

Helping Older Workers Cope with Dislocation in an Era of Pandemics, Automation, Climate Change, and Economic Uncertainty

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Automation, globalization, trade, climate change, and the upheaval caused by the COVID-19 pandemic all cause job displacements. Whatever the cause, past experience has shown that when older workers are displaced, they are likely to be [out of work longer, and, if they find a new job, replace less of their former wages than their younger counterparts](#). [Low employer demand](#) for older workers and age discrimination, which [rise in recessions](#), appear to be factors in these outcomes. This leaves older workers at greater risk of long-term unemployment, becoming discouraged and dropping out of the labor force, or taking an [involuntary retirement](#).

The outcomes for older dislocated workers should be a serious concern. Older workers constitute a significant portion of the U.S. labor force: in 2020, [23.6% of U.S. workers were age 55+, which the U.S. Bureau of Labor](#)

[Statistics projects will rise to 25% by 2030](#), and in both cases roughly another 20% are soon-to-be older workers between the ages of 45 and 54. Yet [nearly half \(48%\) of households headed by an individual age 55+ have no retirement savings](#). In addition, an [AARP analysis](#) calculated that the employment impacts of age discrimination, such as involuntary retirement of older workers, cost the U.S. economy \$850 billion in 2018. Further, losing a job is deeply traumatic for individuals, recognized as one of the [10 most stressful life events](#), and long-term unemployment has been associated with a host of [physical and mental health](#) as well as economic impacts, including [higher incidence of suicide](#). Yet the American public workforce system was never designed to help job seekers process the mental health impacts of job loss, and certainly not on the scale of mega-disruptions like the coronavirus pandemic.

Challenges Faced by Older Dislocated Workers

Age discrimination is a perennial problem for older workers. The Age Discrimination in Employment Act protects individuals starting at age 40 from discrimination in [“hiring, firing, pay, job assignments, promotions, layoff, training, benefits, and any other term or condition of employment.”](#) While illegal, age discrimination, especially in hiring, is difficult to prove; workers must show not only that age discrimination was a motivating factor in how they were treated but prove it was a critical, [“but for motive” – a “much higher and tougher standard of proof.”](#) Changes in the hiring process, including the rise in Applicant Tracking Systems and automated hiring platforms, may exacerbate the situation: [“age discrimination is thriving in the digital age.”](#) Some platforms [“redline” older job seekers into lesser positions and part-time work or careers for “seniors.”](#) Another concern is the growing use of robots as well as Artificial Intelligence-based assessments of digital interviews that use algorithms to [compare job seekers’ tone of voice, word use, and “micro facial expressions” with current workers who are considered high performers](#). If current high performers are all younger workers, what will the impact be for older job applicants? And if a company decides [“lack of gaps in employment” is associated with a cultural fit](#), an automated hiring platform screening for

that could discriminate against women, or others with gaps in their employment history, such as older, long-term unemployed job seekers.

Older workers of color face additional discrimination challenges resulting in an increased likelihood of worker displacement. In a 2020 study on Black-White racial disparities in job displacement, Wrigley-Field and Seltzer found that during the past four decades, displacements were common for all, [but more common for Black workers](#). In the 1980s, lacking a college degree was a better predictor of displacement than race, and racial differences in displacement were more driven by Black workers’ higher representation in occupations that were more at risk for layoffs. In the decades that followed, Wrigley-Field and Seltzer concluded that [“being Black emerged as a stronger predictor of displacement than lacking a college degree – Black men and women with a college degree came to be at higher risk than white men and women, respectively, without a college degree....](#) Indeed, no other economic variable that we explored, such as industry, job routinization, or off-shorability, could account for most of the Black/White disparities in displacement.” Wrigley-Field and Seltzer note that the increase in racial disparities in the past two decades

appears to be driven by midcareer workers, adding that “displacements at older ages carry their own particular harms” when workers may have family responsibilities, have less time to save for retirement, and may encounter age discrimination.

Another challenge is the lack of representation in the workplace due to the declining strength of unions or the emergence of any other advocate for workers with the power to weigh in on topics such as the need for layoffs. [Only 1 private-sector worker in 16 belongs to a union](#), with the result being a [lack of worker protections](#) common in other countries. [Union membership rates have declined more for older workers than prime age ones](#). A [2020 Brookings report](#) notes that “[low union-density rates](#)” make it harder for older workers to address employment discrimination. Recent union organizing victories at [Amazon](#), [Starbucks](#), [REI](#), [The New York Times](#), and elsewhere have given labor advocates some hope, though there is a fear that an economic downturn could curtail progress. In addition, there are concerns that [the accelerated use of automation during the pandemic could further weaken workers’ leverage and result in the permanent elimination of jobs, especially for workers earning the lowest wages](#). For older workers and others, [bargaining power is unlikely to truly expand absent higher unionization rates or policy changes like higher minimum wages](#).

[Wage stagnation and an increase in jobs with low wages and/or precarious work arrangements](#) have also contributed to older workers’ weak bargaining power. [Roughly 30% of adults over age 65 cannot afford to stop working](#). Many [disadvantaged older workers with low educational levels or poor health](#) have no financial choice but to keep working, even if they would prefer to retire.

In an economy where skill needs continue to evolve, older workers have [less formal education](#) on average and have [less access to both publicly supported training programs as well as to employer-funded training](#) than younger adults. [There is evidence that employers are reluctant to invest in training older workers, who they fear may retire before their investment is recouped](#). [Meantime, the rise in digital technology in the workplace has caused older dislocated workers who lack digital skills to suffer](#). Today, few employers provide on-the-job training in basic information technology skills; [older workers and others are expected to acquire these skills on their own](#). Another challenge for older dislocated workers includes restrictions on the use of Pell Grants for short-term vocational training, [though one recent study found shorter-term Pell Grants improved postsecondary enrollment and completion rates for displaced workers in the aftermath of the Great Recession](#), and another analysis found “no clear justification for the current line between programs that are Pell eligible and those that do not meet [the program length requirements](#).”

A recent Urban Institute study explored the [possible impacts of skills-based hiring for older workers](#) – or hiring based on an applicant’s skills and competencies instead of degrees. The authors speculate that expanding skills-based hiring [could help older workers who have in-demand skills but lack college degrees, while potentially hurting older workers with outdated skills](#). They note the proliferation of worker training options, including for older workers, through community colleges, massive open online courses, certificate programs, micro-credentials, and other avenues. The authors express doubts, however, “that these options will meaningfully alter employment prospects for older adults, especially those of lower socioeconomic status” due to challenges “related to access, participation, and quality.”

The Insufficiency of U.S. Labor Market Adjustment Programs

Compared to other Organisation for Economic Co-operation and Development (OECD) countries, the United States dedicates smaller proportions of Gross Domestic Product to labor market tools to help American workers transition following a job loss. As the unprecedented spike in unemployment due to the pandemic made evident, [U.S. policymakers have not modernized the unemployment insurance \(UI\) system to reflect demographic and labor market changes such as more permanent job losses and more gig and contract work that have been occurring for decades](#). Cash benefits have traditionally been meager, too few jobless individuals are covered under the traditional UI system, and for many who face joblessness during a lack of demand for jobs, benefits are of too short duration. Pre-pandemic, only [28% of unemployed workers received benefits, which in some states last only 12 weeks, and benefits replace roughly 40% of average wages – “not nearly enough for workers, particular low-wage workers with families, to get by.”](#) In addition, [low-wage workers and workers of color are overrepresented in populations typically excluded by UI programs](#).

Employment protections available for workers in the United States are also exceptionally weak. [For example:](#)

- ▶ Employers do not need to provide any advance notice of a layoff for individual dismissals;
- ▶ Employers do not have to provide a written notice describing the cause for dismissal;
- ▶ Employers are not required to provide severance pay unless this is included in collective bargaining agreements or a company and/or state policy; and
- ▶ Employers can terminate a work relationship without justification; most workers in the United States except for those in unions or public employees can be fired “at-will.”¹

The United States does have the Worker Adjustment and Retraining Notification (WARN) Act, which requires employers with 100 or more employees to provide at least 60 days’ advance notice if they plan to lay off 50 or more workers, or more than one third of the employer’s workforce, whichever is greater. Advance notice for workers scheduled for termination allows the public workforce system to engage in [early intervention “Rapid Response” and layoff aversion activities](#), ideally connecting soon-to-be dislocated workers to services and new jobs as quickly as possible. Studies have found, however, that WARN has been largely ineffective due to noncompliance: the U.S. Government Accountability Office (GAO) reported that [workers received advance notice of layoffs in about one third of the cases that they should have](#). The lack of notice may be especially detrimental to older and low-wage dislocated workers, who are either [“often demoralized or excessively optimistic”](#) about their reemployment prospects, which may, in any event, be poor.

A July 2020 GAO analysis of economic adjustment assistance programs in the United States, including Workforce Innovation and Opportunity Act (WIOA) dislocated worker formula program and Trade Adjustment Assistance (TAA), reported that [many laid-off workers are not aware of the potential assistance available to them, or they may be reluctant to use services if they believe their jobs will return](#). In other cases, the GAO report notes participation is hampered by a lack of access to supports for caregiving and transportation, and dislocated workers who do engage may have difficulties connecting to employers, adjusting to new work cultures, or covering work-related costs. These observations, combined with findings from other research, such as [impact evaluations of TAA](#) that found the program ineffective and underutilized, point to a worker adjustment system in dire need of reform.

¹ OECD (2016), *Back to work: United States: Improving the re-employment prospects of displaced workers*, Back to Work, OECD Publishing, <https://doi.org/10.1787/9789264266513-en>.

Recommendations

With WIOA reauthorization discussions under way, and [TAA officially terminated as of July 1, 2022](#), policymakers should use the time before the next serious economic downturn to rethink policies and programs to better help older dislocated workers. The following recommendations reflect the Heldrich Center’s research and direct experience with dislocated worker programs, including following the September 11th terrorist attacks and, between October 2015 and June 2022, with the [New Start Career Network](#), the center’s privately funded effort to help older, long-term unemployed job seekers. Several examples from other countries are included as well.

Reform and Enforce Age Discrimination Laws

In a [December 2020 AARP survey](#), more than three quarters (78%) of older workers indicated they had experienced or seen age discrimination in the workplace. Stronger laws and enforcement are needed pertaining to older workers’ unlawful discharge, hiring, and access to training and promotion opportunities. The employer size threshold for coming under age discrimination legislation should be reduced from [the current 20 employees to 15](#), as is the case for the [Americans with Disabilities Act and Title VII of the Civil Rights Act \(and as recommended in the Age Discrimination in Employment Parity Act\)](#). Aligning these thresholds could protect more older workers and demonstrate that age discrimination should be taken as seriously as other civil rights; it could also potentially help improve compliance monitoring and set more consistent regulatory standards for small businesses. Reforms must include protections for older job seekers in the Applicant Tracking System and Artificial Intelligence hiring environments. Limiting ad targeting on online platforms and restricting employers from asking for graduation dates or age on job applications except for when an employer can prove “job relatedness” could help make older workers more competitive. These reforms are unlikely to be effective without robust enforcement mechanisms and penalties that deter employers from violating age discrimination laws.

Older workers could benefit from public communications and messaging that push against cultural biases they face. Ideally, this would move beyond just promoting the “business case” for hiring and retaining them. [Employers should include age in diversity, equity, and inclusion efforts, which very few do](#). Age should be incorporated into anti-bias and anti-harassment training programs. Employers should undertake equity audits that review age alongside race and gender in terms of hiring, firing, training, promotion opportunities, and leadership. Employers should promote multi-generational teams where older, midcareer, and younger workers can collaborate and innovate together. [The United Kingdom recently launched a series of new programs for older job seekers](#), including placing “50PLUS Champions” across England, Wales, and Scotland to encourage local employers to hire older workers. Efforts should also be made to reach small businesses: [The Dutch Public Employment Services works with the Association of Small and Medium Enterprises](#) to encourage employers to interview older workers.

Reform and Enforce Dislocated Worker Protection Laws and Practices: Just Cause, Advance Notice, Severance

Given the high risk of long-term unemployment for older dislocated workers and its devastating financial and personal consequences, it makes sense whenever possible to prevent layoffs from occurring in the first place. Most “at-will” American workers have few if any protections against dismissals, and employers have been free to use layoffs as a [“time-tested means of cutting organizational costs](#). Even the announcement of an upcoming layoff is widely regarded as a quick way to boost the share price of a public company’s stock...”

To further enhance worker protections, which would go beyond protecting older workers alone, the United States could consider legislation requiring employers to show “just cause” – such as misconduct or failing to adequately perform their duties – in order to terminate or lay off an employee, with layoffs for economic reasons needing to be “[well documented to prevent abuse](#).” New York City and other local areas have implemented or are considering just-cause ordinances; a national standard could bring about a “[historic shift of negotiating power](#)” from employers to workers.

Some countries require employers to pay, partially or entirely, for outplacement services when there is a mass dismissal. In Sweden, through a 0.3% payroll tax, [employers fund services of Job Security Councils](#) that offer tailored worker transition services for up to two years; these services are available to displaced workers from group as well as individual layoffs. [Canadian law requires employers to cover half of the cost of adjustment programs](#) involving 50 or more workers. The United States could also consider strategies that make using layoffs more expensive for employers, such as establishing a “[modest or moderate permanent layoff tax on employers](#)” that would encourage them to retain current workers and fund retraining programs when layoffs cannot be avoided – structured so as to not interfere with productivity. [Tax credits could also be used](#) to encourage employers to retrain incumbent workers instead of laying them off, with additional support to ensure employers are familiar with layoff alternatives.

Tied to the UI system, an underutilized alternative to layoffs is work sharing, which was [recommended as a tool that could have been especially useful during the COVID public health crisis \(including for workers who had to quarantine\)](#). Under work sharing (also called short-time compensation), employers can temporarily reduce the number of hours for workers instead of laying them off, and workers collect wages for their

time worked plus prorated unemployment benefits. However, in spite of \$100 million federal incentives under the CARES Act for states to promote and implement work sharing programs, [only half the states had active work sharing programs by the spring of 2021](#). Reasons for this include inadequate federal and state staff devoted to implementation of work sharing and a lack of employer awareness. In addition, for employers that operate in multiple states, [states' different work sharing program requirements make it difficult for them to navigate](#). National standards and raising awareness with employers could help in the future.

When layoffs cannot be avoided, workers should be given advance notice and access to early intervention supports, helping them adjust to their job loss as quickly as possible. The WARN Act should be updated to cover more workers in more circumstances, and enforcement should be greatly enhanced. In addition, [as many as 183 countries have mandatory severance laws](#) – the United States being an exception. The United States could enact a law to ensure that workers who are laid off receive some severance, which can soften the immediate financial shock of unemployment for low-income and older workers and also act as a disincentive to layoffs. In 2000, [New Jersey became the first state in the nation](#) to mandate that employers provide severance pay in the event the WARN Act is triggered; New Jersey also toughened the WARN act, including increasing the advance notice period from the federal 60 days to 90 days.

Older dislocated workers also need access to UI that is generous enough and of sufficient duration to allow them to transition to new employment. While older workers in the United States are particularly vulnerable to UI exhaustion and long-term unemployment, a model to consider is [Japan's Employment Insurance program](#), which extends the maximum duration up to 330 days for displaced workers ages 45 to 59 who have 20 or more years of tenure.

Establish a Stronger and More Targeted System of Supports Specifically Designed to Address the Needs, Challenges, and Unique Experiences of Older Workers in Such Areas as Job Search, Education, and Training as Well as Later-in-Life Career and Employment Transitions

Public workforce programs do not serve all dislocated or older dislocated workers equally or particularly well; as a [2021 GAO report noted](#), for a mix of different reasons, older and less formally educated workers, service and gig workers, and dislocated workers who are not UI claimants may all face challenges accessing current economic adjustment assistance programs, which were designed with large manufacturing or trade-related layoffs in mind. Today's older workers face layoffs due to unanticipated economic turmoil, public or personal health, caregiving issues, natural- or climate-related disasters, terrorism, or other reasons, including age discrimination. Whatever the cause, they need ready access to a range of career navigation assistance and broad supports, and ideally a place where their experience, skills, and training can be documented and safely stored digitally. These supports should recognize that losing a job at age 55 or older is not the same as losing one at 25; both may be traumatic experiences, but older individuals have different needs.

As noted, many dislocated workers are unaware of assistance that may be available. Yet, [as the 2021 GAO report notes](#), communications about program eligibility are often complex and "hard to process" – emphasizing compliance more than the potential benefits of participation. Instead, communications should be simple, welcoming, and "behavioral informed." In addition, when addressing layoffs and plant closings, state and local Rapid Response teams can [encourage the use of labor-management committees and peer support counselors](#) to encourage participation of impacted workers.

As the Heldrich Center has learned through its work on the [New Start Career Network](#) and since COVID with the [New Jersey Career Network Job Seeker Community](#), in addition to financial and skills issues, older dislocated workers often experience a loss of identity and confidence, questioning whether they are

still valued by society. The New Start Career Network provided over 6,000 older (45+) long-term unemployed New Jersey job seekers with free access to individual and small group coaching provided by over 430 trained volunteers, plus access to webinars and online tools that let job seekers improve their résumés, LinkedIn profiles, and interview skills. Launched in response to skyrocketing unemployment during the pandemic and the need to serve populations beyond the New Start Career Network's older, long-term unemployed workers, the New Jersey Career Network Job Seeker Community, with financial support from the New Jersey Department of Labor, offers a range of virtual group job search, peer support, and wellness activities for any New Jersey job seeker, also incorporating trained volunteers. Based on what the Heldrich Center learned from these initiatives, new dislocated worker programs should include access to individual and group coaching, and peer and affinity support groups that focus on the whole person, addressing financial stability and general physical and emotional wellness, whether provided in person or virtually.

To help older dislocated workers who need training, policymakers need to provide additional support to the under-resourced public workforce system for employment counseling, [which research has found effective](#), modernizing services to incorporate better use of digital technologies and labor market information. Older dislocated workers who need retraining could benefit from programs that emphasize on-the-job training connected to employers seeking to fill high-quality jobs. In contrast, current economic adjustment programs often overemphasize rapid reemployment regardless of job quality; [TAA may actually have a disincentive for on-the-job training](#), because workers who undertake such training are prohibited from getting income support payments. In a variation of on-the-job training, the [Vermont Department of Labor launched a returnship program](#) geared to experienced unemployed adults who are willing to participate in a paid trial period with an employer that can lead to a permanent job. Expanded training on entrepreneurship and navigating the gig economy should also be available.

Document and Elevate the Experiences of Older Unemployed and Underemployed Workers

Older dislocated workers can be easy to overlook, often based on the assumption that they will either have savings or be close enough to Social Security and Medicare to get by. We know this is not the case, particularly for low-income older workers with limited education, including older women and people of color. Altering these perceptions requires research documenting the experiences of older unemployed workers, in their own voices, in ways that will help workforce development program operators, educators, employers, policymakers, and the public understand their challenges, needs, and wants. This includes sharing their insights on the mental health and self-esteem impacts that can accompany layoffs and long-term unemployment, and their uncertainties regarding how to access and understand the return on investment for retraining – whether it's on-the-job, online, or in the classroom. Further, state and local workforce development boards should require membership by older individuals who have experienced or are currently experiencing unemployment and/or long-term unemployment. This would be distinct from membership by labor unions or community-based organizations that advocate for workers. We need to elevate and listen to the voices of older dislocated workers so that programs and policies better reflect their needs and realities, and improve their odds of reemployment in quality jobs.

About the Authors

Maria Heidkamp is the Heldrich Center's Director of Program Development and was the Founding Director of the New Start Career Network. Kathy Krepcio is the Heldrich Center's Executive Director and oversees all center operations and research. Both are senior researchers who have studied and run programs involving older and dislocated workers in the United States and abroad.

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About the Heldrich Center

The John J. Heldrich Center for Workforce Development at Rutgers University is devoted to transforming the workforce development system at the local, state, and federal levels. The center, located within the Edward J. Bloustein School of Planning and Public Policy, provides an independent source of analysis for reform and innovation in policymaking and employs cutting-edge research and evaluation methods to identify best practices in workforce development, education, and employment policy. It is also engaged in significant partnerships with the private sector, workforce organizations, and educational institutions to design effective education and training programs. It is deeply committed to assisting job seekers and workers attain the information, education, and skills training they need to move up the economic ladder.

As captured in its slogan, "Solutions at Work," the Heldrich Center is guided by a commitment to translate the strongest research and analysis into practices and programs that companies, community-based organizations, philanthropy, and government officials can use to strengthen their workforce and workforce readiness programs, create jobs, and remain competitive. The center's work strives to build an efficient labor market that matches workers' skills and knowledge with the evolving demands of employers. The center's projects are grounded in a core set of research priorities:

- ▶ Career and Technical Education
- ▶ Data Collection and Analysis
- ▶ Disability Employment
- ▶ Job Seekers in Transition
- ▶ Program Evaluation
- ▶ Trend Analysis

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