

**RESEARCH REPORT**

# **Improving Education and Training for Older Workers**

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### About the Future of Work@50+

This report is part of the Future of Work@50+ Initiative. This is a multiyear initiative that examines the challenges and opportunities facing older workers. For other reports and information, visit: <http://www.aarp.org/futureofwork>.

AARP's Public Policy Institute informs and stimulates public debate on the issues we face as we age. Through research, analysis, and dialogue with the nation's leading experts, PPI promotes development of sound, creative policies to address our common need for economic security, health care, and quality of life.

The views expressed herein are for information, debate, and discussion, and do not necessarily represent official policies of AARP.

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# Executive Summary

More than 5 years after the official end of the Great Recession, millions of Americans are unemployed, underemployed, or continue to face uncertainty over how long they can hold on to their jobs in a volatile labor market. The labor market has been especially difficult for older job seekers who often experienced long-term unemployment, underemployment, age discrimination, and diminished retirement assets. Many older workers hope that education and skills training programs will help them remain in their jobs or return to work.

This report explores a range of issues relating to skills training and education for older workers, including the challenges older workers face when deciding whether to enroll in education and training programs, and, if so, how to choose a program and pay for it. The report examines the vast array of education and training options at postsecondary institutions, employers, and community-based organizations (CBOs), and the resources available to help older workers make informed selections. It reviews education and training financing options that may be available to older workers. Emerging trends in education and training that may benefit older workers are also highlighted. Based on the research findings, the authors make several recommendations.

## KEY FINDINGS

**While various factors influence older job seekers' success in the labor market, many older unemployed workers lack the skills that are currently in demand.**

Millions of Americans across a wide span of educational levels, job skills, and occupations experienced tremendous economic upheaval during and since the Great Recession. However, adults with less formal education after high school or less job-relevant skills were hit especially hard. Older job seekers who have limited basic skills and literacy are likely to need further education and training in order to return to work, in part because employers are demanding more education and skills from workers than they did in the past. Employers' demand for workers with more

advanced computer and technology skills may also be a significant barrier to older job seekers.

**Many older job seekers are not well informed about the skills they will need to obtain a job or the best and most cost-effective way to obtain them.**

Adults seeking education and training must choose from thousands of degree and certificate programs offered by colleges or universities, technical or vocational schools, community organizations, or employer associations. Not surprisingly, these options vary widely in character, quality, and cost. Reliable, unbiased information may be hard to find either from websites or organizations.

**Many federal and state workforce programs are not targeted to the needs of adult and working learners.**

Existing federal and state grants, loans, and tax-based programs to help learners pay for education and training are not focused on the needs of older adults. The Pell Grant program, which is the largest federal program to help finance postsecondary education, has not been adapted to meet the needs of older students who may be enrolled in noncredit programs or for-credit programs that do not lead to a credential.

**Several innovations in the design and delivery of education and training programs may be helpful for older adults and working learners.**

There are several strategies emerging in the postsecondary education and training fields that reduce the time and cost of training and are responsive to employers' needs. Some community colleges, for example, are reducing the amount of classroom time required to obtain a credential by dividing programs into micro-credentials that can be "stacked" into certificates or degrees over time. Other strategies include awarding credit for prior learning and competency-based education, which rewards individuals for experiences and learning that often occur outside the classroom. Online learning also offers promise for older and working adults.

## **POLICY RECOMMENDATIONS**

Several education and training opportunities exist to better meet the needs of older workers.

### **Develop Better Information for Informed Choices**

Adult learners and older job seekers need unbiased information and opportunities to consult with knowledgeable, impartial advisors, both in person and online, about their options and the potential return on investment for postsecondary education or training. They need to know how to avoid fraudulent or exaggerated claims made by training institutions. Government policy makers should insist on greater transparency from training providers and require them to report on the cost, duration, completion rates, and employment and earnings outcomes. The Obama administration's College Scorecard and changes enacted under the Workforce Innovation and Opportunity Act (WIOA) of 2014 may strengthen reporting requirements and improve accountability.

### **Provide More Financial Assistance to Older Workers Who Need Education and Training**

Congress should reform financial aid programs to better assist older workers. Reforms could include federal and state governments requiring educational institutions to improve financial aid counseling for adult learners from qualified, independent third parties. Better information could also be provided about tax-based aid benefits versus loans. Congress could modify the Pell Grant program so that funding is available for shorter-term training that would help older workers who need to "brush up" or update their skills rather than enroll in a degree or credential program. Efforts by some states and community colleges to help students use Pell Grants for career pathway programs should be expanded if they prove successful.

The tax system could be reformed to provide more financial support for older workers, such as expanding tax credits and deductions for education-related expenses such as transportation, childcare, and elder care. Congress could also consider authorizing Lifelong Learning Accounts, both to employers who can offer matching funds as an employee benefit, as well as to individuals. In addition, Congress could modify 401(k) regulations to allow unemployed older job seekers

who have these accounts to use them for job training and education without the current high penalties for early fund withdrawal.

Finally, policy makers should work to ensure that current workforce development and education policies have their intended effect. For example, though public workforce system resources for training are limited, greater efforts should be made to ensure that older workers can gain access to them. In addition, states and higher education institutions that offer tuition waivers for older learners should review these policies to see if they can be better structured and more effectively promoted.

### **Expand Support Services for Adult Learners**

Older adults who participate in education and training programs need flexible and affordable options. Several strategies appear to reduce the time required to transition from education and training to jobs, including programs that combine basic education with workforce preparation or on-the-job training. It is also possible that dividing programs into smaller modules will help older workers balance education and training with other personal and family responsibilities. Though not targeted specifically for older workers, a number of community colleges and CBOs have teamed up to develop programs that integrate a broad array of supports, including childcare, transportation resources, financial aid assistance, flexible or accelerated class schedules, and peer support or learning cohorts.

Several emerging trends in education and training program design and delivery may potentially benefit older working learners by using technology to increase access and affordability, providing opportunities to gain credit for prior learning and experience, and reducing the time required to complete programs. Programs that offer "high-touch/high-tech" strategies can help provide the counseling and information that older workers need with computer, technology, or literacy training.

### **Opportunities for Reform**

Although a full-scale redesign of the nation's postsecondary education and training system is unlikely, recent reauthorization of the Workforce Investment Act (WIA) and pending reauthorization of several other important

pieces of relevant legislation—among them the Higher Education Act, the Perkins Career and Technical Education Act, and the Adult Education and Family Literacy Act—offer propitious opportunities to enact much-needed reforms.

For example, WIOA promotes the use of career pathways and sector partnerships in order to emphasize employer engagement and job-driven training, which could improve employment outcomes for older job seekers.

# Introduction:

## The Great Recession's Impact on Older Workers

The Great Recession left millions of Americans unemployed, underemployed, or fearful about their ability to keep their jobs. Five years after the official end of the recession, American workers face volatility and uncertainty in the labor market. While job growth has been consistent, it is inadequate to provide jobs for everyone who needs to work. Wages have increased but have not kept pace with inflation. Labor force participation rates are at the lowest levels in three decades.<sup>1</sup> Long-term unemployment remains at unprecedented levels.

Given these harsh realities, many employed and unemployed workers, including older workers (generally defined as ages 55 and older), hope that education and skills training programs will help them remain in their jobs or return to work. Older workers most likely to be unemployed are those with the least education and training, but many older workers with extensive education also need or want education and training services. This paper summarizes older job seekers' experiences in the labor market and how and where they obtain and finance education and training. It examines strategies designed to improve collaboration between employers and education and training providers in order to deliver programs that meet labor market demands. Educational innovations that are responsive to the needs of adult learners are also explored. Finally,

the paper makes recommendations for reforming workforce development programs that may improve employment prospects for older workers.

### LABOR MARKET AND FINANCIAL IMPACTS

The current labor market is challenging for all workers, but it remains particularly difficult for the 30 million older workers who comprised 19 percent of the U.S. civilian labor force in 2010.<sup>2</sup> Rutgers University's Heldrich Center *Work Trends* surveys conducted during and after the recession found that no group of unemployed Americans encountered greater difficulties than older workers, including extended joblessness, substantial underemployment, age discrimination, and diminished assets set aside for retirement.<sup>3</sup> While older workers are less likely to be unemployed than younger workers, their odds of obtaining new jobs if they lose them are lower. In September 2014 roughly 1.3 million older workers were unemployed, resulting in an unemployment rate of 3.9 percent compared with 5.9 percent for all job seekers.<sup>4</sup>

Older workers are also more likely to be among the long-term unemployed or to withdraw from the labor market.<sup>5</sup> In September 2014 the average duration of unemployment for older job seekers was 41.7 weeks, compared with an average of 30.4 weeks for younger job seekers. Close to half (43.1 percent) of older job seekers are among the

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1 According to the Bureau of Labor Statistics, after increasing in the 1970s, 1980s, and 1990s, the labor force participation rate reached and maintained an all-time high of 67.1 percent over the 1997–2000 period. Since that time, the labor force participation rate has been falling and is currently 63.7 percent, the lowest the rate has been since the early 1980s. Toossi, Mitra. *Labor Force Projections to 2022: The Labor Force Participation Rate Continues to Fall*. Washington, DC: U.S. Bureau of Labor Statistics, December 2013. Accessed March 2014 at <http://www.bls.gov/opub/mlr/2013/article/labor-force-projections-to-2022-the-labor-force-participation-rate-continues-to-fall.htm>, 3.

2 Toossi, *Labor Force Projections to 2022: The Labor Force Participation Rate Continues to Fall*, 15.

3 Van Horn, Carl. *Working Scared or Not At All: The Lost Decade, Great Recession, and Restoring the Shattered American Dream*. Lanham, MD: Rowman & Littlefield Publishers, Inc., 2013, 69–91.

4 Rix, Sara E. *The Employment Situation, September 2014. Better News for Older Workers*. Washington, DC: AARP, 2014.

5 These findings are consistent even when controlling for demographics, education, health status, job characteristics, and economic status of older workers in comparison to younger ones.

long-term unemployed, defined as unemployment lasting more than 26 weeks.<sup>6</sup> A Pew research study reported that unemployed older workers were the most likely of any age category to have been without a job for a year or longer.<sup>7</sup> Princeton University Professor Alan Krueger and colleagues found that from 2008 to 2012 older workers were consistently overrepresented among the long-term unemployed.<sup>8</sup> An AARP survey released in 2014 said that half of the respondents who were out of work had been looking for a job for at least a year, and half of that group had been jobless for “a remarkable three years.”<sup>9</sup>

Not only are older unemployed job seekers less likely to get another job, they typically experience sharper declines in income than younger workers if they do manage to find employment. During the Great Recession, median hourly wages for those who regained a job were 20 percent lower than the median wage of their previous job for men aged 50 to 61. However, for those aged 62 or above, median wages were 36 percent below their past earnings. Younger men (age 35 to 49) experienced only a 4 percent drop in wages, and those 25 to 34, only a 2 percent decline. Older women who acquired a new job also experienced significant wage losses compared with younger women, but not as dramatic as the decline for men.<sup>10</sup>

Rutgers’ Heldrich Center *Work Trends* surveys conducted between 2008 and 2011<sup>11</sup> confirm the negative post-recession experiences for

older workers. More than half (52 percent) of older unemployed people spent more than 2 years looking for work and more than a third (34 percent) searched without success between 1 to 2 years. This compares to 31 percent and 28 percent, respectively, for those job seekers under 55.<sup>12</sup> As noted by Krueger et al., the long-term unemployed have about a 1 in 10 chance of getting a new job, and these jobs are often temporary.<sup>13</sup>

Declining unemployment rates over the past 4 years were due in part to larger numbers of Americans dropping out of the labor force altogether. The number of older workers who are classified as “discouraged” (i.e., individuals who have ceased looking for work because they do not believe jobs are available) stood at 230,000 in September 2014 and remains above pre-recession levels. In addition, underemployment—defined as the status of people working part time for economic reasons who would prefer full-time jobs if they were available—also remains elevated, at 3.4 percent for older workers in October 2014.<sup>14</sup>

Older workers also suffered significant and lingering impacts on their assets and financial security. According to a 2010 AARP survey of more than 5,000 individuals aged 50 and older, many used their savings to cope with the impact of the recession, claimed retirement benefits early, experienced declines in the value of their homes, carried higher debt into retirement, expressed

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- 6 Rix, *The Employment Situation, September 2014. Better News for Older Workers.*
  - 7 Pew Economic Policy Group. *A Year or More: The High Cost of Long-Term Unemployment.* Washington, DC: The Pew Charitable Trusts, 2010.
  - 8 Krueger, Alan B., Judd Cramer, and David Cho. *Are the Long-Term Unemployed on the Margins of the Market?* Presentation at Brookings Panel on Economic Activity, Washington, DC, March 20–21, 2014.
  - 9 AARP. *Staying ahead of the Curve 2013: The AARP Work and Career Study. Older Workers in an Uneasy Job Market.* Washington, DC: AARP, 2014.
  - 10 Johnson, Richard W., and Corinna Mommaerts. *Age Differences in Job Loss, Job Search, and Reemployment.* Washington, DC: Urban Institute, 2011.
  - 11 Van Horn, Carl, and Cliff Zukin. *The Anguish of Unemployment in Work Trends.* New Brunswick, NJ: Heldrich Center for Workforce Development, 2009. Borie-Holtz, Debbie, Carl Van Horn, and Cliff Zukin. *No End in Sight: The Agony of Prolonged Unemployment in Work Trends.* New Brunswick, NJ: Heldrich Center for Workforce Development, 2010. Godofsky, Jessica, Carl Van Horn, and Cliff Zukin. *American Workers Assess and Economic Disaster in Work Trends.* New Brunswick, NJ: Heldrich Center for Workforce Development, 2010.
  - 12 Heidkamp, Maria, Nicole Corree, and Carl Van Horn. *The New Unemployables: Older Jobseekers Struggle to Find Work during the Great Recession.* Issue Brief 25. Boston, MA: Sloan Center on Aging & Work, Boston College, 2010. Van Horn, Carl, Cliff Zukin, and Charley Stone. *Out of Work and Losing Hope in Work Trends.* New Brunswick, NJ: Heldrich Center for Workforce Development, 2011.
  - 13 Krueger, Cramer, and Cho, *Are the Long-Term Unemployed on the Margins of the Market?*
  - 14 Calculated from U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings Online, October 2014* (Washington, DC: BLS). Table A-27. Accessed at [http://www.bls.gov/opub/ee/2014/cps/tablea27\\_201410.pdf](http://www.bls.gov/opub/ee/2014/cps/tablea27_201410.pdf).

concern about their ability to pay for health care, reduced spending, and decided to remain in the labor force, if at all possible.<sup>15</sup> In a 2013 AARP survey of 1,502 older workers, respondents expressed anxiety about the job market. Most had little confidence in their ability to find a job similar to their last one without having to move or take a cut in pay. Nearly two of three respondents said that age discrimination in hiring was widespread. More than 7 in 10 respondents reported that they planned to work during retirement, including part-time work, with 44 percent of those stating they are working for money, up 12 percent from a 2002 study.<sup>16</sup> A study by the Federal Reserve System noted that while older adults as a group hold a greater share of household net worth than younger adults, substantial and irrecoverable wealth losses as a result of the recession are at an acute stage for households with no capacity to work or without the time to recoup their losses.<sup>17</sup>

Increased dependency on public assistance programs due to long-term unemployment is also a negative by-product of the Great Recession. More older workers are applying for disability benefits than would have otherwise because they could not find employment. Several studies reported a correlation between when individuals apply

for Social Security Disability Insurance (SSDI) benefits and when they exhaust Unemployment Insurance (UI) benefits, with some economists noting that many people view the disability insurance system as “an extended unemployment program.”<sup>18</sup> Others found that Disability Insurance “plays, at most, a minor role in incentivizing the long-term unemployed to withdraw from the labor force, or in supporting them once they do withdraw.”<sup>19</sup> There is more consistent evidence that older job seekers who are unable to find work draw Social Security retirement benefits earlier than expected, which provides reduced monthly benefits for the rest of their lives.<sup>20</sup>

Although personal fulfillment and retirement security influence older workers’ decisions about remaining in the workforce beyond the traditional retirement age, the paramount motivation is the need to earn money, according to AARP’s 2013 survey.<sup>21</sup> The decline of employer-provided defined benefit pensions, the impact of the Great Recession on retirement and other savings, changes in eligibility age for Social Security retirement benefits, and the cost of providing care to family members are among the most important reasons why many older individuals need to work longer than anticipated.

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15 Rix, *Recovering from the Great Recession: Long Struggle Ahead for Older Americans*.

16 AARP, *Staying Ahead of the Curve*, 12.

17 Board of Governors of the Federal Reserve System. *Insights into the Financial Experiences of Older Adults: A Forum Briefing Paper*. Washington, DC: Board of Governors of the Federal Reserve System, 2013, 1.

18 Paletta, Damian, and Dionne Searcey. “Jobless Tap Disability Fund.” *Wall Street Journal*. December 28, 2011.

19 Krueger, Cramer, and Cho, *Are the Long-Term Unemployed on the Margins of the Market?*

20 Rich, Motoko. “Forced to Early Social Security, Unemployed Pay a Steep Price.” *New York Times*. June 9, 2012.

21 AARP, *Staying Ahead of the Curve*.

## Demand- and Supply-Side Challenges

When older workers want to remain or return to the labor force after being laid off, they confront both demand- and supply-side challenges. On the demand side, employers may be reluctant to hire older applicants because they regard them as not well prepared and assume it would take too long to train them. Many employers have also concluded that older workers are less productive and less flexible than younger workers. Employers may also be concerned that older workers are more expensive than younger workers, or that they will be uncomfortable reporting to younger supervisors, or may quit as soon as a better job is available.<sup>22</sup> Though there is evidence that these concerns are exaggerated, many employers hold these views.<sup>23</sup>

On the supply side—the principal focus of this paper—older job seekers who have been out of the workforce for longer periods face a range of serious obstacles affecting their reemployment. Their skills and qualifications may have been low to begin with or they may no longer have skills that are competitive in the labor market. Education and training programs that fit their interests or needs may be hard to locate and afford. Chronic medical issues and age-related health conditions and disabilities may affect their ability to work in certain occupations. The following section reviews these major challenges:

skill limitations, access to training programs, and health issues.

### SKILL LIMITATIONS

Education and training are often paramount to success in the labor market, yet many older unemployed job seekers do not have the skills that are currently in demand.<sup>24</sup> The fact that older unemployed workers have lower levels of education or do not possess the skills that employers seek affects older workers' earnings and employability. Older unemployed workers with lower literacy levels, such as many who worked in the construction and manufacturing sectors, may need developmental education courses before they can retrain for jobs in high-tech, knowledge-based sectors.<sup>25</sup> According to the Census Bureau, in 2013, 17 percent of adults over 50 had a bachelor's degree, compared with 23 percent of adults between the ages of 25 and 49.<sup>26</sup> A third of adults over 50 (33 percent) have no more than a high school degree, compared with 27 percent of adults between 25 and 49.<sup>27</sup> Educational barriers

22 U.S. Government Accountability Office. *Workforce Development: Community Colleges and One-Stop Career Centers Collaborate to Meet 21st Century Workforce Needs*, GAO-08-547. Washington, DC: U.S. Government Accountability Office, 2008. Heidkamp, Maria, William Mabe, and Barbara DeGraaf. *The Public Workforce System: Serving Older Job Seekers and the Disability Implications of an Aging Workforce*. New Brunswick, NJ: Heldrich Center for Workforce Development, 2012. Lu, Yiren. "Silicon Valley's Youth Problem." *New York Times*. March 12, 2014. Accessed March 12, 2014, at <http://nyti.ms/1cRCSrD>. U.S. Government Accountability Office. *Unemployed Older Workers: Many Experience Challenges Regaining Employment and Face Reduced Retirement Security*, GAO-12-445. Washington, DC: U.S. Government Accountability Office, 2012.

23 Feinsod, Roselyn, Tom Davenport, and Rich Arthurs. *The Business Case for Workers Age 50+: Planning for Tomorrow's Talent Needs in Today's Competitive Environment*. Washington, DC: AARP Public Policy Institute, 2005. Accessed at [http://assets.aarp.org/rgcenter/econ/workers\\_fifty\\_plus\\_1.pdf](http://assets.aarp.org/rgcenter/econ/workers_fifty_plus_1.pdf). Heidkamp, Mabe, and DeGraaf, *The Public Workforce System*.

24 U.S. Government Accountability Office, *Unemployed Older Workers*.

25 Heidkamp, Maria, and William Mabe. *The Great Recession and Serving Dislocated Workers with Disabilities: Perspectives from One-Stop Career Centers and Rapid Response Coordinators*. New Brunswick, NJ: Heldrich Center for Workforce Development, 2011.

26 U.S. Census Bureau website. Educational Attainment in the United States: 2013—Detailed Tables. Accessed at <https://www.census.gov/hhes/socdemo/education/data/cps/2013/tables.html>.

27 Ibid.

to reemployment are cited by researchers<sup>28</sup> as well as by older adults themselves: 40 percent of respondents to a national survey of adult job seekers ages 50 and older said that they lacked the skills for available jobs, and 35 percent said they did not have the right education or degree.<sup>29</sup>

Employers' demand for computer and technology-based skills are also significant barriers to reemployment for older job seekers, according to various studies.<sup>30</sup> Workforce development professionals interviewed by the Government Accountability Office (GAO) commented that a high percentage of older workers who sought assistance from the public workforce system lacked computer and technology skills. GAO observed that even older workers with some computer expertise discovered that their skills deteriorated when they experienced prolonged periods of unemployment. Public workforce staff noted that the job seekers who lacked technical skills were typically older workers from declining industries where jobs had been permanently eliminated.<sup>31</sup>

Millions of Americans across a wide span of educational levels, job skills, and occupations experienced significant economic upheaval during and after the Great Recession. However, adults with less formal education after high school or less job-relevant skills fared the worst. The Great Recession exacerbated their diminished earnings and job prospects.<sup>32</sup> As noted by Krueger et al., if the unemployed as a whole are compared with the

employed, notably larger shares of the short- and long-term unemployed are less educated.<sup>33</sup> The ramifications of limited basic skills and literacy among older adults are significant. These workers are more likely to need further education and training in order to return to work, in part because employers are demanding more education and skills, different skills, or very specific job-related skills from workers than they did in the past.<sup>34</sup> The earnings premium for those with additional education has only widened over time.<sup>35</sup> Compared with younger workers, older workers have fewer years to recover lost or never acquired basic skills and literacy skills, or to recover lost income.

### ACCESS TO TRAINING

Although many older workers need to upgrade their skills to remain employed or to get another job after a layoff, challenges remain regarding access, affordability, and the time necessary to acquire needed skills. Older workers realize this dilemma. Heldrich Center *Work Trends* survey research of the unemployed, including older workers, noted that 7 in 10 respondents recognized that they must prepare for new careers by updating their skills, but only about 1 in 10 were enrolled in training programs.<sup>36</sup> What accounts for this gap between the desire for training and access to it?

Older job seekers are less likely than prime working age adults to be served by the public

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28 U.S. Government Accountability Office, *Unemployed Older Workers*. Heidkamp, Mabe, and DeGraaf, *The Public Workforce System*. Graycarek, Rick, and Katherine Thomas. *Workforce Development Options Targeted to Older Kentuckians Are Limited*. Program Review and Investigations Committee. Legislative Research Commission. Frankfort, KY: 2010.

29 Benz, Jennifer, Matt Sedensky, Trevor Tompson, and Jennifer Agiesta. *Working Longer: Older Americans' Attitudes on Work and Retirement*. Chicago, IL: The Associated Press-NORC Center for Public Affairs Research, 2013.

30 Levine, Linda. *Older Displaced Workers in the Context of an Aging and Slowly Growing Population*. Washington, DC: Congressional Research Service, 2010. Accessed at <http://congressionalresearch.com/RL33054/document.php>.

31 U.S. Government Accountability Office, *Unemployed Older Workers*.

32 Looney, Adam, and Michael Greenstone, "What Is Happening to America's Less Skilled Workers? The Importance of Education and Training in Today's Economy." Brookings on Job Numbers Blog, December 2, 2011. Washington, DC: Brookings, 2011. Accessed at <http://www.brookings.edu/blogs/jobs/posts/2011/12/02-jobs-greenstone-looney>.

33 Krueger, Cramer, and Cho, *Are the Long-Term Unemployed on the Margins of the Market?*

34 According to the U.S. Department of Education's National Center on Education Statistics (2012), the percentage of adults aged 25 years and older completing high school and higher education has been rising. In 2012 some 88 percent of the adults 25 years and older had completed at least high school and 31 percent completed a bachelor's or higher degree compared to 10 years earlier (2002) when 84 percent had earned a high school diploma and 27 percent completed a bachelor's degree or higher. U.S. Department of Education, National Center for Educational Statistics. *Digest of Education Statistics: 2012*. Washington, DC: U.S. Department of Education, 2012.

35 OECD. *Education at a Glance: OECD Indicators 2012*. Paris, FR: OECD, 2012, 14.

36 Van Horn, *Working Scared*, 84-85.

workforce system funded by the federal Workforce Investment Act (WIA). WIA programs, carried out through hundreds of local Workforce Investment Boards and American Job Centers (AJCs), offer a range of services, including training, to unemployed and underemployed disadvantaged adults and dislocated workers. In program year 2010, older adults constituted just 12.6 percent of those served by WIA programs (or slightly more than 200,000) during a time when more than 2 million older adults were unemployed. (Close to 1.4 million adults ages 18–54 were served by WIA during the same program year, when there were roughly 12 million unemployed individuals between the ages of 16 and 54.) In a review of WIA program data from 2006 to 2010 conducted by the Heldrich Center, older adults made up the smallest percentage of adults served by WIA in all service categories (i.e., core, intensive, and training). Older workers served by WIA were less likely to receive training than younger individuals and less likely to be enrolled in credential or degree-granting programs at postsecondary institutions.<sup>37</sup> According to various studies, AJC staff often refers older workers to the Senior Community Service Employment Program (SCSEP), which is the only federal program exclusively dedicated to serving older Americans. Older workers may also be underserved because WIA performance measures focus on employment and earnings gains; consistent improvements are more difficult to obtain for older workers.<sup>38</sup>

Employed older workers may not receive training on the job when employers feel they will not get

a positive return on their investment because they expect older workers will retire before it is recouped.<sup>39</sup> A 2013 national survey of older workers found that 9 percent of those over 50 said they believed they had been denied access to training or the chance to acquire new skills because of their age.<sup>40</sup> The U.S. Department of Labor's *Taskforce on the Aging of the American Workforce* reported that the extent of employer-provided training declines with the age of the employee: workers between the ages of 25 and 34 received an average of 37 training hours per year, compared with 9 hours per year for those employees over 55 years of age.<sup>41</sup>

Finally, older workers may decide to forego training either because they fear failure or feel they cannot compete with younger workers, especially those with more advanced technical skills. Older workers may not want to “start over” for a new career.<sup>42</sup> Many older workers also believe they cannot afford to pay for further education or they expect to return to the labor market quickly. Time spent in training programs would interfere with their job search and availability for work.<sup>43</sup>

## HEALTH ISSUES

The ability of older workers to retain or find employment may be affected because the likelihood of work-limiting disability increases with age.<sup>44</sup> As a result, older workers are more likely than younger workers to experience short- or long-term disabling conditions, chronic health issues, and absences from the workplace due to their illness. Although many older workers describe their health as good to excellent, many

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37 Heidkamp, Mabe, and DeGraaf, *The Public Workforce System*, 17–18.

38 Heidkamp, Maria. *Older Workers, Rising Skills Requirements, and the Need for a Re-envisioning of the Public Workforce System*. Chicago, IL: CAEL, 2012.

39 Eyster, Lauren, Theresa Anderson, and Christin Durham. *Innovations and Future Directions for Workforce Development in the Post-Recession Era*. Washington, DC: Urban Institute, 2013.

40 Benz, Sedensky, Tompson, and Agiesta, *Working Longer*.

41 Heidkamp, *Older Workers, Rising Skills Requirements, and the Need for a Re-envisioning of the Public Workforce System*.

42 Heidkamp, Mabe, and DeGraaf, *The Public Workforce System*. Heidkamp and Mabe, *The Great Recession and Serving Dislocated Workers with Disabilities*. Van Noy, Michelle, and Maria Heidkamp. *Working for Adults: State Policies and Community College Practices to Better Serve Adult Learners at Community Colleges During the Great Recession and Beyond*. New Brunswick, NJ: John J. Heldrich Center for Workforce Development, Rutgers University, 2013.

43 Van Horn, *Working Scared*, 85.

44 Burkhauser, Richard, Mary Daly, and Jennifer Tennant. *Disability, Aging, and Employment: Trends and Drivers*. Presented at the National Technical Assistance and Research Center, Disability Implications of an Aging Workforce Roundtable, December 13, 2010. New Brunswick, NJ: John J. Heldrich Center for Workforce Development, Rutgers University, 2010.

also indicate that they have chronic conditions that affect their overall well-being.<sup>45</sup> Poor health is also an indicator for early retirement and involuntary job loss.<sup>46</sup>

Long-term unemployment often leads older workers to defer needed medical attention. The resulting poor health can be disabling and a factor in whether older workers pursue further employment or engage in retraining.<sup>47</sup>

People with work-limiting conditions—which are sometimes temporary—may not receive the support they need to maintain employment and can slip into “needless work disability.”<sup>48</sup> Often times, these workers are encouraged through public policy, administrative delays, or by well-intentioned practitioners (including employers and medical practitioners) to remain out of the workforce longer than medically necessary, rather

than finding transitional work opportunities or other ways of accommodating their needs. Furthermore, older workers who do experience age-related disabilities may not consider themselves disabled and therefore are less likely to request or seek a workplace accommodation that could keep them working or help them complete a training program.<sup>49</sup>

Poor health limits the types of jobs that are feasible for older workers. People with work-limiting conditions are likely unable to succeed at physically demanding jobs. In addition, people who can no longer work in such jobs may have great difficulty transferring to other types of work. A 2010 study reported that more than a third (35 percent) of workers over the age of 58 were employed in physically demanding jobs.<sup>50</sup>

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45 Sloan Center on Aging and Work at Boston College. Health and the Older Worker: Fact Sheet 37, February 2014. Accessed at [http://www.bc.edu/content/dam/files/research\\_sites/agingandwork/pdf/publications/FS37\\_HealthandOlderWorker.pdf](http://www.bc.edu/content/dam/files/research_sites/agingandwork/pdf/publications/FS37_HealthandOlderWorker.pdf).

46 U.S. Department of Health and Human Services. *Growing Older in America: The Health and Retirement Study*. Ann Arbor, MI: University of Michigan. Accessed at [http://hrsonline.isr.umich.edu/sitedocs/databook/HRS\\_Text\\_WEB\\_ch2.pdf](http://hrsonline.isr.umich.edu/sitedocs/databook/HRS_Text_WEB_ch2.pdf). Salm, Martin. "Does Job Loss Cause Ill Health?" [Abstract]. *Health Economics* 18(9) (2009).

47 Centers for Disease Control and Prevention. *Health, United States, 2010*. Washington, DC: U.S. Department of Health and Human Services, National Center for Disease Statistics, 2010.

48 Christian, Jennifer. *Introduction to ACOEM's New Work Disability Prevention Guideline: "Preventing Needless Work Disability by Helping People Stay Employed."* Wayland, MA: 60 Summits Project, Inc., 2007.

49 Heidkamp, Maria, and Jennifer Christian. *The Aging Workforce: The Role of Medical Professionals in Helping Older Workers and Workers with Disabilities to Stay at Work or Return to Work and Remain Employed*. New Brunswick, NJ: Heldrich Center for Workforce Development, 2013.

50 Rho, Hye Jin. *Hard Work? Patterns in Physically Demanding Labor among Older Workers*. Washington, DC: Center for Economic and Policy Research, 2010. Accessed at <http://www.cepr.net/documents/publications/older-workers-2010-08.pdf>.

# The Workforce Education and Training Landscape

While skills training is not the sole remedy for all unemployed and underemployed older workers, getting a job or a better one often requires upgrading skills. Older workers with limited resources and an urgent need to earn a living may not want to pursue a 2- or 4-year degree and are more likely to desire less time-consuming programs that will help them return to work quickly. Unfortunately, most job seekers are not well informed about the skills they need and are unfamiliar with how they can acquire new skills and what it will cost. Adults seeking education and skills training have an enormous number of providers and programs from which they can choose. Thousands of programs offer college degrees, diplomas, or certificates at colleges or universities, career colleges or technical/vocational schools, or community organizations. Understanding and navigating this landscape is a difficult task for a well-informed expert, let alone the typical American worker. Reliable, unbiased information may be hard to find either from websites or organizations.

In the United States, four predominant clusters of providers make up the U.S. adult (postsecondary) education and training environment:

- » Public and private colleges and universities (2- and 4-year nonprofit institutions of higher education);
- » Trade and proprietary schools (for profit, non-degree bearing, occupationally focused);

- » Private employers and employer associations; and
- » Nonprofit CBOs that offer job training.

## THE EDUCATION SECTOR: COLLEGES, UNIVERSITIES, AND SCHOOLS

Table 1 displays the range of postsecondary education and training providers available to adults. These institutions offer instruction in a variety of settings: in training centers, on college/university campuses, in the workplace, or at home through correspondence, television, or an Internet-enabled computer or mobile device.

Given the vast scope of the postsecondary enterprise, it is not surprising that programs vary widely in character and quality. A handful of states have centralized governing boards that regulate and oversee educational institutions, but in most states these institutions are separately governed. They operate with considerable autonomy when they make decisions about their education and training offerings.<sup>51</sup> Training program offerings depend less on labor demand and more on whether there are sufficient students to cover the cost of instruction through tuition and fees.<sup>52</sup> Education and training institutions are not compelled to involve employers in designing programs nor, for the most part, to report on the extent to which students complete programs or the jobs graduates obtain. Training curricula may be established by faculty alone or in conformance with professional occupational standards, such as for licensed professions and occupations

51 In the United States, monitoring and compliance institutions have been established that oversee the quality of educational programs through such tools as accreditation and occupational licensing. Information about accreditation in the United States can be found at [http://www2.ed.gov/adms/finaid/accred/accreditation\\_pg2.html](http://www2.ed.gov/adms/finaid/accred/accreditation_pg2.html). Information about occupational licensing and a list of licensed occupations can be found at [http://www.careerinfonet.org/LicensedOccupations/lois\\_keyword.asp?nodeid=16&by=keyword](http://www.careerinfonet.org/LicensedOccupations/lois_keyword.asp?nodeid=16&by=keyword). The Education Commission of the States maintains a 50-state database of system/institutional governing boards, available at <http://ecs.force.com/mbdata/mbquestU?Rep=PSG02&SID=a0i700000009vZI&Q=Q0668>.

52 In an effort to increase the efficiency and effectiveness of publicly funded higher education, many states have begun to adopt a variety of performance-based funding strategies for their 2- and 4-year public institutions, which include a mix of completion, diversity, and employment metrics as well as targets to increase STEM and allied health credentials. According to the National Conference of State Legislatures, 25 states currently use some forms of performance-based funding for public higher education, with 5 more in transition. National Conference of State Legislatures website. *Performance-Based Funding for Higher Education*, 3/5/2014. Accessed at <http://www.ncsl.org/research/education/performance-funding.aspx>.

**TABLE 1. Overview of U.S. Postsecondary Educational Services**

Educational Institutions	Types (Examples)	General Description
<b>Junior Colleges</b>	<ul style="list-style-type: none"> <li>• Junior colleges (academies and vocational)</li> <li>• Community colleges</li> </ul>	Engaged in providing academic or technical courses and granting associate degrees, certificates, or diplomas below the baccalaureate level
<b>Colleges, Universities, and Professional Schools</b>	<ul style="list-style-type: none"> <li>• Academies; college or university</li> <li>• Military academies</li> <li>• Professional schools (business, medical, dental, law)</li> <li>• Seminaries and theological schools</li> <li>• Conservatories of music</li> </ul>	Engaged in providing academic courses and granting degrees at baccalaureate or graduate levels
<b>Business Schools and Computer and Management Training</b>	<ul style="list-style-type: none"> <li>• Business schools not offering academic degrees</li> <li>• Computer programming, software, business systems, electronics technology, computer operations, and local area network management</li> <li>• Professional development and management training schools not offering academic degrees</li> </ul>	Engaged in providing courses in business and office procedures and skills, conducting training in all phases of computer activities, and offering short-duration courses and seminars for management and professional development
<b>Technical and Trade Schools</b>	<ul style="list-style-type: none"> <li>• Cosmetology and barber schools</li> <li>• Flying, flight, and aviation schools</li> <li>• Apprenticeship training in trades such as carpentry, plumbing, steam fitter, sheet metal, electricity</li> <li>• Culinary arts and cooking schools</li> <li>• Bartending, restaurant, and hospitality management not offering academic degrees</li> <li>• Health care-related schools (home health aide, nurse's aide, etc.)</li> <li>• Real estate schools</li> <li>• Police and firefighter training schools</li> <li>• Dental technician and dental hygienist schools</li> <li>• Flight attendant schools</li> <li>• Modeling schools</li> <li>• Truck driving schools</li> <li>• Security guard training</li> <li>• Heavy equipment repair and operations schools</li> <li>• Photography schools</li> </ul>	Engaged in offering vocational and technical training in a variety of technical subjects and trades where the training often leads to job-specific certification
<b>Other Schools and Instruction</b>	<ul style="list-style-type: none"> <li>• Fine art and handicraft schools</li> <li>• Dance and ballet schools</li> <li>• Performing art schools</li> <li>• Sports-related schools, camps, and instruction</li> <li>• Language schools and instruction</li> <li>• Exam preparation and tutoring, including adult literacy instruction</li> <li>• Automobile driving schools and driver's education</li> <li>• First aid, CPR, and lifeguard training</li> </ul>	Engaged in offering or providing instruction (not offering academic degrees or business, computer, management, or technical training)
<b>Educational Support Services</b>	<ul style="list-style-type: none"> <li>• Career and educational guidance counseling services</li> <li>• Educational testing services</li> <li>• College selection services</li> </ul>	Engaged in providing non-instructional services that support educational processes or systems

Source: U.S. Bureau of Labor Statistics. Industries at a Glance. Educational Services: NAICS 61. Accessed at <http://www.bls.gov/iaq/tgs/iaq61.htm>.

ranging from accounting to cosmetology. Training programs may also be customized to suit the detailed requirements of employers who pay for the training.

Education and training programs may lead to the completion of a course of study that results in an academic degree, credential, or certificate indicating completion of the field of study, or competency in a skill. Many institutions, especially community colleges, offer basic literacy or English as a Second Language courses in order to help students prepare for more rigorous courses. Career counseling, job placement assistance, disability assistance, financial aid advising, and academic counseling may also be offered, but this differs from one institution to another.

Adult students—defined as over age 25—are often attracted to institutions that offer technical and vocational certificates and degrees and shorter programs, which better meet their needs as working learners or job seekers. Researchers have noted that community colleges and for-profit institutions have been “particularly aggressive in creating programs and policies to address the needs of adult learners.”<sup>53</sup> Community colleges have historically served nontraditional and adult students, who gravitate toward them because of their lower costs; their focus on lower-skill, lower-income students; their emphasis on in-demand occupational skills; and their flexible course schedules. Part-time community college students outnumber full-time students almost two to one. The for-profit education sector has also responded to adult students’ needs by offering career-oriented programs and accelerated programs with flexible scheduling.<sup>54</sup>

## EMPLOYERS, EMPLOYER ASSOCIATIONS, AND LABOR UNIONS

Employers and employer/industry associations<sup>55</sup> are an important source of education and training for workers who are already on their payroll. According to the American Society for Training and Development, employer spending on formal workplace learning—such as on-the-job training (OJT), customized training, work-based learning, and employer-sponsored tuition assistance—exceeded \$156 billion in 2011.<sup>56</sup> Employer spending far exceeded the \$18 billion in public expenditures from the 47 federal job training programs administered by 9 federal agencies that make up the public workforce and education system.<sup>57</sup>

Training for incumbent workers does not benefit unemployed workers. Government agencies, however, may provide OJT subsidies to firms as an incentive to hire and train unemployed workers. These financial incentives typically last for 6 months and cover 50 percent of the employee’s wages, although they may last longer and cover 90 percent of wages. Firms participating in OJT programs must hire the trainee full time, pay them at least a minimum wage, and provide training that could potentially lead to permanent employment upon satisfactory completion of the training period. Subsidizing employers to hire and provide training to older unemployed workers through OJT may be more effective than classroom training unless it is closely connected to employer needs.<sup>58</sup>

To encourage firms to retain incumbent workers and help firms remain competitive, all but a few state governments provide customized training grants to employers who commit to developing the skills of incumbent workers. Such programs are not specifically designed to help older workers. Public

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53 Kazis, Richard, Abigail Callahan, Chris Davidson, Annie McLeod, Brian Bosworth, Vickie Choitz, and John Hoops. *Employment and Training Administration. Adult Learners in Higher Education: Barriers to Success and Strategies to Improve Results* (Occasional Paper 2007-03). Washington, DC: US Department of Labor, 2007.

54 Ibid.

55 Employer associations are organizations representing the interests of a particular industry, such as the National Association of Manufacturers.

56 American Society for Training and Development. *2012 State of the Industry Report*. Alexandria, VA: American Society for Training and Development, 2012.

57 Bipartisan Policy Center. *Getting Work: How Government Can Do Better Preparing Americans for Today’s Jobs*. Washington, DC: Bipartisan Policy Center, 2014.

58 Barron, John M., Mark C. Berger, and Dan A. Black. *On the Job Training*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 1997.

subsidies for incumbent worker OJT may be an effective policy tool to realize better employment retention and competitiveness; however, there is no systematic evidence about who ultimately benefits from these various state-based incumbent worker training programs.<sup>59</sup> Moreover, most of these programs are of modest size.

Labor unions and labor-management councils educate and train workers through apprenticeships and workplace training. According to the AFL-CIO, union organizations train more than 450,000 workers every year.<sup>60</sup> Trainees or apprentices are typically current union members or young adults entering occupations with union representation, such as plumbers, electricians, construction workers, nurses, actors, and musicians.<sup>61</sup> Labor-related training nonprofit organizations, such as the National Joint Apprenticeship and Training Committee (NJATC), standardize training programs within their respective trades (e.g., NJATC works with the International Brotherhood of Electrical Workers and the National Electrical Contractors Association to develop training programs and train thousands of individuals from apprentice to journeyman status using private funding).

Given that the average time to complete an apprenticeship is 3 to 4 years, older workers are less likely to enroll in these programs.<sup>62</sup> However, there are several examples of “competency-based apprenticeship programs” that enable individuals to demonstrate the attainment of specific skills more quickly, such as in several health care occupations.<sup>63</sup> These programs reduce the length

of time needed to complete apprenticeships, which makes them more practical for older workers.

## NONPROFIT COMMUNITY-BASED ORGANIZATIONS

Community-based organizations (CBOs) are another important provider of training. For older workers, CBO-based training programs may be beneficial because they offer low- or no-cost training, have access to neighborhood employers, and may arrange for social services that support workers during training and subsequent employment. Because many older workers experience personal, financial, and academic challenges, CBOs provide additional services that may not be offered by postsecondary institutions.<sup>64</sup>

CBOs often provide short-term training programs for older workers or other disadvantaged populations such as low-skilled workers, welfare recipients, ex-offenders, and people with disabilities. CBOs may specialize in such areas as basic education, “soft skills,” language instruction (e.g., English as a Second Language), and computer/digital literacy. For example, JVS in Boston and FECS Health and Human Services in New York City offer career coaching and mentoring programs, professional development seminars, financial literacy, pre-college preparation, pre-apprenticeship training, entrepreneurial training and support services, résumé preparation, career seminars, job coaching, and job placement assistance.<sup>65</sup>

CBOs frequently partner with educational institutions to assist with the recruitment and

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59 Hollenbeck, Kevin. *Is There a Role for Public Support of Incumbent Worker On-the-Job Training?* Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2008.

60 AFL-CIO. *Training and Apprenticeships*. n.d. Accessed at <http://www.aflcio.org/Learn-About-Unions/Training-and-Apprenticeships>.

61 Labor Management Councils typically bring together business, industry, labor, and civic organizations to build stronger relationships and develop partnerships between labor unions and industry in areas of mutual interest, to provide a forum to discuss and promote an understanding of each other's concerns and challenges, and to promote the competitiveness of the industry or regional economic area. Labor Management Councils typically provide training to their membership in such areas as human resource management, conflict management, change management, teambuilding, diversity, etc.

62 Helmer, Matt, and Dave Altstadt. *Apprenticeship: Completion and Cancellation in the Building Trades*. Washington, DC: The Aspen Institute, 2013.

63 Virtual Career Network website. Accessed at <https://www.vcn.org/health-care/get-qualified/resources/apprenticeship-training>.

64 Van Noy, Michelle, Maria Heidkamp, and Emily Manz. *Community College Practices That Serve Older Dislocated Workers*. New Brunswick, NJ: John J. Heldrich Center for Workforce Development, Rutgers University, 2013.

65 JVS of Greater Boston website. Accessed March 12, 2014, at [http://www.fecs.org/what-we-do/employment-and-workforce/job-seekers#VJMRnf\\_3Caw](http://www.fecs.org/what-we-do/employment-and-workforce/job-seekers#VJMRnf_3Caw).

selection of students, provide counseling and advising, and help with non-academic supports like transportation, childcare, and mental health services.<sup>66</sup> For example, several CBOs in northern Virginia have partnered with Northern Virginia Community College (NOVA) to offer its credit courses at the CBO sites.<sup>67</sup> Among NOVA's CBO

partners, Goodwill of Greater Washington offers classroom training in several industries, including banking, environmental services, construction, and retail, and students who complete the Goodwill classes can earn up to five NOVA credits.<sup>68</sup>

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66 Van Noy and Heidkamp, *Working for Adults*. Institute for Higher Education Policy. *The Role of Community-Based Organizations in the College Access and Success Movement*. Washington, DC: Institute for Higher Education Policy, 2012. FutureWorks. *A Workforce Development Triad: Federal Education Tax Credits, Community-Based Organizations, and Community Colleges*. Seattle, WA: FutureWorks, 2006.

67 NOVA/CBO Initiative website. Accessed March 12, 2014, at <http://www.nvcc.edu/depts/alexandria/cbo/>.

68 The Aspen Institute has profiled a range of CBO-community college partnerships, and the academic, non-academic, and career supports they provide, as part of its Courses to Employment project. Conway, Maureen, Amy Blair, and Matt Helmer. *Courses to Employment: Partnering to Create Paths to Education and Careers*. Washington, DC: Aspen Institute, 2012.

# Financing Education and Training

Older workers may take advantage of a wide range of federal and state programs to help pay for education and training programs.<sup>69</sup> However, with the exception of one very small public workforce program, none of the financial aid or other education and training resources is reserved exclusively for older adults. Major federal student aid programs include Title IV of the Higher Education Opportunity Act, which includes Pell Grants; federal tax benefits, including tax credits and deductions; and federally funded public workforce and education programs.<sup>70</sup> All states provide appropriations to public institutions and grants to students for postsecondary education. Educational institutions provide grants to students, as do some other private entities and employers.<sup>71</sup> Many states and some higher education institutions offer tuition waivers for seniors, but these tend to be underutilized either because of lack of awareness or because of restrictions on their use. Tuition waiver policies vary greatly regarding minimum age requirements (60, 62, or 65), what they cover (academic credit or noncredit courses), and conditions of use (instructor permission, space available basis, etc.).<sup>72</sup>

## PELL GRANTS

Authorized by the Higher Education Act's Title IV, the Pell Grant program awards need-based grants through postsecondary institutions to low-income students. Funds may be used to pay tuition and fees and to fund indirect costs such as living expenses.<sup>73</sup> Pell Grant aid is considered an entitlement program, meaning all students who qualify are guaranteed funding.<sup>74</sup>

Both the educational institutions and the students have to meet certain criteria to be eligible.

Students must:

- » Demonstrate financial need;
- » Have a high school diploma or equivalent;
- » Be accepted or enrolled (full time or part time) in an eligible program for the purpose of attaining a degree, certificate, or other recognized educational credential;
- » Have not previously earned a baccalaureate degree or its equivalent, although there are some exceptions for certain post-baccalaureate programs that lead to teacher certification or licensure;
- » Have resolved any issues stemming from a drug conviction;

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69 According to statistics on 2011 fall enrollment at degree-granting institutions, there were 610,216 adults ages 50 and older enrolled, or roughly 3 percent of the total 18 million students. Of these older students, 57 percent were at public 2-year schools, 17 percent at public 4-year institutions, 10 percent at private nonprofit 2- and 4-year institutions, and 16 percent at private for-profit 2- and 4-year institutions. National Center for Education Statistics. Digest of Education Statistics website: [https://nces.ed.gov/programs/digest/d12/tables/dt12\\_226.asp](https://nces.ed.gov/programs/digest/d12/tables/dt12_226.asp).

70 Postsecondary enrollments have increased greatly in the past decade, from 15 million to 21 million students between 2000 and 2010; according to the National Center for Education Statistics (NCES), grants and loans are the primary types of federal financial assistance for undergraduate students seeking degrees, totaling \$146 billion in 2011. National Center for Education Statistics. *The Condition of Education: Financing Postsecondary Education in the United States*. Washington, DC: National Center for Education Statistics, 2013. Accessed at [http://nces.ed.gov/programs/coe/indicator\\_tua.asp](http://nces.ed.gov/programs/coe/indicator_tua.asp).

71 U.S. Background Information Prepared for the OECD Postsecondary Vocational Education and Training Skills Beyond School Study, April 2012.

72 American Council on Education. *Framing New Terrain: Older Adults and Higher Education*. Washington, DC: American Council on Education, 2007.

73 CLASP. *Funding Career Pathways and Career Pathway Bridges: A Federal Policy Toolkit for States*. Washington, DC: 2013.

74 National Skills Coalition. Training Policy in Brief: Pell Grants. Accessed at [http://www.nationalskillscoalition.org/resources/reports/tpib/nsc\\_tpib\\_pell\\_2011-02.pdf](http://www.nationalskillscoalition.org/resources/reports/tpib/nsc_tpib_pell_2011-02.pdf).

- » Neither be in default on a federal student loan nor owe the federal government or an institution money for overpayment of student financial aid;
- » Once enrolled, maintain “satisfactory progress,” which necessitates a minimum grade point average and completion of a certain percentage of courses, with the student being on track to earn the degree or certificate within 150 percent of the time it would typically take (adjusted for part-time attendance);<sup>75</sup> and
- » Have not exceeded the lifetime eligibility limit for Pell Grants of 12 semesters or the equivalent.<sup>76</sup>

Students enrolled in noncredit programs or for-credit courses without the intention of completing a credential are generally ineligible.<sup>77</sup> Pell Grants may be used to cover costs associated with up to a year of remedial education if students are enrolled in an eligible program for which remedial education is required.<sup>78</sup>

Before the Great Recession, many states restricted the kinds of training and education that individuals receiving UI benefits could participate in and still maintain their UI eligibility. However, in 2009 the U.S. Department of Labor issued guidance to states urging them to expand their definitions of training for UI recipients to cover degree and certificate programs and other programs that improve a job seeker’s long-term employability.<sup>79</sup> The U.S. Department of Labor also encouraged states to inform UI recipients of their potential eligibility for Pell Grants and other federal student aid.<sup>80</sup>

Approximately 5,400 public and private nonprofit institutions as well as proprietary and postsecondary vocational schools participate in the Pell Grant program.<sup>81</sup> To be eligible for Pell Grants, most programs must lead to a degree or certificate, last at least 1 year, and lead to gainful employment. Certificate programs that are less than a year but appear on a list of federally approved non-degree programs are also eligible.<sup>82</sup> The Center for Law and Social Policy (CLASP) has compiled several examples of states making creative use of Pell Grants to support career pathway programs.<sup>83</sup> Ivy Tech Community College in Indiana, for example, developed certificate programs that are less than a year and that could be eligible for financial aid. They received approval for 59 such programs, each of which comprises courses that are part of associate degree programs. This required Ivy Tech to gain approval from the U.S. Department of Education and the Indiana Commission for Higher Education and the Higher Learning Commission. CLASP recommends that states work with financial aid administrators to develop Pell Grant-eligible career pathway programs. This strategy may include allowing students to qualify for aid while they are earning interim credentials that are too short to be eligible but can be approved if the student intends to complete an eligible longer-term program in “which the interim credentials are embedded.”<sup>84</sup>

The maximum Pell Grant for the 2011–12 award year was \$5,550. Amounts per person vary depending on financial need, costs to attend school, full- or part-time status, and whether a student is attending a full academic year or not.<sup>85</sup>

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75 CLASP, *Funding Career Pathways and Career Pathway Bridges*.

76 U.S. Department of Education IFAP website, 2013–2014 Federal Pell Grant Payment and Disbursement Schedules. Accessed at <http://ifap.ed.gov/dpclatters/GEN1306.html>.

77 National Skills Coalition, *Training Policy in Brief: Pell Grants*.

78 *Ibid.*

79 *Ibid.*

80 *Ibid.*

81 U.S. Department of Education website. Federal Pell Grant Program. Accessed at <http://www2.ed.gov/programs/fpg/index.html>.

82 CLASP, *Funding Career Pathways and Career Pathway Bridges*.

83 *Ibid.*

84 *Ibid.*

85 U.S. Department of Education website, Federal Pell Grant Program. This grant award amount covered about 65 percent of the average cost of in-state tuition and fees—about 30 percent of tuition, fees, room, and board at public 4-year colleges, according to the Congressional Budget Office.

The National Center for Education Statistics (NCES) reports that federal grant aid—primarily the Pell Grant—nearly quadrupled over the period of 2000 to 2010, from \$10 billion to \$38 billion, with the number of grant recipients growing from 4 million to 11 million students.<sup>86</sup> This growth reflects the impact of changes on the economy, with the Great Recession and slow economic recovery drawing more students into the pool, growth in the average size of Pell Grants, and the expansion of online education, especially at for-profit institutions, which also attracted more grant-qualifying students.<sup>87</sup>

As outlined in table 2, the largest numbers of Pell Grant recipients are enrolled at public 2-year institutions. However, as a share of the student body, the largest share of Pell grantees are at for-profit institutions and the smallest share are at public 2-year institutions.

Although only 2.3 percent of grant recipients (235,876) were over the age of 50 in 2011–12,<sup>88</sup> Pell Grants are the most important source of grants for older workers seeking education and training.<sup>89</sup> However, because the program was originally intended as a resource for young people from low-income families, some elements of the program are not well-suited to meet the needs of older people returning to school. For example, the income eligibility guidelines are meant to determine how much parents can afford to contribute toward their child’s education, not how much can be expected from an individual adult. In addition, Pell Grants are currently available only for students who attend school at least half time, a requirement that may not be reasonable for students who need to work to support themselves.<sup>90</sup>

Based on data from 2007–08, roughly a third (31 percent) of Pell Grant recipients who are age 25 and older attend for-profit institutions,

**TABLE 2. Distribution of Pell Grant Recipients by Educational Institution, 2011–2012**

Type of Institution	Number of Pell Grant Students	Pell Grant Students as a Share of the Student Body
Public 2-Year	3.4 million	32%
Public 4-Year	2.8 million	35%
Private For-Profit	2.1 million	63%
Private Nonprofit	1.2 million	37%

Source: Congressional Budget Office. The Federal Pell Grant Program: Recent Growth and Policy Options. Washington, DC: Congressional Budget Office, 2013.

roughly two times the percent of younger recipients (16 percent). Older students are more likely to have defined occupational goals and to be seeking short-term programs. They are more likely than younger students to be enrolled in certificate programs (13 percent compared with 9 percent) and associate degree programs (49 percent compared with 37 percent). They are also more likely to be enrolled part time and less likely to earn a postsecondary credential.<sup>91</sup> The College Board report notes that the desire of older students to get a job as soon as possible may not be compatible with earning a credential, but researchers found that older students who left school without a certificate or degree fared worse in the labor market than younger students who dropped out before acquiring credentials.<sup>92</sup>

Recent changes to Pell Grant rules have restricted or eliminated the ability of certain previously eligible groups to receive assistance, including people who had received Pell Grants for more than 12 semesters, even if they were close to completing college, and those without a high

86 National Center for Education Statistics, *The Condition of Education*.

87 Congressional Budget Office. *The Federal Pell Grant Program: Recent Growth and Policy Options*. Washington, DC: Congressional Budget Office, 2013.

88 The Federal Pell Grant Program End-of-Year Report, 2011–12, Table 11. Accessed at <http://www.ed.gov/finaid/prof/resources/data/ope.html>.

89 Rethinking Pell Grants Study Group. *Rethinking Pell Grants*. Washington, DC: College Board Advocacy and Policy Center, 2013.

90 Ibid.

91 Ibid.

92 Ibid.

school diploma or equivalent who can prove that they can benefit from college.<sup>93</sup> These changes may adversely affect low-skilled adults who might be candidates for longer-term “pathways” programs.<sup>94</sup>

Because occupational training programs that do not lead to certificates or academic degrees do not qualify for Pell Grants, the Congressional Budget Office suggested that Congress could consider an alternative Pell Grant for occupational training. This would be useful for older adults who need training but already have a bachelor’s degree and are therefore ineligible for Pell Grants. The Congressional Budget Office suggested certain parameters that could control costs, such as setting a maximum amount per credit or recipient. It also suggested that reimbursing students upon program completion, rather than providing the funding up front, might provide incentives for individuals to complete their programs.<sup>95</sup>

## FEDERAL STUDENT LOANS

Most students, including older adults, borrow money to fund their education.<sup>96</sup> Those who are eligible for Pell Grants also borrow money to pay their tuition and fees and other expenses. In 2011–12, 60 percent of Pell Grant recipients took out means-tested federal student loans (which do not accrue interest while students are enrolled); half of Pell Grant recipients borrowed funds from loan programs that accrue interest while students are in school.<sup>97</sup> The Congressional Budget Office reports that Pell Grant recipients borrowed more money from federal programs than they received in grants in 2011–12.

The combined sources from Pell Grants and federal loans covered less than half of the cost

of attending school in the 2007–08 school year. Students supplemented these resources with earnings from work, grants from the institutions, non-federal loans, and family contributions.<sup>98</sup> Direct Loans (William D. Ford Direct Loan Program) and Federal Family Education Loans (which ended in 2010) also increased significantly from 2000 to 2010, from \$43 billion to \$109 billion, with the number of loan recipients growing from 8 million to 19 million students, with some students having more than one loan.<sup>99</sup>

According to a 2012 survey conducted by the Federal Reserve System, many older adults carry student loan debts well into middle age. Twenty percent of families in their forties and 15 percent of families in their fifties had education debt, up from 13 percent and 12 percent for the same respective age groups in 2004. Most of those in their forties are paying off their own student debts, which average \$24,000. Older Americans who are 50 years of age or older are more likely paying off loans for their children’s education, with an average debt of \$20,000.<sup>100</sup>

The reliance on student loans has driven up student debt and default rates. According to the Federal Reserve Bank of New York, as of the first quarter of 2012, 37 million student loan borrowers had outstanding student loans. Fourteen million of these student borrowers were under age 30, 10.6 million were between 30 and 39, 5.7 million between 40 and 49, 4.6 million between 50 and 59, and 2.2 million over 60. In early 2012 borrowers in their thirties had a delinquency rate (meaning more than 90 days past due) of roughly 6 percent. Borrowers who were in their forties had a delinquency rate of roughly 12 percent. Those in their fifties and sixties had roughly the same

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93 Reimherr, Patrick, Tim Harmon, Julie Strawn, and Vicki Choitz. *Reforming Student Aid: How to Simplify Tax Aid and Use Performance Metrics to Improve College Choices and Completion*. Washington, DC: CLASP, 2013.

94 Ibid.

95 Congressional Budget Office, *The Federal Pell Grant Program*.

96 National Center for Education Statistics, *The Condition of Education*.

97 Congressional Budget Office, *The Federal Pell Grant Program*.

98 Ibid.

99 National Center for Education Statistics, *The Condition of Education*.

100 Board of Governors of the Federal Reserve System, *Insights into the Financial Experiences of Older Adults: A Forum Briefing Paper*.

delinquency rates—9.4 percent and 9.5 percent, respectively.<sup>101</sup>

## TAX-BASED EDUCATION BENEFITS

Other than loans, tax-based student aid (including credits, exemptions, and exclusions) is the largest form of federal student aid. These education subsidies have quadrupled since introduction in the late 1990s.<sup>102</sup> According to a 2013 report by a tax reform coalition, the federal budget allocated \$34 billion to tax-based student aid in FY 2012, a billion dollars more than was spent on Pell Grants.<sup>103</sup> While some states offer their own tax benefits, this section focuses mainly on tax benefits available at the federal level.

For some older workers, tax-based aid may be a useful strategy. However, tax-based aid has some limitations. First, some of these tax benefits are available only to people whose income is high enough to owe federal income tax, and are worth more to higher-income filers than to lower-income filers. People with income below the poverty level would receive nothing from those provisions. Second, these tax provisions reimburse people for spending that occurred in the prior tax year. People must have sufficient resources to pay for the classes upfront. Finally, many individuals who are eligible for these tax incentives are unaware of them.<sup>104</sup>

Federal tax policies designed to assist individuals with higher education expenses fall into three main categories: tax credits, deductions, and savings plans. Qualified expenses for tax credits and deductions usually include tuition, fees, and in some cases course materials.

There are two major educational tax credits that reduce the amount of tax owed on a taxpayer's

return: the American Opportunity Tax Credit (AOTC) and the Lifetime Learning Credit (LLC).<sup>105</sup> The goal of AOTC (which in 2009 replaced and expanded upon the Hope Credit) is to make college more affordable for middle-class families whose incomes are too high to qualify for Pell Grants or other need-based assistance.<sup>106</sup> AOTC has a maximum value per student of \$2,500 and is available for the first 4 years of education, phasing out completely at income levels of \$90,000 for a single filer and \$180,000 for a married couple filing jointly. Students enrolled at least half time qualify for this aid. AOTC is partially “refundable.” As a result, even filers with an income low enough that they do not owe federal income tax can benefit from the credit in the form of a payment from the federal government. As much as 40 percent of the tax credit is refundable, with a maximum refund of \$1,000.<sup>107</sup>

LLC was designed to assist workers to obtain job-related training throughout their careers.<sup>108</sup> The maximum value of LLC is \$2,000. Students must have at least \$10,000 in qualified expenses to receive the maximum credit. Some students who do not qualify for AOTC may qualify for LLC, including individuals who have already used their maximum 4 years of AOTC eligibility, are in graduate school, or are enrolled in school less than half time.<sup>109</sup> Sixty-four percent of LLC benefits flow to graduate students. The LLC is not refundable and therefore is not available to filers with income too low to owe the federal income tax.

There are also deductions for higher education costs, such as the Tuition and Fees Deduction, which reduces the amount of income subject to tax (currently by up to \$4,000). This is available to

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101 American Student Assistance website. Student Loan Debt Statistics. Accessed at <http://www.asa.org/policy/resources/stats/>.

102 Reimagining Aid Design and Delivery Consortium for Higher Education Tax Reform. *Higher Education Tax Reform: A Shared Agenda for Increasing College Affordability, Access, and Success*. Washington, DC: CLASP, 2013.

103 Ibid.

104 Ibid.

105 Internal Revenue Service website. Tax Benefits for Education: Information Center. Accessed at <http://www.irs.gov/uac/Tax-Benefits-for-Education-Information-Center>.

106 Lower-Basch, Elizabeth. “Tax Expenditures in Higher Education and Hiring Incentives” in *Transforming U.S. Workforce Development Policies for the 21st Century*. (forthcoming).

107 Internal Revenue Service website, Tax Benefits for Education: Information Center.

108 Lower-Basch, “Tax Expenditures in Higher Education and Hiring Incentives.”

109 Ibid.

individuals whose modified adjusted gross income is less than \$80,000 (\$160,000 if filing a joint return). It can be claimed even by tax filers who do not itemize deductions. Only people who do not claim the AOTC or the LLC are eligible for the Tuition and Fees Deduction.

Beyond credits and deductions, additional tax support for education and training expenses comes in the form of tax-advantaged savings accounts. At the federal level, these accounts are most often referred to as “529 plans.” Savings within these plans grow tax-free if used for higher education purposes. Although 529 plans are typically sponsored by states, they are often open to participants from all over the country.

One of the attractive features of 529 plans is their flexibility with respect to the beneficiary designation. A person can establish an account for virtually any beneficiary: a child, other relative, or a friend. In addition, funds accumulated in a 529 account can be transferred penalty-free once a year to another 529 account established for the benefit of a relative of the original account’s beneficiary. This means, for example, that a parent may be able to fund his or her own education, should a need arise, using some of the funds in the 529 account originally established for a child’s benefit.

States often offer additional tax benefits related to college savings, such as state tax deductions. Some states may offer a version of tax-preferred savings accounts. Maine and Washington states offer residents the option to establish Lifelong Learning Accounts, which are portable, employee-owned, employer-matched savings accounts, somewhat similar to a 401(k) but set up specifically to finance postsecondary education and training.<sup>110</sup>

Another source of education funding could be Individual Retirement Account (IRA) savings. A special provision allows for penalty-free distributions for higher education purposes. However, the distribution would still be subject to regular income taxes. It is also important

to remember that early IRA distributions may negatively affect financial security in retirement.

In summary, some older workers could benefit from each of these tax provisions. Their eligibility for and the utility of these tax provisions vary depending on the person’s income level and whether he or she is enrolled in school at least half time. For example, eligibility for the AOTC is restricted to people who do not have a 4-year degree and who can pursue their studies at least half time, whereas the LLC does not have such restrictions. People with low incomes (e.g., the unemployed) may not receive any benefit from the LLC and the Tuition and Fees Deduction because their federal income tax liability is already so low. People who already have a 4-year degree or who are enrolled in classes less than half time can qualify for the LLC.

## **PUBLIC WORKFORCE TRAINING ASSISTANCE**

Prior to the July 2014 passage of the WIOA reauthorizing WIA, there were 47 different federal workforce and training programs, according to GAO. However, only three of these programs make up the main sources of training for older adults: the *Senior Community Service Employment Program (SCSEP) program*, the *Trade Adjustment Assistance (TAA) program*, and the *WIA adult and dislocated worker programs*.<sup>111</sup>

The *SCSEP program* serves low-income Americans ages 55 and older and is the only program that exclusively serves older workers. SCSEP offers both community service and work-based training with participants working part time (on average 20 hours per week) at minimum wages. In Program Year 2011 it served 76,864 participants, 87 percent of whom were at or below the federal poverty level. According to the U.S. Department of Labor, 43,809 positions were authorized for Program Year 2013, a decrease from previous years due to diminished funding. In a 2008 study, the Center for Labor Market Studies estimated that there were more than 9 million SCSEP-eligible adults between the ages of 55 and 74 years old:

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110 Van Noy and Heidkamp, *Working for Adults: State Policies and Community College Practices to Better Serve Adult Learners at Community Colleges During the Great Recession and Beyond*.

111 U.S. Government Accountability Office. *Multiple Employment and Training Programs: Providing Information on Collocating Services and Consolidating Administrative Structures Could Promote Efficiencies*, GAO-11-92. Washington, DC: U.S. Government Accountability Office, 2011.

approximately 80,000 participants were served in Program Year 2007.<sup>112</sup>

SCSEP participants are mostly women (65 percent), and close to half are minorities (47 percent). Forty-four percent of SCSEP participants who left the program in the program year that ended in June 2012 obtained unsubsidized jobs.<sup>113</sup> A 2012 evaluation of SCSEP found that employment outcomes were lower for individuals with disabilities and with lower education levels.<sup>114</sup> Many of the SCSEP participants are placed in entry-level and low-skilled jobs, primarily clerical positions. Even though some SCSEP programs train enrollees in computer skills and many clerical jobs include some on-the-job experience using computers, an evaluation of SCSEP found that many participants lacked up-to-date computer skills.<sup>115</sup>

The *TAA Program* assists American workers whose employment is jeopardized as a result of foreign trade. TAA provides subsidized skills training; extended Unemployment Insurance (UI) payments called Trade Readjustment Allowances (TRA) for those enrolled in training full time or who receive a training waiver; and other benefits, such as support for health care coverage, career counseling, skills assessments, support services, job search, and relocation assistance. In FY 2012, TAA trained 53,684 recipients, or 41 percent of the total number of TAA participants. While the program does not explicitly target older workers, the average age for TAA recipients in 2012 was 48.4 years. The majority of TAA participants are men (59 percent) and white (67 percent). Changes to the legislation in 2011 mandated a greater focus on training programs that lead to industry-

recognized credentials. Approximately two-thirds of workers who completed training received a credential and 79 percent found employment within 3 months after completing training.<sup>116</sup>

A 2012 evaluation based on a nationally representative sample of 4,381 TAA-eligible workers who lost their jobs between 2004 and 2008 found that participation in TAA was associated with the receipt of significantly more education and training and attainment of credentials compared to a comparison group of dislocated workers not in TAA. Two-thirds (66 percent) of TAA participants went into training relative to slightly over a quarter (27 percent) of the comparison group. The TAA participants spent roughly eight times as many weeks on average in training than did the comparison group members. The researchers also found that TAA participants who received training may have had more favorable employment and income outcomes than those TAA participants who received income support without training.<sup>117</sup>

Further, the evaluation concluded that workers who entered training “more quickly”—such as within 13 weeks or the first quarter after job loss—compared with the average time to enrollment of 32 weeks—and who found jobs in fields closely related to their training were more successful 4 years after job loss than other TAA-supported workers who participated in training. (The evaluators note that the relationship between entering training more quickly and improved employment outcomes may not be causal.) Individuals who received a career assessment to help decide on their choices of training were more likely to find a training-related job placement. The researchers noted that the length of training

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112 Sum, Andrew, and Ishwar Khatiwada with Joseph McLaughlin and Sheila Palma. *Identifying the National Pool of Older Workers Eligible for Senior Community Service Employment Programs and Their Current and Projected Unmet Service Needs*. Boston, MA: Center for Labor Market Studies, Northeastern University, 2008.

113 U.S. Department of Labor, Employment and Training Administration website. About SCSEP. Accessed at [http://www.doleta.gov/seniors/html\\_docs/AboutSCSEP.cfm](http://www.doleta.gov/seniors/html_docs/AboutSCSEP.cfm).

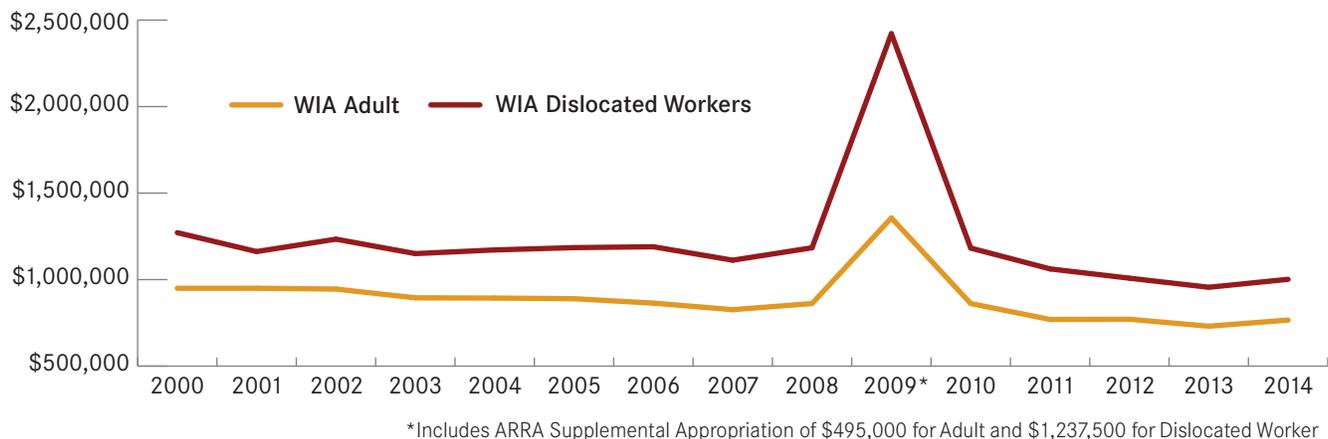
114 Kogan, Deborah, Hannah Betesh, Marian Negoita, Jeffrey Salzman, Laura Paulen, Haydee Cuza, Liz Potamites, Jillian Berk, Carrie Wolfson, and Patty Cloud. *Evaluation of the Senior Community Service Employment Program (SCSEP), Process and Outcomes Study Final Report*. Washington, DC: U.S. Department of Labor, 2012.

115 Ibid.

116 U.S. Department of Labor. *Trade Adjustment Assistance for Workers: Fiscal Year 2012 Report to the Committee on Finance of the Senate and Committee on Ways and Means of the House of Representatives*, n.d. More information about the TAA program can be found at [http://www.doleta.gov/tradeact/pdf/2011\\_brochure.pdf](http://www.doleta.gov/tradeact/pdf/2011_brochure.pdf).

117 Berk, Jillian. *Understanding the Employment Outcomes of Trainees in the Trade Adjustment Assistance (TAA) Program Under the 2002 Amendments Final Report—Prepared as Part of the Evaluation of the Trade Adjustment Assistance Program December 2012*. Washington, DC: U.S. Department of Labor, 2013.

**FIGURE 1. Workforce Program Budgets for WIA Adult and Dislocated Workers, 2000-2014 (\$ in thousands)**



Source: Wandner, Stephen. “The Future of the Public Workforce System in a Time of Dwindling Resources” in *Transforming U.S. Workforce Development Policies for the 21st Century*. (forthcoming).

Note: Supplemental funding from the ARRA was a one-time increment that was available for 2 years and was largely expended in the second half of 2009 and 2010.

did not seem to have any effect on outcomes. While counseling about providers and labor market information did not seem to affect labor market outcomes, the researchers observed that TAA participants may have received “outdated or non-local” labor market information or may not have grasped the implications of the information. Policies to improve the quality of information conveyed to trainees and assessments, as well as counseling to help inform their training choices were recommended.<sup>118</sup>

The *1998 Workforce Investment Act (WIA)*, which funds American Job Centers, provides a wide range of workforce development services, including training for adults under the *Adult and Dislocated Worker* program. WIA funding has decreased in recent years, as shown in figure 1, even though demand for services increased during and after the Great Recession.<sup>119</sup> Though there was a one-time infusion of additional

funding under the American Reemployment and Recovery Act (ARRA) of 2009, total workforce funding dropped below pre-recession levels after 2010.<sup>120</sup> Training provided under WIA is currently available to only 1 to 2 percent of all workers served by the public workforce system.<sup>121</sup>

Under WIA, individuals are eligible for training if they have been unable to find employment after using WIA-funded job search assistance. WIA-funded training may include occupational skills training, on-the-job training, and adult literacy and education. Training is paid for with Individual Training Account vouchers that have a maximum dollar amount set locally. States are supposed to qualify eligible training providers based on their performance, including completion and employment rates. However, only a handful of states, including Florida, New Jersey, Texas, and Washington, have implemented robust systems.<sup>122</sup> The U.S. Department of Education

118 Ibid.

119 Wandner, Stephen. “The Future of the Public Workforce System in a Time of Dwindling Resources” in *Transforming U.S. Workforce Development Policies for the 21st Century*. (forthcoming).

120 Ibid.

121 Ibid.

122 Van Horn, Carl E., and Aaron Fichtner. “Eligible Training Provider Lists and Consumer Report Cards” in *The Workforce Investment Act: Implementation Experiences and Evaluation Findings*, Douglas J. Besharov and Phoebe H. Cottingham, eds. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2011, pp. 153-173.

recently launched the College Scorecard designed to report on postsecondary institutions' costs and value, including measures for graduation rates and employment outcomes, but this effort may be of limited benefit to older workers because it is focused largely on individuals seeking associate's or bachelor's degrees.

The WIOA of 2014, the reauthorization of WIA, removes the "sequence of service" requirements and merges WIA's core and intensive services into one category of career services; this should make it easier for participants to enroll in more comprehensive services and in training.<sup>123</sup> In addition, WIOA should improve information on employment outcomes from training, with requirements that states collect employment and earnings outcomes for all students from training providers if the training providers are to remain eligible for WIOA funding. Unlike under WIA, the Department of Labor does not plan to issue waivers to states on these training provider scorecard requirements, which will draw on the standardized format being piloted under the College Scorecard.<sup>124</sup>

The decline in public funding for training is especially problematic for unemployed, low-wage workers. During the Great Recession, economist Stephen Wandner observed many high-wage earners obtained training by investing in their own education or with the support of their employers.<sup>125</sup> Technically, states and local areas are required by WIA to give priority to low-income adults and public assistance recipients when funds for local adults are limited. Because states and local areas have a wide flexibility in implementing this policy, services available for low-income adults vary considerably.<sup>126</sup>

WIA also funds reemployment and job search assistance activities, which have demonstrated their cost effectiveness in several experimental evaluations.<sup>127</sup> However, staff-assisted services have declined significantly since the early 2000s, when roughly three-quarters of participants received such assistance, to less than two-thirds in recent times. Further, Wandner notes that even those who obtain "staff-assisted services" are not receiving one-on-one counseling; rather, they are most likely searching for work using computers in local office resource rooms, largely relying on automated services, or served in group settings, with the staff assistance consisting of "receiving occasional answers to questions that they have asked about using the automated services."<sup>128</sup> Provision of job search assistance also declined from more than half to less than a third of all participants during the same timeframe.

Under WIA, which emphasizes universal service, no funds are specifically set aside for serving older workers, which had been included in WIA's predecessor, the Job Training Partnership Act. No such funds are set aside under WIOA either. GAO reported in 2003 that ending the older worker set-aside reduced services for older workers.<sup>129</sup> In an effort to improve services for older customers of the workforce system, the U.S. Department of Labor funded 10 pilot programs in 2009 as part of an Aging Worker Initiative (AWI). Grantees experimented with several strategies, including "older worker navigators" or case managers, job clubs and job search skills workshops, and introductory computer skills training and intensive employer outreach activities. Four of the grantees primarily offered occupational skills training, allowing interested older participants to enroll in training in any regional high-growth industries.

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123 USDOL ETA. Workforce Innovation and Opportunity Act Frequently Asked Questions July 22, 2014.

124 White House. "Ready to Work: New Actions to Expand Job-Driven Training and Broaden the Pathway to the Middle Class Fact Sheet." Accessed at [http://www.whitehouse.gov/sites/default/files/docs/ready\\_to\\_work\\_factsheet.pdf](http://www.whitehouse.gov/sites/default/files/docs/ready_to_work_factsheet.pdf).

125 Wandner, Stephen. *The Response of the U.S. Public Workforce System to High Unemployment during the Great Recession*. Unemployment and Recovery Project Working Paper 4. Washington, DC: The Urban Institute, 2012. Accessed at <http://www.urban.org/publications/412679.html>.

126 Ridley, Neil. *Workforce Investment Act: Strengthening Priority of Service for Low-Income Adults through WIA Reauthorization*. Washington, DC: CLASP, 2010.

127 Wandner, Stephen, "The Future of the Public Workforce System in a Time of Dwindling Resources."

128 Ibid.

129 U.S. Government Accountability Office. *Older Workers: Employment Assistance Focuses on Subsidized Jobs and Job Search, but Revised Performance Measures Could Improve Access to Other Services*, GAO-03-350. Washington, DC: U.S. Government Accountability Office, 2003.

According to a program evaluation study, many participants were reluctant to enroll in training lasting more than 2 to 3 months because of financial pressure to find a job. Compared to those who *did not get training*, individuals who *enrolled in training* had a *lower rate* of employment (46 percent compared with 52 percent). Employment outcomes were slightly better for participants who enrolled in training programs lasting between 1 and 6 months, as opposed to very short-term or longer-term programs. The evaluation also reported that only 29 percent of all those who participated in training found jobs in fields related to their training.<sup>130</sup> These

results led the program evaluators to conclude that “while training can be beneficial to older workers, pre-employment and reemployment services, such as job readiness workshops, case management, career counseling, and job placement services can also be effective routes to securing a new job.”<sup>131</sup> The evaluation of the pilot programs also concluded that many of these strategies were not well integrated with other WIA-funded activities and that few grant-funded efforts are likely to be sustained: funding to continue AWI services had been secured by only one grantee, as of 2012.<sup>132</sup>

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130 Kogan, et al., *Evaluation of the Aging Worker Initiative Final Report*.

131 Ibid.

132 Ibid.

# The Effectiveness of Training Programs

This section briefly summarizes available evidence about the overall effectiveness of training programs; however, it is important to emphasize that the benefits of training for older workers depend upon a number of circumstances. The factors influencing the value of training include how long the individual remains in the workforce, the types of courses completed, the industry sector, whether the trainee is transitioning from one industry to another, the strength of the local economy, and the quality and affordability of education and training. Therefore, when considering the payoff of training for older workers, individual circumstances and factors need to be weighed by the individual. Without high-quality professional advice, it is difficult for older workers to make well-informed decisions to sort out these complex choices.<sup>133</sup>

Research examining the effectiveness of these workforce development programs, including job training for various populations, is limited in size, scope, and rigor. There are a number of reasons why there are mixed and contradictory assessments, including a lack of cost and benefit information or evaluations, the inability to obtain accurate post-program employment and earnings data, and studies that did not track programs completers long enough to adequately

assess a return on investment. Economist Carolyn Heinrich commented that, because there are so many different types of training interventions, comparing training effectiveness as a whole is problematic because of the variances of impact studies and reports.<sup>134</sup> “While dozens of evaluations have been conducted on these programs, the investment in stronger impact evaluations and more targeted research studies has been relatively small.”<sup>135</sup> The U.S. Office of Management and Budget has given federal employment and training programs “low marks for its evaluation efforts (using Program Assessment Rating Tool), suggesting that independent evaluations had not been of sufficient scope and rigor to determine WIA’s impact on participants’ employment and earnings.”<sup>136</sup>

Decades-old randomized experimental evaluations of programs for adults, such as the Job Training Partnership Act (the precursor to WIA) and welfare-to-work programs conducted in the 1980s and 1990s, show modest positive results from training programs.<sup>137</sup> More recent research on WIA’s Adult and Dislocated Worker program found that it was modestly effective in increasing adult earnings, which were realized 18 months following program completion. Adult unemployed workers completing programs achieved modest benefits in employment

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133 Under WIA, states are required to have eligible training provider lists, but not all states maintain current lists and their policies vary widely.

134 King, Christopher, and Carolyn Heinrich. *How Effective Are Workforce Development Programs? Implications for U.S. Workforce Policies*. Presentation at the Association for Public Policy Analysis and Management’s Fall Research Conference, November 2011. Heinrich, Carolyn. *Targeting Workforce Development Programs: Who Should Receive What Services? And How Much?* Presentation at the Atlantic Council and University of Maryland School of Public Policy Conference on Workforce Development Needs in the Global Economy, Washington, DC, December 6, 2013.

135 Van Horn, *Working Scared*.

136 Heinrich, Carolyn, Peter Mueser, Kenneth Troske, Kyung-Seong Jeon, and Daver Kahvecioglu. *New Estimates of Public Employment and Training Program Net Impacts: A Nonexperimental Evaluation of the Workforce Investment Act Program*. Bonn, DE: Institute for the Study of Labor (IZA), 2009.

137 Van Horn, *Working Scared*. Heinrich, *Targeting Workforce Development Programs*. Heinrich et al., *New Estimates of Public Employment and Training Program Net Impacts*. Doolittle, Fred, Howard Bloom, George Cave, James Kemple, Larry Orr, Linda Traeger, and John Wallace. *A Summary of the Design and Implementation of the National JTPA Study*. New York, NY: Manpower Demonstration Research Corporation, 1993. Bloom, Howard, Larry Orr, Stephen Bell, George Cave, Fred Doolittle, Winston Lin, and Johannes Bos. “The Benefits and Costs of JTPA Title II-A Programs: Key Findings from the National Job Training Partnership Act Study.” *The Journal of Human Resources* 32(3): 549–576.

and income over time, but those benefits are much greater for low-income and less educated workers.<sup>138</sup>

A longitudinal study of the impact of community college on the earnings of unemployed workers in Washington state, conducted by Louis Jacobson and colleagues, found that one academic year of community college schooling resulted in long-term earnings increases of 8 percent for older men and 10 percent for older women.<sup>139</sup> The authors reported that training in technical fields such as math, science, and health care have much higher returns than other training—averaging roughly \$1,600 per year as opposed to \$800 for non-technical training and almost offsetting the earnings losses dislocated workers typically endure. The authors attributed the low enrollments of older workers in community colleges to a lack of information on the benefits and costs of training as well as financial constraints.<sup>140</sup>

After reviewing strategies designed to reduce the earning losses among unemployed workers, Jacobson et al. suggest that a “well-targeted training initiative has the potential to substantially reduce permanent earnings losses for those displaced workers who have the academic preparation, work experience, and interest to complete high-return retraining, with a rate of return on par with, if not larger than, that reported for formal schooling of young people.” The authors observe

that the returns are likely to be best for displaced workers who have previously completed some postsecondary education. Conversely, workers who require developmental education courses are less likely to benefit. Workers who have high school degrees, but who do not need remedial education fall in between. The authors observed that displaced workers who attend community colleges frequently enroll either for programs with low returns, or that have the potential for high returns but for which they are not suited, such as when they require substantial remediation.<sup>141</sup> They recommend providing displaced workers with better information, provided by “honest brokers,” about likely returns for programs. They also recommend additional resources and better incentives to encourage the long-term training that would help displaced workers offset earnings losses.<sup>142</sup>

While the cost effectiveness of training for adults across the board in WIA and other programs is “modest,” training programs that are closely connected to employer demand appear to be more effective, according to Georgetown University economist Harry Holzer, who examined programs that targeted youth and adult participants.<sup>143</sup> Robert Lerman of American University notes the extensive body of research specifically on employer-led training and the documented high returns to workers and employers, but this training specifically targets incumbent workers.<sup>144</sup>

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138 Heinrich, *Targeting Workforce Development Programs*. Heinrich et al., *New Estimates of Public Employment and Training Program Net Impacts*. Holzer, Harry J. *Raising Job Quality and Skills for American Workers: Creating More Effective Education and Workforce Development Systems in the States*. Bonn, DE: Institute for the Study of Labor (IZA), 2009.

139 Jacobson, Louis, Robert LaLonde, and Daniel Sullivan. *Should We Teach Old Dogs New Tricks? The Impact of Community College Retraining on Older Displaced Workers*. Chicago, IL: Federal Reserve Bank of Chicago, 2003.

*Note:* This analysis is based on a longitudinal database that includes 14 years of administrative quarterly earnings records for displaced workers matched to the records of 25 Washington State community colleges. The records identify when and for how long individuals were enrolled in school, the number of credits they completed, and what they studied. The sample contains more than 65,000 displaced workers who lost jobs during the first half of the 1990s and who remained consistently attached to the workforce in Washington State during the 14-year period studied. Fifteen percent of these displaced workers enrolled in and completed community college courses around the time they lost their job. Over half of these students were 35 or older when they enrolled in community college.

140 Ibid.

141 Jacobson, Louis, Robert LaLonde, and Daniel Sullivan. *Policies to Reduce High-Tenured Displaced Workers' Earnings Losses through Retraining*. Washington, DC: Brookings, 2011.

142 Ibid.

143 Holzer, *Raising Job Quality and Skills for American Workers*. Maguire, Sheila, Joshua Freely, Carol Clymer, and Maureen Conway. *Job Training That Works: Findings from the Sectoral Employment Impact Study*. Philadelphia, PA: Public/Private Ventures, 2009.

144 Lerman, Robert. *Should Employer-Led Training Be the Framework for Workforce Development?* Presentation at the Atlantic Council and University of Maryland School of Public Policy Conference on Workforce Development Needs in the Global Economy, Washington, DC, December 6, 2013.

## Emerging Trends in Education and Training Programs

It is widely assumed that to remain competitive in the global economy, the United States needs to increase the number of individuals with postsecondary credentials. President Obama, 36 states,<sup>145</sup> and a wide range of universities and colleges have set specific goals for increasing the number of postsecondary degrees and credentials in America.<sup>146</sup> Along with setting higher goals, policy makers and postsecondary education and training institutions have been rethinking the amount of time it takes to achieve credentials, where learning occurs, and how curricula and training are structured and delivered. The reform initiatives also reflect changing student demographics, changing technology, and a push for greater accountability and improved student outcomes. Many of the reforms also assume that to achieve the targeted increases for postsecondary credentials, there must be a focus on reaching working adults and older students who are past what was formerly considered the “traditional” college ages of 18 to 22.

Over the past decade, a variety of strategies have been deployed to help older adults and “working learners”<sup>147</sup> acquire education and training credentials. Key strategies include reducing the time spent in training, increasing flexibility, reducing the cost of education, and making an applicant’s skills training more responsive to employers’ needs. Community colleges, for example, are reducing the amount of classroom

time required to obtain a credential, including dividing programs into micro-credentials that can be earned in a few short weeks and then “stacked” into certificates or degrees over time.<sup>148</sup> Other strategies include awarding credit for prior learning and competency-based education, which reward individuals for learning that occurs outside the classroom. This section reviews several of the emerging strategies that may be beneficial to older workers.

Education and training providers are attempting to connect training programs more closely to job opportunities in local labor markets.<sup>149</sup> One strategy to accomplish that goal is to expand industry-recognized credentials, such as the National Association of Manufacturers (NAM) Manufacturing Skills Certification System. NAM’s competency-based system includes industry-recognized, portable credentials.<sup>150</sup> Employers in some industries have a long history of developing their own credentials or professional certifications. Many contemporary efforts are an outgrowth of industry-related sector strategies.<sup>151</sup>

The high degree of decentralization in the U.S. education and training enterprise brings diversity and flexibility to meet the needs of a wide range of younger and older students. It is, however, also confusing to potential learners. Students enrolling in training programs are not always assured that the credentials they earn are portable or relevant to employers. A recent report

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145 Lumina Foundation. *A Stronger Nation through Higher Education. How and Why Americans Must Achieve a Big Goal for College Attainment*. Indianapolis, IN: 2012.

146 U.S. Department of Labor, Employment and Training Administration. *Training and Employment Guidance Letter No. 15-10. Increasing Credential, Degree, and Certificate Attainment by Participants of the Public Workforce System*. Washington, DC: U.S. Department of Labor, 2010.

147 Soares, Louis. *Working Learners: Educating Our Entire Workforce for Success in the 21st Century*. Washington, DC: Center for American Progress, 2009.

148 Van Noy and Heidkamp, *Working for Adults*.

149 Ibid.

150 Ganzglass, Evelyn, Keith Bird, and Heath Prince. *Giving Credit Where Credit Is Due: Creating a Competency-Based Framework for Postsecondary Education and Training*. Washington, DC: CLASP, 2011.

151 Eyster, Anderson, and Durham, *Innovations and Future Directions for Workforce Development in the Post-Recession Era*.

by the Organisation for Economic Co-operation and Development (OECD) commented that in the U.S. postsecondary career and technical education system, “decentralization is ubiquitous, in diverse relatively autonomous institutions and multiple accreditation bodies, in the lack of national skills or occupational standards, in the deregulated array of industry certifications, in the substantial role of the private for-profit sector in delivering training provision, in the limited role of employers and unions acting collectively to shape provision, either at national or state level, and in the most deregulated labor market in the OECD.”<sup>152</sup> The emerging education and training strategies, reviewed below, attempt to streamline and bring order to the chaos that learners of all ages encounter when they try to determine what and where they can obtain effective education and training.

## DEGREES, CREDENTIALS, AND CERTIFICATE PROGRAMS

The proliferation of formal degrees and credentials—including advanced postsecondary degrees—is a persistent trend in American education and has spread to a wider spectrum of occupations in the past decade.<sup>153</sup> A larger number of U.S. postsecondary education and training providers are awarding degrees and certificates intended to verify an individual learner’s qualification or competence in his or her field of study.<sup>154</sup> *Postsecondary certificates* have been

growing most rapidly to over 1 million in 2010 and now account for 22 percent of all academic credentials awarded, up from 6 percent 30 years before.<sup>155</sup> These occupational and professional certificates are the second most commonly awarded postsecondary credential after bachelor’s degrees, surpassing associate’s and master’s degrees.<sup>156</sup> Their growth is attributed to the fact that most take less than 1 year to complete and are therefore more affordable. According to the Georgetown University Center on Education and the Workforce, more than half (52 percent) of certificates are awarded by public 2-year community colleges, with private, for-profit trade, business, vocational, and technical schools awarding 44 percent (the remainder is awarded by private nonprofit schools). On average, certificates attained at public 2-year community colleges cost roughly one-third of the amount of 2-year for-profit institutions (\$6,780 compared with \$19,635).<sup>157</sup>

Evidence on the value of attaining a certificate varies considerably. On average, male certificate holders earn more than women with certificates in larger part because men are more likely to obtain certificates in higher-paying fields such as computing, refrigeration, heating and air conditioning, metalworking, auto mechanics, and construction. Women are more likely to receive certificates for fields in lower-paid occupations in health care, business and office management, and cosmetology.<sup>158</sup> The majority (66 percent) of those who have certificates earned them before

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152 Kuczera, Malgorzata, and Simon Field. *A Skills Beyond School Review of the United States. OECD Reviews of Vocational Education and Training*. Paris, FR: OECD, 2013.

153 For example, the 2-year diploma once needed to become a teacher is now a 4-year degree. Nursing has been similarly moving away from a 2-year diploma to a full 4-year degree program. Physiotherapy and occupational therapy were once undergraduate programs, but practitioners now require master’s degrees.

154 According to the U.S. Department of Labor *credentials* are defined as a “verification of qualification or competence issued to an individual by a third party with the relevant authority or jurisdiction to issue such credentials.” The range of credentials commonly includes: educational diplomas and certificates, often for up to one academic year of study; educational degrees, including 2-year associate’s and 4-year bachelor’s degrees; registered apprenticeship certificates; occupational licenses (often but not always awarded by state government agencies); industry-recognized or professional association certifications; and other certificates indicating skills completion (U.S. Department of Labor, Employment and Training Administration, *Training and Employment Guidance Letter No. 15-10*). Not defined by the U.S. Department of Labor are digital badges or “open badges” that are developing in the marketplace. These badges are online credentials that are supposed to reflect specific knowledge and skills that may have been learned on the job, self-taught, reflect learning through a Massive Open Online Course, or otherwise acquired outside of the traditional classroom (Carey, Kevin. “Show Me Your Badge.” *New York Times*. November 2, 2012).

155 Carnevale, Anthony, Stephen Rose, and Andrew Hanson. *Certificates: Gateway to Gainful Employment and College Degrees*. Washington, DC: Georgetown Center on Education and the Workforce, Georgetown University, 2012.

156 Ibid.

157 Ibid.

158 Ibid.

they were 30 years old; however, close to a fifth (18 percent) of certificate holders earned the credentials while in their thirties, and 16 percent were 40 and older.<sup>159</sup> There are limited data available on the returns to certificate attainment by age.

Complete College America reports that *certificates that are earned over a period of 1 year or more* are more likely than certificates that require less time to yield higher earnings for learners. This benefit is attributed to their greater academic and technical rigor and the broader range of work-related skills they provide. Individuals who *complete* short-term certificate programs (less than a year) do not, on average, earn more than individuals who *do not complete* short-term certificate programs. Certificates in nursing and allied health, technology, construction, mechanical, and repair trades yield positive returns. Certificates in programs teaching service occupations do not consistently bring benefits to graduates.<sup>160</sup>

Because many adults cannot afford to enroll in programs that take a year or more to complete, many educational institutions now offer shorter programs that enable individuals to earn “stackable” credentials that help them move along a well-defined career pathway. This approach offers “manageable, well-articulated steps” for earning industry-recognized credentials.<sup>161</sup> Stackable credentials are premised on the idea that breaking programs up into smaller pieces will make it easier for adults to complete chunks of training and to receive a certificate for each piece they complete; over time, if they continue to stack additional credentials, they may be able to complete a degree. In order to fulfill this concept, however, educators must work with employers to create a series of stackable credentials that are recognized by employers to have value.<sup>162</sup>

Kentucky’s 16-college Community and Technical College System’s *Learn on Demand* program is illustrative of this new approach to learning. Launched in 2011, it offers an online, competency-based program intended to make learning more convenient, accessible, and affordable. It offers 15-week online courses as well as “modules” that can be completed in 3 to 5 weeks and may award fractional college credits. These modules can be stacked into complete courses for accredited certificates, degrees, and diplomas. For example, the “Principles of Management” course consists of six modules: introduction to management; planning, decision making, and the manager’s environment; the process of organizing; leading and staffing; controlling; and special concerns in management. Each module begins with a pre-test or assessment. Students receiving high scores on pre-tests can opt to skip right to the module’s final test. Students can also start and stop programs at any time and pay a flat fee per credit or module. For those who need remedial work, students can take only the modules they need, reducing course time. Students work with faculty facilitators and academic advisers and can interact with faculty and other students through online chat rooms and live class features.<sup>163</sup> Individuals may also gain credit for prior knowledge, including apprenticeships and corporate training programs. Approximately 1,000 students are enrolled in *Learn on Demand*.<sup>164</sup>

*Industry-based certifications*, with standards set by large companies or industry associations rather than by educational providers, have also grown rapidly in recent years. These can be altered to reflect fluctuating industry-specific demands and are generally endorsed or accepted by industry-wide organizations. Such certificates are especially well suited to industries with rapid technical

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159 Ibid.

160 Bosworth, Brian. *Certificates Count: An Analysis of Sub-baccalaureate Certificates*. Washington, DC: Complete College America, 2010.

161 Eyster, Anderson, and Durham, *Innovations and Future Directions for Workforce Development in the Post-Recession Era*.

162 National Career Pathways Network (NCPN) and the Institute for a Competitive Workforce. *Thriving in Challenging Times: Connecting Education to Economic Development through Career Pathways*. Washington, DC: National Career Pathways Network (NCPN) and the Institute for a Competitive Workforce, 2012.

163 Fain, Paul. “Competing with Competency.” *Inside Higher Ed*. August 6, 2012b. Accessed at <http://www.insidehighered.com/news/2012/08/06/competency-based-online-program-kentuckys-community-colleges>.

164 Bosworth, *Certificates Count*.

changes, such as the information technology field. These credentials signal to employers that the individual successfully completed preparation for a particular job or job category. Because they are generally examination-based, they do not always require classroom time. The range and value of different certifications for specific occupations can be confusing to both individuals and employers, and there is not sufficient information to help learners navigate the wide range of available options. For example, computer network support specialists can choose from at least 179 different certifications.<sup>165</sup>

*Work-based learning* may also be an important component of industry certificate programs. Work-based learning models encompass a number of training strategies, including paid work experience, a paid internship, and on-the-job training or a registered apprenticeship.<sup>166</sup> The U.S. Department of Labor has begun to increase the emphasis on various strategies for work-based learning, such as on-the-job training, to improve the prospects for long-term unemployed individuals to connect to employers. Though there is increased attention to this learning strategy, work-based learning is “very weakly integrated” in the United States when compared to the role it plays in other countries, according to an OECD review. For example, the review notes that

apprenticeship plays a small role in the United States and is largely concentrated in construction trades. They observe that “work-based learning is quite often absent, short term, and not systematically integrated into certificates and associate degrees” in the United States.<sup>167</sup> OECD researchers recommend expanding opportunities for work-based learning and building mandatory requirements for workplace training as part of publicly funded vocational programs. They note many benefits from work-based learning, such as the opportunity for employers and prospective employees to get to know each other, for trainees to acquire employability skills, for teachers and trainers to have closer partnerships with employers, and to improve the relevance of curriculum to employer needs.<sup>168</sup>

Although many employers and educators have forged alliances that produce industry-certified credentials, there is limited independent research that validates their value to employers or workers, especially as it pertains to trainee hiring, worker retention, and earnings.<sup>169</sup> It remains to be determined whether employers are more likely to hire individuals with industry-recognized credentials or graduates that engage in work-based learning, than workers who do not participate in these types of programs.

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165 Kuczera and Field, *A Skills Beyond School Review of the United States*. OECD and others have recommended some sort of external standards be developed to make it easier to gauge the value of certifications, such as through the American National Standards Institute. In fact, launched in late 2013, an initiative was funded by Lumina Foundation involving the American National Standards Institute or ANSI, business and higher education associations, George Washington University, the National Governors Association, and other stakeholders to research the development of standards for defining all credentials—industry and professional certifications, postsecondary degrees, certificates, and badges—and determining what constitutes conformity with them. The project will develop a credentialing roadmap that will specify which standards are available, where there are gaps, and what is necessary to improve the transparency and quality of the process of credentialing in the United States. (Kuczera and Field, *A Skills Beyond School Review of the United States*. Ganzglass, Evelyn, Keith Bird, Joan Wills, and David Wilcox, George Washington Institute of Public Policy website, n.d.)

166 Paid work experiences, as defined by the U.S. Department of Labor (USDOL), are “planned and structured learning experiences that take place in a workplace for a limited period of time.” Paid internships are defined by USDOL as “a monitored or supervised work or service experience in an individual’s career field where he or she has intentional learning goals and reflects actively on what is learned through the experience.” U.S. Department of Labor, Employment and Training Administration. *Notice of Availability of Funds and Solicitation for Grant Applications for H-1B Ready to Work Partnership Grants*. Posted 2014. Accessed at <https://federalregister.gov/a/2014-04037>, 10. On-the-job training (OJT) is statutorily defined in the Workforce Investment Act (Section 101[31]) as training by an employer that is provided to a paid participant while engaged in productive work in a job that provides knowledge or skills essential to the performance of the job, provides reimbursement to the employer of up to 50 percent of the wage rate, and is limited in duration. Registered apprenticeships are regulated by the U.S. Department of Labor and involve learning on the job under the direction of a master or senior worker. They are limited to skilled occupations and trades that meet basic criteria. There are currently over 950 occupations that have been recognized as apprenticeships. For more information on registered apprenticeships, see <http://www.doleta.gov/oa/apprentices.cfm>.

167 Kuczera and Field, *A Skills Beyond School Review of the United States*.

168 Ibid.

169 Muller, Robert, and Alexandra Beatty. *Work Readiness Certification and Industry Credentials: What Do State High School Policy Makers Need to Know?* Washington, DC: Achieve, n.d.

## E-LEARNING, ONLINE LEARNING, DISTANCE LEARNING, AND MASSIVE OPEN ONLINE COURSES

*E-learning* that enables collaboration and access to resources beyond the classroom has experienced considerable growth since the emergence of the Internet. Its growth has been attributed both to the rising number of nontraditional students who seek flexible learning options and to higher education institutions realizing that e-learning programs increase enrollments and revenues.<sup>170</sup> According to the EDUCAUSE Center for Analysis and Research, 80 percent of higher education institutions offer at least some online courses.<sup>171</sup> E-learning increases access for many underserved populations, including those in rural communities and on military bases. In combination with the boom in mobile devices, e-learning increases the possibility that instruction can occur “anytime, anywhere.”<sup>172</sup>

The term “e-learning” encompasses *online learning* and *distance learning*. Online learning refers to courses that have a “majority online component” and distance learning refers to courses in which the students and the instructor “are not in the same physical classroom space.”<sup>173</sup> Hybrid and blended learning are also included in this mix,

**TABLE 3. Babson Survey Research Group Online Learning Typology**

Proportion of Content Delivered Online	Type of Course	Typical Description
0%	Traditional	Course where no online technology used—content delivered in writing or orally
1% to 29%	Web facilitated	Course that uses web-based technology to facilitate what is essentially a face-to-face course; may use a course management system or web pages to post syllabus or assignments
30% to 79%	Blended/hybrid	Course that blends online and face-to-face delivery; substantial portion of the content is delivered online, typically uses online discussions, and typically has a reduced number of face-to-face meetings
80+%	Online	A course where most or all of the content is delivered online; typically has no face-to-face meetings

Source: Allen, Elaine I., and Jeff Seaman. *Grade Change: Tracking Online Education in the United States*. Babson Park, MA: Babson Survey Research Group, 2014.

combining face-to-face classroom time with some amount of online instruction. Table 3 displays the typical definitions of online learning as developed by the Babson Survey Research Group, which conducts an annual survey on online learning.

According to the Babson survey, which is based on responses from 2,831 chief academic officers in higher education institutions, more than a third of all students—7.1 million—took at least one online course during 2013. They predict that more than half of students will be taking at least one online course within 5 years. Although online learning is growing, academic leaders express concerns about completion rates and the quality of online courses compared to traditional ones. A recent meta-analysis conducted by the U.S. Department of Education that reviewed more than 1,000 empirical studies contrasting conventional face-to-face classes with blended online and face-to-face instruction found that “blended instruction has been more effective.”<sup>174</sup> The combination of elements in the treatment conditions, which included additional learning time

170 Bichsel, Jacqueline. *The State of E-Learning in Higher Education: An Eye toward Growth and Increased Access* (Research Report). Louisville, CO: EDUCAUSE Center for Analysis and Research, 2013.

171 Ibid.

172 Ibid.

173 Ibid.

174 U.S. Department of Education, Office of Planning, Evaluation, and Policy Development. *Evaluation of Evidence-Based Practices in Online Learning: A Meta-Analysis and Review of Online Learning Studies*. Washington, DC: 2010.

and materials as well as additional opportunities for collaboration, produced the observed learning advantages.<sup>175</sup>

*Massive Open Online Courses (MOOCs)* are another form of online learning. These courses are free and available to unlimited numbers of learners over the Internet. They are generally not offered for credit, and students do not need to be registered at a school.<sup>176</sup> As of 2014, only 5 percent of educational institutions are currently offering MOOCs—an increase from 2.6 percent in 2012. Another 9 percent have plans to offer MOOCs, but many more institutions remain undecided.<sup>177</sup> Educators are concerned that noncredit credentials awarded for MOOC completion will lead to confusion about postsecondary degrees.

While the value of online learning in comparison to more traditional approaches remains to be determined, it can improve access to education and skills attainment for older adults who need to balance education, work, and family responsibilities. Questions remain, however, about whether employers will consistently value online degrees as proof of skill attainment.

## COMPETENCY-BASED EDUCATION PROGRAMS

Competency-based education programs measure and award credit for what is learned, wherever or however that occurs, rather than relying on the traditional credit hour standard used at most colleges and universities. For older workers hoping to change careers or find a new job after losing one, competency-based education and training programs may be helpful in reducing costs and time, increasing flexibility, and helping them

demonstrate that they are capable of becoming productive employees.

The federal government is increasing its support for the development of competency-based learning programs. In March 2013 the U.S. Department of Education issued guidance to postsecondary institutions that want to have competency-based programs considered for Title IV, Higher Education Act program eligibility.<sup>178</sup> In December 2013, as part of the President's plans to increase college affordability and completion rates, the U.S. Department of Education began encouraging higher education institutions to experiment with new technologies and alternative methods for delivering education and training.<sup>179</sup> The Lumina Foundation is also financing a new Competency-Based Education Network, which now includes 2 statewide systems and 18 colleges.<sup>180</sup>

This concept has long been adopted by some institutions for many years. For example, Thomas Edison State College in New Jersey and Empire State and Excelsior College in New York have awarded credits for performance-based assessments since the 1970s. The online Western Governors University became the first institution to structure an entire degree around competency-based education in 1997. Western Governors University, however, is still tied to a credit-hour system. In recent years, competency-based education has expanded. For example, *College for America*, an online program of Southern New Hampshire University, became the first program to receive approval from the federal government to confer degrees based on papers, tests, and projects instead of class time; the first class of 500 students began in September 2013. Northern

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175 Ibid.

176 Allen, Elaine I., and Jeff Seaman. *Grade Change: Tracking Online Education in the United States*. Babson Park, MA: Babson Survey Research Group, 2014.

177 Ibid.

178 Bergeron, David. Letter on Applying for Title IV Eligibility for Direct Assessment (Competency-Based) Programs, March 19, 2013. Accessed at <http://ifap.ed.gov/dpccletters/GEN1310.html>.

179 Notice Inviting Suggestions for New Experiments for the Experimental Sites Initiative; Federal Student Financial Assistance Programs under Title IV of the Higher Education Act of 1965, as amended. Accessed at <https://www.federalregister.gov/articles/2013/12/06/2013-29213/notice-inviting-suggestions-for-new-experiments-for-the-experimental-sites-initiative-federal>.

180 Considered the “pioneers” of competency-based education, the Network members include: the Kentucky Community and Technical College System, the University of Wisconsin-Extension, Antioch University, Argosy University, Brandman University, Broward College, Capella University, Charter Oak State College, City University of Seattle, DePaul University, Excelsior College, Lipscomb University, Northern Arizona University, Salt Lake Community College, Southern New Hampshire University, South Texas College, Texas A&M University at Commerce, the University of Maine at Presque Isle, the University of Maryland University College, and Westminster College.

Arizona University and the for-profit Capella University have also launched such programs.<sup>181</sup>

In January 2014 the University of Wisconsin (UW) System launched its *Flexible Option* program, which offers degree and certificate programs in an online, competency-based, self-paced format. Flexible Option students progress through the program by mastering required competencies and demonstrating the mastery by passing assessments. Faculty create content based on the competencies, but students are free to use other resources as well, relying on learning that is self-taught, acquired through the military, based on prior learning, or picked up through MOOCs or other avenues. Programs include several Bachelor of Science degrees (nursing, information science and technology, biomedical sciences, diagnostic imaging), Associate of Arts and Science degrees, and certificates. Instead of traditional semesters, the Flex program is based on 3-month “subscription periods,” with new ones starting the first of every month. Faculty design the competency sets and determine when competency is achieved.

A critical aspect of the UW program is the high degree of personalized service and wraparound assistance it provides to students—very much a blending of “high touch” and high-tech. Each student has a “Flex Team” that helps him or her through the admission process and the selection of programs clear through to graduation. The Academic Success Coach is a key team member who helps with time management, career mentoring, financial aid, psychological support and “life coaching,” academic planning, and academic content support and tutoring. To gain acceptance into the program, prospective students complete a two-part evaluation that strives to determine whether the model is appropriate for a given student based on the student’s previous learning, learning style, comfort with technology, and personal attributes such as persistence and time management. The university’s target population for Flexible Option is close to 1 million adults in the state with some college education

but no degree. As of March 2014, 507 individuals have submitted applications, and 160 have been admitted. The first 21 students started in January, followed by 30 more in February and another 30 in March; of these initial students, 22 are over the age of 40, and roughly half of them have some college education and no degree. To date, interest is strong in information technology programs, as well as nursing and associate degrees.<sup>182</sup>

Because competency-based learning strategies are still evolving, there is no evidence that such efforts are achieving the kinds of positive access and affordability outcomes that advocates posit, or result in increased employment and better earnings.

### CREDIT FOR PRIOR LEARNING INITIATIVES

The focus on credential attainment and the rise of competency-based education has boosted interest in *credit for prior learning programs*, such as those offered by the Council for Adult and Experiential Learning (CAEL) and the American Council of Education. These programs are based on the assumption that adult learners can earn academic credits by demonstrating college-level knowledge and competency through experiences outside classrooms. Several methods are used to assess prior learning, including student portfolios, credit based on military or corporate training programs, assessments done by individual colleges, and examinations such as the College Level Examination Program.<sup>183</sup> Approximately half of colleges in the United States offer some form of prior learning assessment.

Recent efforts to expand opportunities for prior learning credits have been designed to help adults with credits but no degree, and those who, in the aftermath of the recent recession, needed to consider training for a new career.<sup>184</sup> A 2010 CAEL study found adult students who had received credits for prior learning graduated at higher rates than those who did not receive them.<sup>185</sup> Another goal of credit for prior learning initiatives is to

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181 Kamenetz, Annie. “Are You Competent? Prove It.” *New York Times*. October 29, 2013.

182 Adult College Completion Network Webinar on Competency-Based Education: Wisconsin’s Flexible Option. March 4, 2014.

183 Fain, Paul. “College Credit without College.” *Inside Higher Ed*. May 7, 2012a.

184 Ibid.

185 Klein-Collins, Rebecca. *Fueling the Race to Postsecondary Success: A 48-Institution Study of Prior Learning Assessment and Adult Student Outcomes*. Chicago, IL: Council for Adult and Experiential Learning, 2011.

increase adult college completion and reduce education costs. For older workers, these programs have the potential to both accelerate degree attainment and reduce time and costs. This path, however, would likely be less beneficial for older career changers.

### **TARGETING COMMUNITY COLLEGE PROGRAMS TO OLDER WORKERS**

The American Association of Community College's (AACC's) Plus 50 Initiative provides technical assistance resources to assist community colleges in serving older students. From its launch in 2008 with 13 community colleges, the Plus 50 Initiative has expanded to involve more than 85 community colleges around the nation and has served more than 16,500 older learners. Of the 7,192 graduates who completed degrees or certificates as of February 2014, the majority (67 percent) earned noncredit certificates, a fifth (21 percent) earned associate degrees, and 12 percent earned credit certificates.<sup>186</sup> Many of the older job seekers entering Plus 50 programs are seeking flexible shorter-term and accelerated programs that are occupation-specific and may include preparing for a licensing exam. Examples of Plus 50 programs draw on several of the other trends discussed in this section.

Joliet Junior College in Illinois has been involved with AACC's Plus 50 since 2008. The college has a Plus 50 mature worker center where workshops are offered for older students and job seekers on a range of topics, including basic and intermediate computer skills, coping with the stress and psychological impacts of job loss, financial counseling, and Internet job search. The center works closely with the local workforce board, which has an office on the campus. The Plus 50 center staff includes a career and academic adviser who meets with potential students—primarily older dislocated workers—to help them consider their options. The center provides some support programs specifically geared toward older students, including math tutoring.

According to the college's workforce development director, the older students are generally looking for short-term certification programs and gravitate toward health information management and information technology; veterinary technology,

Commercial Driver License, and manufacturing are also popular. (These fields reflect the region's four high growth/high demand sectors—health care; information technology; manufacturing; and transportation, warehousing, and logistics.) There is demand in the area for certified nurse assistants, but many of the older workers believe this would be too physically demanding.

Joliet is one of 21 community colleges in Illinois participating in the state's Network of Advanced Manufacturing (INAM), a consortium that has received support through a federal TAA Community College and Career Training (TAACCCT) grant. Currently, 16 students (out of 75) between the ages of 40 and 64 are participating in INAM programs for welding, industrial maintenance technician, and computer numerical control. In terms of previous academic background, nine students have some college education; four have a high school diploma or GED; and one has an associate's degree, a bachelor's of science, and a graduate degree. Nine students are receiving financial support through the Accelerated Training for Illinois Manufacturing (ATIM) program; the rest are financing their training out of pocket. Funded by a U.S. Department of Labor Workforce Innovation Fund grant, ATIM supports training that incorporates industry-recognized skills standards (such as the National Institute for Metalworking Skills and the Manufacturing Skill Standards Council) and also supports work-based learning opportunities, such as internships and on-the-job training for its employer partners.

Arapahoe Community College in Littleton, Colorado, received a grant through the AACC's Plus 50 Encore Completion Program, which the college is using to help older adults complete degrees or certificates through an online health information technology program. The college has found that an all-online program can be challenging for some older students and has adapted the program somewhat since it began, adding several additional student supports such as tutorials in how to use Microsoft Excel and how to be successful in taking an online class. Mentors are available to students one hour per week for a one-on-one session, which the college reports has helped the older students feel more

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186 Learning for Action. *Plus 50 Completion Strategy: Year Three Evaluation Results*. August 2013.

connected to the community. The executive director for community and workforce programs at the college noted that some older individuals work with Plus 50 and other college advisors to determine what programs would be a good match based on their skill and interest inventories. Other individuals, however, rely on informal self-selection, especially for noncredit programs; they may take an online training program without ever actually talking to anyone.

In another effort involving community colleges, in 2013 the AARP Foundation launched a pilot project with Arapahoe Community College in Littleton, Colorado, called Back to Work 50+ to help connect low-income job seekers to jobs in demand, building on the college's existing mature worker services. In 2014 AARP Foundation partnered with AACC to expand the Back to Work 50+ model to 12 community colleges. The model calls for participating colleges to hold information workshops for low-income older job seekers on personal marketing, networking, and strategies for targeting a job search to high-demand jobs. Participants will utilize a version of the web-based Virtual Career Network career exploration platform, which was originally developed by AACC with support from the U.S. Department

of Labor. The community colleges can also offer training tied specifically to available local jobs.<sup>187</sup>

The emerging trends in education and training reviewed here share common themes: Each is intended to increase access, affordability, and attainment of postsecondary education degrees or certificates for adult learners. They hope to engage adult learners by customizing skill attainment to their needs and contextualizing learning tailored to the learner. The programs are designed to save time and money by using strategies that make better use of technology and faculty/trainer time.

There are efforts under way at some institutions to help older learners determine whether a training program will increase their prospects for employment and earnings gains. For example, the Kentucky Community and Technical Colleges System requires new programs to be based on "real-time labor market information" and to determine that the skills are in demand. Wisconsin Flexible Option program requires that degree and diploma programs in the state's technical college system demonstrate a demand for program completers.<sup>188</sup> It is too soon to determine whether these efforts will be effective, but they are steps in the right direction.

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187 AARP Foundation website. AARP Foundation Announces 2014 Expansion of BACK TO WORK 50+ Initiative through New Collaboration with the American Association of Community Colleges. Accessed at <http://www.aarp.org/about-aarp/press-center/info-01-2014/aarp-foundation-announces-2014-expansion-of-back-to-work-50-initiative-through-new-collaboration-with-the-american-association-of-community-colleges.html>.

188 Ganzglass, Evelyn. *Scaling "Stackable Credentials" Implications for Implementation and Policy*. Washington, DC: Center for Law and Social Policy, 2014.

# Employer Engagement in Education and Training

Successful education and training programs require effective communication between employers and providers to ensure that individuals in postsecondary education and training acquire the skills and competencies that will enable workers to succeed in their chosen occupations. Yet, close collaboration between employers and educators is far from the norm. The trend to better engage employers in the design of education and training programs resulted from significant criticisms from employers about both the quality of training and of their inability to find skilled workers.<sup>189</sup> The notion that the available workers do not possess the skills in demand by employers has become a generally accepted fact, but carefully crafted research by widely respected academics has recently concluded that the extent of the “skills gap” problem may have been exaggerated.<sup>190</sup>

To the extent that there are disconnects between what training programs teach and what employers expect, graduates of those programs will be disadvantaged. In an effort to avoid these negative

outcomes, a number of workforce development programs and educational institutions have increased their efforts to better align the content of their programs with employers’ specifications. The mutual benefits of effectively engaging employers in the development of education and training programs are well documented. Businesses benefit because they can more readily fill vacancies with qualified applicants. Such strategies also provide a pipeline of workers to fill urgent workforce needs and reduce recruitment costs.<sup>191</sup> Employer involvement in workforce development programs increases the likelihood that education and training offerings are relevant to the local labor market. Other benefits include enriching students’ learning, showing students the relevance of education and training to the world of work, helping businesses achieve their business needs, and attracting employer contributions and support.<sup>192</sup>

Since the enactment of WIA, the federal government has encouraged employer engagement through several competitive grant programs.<sup>193</sup> The U.S. Department of Labor promotes a “dual

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189 Van Horn, *Working Scared*.

190 Cappelli, Peter. “The Skills Gap Myth: Why Companies Can’t Find Good People.” *Time Magazine*. June 4, 2012. Accessed at <http://business.time.com/2012/06/04/the-skills-gap-myth-why-companies-cant-find-good-people/>. Osterman, Paul, and Andrew Weaver. *Why Claims of Skills Shortages in Manufacturing Are Overblown*. Washington, DC: Economic Policy Institute, 2014. Krugman, Paul. “Jobs and Skills and Zombies.” *New York Times*. March 30, 2014.

191 Lerman, *Should Employer-Led Training Be the Framework for Workforce Development?* U.S. Government Accountability Office. *Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs*, GAO-12-97. Washington, DC: U.S. Government Accountability Office, 2012. Good, Larry, and Jeannine La Prad. *Educational Attainment as an Economic Driver for States, Regions, and Communities*. Ann Arbor, MI: Michigan State University EDA University Center for Regional Economic Innovation, 2013. National Fund for Workforce Solutions. *Employer Engagement in the National Fund for Workforce Solutions*. Boston, MA: National Fund for Workforce Solutions, 2011. Clymer, Carol. *By Design. Engaging Employers in Workforce Development Organizations*. New York, NY: Public Private Ventures, 2003.

192 Lerman, *Should Employer-Led Training Be the Framework for Workforce Development?* U.S. Government Accountability Office, *Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs*. U.S. Department of Education, Office of Vocational and Adult Education. *Integrating Industry-Driven Competencies in Education and Training through Employer Engagement*. Washington, DC: U.S. Department of Education, 2012. National Fund for Workforce Solutions, *Employer Engagement in the National Fund for Workforce Solutions*. Clymer, *By Design*.

193 These competitive grant programs include the HGJTI grants, the WIRED grants, the CBJTG grants to the most recent TAACCCT grants and announcement of the Ready to Work Partnership Grants. The HGJTI or High Growth Job Training Initiative was established to identify the value of demand-driven workforce services by putting in place training strategies that made the needs of employers a priority. The Workforce Innovation in Regional Economic Development (WIRED) was a grant program (launched in 2006) to foster partnerships and activities in states that would look to align workforce development with economic activities in a given region. The CBJTG or Community-Based Job Training Program was established to help community colleges train workers for high-growth

customer” focus for the public workforce system that seeks to align the Department’s “investment in job seekers with the workforce needs of employers.”<sup>194</sup> In February 2014 President Obama and the U.S. Departments of Commerce and Labor announced renewed efforts to incorporate “industry-driven training” into future federal job and training endeavors and grant-making activities (such as the 2014 federal Ready To Work Partnership grants, the Job-Driven National Emergency grants that are largely focused on on-the-job training and apprenticeships, the Workforce Innovation Fund grants, and the final round of TAACCCT grants) as a means to grow jobs and meet existing job demand.

While there has been growing recognition of the need to deepen partnerships between educational institutions and employers, many employers are not closely engaged with providers in their communities. Among the major reasons are:

- » Lack of a strong business case to management that skills and alliances with education are central to future business growth and success;
- » A preference to focus training investments in house rather than through external providers;
- » Reluctance to invest in training or collaborate with other businesses for fear that competitors will steal trained employees;
- » Concerns that workforce training providers do not meet their needs (e.g., they are ill-equipped to match their student population

with the needs expressed by employers for specific skilled labor, they are not nimble enough to respond to employers’ fast-changing needs and demands, etc.);

- » Experiences with engagement has been too superficial and episodic;
- » A perception that postsecondary institutions have different motivations and expectations, are remote and “not for us,” and are concerned with academic attainment rather than vocational or skill proficiency; and
- » Education does not serve the needs of employers by preparing work-ready graduates, including a perception that individuals in training lack basic and soft skills and are not ready for work or apprenticeships.<sup>195</sup>

Many education and training providers either have not attempted or not succeeded in building effective partnerships with employers for the following reasons:

- » Lack of interest by faculty and higher education staff and administrators to be “commercially responsive”;
- » Faculty and trainers lack the subject-matter expertise and up-to-date content knowledge to meet current industry needs;
- » Lack of internal or market incentive to engage with employers or industry; and

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industries. In 2009, U.S. Department of Labor and the Department of Education launched the Trade Adjustment Assistance Community College and Career Training (TAACCCT) program to provide community colleges and other education institutions funds to help adults acquire the skills they need for high wage, high skill employment. All of these grant programs called for education and training development that would meet the needs of employers for skilled workers including but not limited to education-employer partnerships. The Ready to Work Partnership Grants, announced in February 2014, are intended to support programs focused on employer engagement, and other supports and training that facilitates the hiring of individuals experiencing long-term unemployment.

194 U.S. Department of Labor, Employment and Training Administration. *Training and Employment Guidance Letter No. 33-11. Annual Program Guidance for the Program Year 2012 Workforce Investment Act (WIA) Adult, Dislocated Worker, and Wagner-Peyser Programs*. Washington, DC: U.S. Department of Labor, 2012. Accessed at [http://wdr.doleta.gov/directives/attach/TEGL/TEGL\\_33\\_11\\_acc.pdf](http://wdr.doleta.gov/directives/attach/TEGL/TEGL_33_11_acc.pdf). It is important to note that the public workforce system comprises workforce programs, services, and initiatives that provide both *direct* services to employers such as data about the local workforce and labor market, business engagement services such as job fairs, applicant recruitment and screening, and access to government training funds and hiring tax credits, and *indirect* services such as ensuring the providers of education and training are aligning with industry skill and knowledge needs. For purposes of this research, this document is focused on the engagement between the employer and the providers of education and training.

195 Van Horn, *Working Scared*. OECD. *Employer Engagement to Enhance Skills Investment*. OECD Skills Strategy Spotlight No. 2, February 2013. Accessed at <https://skills.oecd.org/developskills/documents/employerenagementtoenhanceskillsinvestment.html>. Eyster, Anderson, and Durham, *Innovations and Future Directions for Workforce Development in the Post-Recession Era*. Board of Governors of the Federal Reserve System, *Insights into the Financial Experiences of Older Adults*. Tallantyre, Freda, and Jane Kettle, editors. *Learning from Experience in Employer Engagement*. York, UK: The Higher Education Academy, 2011. Clymer, *By Design*. Council on Competitiveness. *Engage. A Practitioner’s Guide for Effective Engagement of Business Leaders in Regional Development*. Washington, DC: Council on Competitiveness, n.d.

- » Lack of financial resources to support and coordinate employer engagement within the institution, including a lack of institutional capacity to start, sustain, or scale engagements with employers.<sup>196</sup>

Where partnerships between providers and employers exist, they take a variety of forms and involve a myriad of activities by providers and educators, as well as employers. As displayed in table 4, these partnerships can be viewed along a spectrum, including basic, moderate, and intensive levels of partnerships between the provider(s) and employer(s) as key mutual actors.<sup>197</sup> Educators and trainers may engage in one or more simultaneous partnership strategies and can do so with one employer; two or more employers; a broader industry cluster (such as manufacturing); or a narrower subset of an industry (such as automotive manufacturing) in the locality, region, or state. Engagement can involve limited interaction (for example, a focus group with employers to review training materials or get input into a program of study), or may involve in-depth collaborations in which employers are involved in many activities, such as assisting in curriculum design, financing classroom instruction, and supporting work-based learning and on-the-job training.

The most effective provider/employer partnerships help learners develop skills and competencies that enable them to obtain jobs and succeed in their

chosen fields. Employer engagement strategies all involve and require regular consultation between educators and employers and can result in the development of industry-recognized credentials and career pathways, avenues to promote work-based learning, and the launch of dedicated industry-specific sector strategies.<sup>198</sup> For older unemployed workers, strategies that directly connect them to the workplace have enormous potential. Research on the academic needs of adult learners has found that they value education that is relevant to work, including applied learning and employer partnerships.<sup>199</sup> In addition, older job seekers have less time than younger ones to experiment with various employers because they have less time remaining in the workplace; training that puts older job seekers in direct contact with employers may help reduce the time to employment.

There is a growing body of research, produced in the past 15 years, about the importance of engaging employers with education and training organizations. The literature covers the rationale and benefits of engaging employers through sector strategies and the potential benefits to educational institutions; job seekers/students (including special populations); and to local, regional, and state economies. There are also many reports and detailed case studies that provide practical advice and guidance for effective employer engagement and “how-to” guides for

196 OECD, *Employer Engagement to Enhance Skills Investment*. Tallantyre and Kettle, *Learning from Experience in Employer Engagement*. American Assembly. *Keeping America in Business: Advancing Workers, Businesses, and Economic Growth. Report of the 102nd American Assembly*. New York, NY: Columbia University, 2003.

197 Eyster, Anderson, and Durham, *Innovations and Future Directions for Workforce Development in the Post-Recession Era*. Good and La Prad, *Educational Attainment as an Economic Driver for States, Regions and Communities*. Commonwealth Corporation. *Strategic Employer Engagement: Building Dynamic Relationships with Employers in Teen and Young Adult Employment Programs. A Workforce Development Practitioner’s Guide*. Boston, MA: Commonwealth Corporation, 2013. U.S. Department of Education, Office of Vocational and Adult Education, *Integrating Industry-Driven Competencies in Education and Training through Employer Engagement*. Taylor, Colin. *Employer Engagement in the National Fund for Workforce Solutions*. Boston, MA: National Fund for Workforce Solutions, 2011. Workforce Strategy Center. *Effective Employer Engagement: The Year Up Model*. New York, NY: Workforce Strategy Center, 2009. Oldmixon, Sarah. *State Sector Strategies: Regional Solutions to Worker and Employer Needs*. Washington, DC: National Governors Association for Best Practices, National Network of Sector Partnerships and Corporation for a Skilled Workforce, 2006.

198 Sector strategies, as noted by the National Governors Association, refers to an organizing principle that looks to build partnerships between employers, training providers, community organizations, and others around a specific industry to address the workforce needs of that industry. As noted by the National Governors Association, “the defining elements of state sector initiatives include a focus on customized solutions for a specific industry at a regional level, a central role for a workforce intermediary in bringing the industry partnerships together, and the dual goals of promoting the competitiveness of industries and advancing the employment of low-and middle-income workers.” Sector strategies may also involve the development of other types of training using industry input, such as career pathways and work-based learning opportunities. Oldmixon, *State Sector Strategies*. Eyster, Anderson, and Durham, *Innovations and Future Directions for Workforce Development in the Post-Recession Era*.

199 Kazis, et al., *Adult Learners in Higher Education: Barriers to Success and Strategies to Improve Results* (Occasional Paper 2007-03).

**TABLE 4. Types of Training Provider-Employer Engagement**

General Engagement Categories	Types of Activities
<b>Basic</b>	<ul style="list-style-type: none"> <li>• Providers send information to employers via newsletters about the training and graduates</li> <li>• Businesses participate in short-term or infrequent provider-led advisory committees, serving as a resource for strategic plan development, providing input on initial planning of training activities, or providing one-time feedback on training materials</li> </ul>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>• Employers and providers communicate regularly about such topics as job openings, job referrals, and business information; labor market trends; and projections on current and emerging skill and employment needs and patterns</li> <li>• Employers and training faculty meet to discuss improvements to existing training programs</li> </ul>
<b>Intensive</b>	<ul style="list-style-type: none"> <li>• Providers consult employers regarding the design and deployment of training and education curriculum</li> <li>• Providers work with employers on the design, deployment, and use of credentials that are aligned with employer/industry-recognized standards for skills and knowledge (commonly referred to as an “industry-recognized credential”)</li> <li>• Employers host work-based learning activities (e.g., internships, apprenticeships), provide on-the-job training opportunities, and provide instructors for classes</li> <li>• Employers host training programs (e.g., classroom, clinical, in the field) provided solely by or jointly with an education and training provider</li> <li>• Employers offer externships to instructors so program faculty can stay current with business needs</li> <li>• Employers agree to give special consideration to program completers, such as interviewing successful training completers or hiring those who meet their other requirements; and rewarding their employees who complete the program with promotions, higher wages, or other incentives</li> <li>• Employers contribute to the cost of training program development or subsidize the cost of providing the training</li> <li>• Employers support worker participation in training by hosting training programs during regular work hours and compensating workers for their time in training</li> </ul>

Sources: Eyster, Lauren, Theresa Anderson, and Christin Durham. Innovations and Future Directions for Workforce Development in the Post-Recession Era. Washington, DC: Urban Institute, 2013. Good, Larry, and Jeannine La Prad. Educational Attainment as an Economic Driver for States, Regions, and Communities. Ann Arbor, MI: Michigan State University EDA University Center for Regional Economic Innovation, 2013. Commonwealth Corporation. Strategic Employer Engagement: Building Dynamic Relationships with Employers in Teen and Young Adult Employment Programs. A Workforce Development Practitioner’s Guide. Boston, MA: Commonwealth Corporation, 2013. U.S. Department of Education, Office of Vocational and Adult Education. Integrating Industry-Driven Competencies in Education and Training through Employer Engagement. Washington, DC: U.S. Department of Education, 2012. Taylor, Colin. Employer Engagement in the National Fund for Workforce Solutions. Boston, MA: National Fund for Workforce Solutions, 2011. Workforce Strategy Center. Effective Employer Engagement: The Year Up Model. New York, NY: Workforce Strategy Center, 2009. Oldmixon, Sarah. State Sector Strategies: Regional Solutions to Worker and Employer Needs. Washington, DC: National Governors Association for Best Practices, National Network of Sector Partnerships and Corporation for a Skilled Workforce, 2006.

youth and adult employment programs, as well as postsecondary educators on building relationships with employers.<sup>200</sup>

While the research findings offer interesting lessons for program managers, there is still limited evidence about the cost of or return on investment from these employer/training institution partnerships. Although there is robust information describing the formation of partnerships, especially those implemented using federal competitive grant funding, data are limited on how many of these partnerships currently exist, and how and whether these initiatives have been sustained after the grant funds end. As noted by The Upjohn Institute in its analysis of the interim evaluation reports of the WIRED (Workforce Innovation in Regional Economic Development) projects, which focused heavily on alliance building with employers:

The WIRED evaluations paint a picture of engaged and effective regional partnerships that are facilitating training (including entrepreneurial activities) and educational pipeline investments... it is likely that significant benefits are accruing to the individuals and organizations involved in the regional initiatives...[however] some significant issues that have

not been addressed in the interim reports include the costs in terms of resources and time that have gone into the partnerships. Without cost information, it is impossible to gauge benefits against costs or estimate roughly a return on the federal investment.<sup>201</sup>

In short, it is uncertain as to whether there is positive impact gained from these alliance-building activities and partnerships on job placement, long-term vocational achievements, employment outcomes, and wages; or the cost/benefit and return on investment to the providers, employers, and most especially adult learners. To date, there has been only one study using more rigorous research methodologies. That study—a quasi-experimental evaluation of a trio of sector training programs conducted by Public/Private Ventures (PPV)—showed positive impacts on participants' earning, work history, and work hours compared to outcomes for control groups.<sup>202</sup>

Notwithstanding the limited rigorous evidence, intensive employer engagement in training program development provides valuable information to job seekers about what local industries show upward growth, what occupations are in demand, what skills are needed for these jobs, and how they might benefit from acquiring them. Employers and

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200 Trutko, John, Carolyn O'Brien, Pamela Holcomb, and Demetra Smith Nightingale. *Implementation and Sustainability: Emerging Lessons from the Early High Growth Job Training Initiative (HGJTI) Grants*. Washington, DC: The Urban Institute, 2007. Nightingale, Demetra Smith, Lauren Eyster, John Trutko, Carolyn O'Brien, and Kate Chambers. *Implementation Analysis of High Growth Job Training Initiative (HGJTI) Programs* (Final Report). Washington, DC: The Urban Institute, 2008. Eyster, Lauren, Alexandra Stanczyk, Demetra Smith Nightingale, Karin Martinson, and John Trutko. *Characteristics of the Community-Based Job Training Grant (CBJTG) Program*. Washington, DC: Urban Institute and Capital Research Corporation; Baltimore, MD: Johns Hopkins University, 2009. Eyster, Lauren, Teresa Derrick-Mills, John Trutko, Jessica Compton, Alexandra Stanczyk, and Demetra Smith Nightingale. *Implementation Evaluation of the Community-Based Job Training Grant (CBJTG) Program. Final Report*. Washington, DC: The Urban Institute, 2012. Almandsmith, Sherry, Mary Walshok, Kay Magill, Linda Toms Barker, Pamela Surko, Mary Vencill, Tommy Smith, Hannah Betesh, David Drury, Tricia Cambron, Kristina Lara, and Thomas Goldring. *The Power of Partnership: American Regions Collaborating for Economic Competitiveness: 2009 Generation I WIRED Interim Evaluation Report*. Oakland, CA: Berkeley Policy Associates, 2009. Almandsmith, Sherry, Mary Walshok, Kay Magill, Linda Toms Barker, Pamela Surko, Mary Vencill, Tommy Smith, Hannah Betesh, and June Chocheles. *Early Implementation of Generation I of the Workforce Innovation in Regional Economic Development (WIRED) Initiative: 2007 Interim Evaluation Report*. Oakland, CA: Berkeley Policy Associates, 2008. Hollenbeck, Kevin, Nancy Hewat, Jeff Kaplow, Monica Long, Nancy McCrohan, Jeffrey Padden, Laurence Rosen, Scott Southard, Nathalie Winans, George Erickcek, Brad Watts, Brian Pittelko, and Jason Preuss. *Partners, Networks, and the Economic Context for Generation II and III WIRED Regions: A Second Interim Report of the Evaluation of Workforce Innovation in Regional Economic Development (WIRED) Generations I and II*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2012. Hewat, Nancy, and Kevin Hollenbeck. *Nurturing America's Growth in the Global Marketplace Through Talent Development: An Interim Report on the Evaluation of Generations II and III of WIRED*. 2009. Report submitted to U.S. Department of Labor, Employment and Training Administration. Accessed at <http://research.upjohn.org/reports/2/>. The other federal competitive grant program that involved provider/employer partnerships, the Trade Adjustment Assistance Community College and Career Training (TAACCCT), is still in the implementation stage and no interim or final evaluation reports are publicly available.

201 Hollenbeck, Kevin, and Nancy Hewat. *Evaluation of Regional Collaborations for Economic Development: Lessons from the Employment and Training Administration's WIRED Initiative*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2010.

202 Maguire et al., *Job Training That Works*.

providers are both likely to benefit from these more intensive levels of engagement. Through deep engagement, employers are likely to benefit from helping providers customize education, training, and credentials that match their needs. Coursework and credentials can also be revised as employer needs shift. Educators benefit from having concrete information about the skills local

employers seek and their faculty may benefit from opportunities to stay up-to-date—through externships or other collaborations. These postsecondary institutions may attract more students who perceive that the close provider-employer partnerships increase their odds of employment.

## Policy Recommendations

Improving education and training to meet the needs of older workers will require a commitment to giving people the information they need to make wise choices about pursuing education and training, more financial assistance, and additional support services. Several opportunities exist to accomplish these reforms.

### DEVELOP BETTER INFORMATION FOR INFORMED CHOICES

Adult learners and older job seekers need unbiased information and opportunities to consult with knowledgeable, impartial advisors both in person and online. They need much better information about their options and return on investment from a postsecondary education. Prospective students also need help in assessing the validity of claims made by education and training providers. Federal and state officials can better protect older workers from deceptive practices, erroneous education and employment claims, and unprofessional conduct by providing information about how to locate independent, unbiased information about education and training products and outcomes.<sup>203</sup>

The lack of high-quality advising services in the United States has led to suggestions for the establishment of a national career navigation system that would include skills assessments, individual case management, and career counseling as well as better integrated self-help resources to help workers at all points throughout their careers.<sup>204</sup> While such a widespread system may be difficult to achieve, government policy makers should insist on greater transparency from training providers and require them to report on the cost, duration, completion rates, and employment and earnings outcomes. It is possible that changes enacted under the WIOA of 2014 will strengthen reporting requirements for eligible training institutions. The Obama

administration's College Scorecard initiative may also improve information for prospective students.

### PROVIDE MORE FINANCIAL ASSISTANCE TO OLDER WORKERS WHO NEED EDUCATION AND TRAINING

Congress should reform financial aid programs to better help older workers. For example, federal and state governments could require educational institutions to improve financial aid counseling for adult learners from qualified, independent third parties. Better information could also be provided about tax-based aid benefits versus loans. To better serve long-term disadvantaged and unemployed workers, Congress could modify the Pell Grant program so that funding is available for shorter-term training that would help older workers who need to “brush up” or update their skills, but who do not need degree or credential programs.

Congress should amend the tax system to provide more financial support for older workers. For example, Congress could expand tax credits and deductions to include education-related expenses such as transportation, childcare, and elder care to help older adults attend college. Congress could consider authorizing Lifelong Learning Accounts, both to employers who can offer matching funds as an employee benefit, as well as to individuals. Finally, Congress could modify 401(k) regulations in order to allow unemployed older job seekers who have these accounts to use them for job training and education without the current high early withdrawal penalties.

Finally, policy makers should work to ensure that current workforce development and education policies have their intended effect. For example, though WIA resources are limited, greater efforts should be made to ensure that older workers can gain access to training resources under WIA

203 Van Horn, Carl, Kathy Krepcio, and Neil Ridley. “Public and Private Strategies for Assisting Older Workers,” in *Older and Out of Work: Jobs and Social Insurance for a Changing Economy*, Randall W. Eberts and Richard Hobbie, eds. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2008.

204 Steigleder, Stephen, and Louis Soares. *Let's Get Serious about Our Nation's Human Capital: A Plan to Reform the U.S. Workforce Training System*. Washington, DC: Center for American Progress, 2012.

(and its successor, WIOA). In addition, states and higher education institutions that offer tuition waivers for seniors should review these policies to see if they can be better structured and more effectively promoted.

### **EXPAND SUPPORT SERVICES FOR ADULT LEARNERS**

Older adults need complementary social services and support to help them achieve their education and job training goals.<sup>205</sup> Older adults—and others—who participate in education and training programs need flexible, affordable programs. Strategies that combine basic education with occupation preparation or that provide training on the job show promise in reducing the time from education to employment while helping older adults overcome other significant basic skills and language barriers. It is also possible that dividing programs into smaller modules, such as Kentucky’s Learn on Demand program, will help older workers balance education and training with other responsibilities.

Though not targeted to older workers, there are lessons to learn from other programs that are deliberately connecting the wraparound supports of CBOs and education and training institutions<sup>206</sup> or that are trying to help low-income students access public benefits for living expenses while they are in school.<sup>207</sup> A number of CBO/ community college programs are integrating a broad array of supports, including childcare, transportation resources, assistance with financial aid, flexible or accelerated class schedules, and peer support or learning cohorts.

Several of the emerging trends in education and training program design and delivery discussed in this paper are potentially beneficial to older workers. These programs assist working learners by offering greater flexibility, using technology to increase access and affordability, providing

opportunities to gain credit for past learning and experience, and reducing the time required to complete programs. Programs that offer “high-touch/high-tech” strategies can help provide the counseling and information that older workers need with the computer, technology, or literacy training that may be required to get a job.

### **OPPORTUNITIES FOR REFORM**

Although a full-scale redesign of the nation’s postsecondary education and training system is unlikely, recent reauthorization of the Workforce Investment Act and pending reauthorization of several other important pieces of relevant legislation—among them the Higher Education Act, the Perkins Career and Technical Education Act, and the Adult Education and Family Literacy Act—offer opportunities to enact much needed reforms.

The passage of WIOA provides the opportunity for several important improvements in the federal workforce development system. The Act promotes the use of career pathways and sector partnerships in order to emphasize employer engagement, job-driven training, and employment in in-demand occupations and industries. It increases the emphasis on work-based and on-the-job training, including for incumbent workers. It increases accountability and performance reporting requirements. These steps are consistent with a 2014 report of the Bipartisan Policy Center’s Governors’ Council, which notes that improving program integration, strengthening nontraditional education, and enhancing the collection of data are well within reach of policy makers and would not require significant additional funding.<sup>208</sup> The specifics of program implementation will emerge over the next couple of years as the Department of Labor develops related regulations and governors develop state plans for their federally funded workforce centers.

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205 Van Noy and Heidkamp, *Working for Adults: State Policies and Community College Practices to Better Serve Adult Learners at Community Colleges During the Great Recession and Beyond*.

206 See the AACC-Goodwill’s Community College/Career Collaboration (C<sup>4</sup>) program flier: <http://www.aacc.nche.edu/Resources/aaccprograms/cwed/Documents/C4OverviewandModels091013.pdf>.

207 See the Benefits Access for College Completion program: <http://www.clasp.org/issues/postsecondary/pages/benefits-access-for-college-completion>.

208 Bipartisan Policy Center, *Getting Work*.

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## Appendix A.

### Research Methodology

The objective of this study has been to examine the issues and explore the problems faced by older American workers, particularly those unemployed for long periods of time, as they look to obtain a job or make a career change in today's labor market. Particular attention was paid to examining older workers' skills limitations and access to education and training. Furthermore, the study sought to gather information and insight into how education and training providers and employers work together to fulfill both the demands of employers for skilled workers with the needs of older workers to find a job or remain in the labor market.

Key questions guiding the research included:

1. What are the key labor market and workforce challenges facing older workers today?
2. What education and training opportunities and services are available to older workers and what are their key features? What types of providers deliver education and training services? What are the modes and methods of delivery, and do they serve the older population well or not? How do individuals get accurate and timely information and a clear understanding of their choices, and the consequences of those choices?
3. How do older workers finance education and training? What are the typical financing sources? How do they get information about financing options?
4. What evidence exists about the effectiveness of publicly financed education and training? What evidence exists exclusively pertaining to older workers?
5. What are the emerging trends in the structure, content, and delivery of education and training in the United States, in particular as it relates to adult (and older adult) learners? How successful or effective are these emerging education and training strategies in better

serving older adults currently employed or those unemployed?

6. Are employers engaged in the education and training system and, if so, how? Do partnerships between education and training providers and employers exist and, if so, what do they look like and how do they come about? What are the by-products of these partnerships? How successful or effective are these partnerships? What features of these partnerships result in the greatest success in helping older workers find jobs?
7. What does the research tell us about older workers and their choices about and return on investment (short term and long term) regarding education and training vis-à-vis today's labor market?

The research for this report was conducted during the period December 2013 to March 2014. To answer the study's research questions, researchers conducted an extensive literature review, with a focus on the U.S. education (academic, vocational) and training system, U.S. public workforce development programs, policies and funding, employer engagement with the education system, broad educational financing, job training and education effectiveness, and general literature related to aging and work. The review focused on research and documents published from 1985 to the present. To assist in the literature review, the researchers conducted an Internet search of publications using the terms "older workers," "older unemployed workers," "hiring older workers," "barriers facing older workers," "job training and education effectiveness," "engaging employers," "employer-education partnerships," and "problems for older workers," among others.

Heldrich Center researchers also conducted telephone interviews with aging and work subject-matter experts, postsecondary training and education providers, CBOs serving older job seekers, and federal and state labor and education officials. The interviews explored in

more depth (1) emerging trends and strategies that might better serve adult learners and why, with particular attention to the implications for older unemployed adults; (2) the types and levels of engagement between employers and training providers, as well as the success and failure measures and these implications for older unemployed workers; (3) the labor force challenges facing older workers, especially the long-term unemployed, and the role of CBOs, the public workforce system, as well as education and training providers in responding to those needs; and (4) the role of information, career navigation, technology, and counseling in helping adults

make more successful educational and labor market choices.

Finally, an Internet search was performed during the period February 2014 to March 2014 using common search engines. This search was conducted to examine the existence, volume, predisposition, and features of online job boards; online career networking and engagement boards and sites; online job search assistance and resources sites; and sites pertaining to dispensing retraining advice and job tips about going back to school and work, both in general and those specifically targeting seniors, boomers, or older adults.

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