

What do we know about interventions that support and help improve employment for older workers?

The employability of older workers¹ is growing in importance as life expectancy increases and the retirement income system contracts. Working longer is often hailed as the best way to increase retirement income (Munnell & Sass, 2008). This strategy, however, depends crucially on older workers' ability to hold onto their current jobs or find new work. Once older workers lose their jobs, they have more trouble than their younger counterparts finding work (Johnson and Mommaerts, 2011). Employers can benefit from having employees who are in the later stages of their career because they tend to have higher levels of firm specific skills and experiences (Pitt-Catsouphes et al., 2007).

Federal and state governments and employers have developed interventions, including a broad range of programs, policies, and other strategies, to support and improve the employment prospects and financial security of older workers (Table 1). Additional workforce interventions not specifically directed toward older workers may also help them. A Clearinghouse for Labor Evaluation and Research (CLEAR) systematic evidence review examined causal research on the impacts of such interventions on the employment, earnings, and public benefit receipt of workers age 40 and older.² The review captured the key findings from all causal studies identified and, for each study, assigned a quality rating to describe the strength of the evidence (as high, moderate, or low).³ The rating system indicates how confident one can be that a study's findings reflect the true impact of an intervention, rather than other factors. The systematic review identified a total of 43 causal studies published between 2005 and 2017 and conducted in the United States.^{4,5} This brief synthesizes the findings from the review.

Key takeaways

▶ **Although most workforce programs serve older workers, few specifically focus on this population, and research has not evaluated these programs' impacts.** CLEAR identified only two workforce programs specifically designed to serve older workers—the Senior Community Service Employment Program (SCSEP) and the Aging Worker Initiative (AWI). SCSEP is an ongoing Department of Labor grant program that plays an important role in providing subsidized, immediate employment opportunities for older workers to promote their longer-term employability and earnings. AWI was a Department of Labor grant program that aimed to expand the workforce investment system's understanding about how to design targeted service models to best serve older workers. Only descriptive or implementation studies have been conducted on SCSEP or AWI, so little is known about the effectiveness of these programs on supporting employment of older workers.

▶ **Studies that examined the impact of broader workforce programs, such as the Workforce Investment Act Dislocated Worker program, did not focus on older workers.** Many of these studies included younger workers in the analyses, so they were not eligible for review under the CLEAR older workers evidence review protocol.

Mathematica prepared this synthesis in March 2021. Abt Associates updated it in June 2023, under contract 1605DC-18-A-0016/1605C2-21-F-00025. The U.S. Department of Labor's Chief Evaluation Office funded this synthesis and the underlying systematic review. The contents do not represent the views or policies of the Department.

¹ For the purposes of this review, "older workers" are defined as workers aged 40 years and up. Using age 40 as the lower bound is consistent with the Age Discrimination in Employment Act, which prohibits employment discrimination against people age 40 and older.

² For more information on CLEAR, including how CLEAR conducts systematic reviews, see <https://clear.dol.gov/>

³ See the CLEAR Causal Evidence Guidelines, Version 2.2

(https://clear.dol.gov/sites/default/files/CLEAR%20Causal%20Evidence%20Guidelines_v.2.2_1.pdf) for information on the evidence guidelines used to determine the causal evidence ratings.

⁴ See the CLEAR Employment and Training Review Protocol (<https://clear.dol.gov/reference-documents/employment-and-training-topic-area-review-protocol>) to learn more about the literature search parameters and the specific criteria used to determine which studies were eligible for inclusion in the systematic review.

⁵ Each study examined a separate implementation of an intervention; for example, one report evaluated an employment training intervention for older workers in six states that constituted six distinct studies.

Table 1. Key features of older worker interventions examined

Intervention category	Key features
Workforce programs focused on older workers	The Senior Community Service Employment Program offers subsidized work opportunities for older workers and helps participants gain post-program employment opportunities. The Aging Worker Initiative funded development of program models for local workforce investment areas to provide better, more expansive services to older workers.
Anti-discrimination policies	These legal and regulatory requirements prohibit discrimination against older workers and workers with disabilities in any aspect of employment, including hiring, firing, pay, job assignments, promotions, layoff, training, benefits, and any other terms or conditions of employment.
Social Security retirement benefits	This category includes three changes to the Social Security retirement benefits program that were passed as part of a 1983 law and went into effect in 2000. The changes provide incentives for working longer and delaying benefit claiming.
Health insurance provision	The provision of health insurance through employers encourages labor force participation. Health insurance coverage expansions, such as the Affordable Care Act, the expansion of veterans' health insurance, and reforms to Medicare affect labor force participation and employment by reducing job lock, that is, an employee's inability to leave a job because of fear of losing benefits.
Workplace flexibility strategies and programs	These strategies and programs aim to increase employees' control over when they start and end their workday and how many hours they work.
Other government policies, employment programs, initiatives	Other policies, programs, and strategies that aim to provide employment support to workers include income tax, Supplemental Security Income, Unemployment Insurance, workforce programs, and firm-specific training programs.

For more information, please see the supplement to this research synthesis, available at <https://clear.dol.gov/topic-area/workers>.

Key takeaways, continued

- ▶ **Early retirement among older workers was found to be lower in firms that allow flexible work schedules.** However, the limited research on workplace flexibility policies and strategies, and the low causal evidence ratings of these studies, suggest that the results should be interpreted with caution.
- ▶ **Changes to the Social Security retirement benefits appear to have been able to influence older workers' decisions regarding whether to stay in the labor force.** Research found that older workers responded to increases in future retirement benefits by increasing their employment and retiring later to obtain those benefits.
- ▶ **Changes in health insurance provision have mixed or small impacts on older workers' employment outcomes.** Researchers have examined the employment effects of a wide range of health insurance types. These interventions vary widely, and effects of these interventions also varied across studies.

Overview

What we know based on existing research, as summarized in Table 2, includes the following:

- Across the broad range of interventions examined, just over one-third of studies qualified for a moderate rating (15 of 43 studies, see column 1). None qualified for a high. This limits how confident we can be in the findings.
- No causal studies of workforce programs specifically focused on older workers.
- The majority of the causal studies examined policies on health insurance and changes of Social Security retirement benefits (11 and 9 studies, respectively; see column 1).
 - Studies on Social Security retirement benefits showed that an increase in the full retirement age and the removal of the earnings test increased employment for older workers (the numbers in the green boxes in column 2), but Social Security statements that provide estimates of possible future Social Security benefits have mixed impacts on whether older workers' stay in the labor force (the number in the yellow box in column 2).
 - Studies on anti-discrimination policies showed unfavorable or mixed impacts on the employment of older workers (the numbers in the yellow and red boxes in column 2) but delayed claiming of Social Security retirement benefits (the numbers in the green box in column 4). These studies examined different aspects of anti-discrimination policies and found that some of their features may have unintended outcomes. For example, firms in states allowed by the federal government to have a relatively easier filing procedure for an age discrimination claim sought to avoid litigation by not employing older workers.

- Studies of expansions in health insurance indicated varied impacts on employment (see numbers in column 2). Findings from studies of health insurance provision approaches varied substantially—including favorable, null, and unfavorable employment findings across moderately-related studies
- Other federal programs including Supplemental Security Income and Unemployment Insurance serve many older workers. However, few studies that earned even a moderate rating evaluated their impacts on older workers (see column 1).

Table 2. Overview of all studies reviewed for the older workers systematic review

Intervention category	1				2				3				4				
	Number of studies by rating ^e	Employment outcomes				Earnings outcomes				Public benefit outcomes							
Workforce programs focused on older workers	0 Moderate																
	0 Low																
Anti-discrimination policies	3 Moderate			1 ^c	2 ^d			1 ^b						1 ^a			
	2 Low	1 ^a		1 ^c													
Social Security retirement benefits	5 Moderate	3 ^a		1 ^c				1 ^b									1 ^d
	4 Low	2 ^a	2 ^b				2 ^a							1 ^a			1 ^d
Health insurance provision	5 Moderate	1 ^a	3 ^b		1 ^d							1 ^d					
	6 Low	2 ^a	1 ^b	1 ^c	2 ^d	1 ^a									1 ^b		
Workplace flexibility strategies and programs	1 Moderate				1 ^d												
	3 Low	2 ^a			1 ^d												
Other government policies, employment programs, and initiatives	1 Moderate	1 ^a					1 ^a										
	13 Low	7 ^a	3 ^b	1 ^c	2 ^d	4 ^a									1 ^b		

^a **Favorable impact:** Indicates the number of studies that found at least one statistically significant favorable impact in the outcome domain and no statistically significant unfavorable impacts.

^b **Null:** Indicates the number of studies that found no statistically significant impacts in the outcome domain.

^c **Mixed impact:** Indicates the number of studies that had some statistically significant favorable and some statistically significant unfavorable impacts in the outcome domain.

^d **Unfavorable impact:** Indicates the number of studies that found at least one statistically significant unfavorable impact in the outcome domain and no statistically significant favorable impacts.

^e The number of studies in a given cell in Column 1 may not equal the count of studies in given domain in the same row. The sum in a domain will often be lower than the study count in Column 1 if not all studies examined outcomes in that domain. Another possible cause of mismatch is if the domain-specific rating differed from the overall study rating. Within a study, ratings can vary across outcome domains, and the study rating reflects the highest rating from any of the outcome domains. That can lead the domain sum to be higher than the study count in Column 1.

Gaps in the research on the employment and trainings of older workers

- **More causal research is needed on programs that specifically serve older workers**, including SCSEP. SCSEP is significant in its reach. In 2015, more than 65,000 older Americans with low incomes received subsidized training from the SCSEP program, and 51 percent obtained post-program employment (USDOL/ETA, 2015.). The process and outcome study of SCSEP (as well as the implementation study of AWI) provides valuable information on how sites implemented these programs, program feasibility, potentially promising program components, and outcome measures. However, no impact evaluations have been conducted to assess the effectiveness of SCSEP or other interventions to support older workers in the job market. Moreover, a review of non-causal studies on these important programs could be helpful to reveal the program features that older workers respond to.
- **Little is known about how broad workforce interventions affect older workers specifically.** Although CLEAR has examined the impact of workforce programs on the general population in other topic areas, impacts may differ for older workers with different priorities and skills. Moreover, by their early 60s, one in four workers reported experiencing a work-limiting health condition (Johnson et al., 2007), and nearly four in five adults reported having a chronic health condition

(Smith, 2003). Research on how older workers benefit from interventions helping people with disabilities succeed in the labor market could provide important information for improving outcomes among older adults with work-limiting conditions.

- **It is important to understand which aspects of health insurance, anti-discrimination, and workplace flexibility interventions improve older workers' employment and earnings.** In particular, the interventions themselves vary, and the effects of these interventions also vary across studies and outcomes. Research could examine whether changing individual components of these complex interventions—such as earnings threshold for receiving a health insurance benefit or the extent of enforcement of anti-discrimination policies—produces beneficial effects and helps uncover intervention changes that could support older workers.

CLEAR's systematic evidence review for the Older Workers topic area identifies studies that use a causal design—that is, studies that can credibly estimate program impacts. These types of studies, when they are of sufficient quality, can answer questions about how well an intervention worked.

Publications included in the review

- Alpert, A. & Powell, D. (2012). *Tax elasticity of labor earnings for older individuals* (Report no. 2012-272). University of Michigan Retirement Research Center. <https://mrdrc.isr.umich.edu/publications/papers/pdf/wp361.pdf>
- Armour, P., & Lovenheim, M. F. (2016). *The effect of Social Security information on the labor supply and savings of older Americans*. (Working paper no. 361). Michigan Retirement Research Center. <https://mrdrc.isr.umich.edu/publications/papers/pdf/wp361.pdf>
- Bailey, J. (2014). Who pays the high health costs of older workers? Evidence from prostate cancer screening mandates. *Applied Economics*, 46(32), 3931-3941. doi:10.1080/00036846.2014.948673
- Balcazar, F. E., & Suarez-Balcazar, Y. (2015). Employment outcomes among African American and white women with disabilities: Examining the inequalities. *Women, Gender, and Families of Color*, 3(2), 144-164.
- Behaghel, L., & Blau, D. M. (2010) *Framing Social Security reform: Behavioral responses to changes in the full retirement age* (IZA Discussion Paper No. 5310). IZA Institute of Labor Economics. <https://www.iza.org/publications/dp/5310/framing-social-security-reform-behavioral-responses-to-changes-in-the-full-retirement-age>
- Benítez-Silva, H., & Yin, N. (2009). An empirical study of the effects of Social Security reforms on benefit claiming behavior and receipt using public-use administrative microdata. *Social Security Bulletin*, 69(3), 77-95.
- Blau, D. M., & Goodstein, R. M. (2010). Can Social Security explain trends in labor force participation of older men in the United States? *Journal of Human Resources*, 45(2), 328-363.
- Blau, D., & Shvydko, T. (2011). Labor market rigidities and the employment behavior of older workers. *ILR Review*, 64(3), 464-484.
- Boyle, M. A., & Lahey, J. N. (2016). Spousal labor market effects from government health insurance: Evidence from a Veterans Affairs expansion. *Journal of Health Economics*, 45, 63-76
- Brown, K. M. (2013). The link between pensions and retirement timing: Lessons from California teachers. *Journal of Public Economics*, 98, 1-14.
- Cahill, K. E., James, J. B., & Pitt-Catsouphes, M. (2015). The impact of a randomly assigned time and place management initiative on work and retirement expectations. *Work, Aging and Retirement*, 1(4), 350-368.
- Camilleri, S. E. (2017). *The effect of the Affordable Care Act on labor transitions among older workers*. In *three papers on the Affordable Care Act* [Unpublished doctoral dissertation]. North Carolina State University, Raleigh, NC.
- Choi, S. (2012). Income tax and older American workers' job transition into self-employment. *Korea and the World Economy*, 13(2), 189-214. doi:http://www.akes.or.kr/akes/eng/publication/publication_07.asp?data_where=3
- Coe, N. B., & Goda, G. S. (2015). *How much does access to health insurance influence the timing of retirement?* (SIEPR Discussion Paper No. 14-007). Stanford Institute for Economic Policy Research. https://drive.google.com/file/d/1vFAJ-D0_1imeDqK6IB6-dBHFN28uxAG/view
- Coile, C., & Levine, P. (2007). Labor market shocks and retirement: Do government programs matter? *Journal of Public Economics*, 91(10), 1902-1919.

- Datta Gupta, N., Kleinjans, K. J., & Larsen, M. (2015). The effect of a severe health shock on work behavior: Evidence from different health care regimes. *Social Science and Medicine*, 136-137, 44-51.
- Engelhardt, G. V., & Kumar, A. (2009). The repeal of the retirement earnings test and the labor supply of older men. *Journal of Pension Economics & Finance*, 8(4), 429-450
- Figinski, T. F. (2013). *The economics of federal tax and employment laws: Empirical evidence from three studies* (Publication No. 1415455735) [Doctoral dissertation]. ProQuest Dissertations Publishing.
- Fitzpatrick, M. D. (2014). Retiree health insurance for public school employees: Does it affect retirement? *Journal of Health Economics*, 38, 88-98.
- Friedberg, L., & Webb, A. (2009). New evidence on the labor supply effects of the Social Security earnings test. *Tax Policy and the Economy*, 23(1), 1-36.
- Goda, G. S., Shoven, J. B., & Slavov, S. N. (2007). *A tax on work for the elderly: Medicare as a secondary payer* (NBER Working Paper No. 13383). National Bureau of Economic Research. https://www.nber.org/system/files/working_papers/w13383/w13383.pdf
- Gutierrez, I. A. (2016). Job insecurity, unemployment insurance and on-the-job search. Evidence from older American workers. *Labour Economics*, 41, 228-245. doi:10.1016/j.labeco.2016.05.011
- Haider, S. J., & Loughran, D. S. (2008). The effect of the social security earnings test on male labor supply: New evidence from survey and administrative data. *Journal of Human Resources*, 43(1), 57-87.
- Kaushal, N. (2010). Elderly immigrants' labor supply response to supplemental security income. *Journal of Policy Analysis and Management*, 29(1), 137-162.
- Lahey, J. State age protection laws and the Age Discrimination in Employment Act. (2008). *The Journal of Law and Economics*, 51(3), 433-460.
- Levy, H., Buchmueller, T. C., & Nikpay, S. (2015). *The effect of health reform on retirement* (Research Paper 329). Michigan Retirement Research Center. <https://mrdrc.isr.umich.edu/publications/papers/pdf/wp329.pdf>
- Michaud, P., & Van Soest, A. (2008). How did the elimination of the US earnings test above the normal retirement age affect labour supply expectations? *Fiscal Studies*, 29(2), 197-231. doi:10.1111/j.1475-5890.2008.00073.x
- Moen, P., Kojola, E., Kelly, E.L., & Karakaya, Y. (2016). Men and women expecting to work longer: Do changing work conditions matter? *Work, Aging and Retirement*, 2(3), 321-344.
- Montizaan, R., Cörvers, F., & de Grip, A. (2013). Training and retirement patterns. *Applied Economics*, 45(15), 1991-1999. doi:10.1080/00036846.2011.646066
- Moulton, J. G., Diebold, J. C., & Scott, J. C. (2017). The impact of Medicare Part D on self-employment. *Research on Aging*, 39(1), 64-85.
- Neumark, D., & Button, P. (2014). Did age discrimination protections help older workers weather the Great Recession? *Journal of Policy Analysis and Management*, 33(4), 566-601. doi:10.1002/pam.21762
- Neumark, D., & Powers, E. T. (2005). The effect of the SSI program on labor supply: Improved evidence from Social Security administrative files. *Social Security Bulletin*, 65(3), 45-60.
- Neumark, D., & Song, J. (2013). Do stronger age discrimination laws make Social Security reforms more effective? *Journal of Public Economics*, 108, 1-16.
- Neumark, D., Powers, E.T. (2005). The effects of changes in state SSI supplements on preretirement labor supply. *Public Finance Review*, 33(1), 3-35.
- Neumark, D., Song, J., & Button, P. (2017). Does protecting older workers from discrimination make it harder to get hired? Evidence from disability discrimination laws. *Research on Aging*, 39(1), 29-63.
- Nyce, S., Schieber, S., Shoven, J. B., Slavov, S., & Wise, D. A. (2013). Does retiree health insurance encourage early retirement? *Journal of Public Economics*, 104, 40-51.
- Pengcharoen, C., & Shultz, K. S. (2010). The influences on bridge employment decisions. *International Journal of Manpower*, 31(3), 322-336. doi:10.1108/01437721011050602

- Robinson, C., & Clark, R. (2010). Retiree health insurance and disengagement from a career job. *Journal of Labor Research*, 31(3), 247-262.
- Song, J. G., & Manchester, J. (2006). *New evidence on earnings and benefit claims following the changes in the retirement earnings test in 2000* (ORES Working Paper 107). Social Security Administration, Office of Policy, Office of Research, Evaluation, and Statistics. <https://www.ssa.gov/policy/docs/workingpapers/wp107.html>
- Twamley, E. W., Vella, L., Burton, C. Z., Becker, D. R., Bell, M. D., & Jeste, D. V. (2012). The efficacy of supported employment for middle-aged and older people with schizophrenia. *Schizophrenia Research*, 135(1-3), 100-104.
- Twamley, E., Narvaez, J., Becker, D., Bartels, S., & Jeste, D. (2008). Supported employment for middle-aged and older people with schizophrenia. *American Journal of Psychiatric Rehabilitation*, 11(1), 76-89.
- Weinberg, S. L., & Scott, M. A. (2013). The impact of uncapping of mandatory retirement on postsecondary institutions. *Educational Researcher*, 42(6), 338-348.
- Zhang, T. (2011). *Workforce Investment Act training for older workers: Toward a better understanding of older worker needs during the economic recovery* (ETA Occasional Paper 2011-10). U.S. Department of Labor, Employment and Training Administration. https://wdr.doleta.gov/research/FullText_Documents/ETAOP_2011-10.pdf

References

- Johnson, R. W., Mermin, G. B. T., & Murphy, D. (2007). *The impact of late-career health and employment shocks on Social Security and other wealth* (Discussion Paper 07-07). The Urban Institute. <https://www.urban.org/sites/default/files/publication/46926/411591-The-Impact-of-Late-Career-Health-and-Employment-Shocks-on-Social-Security-and-Other-Wealth.PDF>
- Johnson, R.W & Mommaerts, C. (2011). *Age differences in job loss, job search, and reemployment* (Discussion Paper 11-01). The Urban Institute. <https://www.urban.org/sites/default/files/publication/27086/412284-Age-Differences-in-Job-Loss-Job-Search-and-Reemployment.PDF>
- Munnell, A., & Sass, S. A. (2008). *Working longer: The solution to the retirement income challenge*. The Brookings Institution Press.
- Pitt-Catsoupes, M., Smyer, M. A., Matz-Costa, C., & Kane, K. (2007). *The national study report: Phase II of the national study of business strategy and workforce development*. Center on Aging and Work at Boston College. <http://dlib.bc.edu/islandora/object/bc-ir:100478/datastream/PDF/download/citation.pdf>.
- Smith, J. P. (2003). *Consequences and predictors of new health events* (NBER Working Paper No. 10063). National Bureau of Economic Research. <https://www.nber.org/system/files/chapters/c10362/c10362.pdf>
- U.S. Department of Labor Employment & Training Administration. (2015). *SCSEP final nationwide quarterly progress report for program year 2015* (ETA 5140). US Department of Labor.