

Older Workers, Precarious Jobs, and Unemployment: Challenges and Policy Recommendations

By Carl E. Van Horn and
Maria Heidkamp

Findings from two large surveys posit solutions for the millions of older Americans working in precarious or part-time jobs.

Even though the labor market in mid-2019 was strong and unemployment was at a fifty-year low, more than 1 million job seekers ages 55 and older were unemployed (AARP, 2019). An additional 1.1 million individuals older than age 55 have been categorized as “long-term discouraged workers”—they want to work, but have not sought employment in the past year and so are excluded from the federal unemployment statistics (Schwartz Center for Economic Policy Analysis, 2018).

When older job seekers are able to find work, it often is temporary or part time, pays less than they had previously earned, and does not provide a full suite of benefits. The top-line unemployment rate for older workers—2.7 percent in March 2019 (AARP, 2019)—masks the harsh reality for many older job seekers who endure long stretches of unemployment, financial stress, and devastating physical and mental health crises (Van Horn, 2013).

Mark, a 59-year-old job seeker, reported: “The majority of colleagues my age in their late 50s or early 60s have been displaced from mid- to upper-management positions, many from large corporations. Few have found another full-time job. Whatever work they have found is part time and at well under half of their previous salary. The CFO at my last employer, a major global bank, is a school bus driver. A close friend who was president of a global research company has given up looking after five years. As a group, we essentially consider ourselves to be unemployable” (Heldrich Center New Start Career Network, 2018).

The U.S. Bureau of Labor Statistics (BLS) estimates that by 2026, older workers will represent a quarter of the workforce, and will number 42.1 million (U.S. Senate Special Committee on Aging, 2017). While labor force participation rates for prime-age workers (ages 25 to 54) are predicted to remain at current levels, older workers are

→ABSTRACT In one of the best labor markets in decades, millions of older Americans work in precarious or part-time jobs with low wages and no benefits, or cannot find employment. Many older workers have limited savings or pensions and must work to supplement Social Security payments. Findings from a Rutgers University–Heldrich Center for Workforce Development survey of voluntary and involuntary part-time older workers and a survey of older, long-term unemployed individuals in the Center’s New Start Career Network program reveal policies that would help older workers. | **key words:** *older workers, Heldrich Center for Workforce Development, precarious jobs, long-term joblessness*

expected to remain in the labor market at higher rates, especially those who are older than age 65 (U.S. Senate Special Committee on Aging, 2017).

The Baby Boom Generation has been labeled “the least prepared in decades” for retirement (Gillers, Tergesen, and Scism, 2018) because the older workers in this cohort seldom have a pension or sufficient savings to supplement their Social Security benefits and to provide for a secure retirement (Ghilarducci, Papadopoulos, and Webb, 2017). Moreover, workers younger than age 65 often remain in jobs to retain healthcare benefits until they are eligible for Medicare.

According to a *Wall Street Journal* analysis of BLS and U.S. Census data, nearly 8 million older Americans are out of work or stuck in low-quality jobs that essentially preclude them from saving for retirement (Simon, 2018). This includes 2.1 million older workers who are jobless, are working part time because they cannot secure full-time jobs, or have stopped looking for work, as well as 5.8 million older workers (23 percent of full-time older workers) who toil in jobs with poor pay and no health benefits, which is up from 20 percent a decade earlier (Simon, 2018).

Despite their desire to work, many older individuals are unable find a job. As of March 2019, more than one in four job seekers ages 55 and older (28.4 percent) had been unemployed for more than six months, compared to one in five job seekers ages 54 and younger (21.1 percent) (AARP, 2019). The high rate of long-term unemployment among older job seekers has many causes. Some older job seekers have not mastered contemporary job search techniques, public workforce programs offer little assistance to them (Heidkamp, Mabe, and DeGraff, 2012), and employers often are reluctant to hire older workers (Johnson and Gosselin, 2018).

One innovative study of age discrimination, based on more than 40,000 job applications from young (ages 29 to 31), middle-age (ages 49 to 51), and older (ages 64 to 66) applicants found “strong overall evidence of age discrimination,”

with callback rates lower by roughly 18 percent for middle-age workers and 35 percent for older workers. Older women experienced significantly more discrimination than did men (Neumark, Burn, and Button, 2019). (For more information on this study, please see Neumark’s article on page 51 of this issue.)

Additionally, an Urban Institute and ProPublica analysis (Johnson and Gosselin, 2018) that tracked older adults from 1992 to 2016 in the *Health and Retirement Study* concluded that more than half of older workers were victims of “forced retirements”; namely, they were involuntarily terminated from a job—pushed out—before they wanted to leave. Very few recovered financially: only one in ten workers who were forced

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to retire ever earned as much as they had in previous jobs (Johnson and Gosselin, 2018). These troubling experiences for older workers varied little across incomes, industries, educational levels, and communities (Johnson and Gosselin, 2018). (For more information on the Urban and ProPublica analysis, please see Johnson’s article on page 63 of this issue.)

The Trials of Older Part-Time Workers

Many older job seekers cannot obtain full-time jobs with benefits, so they often settle for “non-standard work arrangements,” including part-time and temporary positions, self-employment, independent contracting, and on-demand platform work, such as driving for Uber and Lyft. Many of these precarious jobs are low paying, and seldom do they offer retirement benefits (Economic Policy Institute, 2018).

Phil, a 57-year-old job seeker, explained, “I am now doing what is considered a ‘portfolio’ career with four to five jobs—all part time—to try to make ends meet. None of the ‘jobs’ in the portfolio are stable or of a permanent nature. I

am somewhat resigned to scraping by until I can claim Social Security benefits. For tax year 2017, I submitted five W-2s on tax filing day” (Heldrich Center New Start Career Network 2018 Member Survey, 2018).

The Heldrich Center’s 2015 national survey of older workers (ages 50 and older) who work part time—less than 35 hours per week—included those who do so voluntarily (83 percent of survey respondents) and those who work part time involuntarily (18 percent of survey respondents) (Starace, Van Horn, and Zukin, 2015). Many individuals who work less than 35 hours per week do so by choice. They are supplementing their income, caring for family members, taking training and educational courses, or blending work and leisure time. In March 2019, BLS (2019a) reported that there were 21.3 million “voluntary part-time” workers in the United States. In contrast, there were 4.7 million “involuntary part-time” workers—people working less than 35 hours per week because they could not find a full-time position, even though they would have preferred one (BLS, 2019a).

Based on the Heldrich Center’s 2015 survey, eight in ten (77 percent) older voluntary part-timers were white, non-Hispanic, compared to two-thirds (64 percent) of involuntary older part-timers. There were fewer differences based on gender, education level, or marital status. Involuntary part-timers were somewhat more likely to report their highest education as a high school degree (14 percent compared to 9 percent) and somewhat less likely to have a bachelor’s degree or higher (26 percent compared to 35 percent). Women made up 64 percent of all older part-time workers; they were 65 percent of voluntary part-timers and 57 percent of those working part time for economic reasons. Ninety-one percent of older part-timers were heads of households.

BLS categorizes part-timers based on the primary reason they work part time. However, the Heldrich Center survey found that a quarter of those who work part time for economic reasons (because they cannot find full-time work) also

cited family or personal obligations as a factor. And among those who were designated as voluntary part-timers, 44 percent mentioned family or personal obligations, which implies that their decision to work part time was not entirely voluntary. Several key findings from the survey document the following difficult circumstances experienced by part-time older workers:

- ✓ Seventy percent of older part-time workers had only one job, but 38 percent of involuntary part-timers were working two or more jobs;

- ✓ Approximately one in ten involuntary older part-time workers were paid during sick days (12 percent), or were enrolled in pension plans (9 percent);

- ✓ While three-quarters of older voluntary part-time workers reported that they were able to set their own schedule, less than half of involuntary part-timers had this flexibility, and they were more likely to be compelled to work on holidays or weekends than were voluntary part-timers;

- ✓ Involuntary part-time workers were three times more likely to report economic hardships than voluntary part-time workers (62 percent compared to 19 percent); and

- ✓ A third of involuntary part-timers reported that in the past year they were sometimes unable to afford food, medication, or healthcare.

The Perils Faced by Long-Term Unemployed Older Workers

Even as the labor market improved after the Great Recession, long-term unemployment remained stuck at historically high levels. In the United States as a whole, the long-term unemployment rate in March 2019 was 21.1 percent, compared to the December 2007 rate of 17.4 percent (BLS, 2019b). One explanation was documented by researchers at the Federal Reserve Bank of Boston, who concluded that many employers discriminate against job seekers who are long-term unemployed (Ghayad, 2013). Based on a résumé audit study, the researchers found a sharp decline in the number of interview requests for job seekers who were out of work for

more than six months, even when they had superior résumés, compared to those who were out of work for shorter durations.

Marilyn, a 53-year-old long-term unemployed job seeker, said of her situation: “Having outstanding background experience and current knowledge backed up with certifications does not guarantee that you will be hired” (Heldrich Center New Start Career Network 2018 Member Survey, 2018).

Based on BLS estimates for 2018, long-term unemployment rates vary considerably by state, from a low of 8 percent in Utah to a high of 35 percent in the District of Columbia (BLS, 2019c). New Jersey has been on the high end of the long-term unemployment spectrum for several years, with 34 percent of its unemployed job seekers out of work for more than six months in 2018 (BLS, 2019c). Of the long-term unemployed in New Jersey in 2018, BLS (2019c) reported that 64 percent had been unemployed for a year or longer. A Heldrich Center analysis of long-term unemployment found that older workers were significantly overrepresented among New Jersey’s long-term unemployed population (Heidkamp, Hari, and Holcomb, 2019).

The New Start Career Network

In 2015, in response to these high rates of joblessness, the Heldrich Center created the privately funded New Start Career Network (NSCN), which assists New Jersey’s older (ages 45 and older) long-term unemployed and underemployed job seekers. NSCN provides free services, including virtual tools and webinars, members-only job fairs, and individual and group coaching from 300 trained volunteers. The NSCN is open to all New Jersey residents who are ages 45 and older and are long-term unemployed.

Forty-four percent of NSCN’s members hold a bachelor’s degree; 33 percent have a master’s degree or equivalent. Sixty-four percent of NSCN members are non-Hispanic white; 18 percent are non-Hispanic black or African American; 5 percent are Hispanic; 5 percent are Asian; and 7 percent are “other.” Their average age is 56. As of

mid-2019, the NSCN had served more than 4,500 people. In a 2018 survey completed by 637 NSCN members, two-thirds of respondents said NSCN had helped to improve their motivation; half said NSCN helped to improve their confidence and emotional well-being; and 86 percent said they would refer a friend to the program (an analysis of employment outcomes is underway and will be available in 2020).

The NSCN member survey offers insights into the challenging experiences of older job seekers in today’s labor market. Less than half (45 percent) of survey respondents were employed at the time of the survey. Of these, roughly half (48 percent) were employed full time, 15 percent were working in temporary or contract positions, 13 percent said they were voluntary part time, 12 percent were involuntary part time, 5 percent were self-employed, and 6 percent described their situation as “other.”

Thirty-eight percent of involuntary part-timers were working two or more jobs.

For many, their situations remain precarious. Jeannine, a 55-year-old NSCN member, described her status: “Even though I am currently employed in a full-time contract position in IT, I do not know when the gig will be over, so I have continued to look for work. Basically, I feel no hope that I will be hired in a permanent position again in this field” (Heldrich Center New Start Career Network 2018 Member Survey, 2018).

Of those who were employed, three-quarters (76 percent) were earning less than they had before their long-term unemployment, and of this group that earned less, three in four (73 percent) estimated that their yearly earnings declined by more than \$20,000. Only one in ten earned more than they had prior to their period of unemployment.

Seven in ten long-term unemployed older workers (69 percent) experienced major changes

in their lives. Thirty-nine percent judged their current financial situation as fair; 35 percent said it was poor.

To cope with their situation, 32 percent of survey respondents sold possessions, 29 percent borrowed money from friends or family, and 19 percent missed a mortgage or rent payment. Half (51 percent) took a job below their educational or experience levels, and 38 percent accepted a job they did not like. Twelve percent moved in with family or friends to save money. Forty-five percent said there were times during their period of unemployment when they did not have enough money to pay for doctor visits or medicines that they or their family needed. Two-thirds of NSCN members also reported experiencing stress in family relationships or close friendships. As one NSCN member put it: “Long-term unemployment is mentally, emotionally, and physically distressing—an emotional rollercoaster.”

Policy Recommendations

Millions of older workers are unemployed or underemployed in precarious situations and may never achieve a secure retirement, despite the most favorable labor market in decades. Many who want to remain in their jobs may be forced into an early retirement. When older workers lose jobs, they often encounter employers that are unwilling to hire them, due to age discrimination and/or the stigma of long-term unemployment. The following strategies are options for improving opportunities for older workers in the coming years:

Curtail age discrimination in hiring. The Age Discrimination in Employment Act, which protects individuals ages 40 and older, in 2017 celebrated its 50th anniversary. Age discrimination in hiring is unlawful, difficult to prove, and widespread. Research suggest many employers assume older workers will be more expensive, less productive, and unable to master new skills or current technology, though these negative stereotypes have been refuted by various researchers (Baily and Harris, 2019). For many years,

AARP (Hewitt, 2015) has presented a compelling business case for older workers, citing their high levels of engagement, as well as “experience, professionalism, work ethic, low turnover rates, and knowledge.”

A 2019 Brookings Institution report notes that today’s older workers are “healthier, better educated, and more computer savvy than in the past” and are similar to younger workers, but with more experience and professional networks (Munnell and Walters, 2019). To date, based upon older workers’ high rates of long-term unemployment, employers do not seem to have embraced this view.

Federal, state, and local governments should enact legislation that makes it easier for plaintiffs to prove age discrimination in hiring. Governments also should encourage employers to reconsider hiring practices that screen out older workers, such as including an experience cap (“not more than 10 years of experience”) in job postings, targeting “digital natives,” requiring applicants to list their year of college graduation or college grade point average, or recruiting only on college campuses.

In recent years, digital recruitment ads have been used to target particular demographic groups, such as young people, and to exclude older job seekers. In March 2019, Facebook, which was sued for discrimination by multiple plaintiffs, reached a settlement (but did not admit to engaging in discriminatory practices) under which companies will be prohibited from using age (or any other legally protected attribute) in ads on Facebook (Terrell, 2019). Policy makers also should explore ways to encourage employers to retain current older workers through expanding flexible, phased retirement options.

Update the social safety net and social insurance. The Unemployment Insurance (UI) system was established in 1935 to help traditional, full-time workers weather temporary spells of unemployment. The recent growth in nonstandard work has resulted in a declining percentage of job seekers being eligible for UI (McKay,

Pollack, and Fitzpayne, 2018). UI should be updated to match the contemporary realities of employment, especially for those in non-traditional, precarious, and part-time jobs. A modern safety net that reflects the contemporary labor market should include access to portable benefits that assist independent contractors, part-timers, and gig workers; benefits should include paid leave, support for retirement, disability insurance, and healthcare. Guaranteed Retirement Accounts should be available to everyone who lacks a pension plan (Ghilarducci and James, 2016).

Additionally, several policy changes may incentivize working longer. The Earned Income Tax Credit should expand eligibility to those ages 65 to 70, enabling low-income older workers to earn higher post-tax wages (Munnell and Walters, 2019). Eliminating the Social Security earnings test, which is confusing to many individuals and is often misperceived as “a major disincentive to work,” could change the calculation made about continuing to work by workers between age 62 and the full retirement age (Clark and Shoven, 2019). Raising the minimum wage would help workers of all ages.

Steps also should be taken to ensure that older individuals access the full range of existing benefits to which they are entitled. Nationally, only 42 percent of eligible individuals ages 60 and older receive SNAP food assistance benefits (O’Dea, 2019). For example, SNAP applications should be simplified and linked to other programs, such as Low Income Home Energy Assistance, and outreach and education about these programs should be increased.

Expand access to transition assistance and lifelong learning. An updated UI system should treat UI benefits as the first step in an active re-employment process, with an emphasis on early intervention that helps workers immediately after a job loss (or gig or contract) and more robust transition assistance through the public workforce system. The Worker Adjustment and Retraining Notification (WARN) Act of 1988

provides advance notice for workers affected by large layoffs or closures (U.S. General Accounting Office [GAO], 1993). GAO (1993) found that WARN notices did not significantly increase costs for employers or result in decreased worker productivity, but did help workers to plan for upcoming layoffs and find new jobs more quickly. Unfortunately, many workers receive little or no advance notice of losing their job and scant job

The public workforce system should use predictive analytics to identify which job seekers are most likely to become long-term unemployed.

search assistance, career coaching, or training support. WARN legislation should be updated to reflect new labor market realities, including non-standard and precarious work, and to help prepare workers of all ages facing dislocation due to automation and robotics.

Administrators of the public workforce system should use predictive analytics to identify which job seekers, including older workers, are most likely to become long-term unemployed. The public workforce programs also should make better use of technological tools to expand virtual supports and coaching, improve job matching, and encourage online learning. Older job seekers need information and support to help them adapt to changing work arrangements, consider prospects for entrepreneurship, and acquire new technology and digital literacy skills. Credit for prior and experiential learning may help them to acquire new degrees and certifications.

They also need independent advice about the likely return on investment for education and training (Van Horn, Krepcio, and Heidkamp, 2015). On-the-job training programs and wage subsidies to incentivize employers to hire and retain older job seekers, especially those who are long-term unemployed, can be improved. Older job seekers, particularly those who are long-term

unemployed, also should have access to mental health counseling and financial advising.

Older workers are living longer, with decreased access to retirement benefits. Older adults who want to work face challenges including forced retirements, long-term unemployment, and precarious work. New policies are needed to provide them with the opportunities for work and a social safety net that reflects the contemporary labor market. 🍀

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 Carl E. Van Horn, Ph.D., is the director of the John J. Heldrich Center for Workforce Development and Distinguished Professor of Public Policy at the Edward J. Bloustein School of Planning and Public Policy at Rutgers, The State University of New Jersey, in New Brunswick. He can be contacted at vanhorn@rutgers.edu.

edu. Maria Heidkamp is the director of Program Development and Technical Assistance and director of the New Start Career Network at the Heldrich Center. She can be contacted at heidkamp@rutgers.edu.

Authors' Note

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