be tapped to develop innovative uses for the set-aside funds.

Workforce Flexibility Waivers. The Work-Flex Waiver concept is incorporated into the WIA and allows states to request waivers of federal rules for various programs, including the Wagner-Peyser Act and the OAA.

Under the Workforce Flexibility provisions included in the WIA, states may request waivers from OAA and other federal policies. There are some limitations, in that no waivers may be obtained to change the eligibility criteria of programs and basic worker protections, such as federal wage and hour standards. While states have been allowed for the past several years to request waivers under JTPA and related programs, this provision for the first time extends the concept to the OAA.

Theoretically, the waiver authority allows states maximum flexibility to develop comprehensive workforce investment systems. In fact, though, states have such a substantial amount of discretion under the WIA that there is probably little reason for them to request additional waivers. Similarly, SCSEP already allows grantees considerable discretion in designing their programs. Nonetheless, SCSEP grantees should bear in mind that, with the exception of legislatively established eligibility requirements, the WIA waiver authority can be useful when developing special projects or for evolving coordinated or integrated strategies that involve SCSEP and other workforce investment programs (e.g., modifications to performance goals). It is also important to recognize that while waiver authority may be useful in allowing states and local programs to develop innovative service delivery strategies, careful scrutiny must occur to assure that the integrity of the OAA mission and goals are fully honored and maintained.

III. CONCLUSION

The WIA provides an important opportunity for SCSEP and the entire community serving mature and older workers to embrace the new national direction for workforce development policy. If SCSEP and other advocates and experienced providers of older worker services become key participants in the emerging workforce development system, there are real opportunities to increase services to mature and older workers by merging resources and services from multiple funding streams. The opportunity also exists to transfer some of the extensive experience and knowledge of providers of older worker services to the emerging integrated workforce development system. By actively engaging in dialogues at the state and local level about the nature and priorities of the new workforce development system, such experts can influence the nature of the system, expand services to mature and older workers, and improve services to increasingly older program participants as the baby boom generation ages and dominates users of workforce development services.

Given the complexity of the emerging WIA system, though, this is likely to happen only if advocates of mature and older workers, including SCSEP officials, take the initiative to expand the focus of workforce development boards and program planners. The enactment of WIA provides an opportunity to energize the older worker system, for example, by adopting or trying out new service innovations and strategies, considering special projects or demonstrations, or establishing (or re-establishing) collaborations with other programs that can benefit mature and older workers. The alternative is that SCSEP and others with experience serving mature workers will be isolated from the emerging workforce development system and WIA planners will be unprepared to meet the demands of an increasingly older client population – to help older workers remain in the workforce and contribute to Social Security and Medicare to support their retirement later, and to help maintain a balanced, productive, and competitive labor force.

