

Older Workers: An Essential Resource for Massachusetts

**Key Findings and
Recommendations**

**Commonwealth of Massachusetts
Blue Ribbon Commission on Older Workers**

April, 2000

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John T. Dunlop, Chair
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Highlights for Policy Action

The Legislature should:

- Work with the Governor to establish a Workforce Investment Board responsible for all publicly funded human resources programs.
- Provide additional resources for long-term training of older workers by community colleges and other post-secondary institutions to help reduce major skill mismatches.
- Enact a Workplace Training Fund for public-sector employees.
- Establish a 21st Century Workforce Development Commission to report annually on the Massachusetts economy and issues of workforce development.

The Governor should:

- Establish a comprehensive planning system for all publicly funded workforce development programs in the Commonwealth.
- Create a comprehensive network of local "One-Stop" Centers responsible for all publicly funded workforce development programs in the Commonwealth.
- Strengthen the capacity of unions and employers (particularly small firms with fewer than 50 employees) to upgrade the skills of older workers.
- Give priority to meeting the needs of low-income workers in all publicly funded workforce development programs in the Commonwealth.
- Establish an independent system for evaluating all publicly funded workforce development programs in terms of long-term improvements in participants' earnings and reductions in skilled-labor scarcities.



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Preface

The Massachusetts Jobs Council, the Governor's principal advisory board on workforce development, established the Blue Ribbon Commission on Older Workers in 1997 to analyze the labor market for older workers in the Commonwealth and to recommend policies to improve the economic status of the older labor force. The Commission held numerous hearings, town meetings, and focus groups to solicit the views of older workers, employers, labor organizations, and training professionals, and it reviewed the findings of extensive research on older workers in Massachusetts.

The initial focus of the Commission was on programs to help economically disadvantaged workers over 55, the group singled out for special consideration under the federal government's Job Training Partnership Act. However, it soon became evident that the employment and training issues involving older workers are often rooted in their earlier employment experience, so the Commission amended its usage of "older" workers to begin at age 45.

The Commission's report emphasizes that solutions to the problems of older workers in Massachusetts are deeply intertwined with those of the economy. Massachusetts faces the prospect of severe labor scarcities and skill mismatches over the next decade. Workers aged 45 and older represent the single largest labor reserve in the Commonwealth available to offset this labor market deficit. Unless significant steps are taken to utilize this labor reserve

of older workers more fully, the continued growth of the Massachusetts economy will be threatened.

The Commission urges the Governor and the Legislature to work together to establish a comprehensive workforce development system to replace the current patchwork of often inconsistent and incompatible employment and training programs. While some additional resources are needed to unify existing programs and to expand employment and training services for those older workers with serious employment disadvantages, the core components of the system are already in place and need only to be strengthened.

This system must be dedicated to the goals of continuously upgrading skills, improving worker productivity to eliminate skill shortages, and raising long-term earnings. It must be joined more firmly than in the past to training provided by employers and unions. Finally, there must be strong leadership at the state level to support a unified, statewide workforce development strategy, to set high standards of program accomplishment, and to hold all parts of the system accountable for achieving these standards.

The full report of the Commission provides a blueprint of specific steps to be taken by both government and the private sector to provide the workforce skills needed to sustain economic growth into the next century. While motivated by the problems of older workers and labor scarcities, these policy reforms will serve the broader needs of employers and workers in the Commonwealth in the years ahead.

Older Workers: An Essential Resource

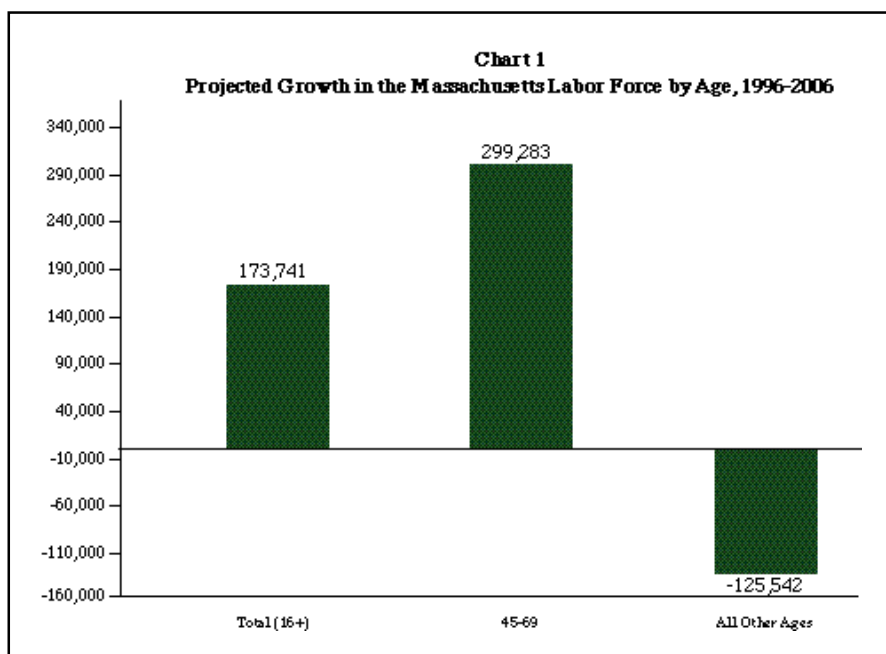
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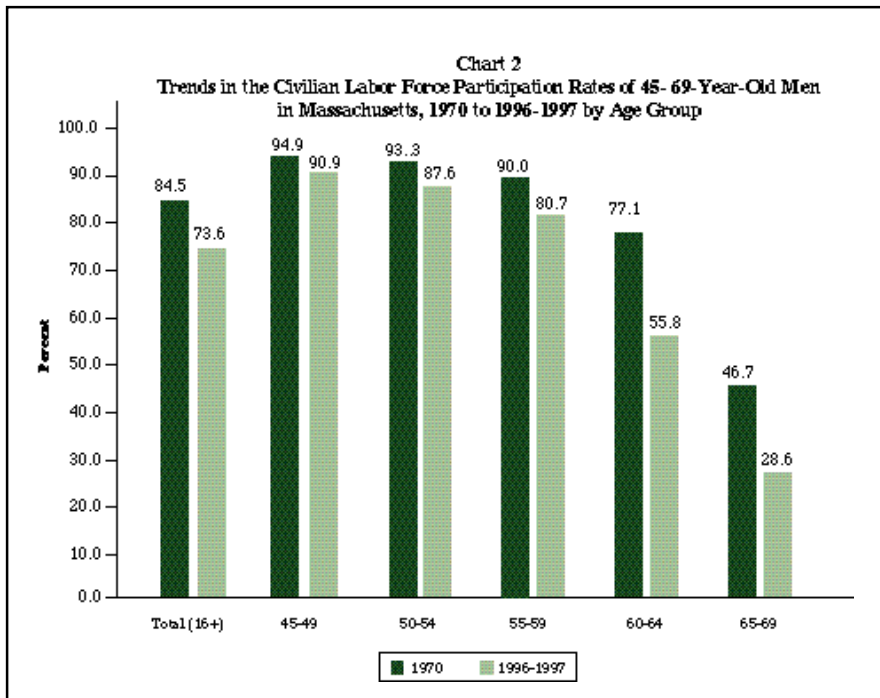
The most recent Economic Report of the President of the United States highlights the "phenomenal demographic change" that will occur as the baby boom generation enters its fifties. Improved health has increased the expected life spans of aging baby boomers by 25% since 1950, which means that they can have both longer working lives and more years for retirement. Nevertheless, older Americans continue to retire between ages 62 and 65, or even earlier.

Policy debates about the implications of longer life spans and earlier retirement typically focus on the adequacy of retirement incomes and the

solvency of Medicare and Social Security. However, there are compelling reasons for shifting this debate to the quality of the job market and the obstacles to work that older workers face. For example, extending the working lives of older persons would help solve the financial problems of the Social Security system. Similarly, tapping the potential for longer working lives could provide important labor reserves to an economy in which unemployment rates are near record lows.

Massachusetts provides a dramatic illustration of the importance of these issues of work and retirement. The number of older persons (defined by the Commission as those aged 45-69) in the state's population began rising in the 1990s and this trend will accelerate over the next decade. Barring unforeseen events, older workers (those aged 45-69) will provide all of the net growth in labor supply through the year 2006 and will account for an all time high of two out of five workers by 2010 (see Chart 1).





At the same time, Massachusetts has been hard hit by early retirement. While older women in Massachusetts are remaining in the labor force longer than in previous generations, older men are not. Their labor-force participation rate has fallen from 84% in 1970 to 73% in 1996-1997 (see Chart 2). Labor-force participation among older men in Massachusetts was once among the highest in the country, but now ranks about 25th in the nation. This trend towards earlier retirement among men has been a factor in holding down the growth of the labor supply in the Commonwealth to about 1% a year during the 1990s; it is lower than that for all but three other states.

With flat growth in labor supply and a strong economic expansion, the unemployment rate has fallen from a high of nearly 9% in the early 1990s to close to 3%, and inflation-adjusted earnings have

risen. Older workers have more than shared in these gains, with the real earnings of older men increasing by 23% since 1979 and those of older women by 45%.

However, the prosperous labor market is not without its problems for older workers. Median earnings of older women who worked full time during the 1990s are only 60% of that of comparable older males, and poorly educated older males saw their real earnings decline. Older persons who lose their jobs, or who would like to return to work

after a period of retirement, often have difficulty finding jobs that are comparable to those they once held. Many people experience substantial earnings losses and some become so discouraged that they stop looking for work. Others are left behind because of family care responsibilities and age discrimination.

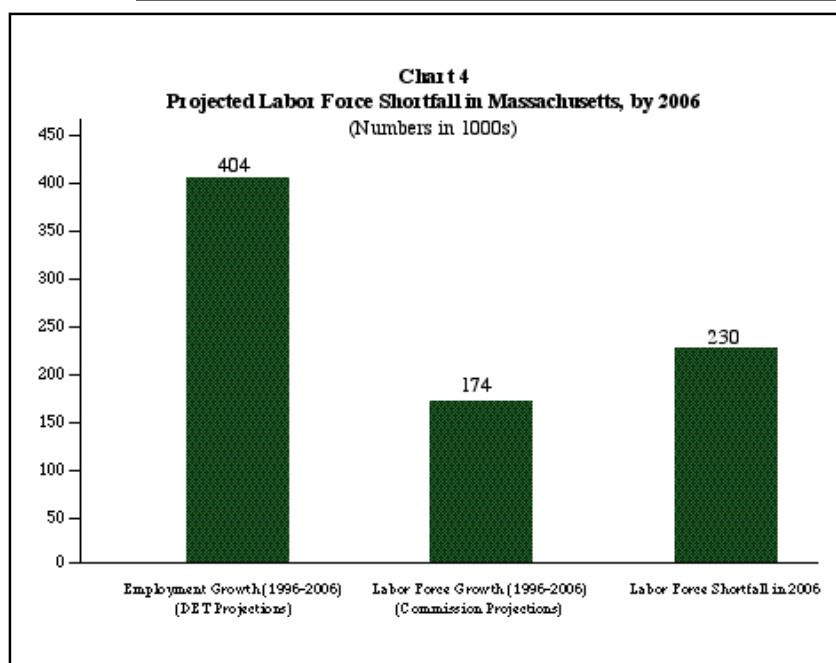
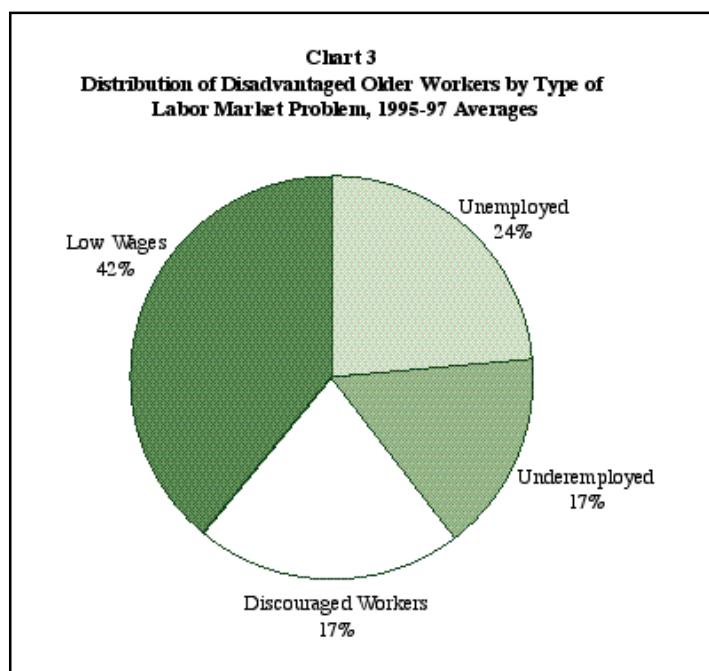
The Commission estimates that there are roughly 190,000 persons 45 and older in Massachusetts who are poor, unemployed, underemployed, or discouraged from looking for work because of obsolete skills and other employment barriers (see Chart 3).

Unemployment and poverty rates among disadvantaged older workers are rising and this group is becoming increasingly dependent on supplemental Social Security and disability programs for income assistance.

Prosperity is also causing problems for employers, who are beginning to feel the pinch of tight labor markets as economic growth presses against the limits of the labor supply. These labor scarcities are likely to reach crisis proportions by the middle of the next decade when potential job growth in the Commonwealth will exceed the labor supply by between 217,000 and 268,000 workers (depending upon the assumed scenario), equivalent to about 7% of today's labor force (see Chart 4). Approximately 40,000-50,000 additional workers a year over the next five years will have to be made job-ready if the projected labor supply shortfall is to be avoided.

This labor supply deficit will be further aggravated by projected demographic changes that will result in 200,000 fewer young adults (ages 25-39) being available to the Commonwealth's employers by the year 2005. These young workers with some employment experience have traditionally been the preferred source of entry employees for many of Massachusetts' largest businesses. Employers face the risk of severe staffing problems unless they can tap new labor reserves in the future.

There is one solution to both problems – training, upgrading, and strengthening the incentives of workers aged 45 and older to remain in the labor market. This is the only group of workers that is both large enough to fill the impending labor supply gap and available to the Commonwealth in the current decade.



The Needs of Older Workers

A series of focus groups convened by the Commission reveals the wide diversity among older workers in terms of their skills and experiences. The following examples are typical of the experiences recounted to the Commission.

Those Who Are Left Behind

John is a 58-year-old, married, college graduate. *He was retired early from a highly paid managerial position at a large computer company. His pension package is not adequate to cover his family's expenses. John would like a comparable job, but has been unsuccessful in finding anything other than short-term consulting assignments, even though he is willing to accept a lower salary. John is suffering from depression and could use some counseling. He would also like to attend higher-level computer courses to expand his employment credentials.*

Mary is a 54-year-old divorcee with a BS degree *(earned eight years ago, after her children left home) and almost no savings or personal assets. While previously employed as a sales manager, she worked the past seven years as a hospital lab technician (earning \$20,000/year) until the hospital downsized. She looked for work in the medical field while collecting unemployment benefits, but found that she needs additional courses to compete for jobs that require certification in her field.*

Mary was not informed about the option of receiving extended unemployment benefits while in training until after the eligibility deadline had passed and she is ineligible for the JTPA Older Workers program.

Susan is 56 years old and recently widowed. *She has a BA degree and secretarial experience, but has not worked since starting her family 30 years ago. She needs to work because she has little savings and no pension. She is also caring for her elderly mother in her home. Susan has minimal computer skills and feels she needs subsidized courses in basic computer use, job search skills, and assertiveness training. She may need assistance in caring for her mother while she is in class and later, if she is successful in finding employment.*

Richard is 66 years old and married. *He has a high school diploma and retired a few years ago as a non-skilled worker. He wants a part-time job to Supplement Social Security and to provide a sense of purpose in life. Richard lacks current labor market skills. He would like job counseling and job search assistance to find a meaningful part-time job and is willing to attend training sessions or courses, as appropriate.*

Michael is a 49-year-old, single, high school graduate. *He was recently laid off from a skilled job in a sheet metal shop when the company closed. Michael worked there 25 years and had become a unit foreman, earning \$33,000 a year. He received no pension and has been unable to find another job for which he has the appropriate level of technical experience. (Many manufacturing companies required specialized computer-assisted processes for which he needs training.) He would like assistance finding a skilled job similar to ones*

he has had (at a minimum of \$12 per hour) and opportunities for specialized technical training.

Danielle is a single, 50-year-old high school dropout with mild learning disabilities. *She has two teenaged children still at home and is also raising her oldest daughter's child. However, she is no longer eligible for welfare benefits, having reached the two-year time limit, and although she would like to return to work, she does not feel she has the skills to find a job that will support her family. She needs to learn computer skills to help her find higher paying clerical work, but would need support for her family while obtaining training and finding a suitable job.*

The paramount need among these older workers is for new or better skills – ranging from upgrading their basic education, to writing a resume and preparing for an interview, to learning how to use modern office technologies. They believe that they learn most effectively through "hands on" experience, as well as in the classroom. They also need to build personal confidence, particularly when searching for new jobs. Older women especially emphasized the importance of self-esteem and the need for support networks that deal with older women's employment and family issues.

There is also the widespread perception that age discrimination is a formidable obstacle to acquiring new jobs. Many older workers described situations of being told: "You are overqualified," or "The job has already been filled" (despite clear evidence that it was still open), or that the company was "not looking for senior people."

Finally, there are serious education mismatches that will need to be addressed.

Most new entry jobs will be in sectors such as computer software, biotechnology, financial services, health, and education, where skill and education requirements are high, while most declining industries that are shedding jobs have lower educational requirements. Other occupations, such as teaching, will face major labor needs for replacing retirees, as well as meeting the growth in demand. Recent occupational projections confirm these trends by showing that almost half of the net growth in jobs in Massachusetts will be in occupations that require a college degree or higher. Although today's older workers have more education and more skills than ever before, on average they fall short of this level. For example, only 30% of Massachusetts's workers 55-65 have at least a bachelor's degree and over one quarter of all unemployed older workers lack a high school degree.

The Challenge for Massachusetts Employers

While these kinds of employability problems can be expected to arise more and more frequently as the workforce ages, Massachusetts employers will face an equally serious set of employment challenges from the changing demographics of the workforce. As the supply of experienced young adults dwindles, employers will have to find new ways to retain older employees, and many will have to turn to older workers to fill their entry jobs.

Such staffing changes will require new approaches to recruitment, selection, training, and retirement policies. These adjustments may not come easily. One problem is that a disproportionate share of the adjustment process will fall on small employers (those with fewer than 50 employees) and on state and local governments, which tend to employ more than their share of older workers. Such employers often lack the human resources development capacity of large, private-sector companies.

A second adjustment difficulty is that some employers have been reluctant to hire or train older workers, in part because they feel that older workers are not interested in training and are often "afraid" of modern technologies. This was a frequent theme encountered in the Commission's focus groups of older workers. It is also

confirmed by national studies showing that managers often regard older workers as excellent assets, but are concerned that they are less willing to adapt to changing workforce practices and technologies. Yet, the older workers in our focus groups routinely challenged this conventional wisdom by asserting a strong commitment to obtaining training in up-to-date skills.

Implications for Massachusetts

Increases in labor-force participation among older women and a surge in foreign immigrants proved sufficient to sustain the Commonwealth's growth in the 1990s. Labor shortages have already appeared, however, and these same trends cannot be counted upon to rescue the Commonwealth's economy in the future. The Commission's forecast of a shortfall of about one quarter million workers by the middle of the next decade already takes into account continued growth in the female labor force and assumes further increases in immigration, even though the expansion of immigrant quotas is politically controversial.

The Commission's best estimate is that potential employment growth in Massachusetts could be cut by as much as half or more, unless strong measures are taken to correct the projected workforce deficit. It is time for both employers and public pol-

icymakers to recognize the central contribution that older workers must make to the Commonwealth's economy in the next decade, and to adapt their human resources development programs to the needs of the aging workforce.

Older disadvantaged workers will need to have their skills upgraded, workers who are displaced from declining industries (many of whom are older) will need retraining, and the labor-force participation rates of the older population must rise by as much as six to seven percentage points if labor supply and demand are to balance.

The best way to accomplish these goals is to improve the skills of those aged 45 and older through better training and to increase their work incentives by helping them to compete for better jobs. The first priority in achieving these goals must be to assist those with the fewest resources and the most serious employment disadvantages, but programs must be developed to serve the full spectrum of skill needs. These are major challenges for the Commonwealth's education and training institutions, but ones that should be manageable in an economy with a large workforce development system and a gross state product in excess of \$200 billion.

Key Recommendations¹

These recommendations illustrate how the Commonwealth can better serve the needs of older workers who want more and better jobs, while at the same time meet the needs of employers for more and higher skilled workers. They summarize the key steps that must be taken to convert the current patchwork of largely uncoordinated and often incompatible programs in Massachusetts into a more integrated and effective workforce development system.

Many of these recommendations call for improvements in existing programs, such as harmonizing eligibility and training curricula, filling gaps in the provision of services, establishing stronger planning capabilities, and insisting on stricter standards of accountability for performance. If the Commonwealth can build upon the strengths of current programs and provide a modest increase in resources, enough older workers will be able to qualify for better jobs to reduce substantially the labor shortage predicted for the early part of the next decade.

These common sense changes, however, must be backed by a commitment in state government to strengthen the Commonwealth's strategic planning and program assessment capacity. The state must also take the lead in linking public programs to the far larger workplace training capacity found among large enterprises in the private sector. At the same time, these increased public initiatives must be matched by corresponding private-sector initiatives to strengthen workplace training.

¹A full list of the Commission's recommendations can be found in the Appendix to this summary report.

Better workforce development programs and the stronger work incentives of higher wage jobs can go a long way toward meeting the Commonwealth's labor scarcities and mismatches. However, ensuring that the potential contributions of older workers are fully realized and that older workers receive a fair share of the benefits from growth also requires equality of labor-market opportunity. Both the Commission's focus groups and national surveys report that employers are often concerned that older workers lack the capacity to learn new skills and adapt to the changing requirements of jobs and that their older employees receive less training than their younger employees. Older workers also report encountering widespread prejudice in the job market, with older women experiencing the double jeopardy of age and gender stereotypes.

Whether these employment and training barriers represent intentional age discrimination or uninformed stereotypes, employers' attitudes towards older workers must change if older workers are to have full access to new and better job opportunities. Employers are gradually recognizing the reality that older workers are motivated and able to acquire new skills, and there is evidence that more and more older workers are using new technologies at work. However, there is still much room for improvement if the Massachusetts economy is to utilize fully its older workforce.

Strengthening Assessment and Placement

Effective employment and training services in the Commonwealth must be driven by a thorough assessment of what is needed by both workers and employers.

Current and future skill scarcities that will prevent growth must be identified. The obstacles to employment of older workers must be carefully assessed to determine what human resources services must be provided to match older workers more effectively to jobs requiring scarce skills. Most important, wage and earnings standards for job placement must be set high enough to ensure that workforce development programs will provide sufficient upgrading of older persons both to meet the Commonwealth's labor deficit and to ensure that the fruits of prosperity are broadly shared.

What the Commonwealth can do:

Use objective labor-market criteria to guide job development, training, and placement efforts. These should include factors such as whether wages and working conditions of job placements meet prevailing labor-market standards, how much training is required, and the extent to which employment opportunities are relatively permanent.

Adopt earnings-based standards for all publicly supported skill-training programs. The criterion for training and placement should be that participants are employed in jobs that pay at least 85% of their previous earnings, or that provide at least 50% of the median family income in the Commonwealth, whichever is greater.

Offer intensive assessment to all participants in publicly supported training programs, unemployment insurance recipients, and other job seekers who are "at risk" because they are unable to obtain employment that pays at least 85% of their previous compensation, or provides an annual full-time income equal to at

least 50% of the median family income in the Commonwealth, whichever is greater.

Require one-stop employment centers to compile and disseminate comprehensive and up-to-date information on job openings and education, training, counseling, and employability support-service opportunities in their service areas.

Use community-based organizations and other placement organizations to supplement the one-stop system until it is fully implemented and its effectiveness has been demonstrated, particularly with respect to serving low income communities.

Building a Seamless Public-Private System for Workforce Development

Massachusetts needs a seamless workforce development system that will allow adults to upgrade their skills and education throughout their working lives. Rather than inventing some new system to accomplish this goal, the Commission believes the Commonwealth should build upon the strong foundation of programs already in place.

The approach taken by the Commission is to strengthen and extend the planning board being established for the new federal Workforce Investment Act of 1998 (WIA) to embrace the entire publicly funded workforce development system in the Commonwealth. A single planning and monitoring umbrella for programs such as adult basic education, short-term skills training programs (under the WIA and the Commonwealth's new Workforce Training Fund) and technical and occupational education (offered by community colleges) will avoid duplication of effort and help to weld the current patchwork of programs into a single workforce development system.

This expanded WIA board will be responsible for raising performance goals and strengthening performance accountability. It will ensure that all programs operate with a common set of goals, assessment procedures, and performance standards. It will also harmonize training and occupational education curricula and reduce incompatibilities in program eligibility so that participants can more easily gain access to lifelong learning opportunities. A counterpart comprehensive planning and coordination capability should be established in each of the Commonwealth's 16 regional employment boards.

This public system must be closely integrated with workplace training. Stronger ties to employer and union-sponsored training programs must be built. Employers and unions already make substantial investments in training their employees. However, these efforts must be redoubled. Older workers have been under-represented in workplace training programs in the past, and few employers realize how important older workers will be in reducing the severe shortage of entry-level workers in the next few years.

A larger share of private-sector training activities must be directed towards adapting older workers to the requirements of emerging entry-level jobs. Publicly funded workplace training programs must be targeted to meet labor scarcities and skill mismatches. At the same time, the capacity for workplace training must be strengthened for employers with limited training resources, such as small companies (those with 50 or fewer employees) and those in the public sector.

► **What the Commonwealth can do:**

Establish a comprehensive state-level Workforce Investment Board to plan, implement, and coordinate all publicly funded workforce training programs in the Commonwealth.²

Extend the five-year statewide comprehensive strategic planning process under the WIA to include *all* major publicly funded occupational education and skill training programs in the Commonwealth.

Require that the content of training and employment services offered by the different providers in this integrated workforce development system fully reflect the needs identified during the employability assessment process.

Develop uniform oversight procedures and common performance indicators for all major publicly funded occupational education and skill-training programs in the Commonwealth.

Authorize changes in administrative rules and procedures to encourage greater participation in approved training programs by persons eligible for extended unemployment insurance benefits.

Use the work experience opportunities under the Senior Community Services Employment Program to promote on-the-job training and build links between supported work experience and other skill-training programs.

Strengthen the capacity of employers and unions to meet the human resources needs of older workers through workplace-based training and partnerships with public training programs.³

Provide counterpart legislation to that of Massachusetts' new Workforce Training Fund to support the upgrading of incumbent employees in the public sector, in which a disproportionately large share of older workers are now employed.

Improving Program Performance

This all-inclusive workforce development system must be backed by a strong and uniform program of oversight, based on a common set of criteria that will allow the performance of different programs to be compared. At present, there is an unfortunate lack of information on the long-term accomplishment of workforce development programs in the Commonwealth.

► **What the Commonwealth can do:**

Devise a common management information system for all publicly funded employment and training programs containing sufficiently detailed information on participants and services provided to support thorough evaluations of program performance.

²Programs to be included are those operating under WIA and the Wagner-Peyser Act, the Workforce Training Fund, programs approved for persons receiving extended unemployment benefits, adult basic education, subsidized work experience under the Senior Community Service Employment Program, vocational rehabilitation services, technical and occupational education provided by community colleges, the Transitional Assistance Program for welfare recipients, and training supported by funds available through the Social Security system.

³Steps that need to be taken include providing incentives and technical assistance to the One-Stop Career Centers to expand outreach programs to the private sector, forming new partnerships between public and private two-year colleges and other publicly funded providers of skills training and employers and unions, and helping to meet the skilled-labor needs of firms with limited workplace training capabilities (such as very small firms) under the Commonwealth's Workforce Development Fund.

Develop performance indicators that measure success in improving the economic status of participants in terms of wages and earnings, as well as employment.

Develop counterpart labor scarcity indicators to measure the extent to which training programs are addressing labor scarcities and skill mismatches.

Establish a statewide, long-term evaluation of program performance that emphasizes earnings' improvement among older workers.

Conduct regular process evaluations and establish a research and demonstration capacity to contribute to the continuous improvement of programs for older workers.

Create an independent "Massachusetts 21st Century Workforce Development Commission" to report annually to the Governor and the state legislature on structural changes affecting the Massachusetts economy and on how effectively the workforce development system is addressing these changes.

Establish a standing advisory committee on older worker issues within this Commission that includes members with demonstrated knowledge of older worker problems and training programs.

Resources and Priorities

For the first time since World War II, labor scarcities and skill mismatches could severely hobble future economic growth in Massachusetts. Rebuilding the Commonwealth's workforce will require a greater investment in human resources development than in the past, but the reality is that the Commonwealth's current prosperity has meant a cutback in federal funds for training. All citizens and every employer now have a stake in increasing the

resources for matching the workforce to the emerging needs of the economy.

Under the optimistic assumption that only about half of the 40,000 to 50,000 additional workers a year needed over the next five years will require intensive employability and upgrading services, and that these services can be provided at an average cost of \$5,000 per person, at least \$100 million a year in new funding will be required to finance this effort. These estimates represent a more than doubling of the number of adults served by the Job Training Partnership Act training programs in recent years and a four-fold increase in the level of financial support provided under JTPA.

These costs are not unrealistic, provided they are shared among all the different employment and training institutions in the Commonwealth. One of the largest contributors must be the community college system, which is already slated for budget increases to expand long-term education services. Other contributions to this effort will have to come from WIA, Massachusetts' new Workforce Training Fund, adult basic education programs, transitional assistance programs for welfare recipients, and the trust fund that supports extended unemployment insurance benefits for workers enrolled in training programs. The employer community and organized labor must also increase their workforce development efforts, particularly for older workers, and higher income workers must be expected to pay partially for training services. Should this needed expansion of the workforce development system not be fully achieved, the Commission feels strongly that the highest priority for the system is to serve those low-income persons who are most in need of employment and training assistance.

► **What the Commonwealth can do:**

Provide the supplemental state funding needed to meet the target of serving at least 20,000 adult workers a year in intensive workforce development programs that address the labor market scarcities and skill mismatches of the Massachusetts economy.

Develop a sliding scale of fees for employment and training services based on ability to pay, with those most in need receiving services without charge.

Promoting Work Incentives

The reforms in the Commonwealth's workforce development system recommended by the Commission should lead to more and better jobs for older workers. Better jobs mean stronger incentives for older persons to remain at work. The corollary to strengthening work incentives is that the financial and psychological disincentives to continuing to work that are often built into pensions and other income support programs must also be reduced. Primary among these disincentives are the earnings' limitations and high marginal tax rates on the earned incomes of certain retirees under the Social Security system and the loss of Medicare coverage for persons 65 and older who return to work.

The recently enacted Ticket To Work and Work Incentives Act represents one step in this direction by allowing persons receiving disability benefits under Social Security to return to work without losing their health insurance benefits. A second improvement in work incentives is the small reduction in

taxes on earned income that is already scheduled to occur under Social Security. However, fully eliminating the earnings' limit would be a major step in reinforcing the work incentives of older workers, as would making Medicare coverage an option for older persons who remain employed. These policy changes will have to occur at the federal level, but the Commission urges all citizens of the Commonwealth to support these reforms by contacting their congressional delegates.

Making Massachusetts the "Workforce Development" State

Massachusetts already has a well-deserved reputation for being the "education" state. However, education alone cannot assure economic prosperity. It must be joined with a larger and more effective investment in workforce development than the Commonwealth has made in the past.

The Commission's recommendations provide guidelines for the actions that each of the major stakeholders in the economy – employers, unions, governments, education and training organizations, and informed citizens – must take to ensure that this investment is made. The Commission hopes that the facts and ideas presented in its full report will focus policy debate on how to reform and enrich the Commonwealth's workforce development system so that the Commonwealth's record of growth will continue without interruption.

Appendix

Full Text of Blue Ribbon Commission Recommendations

Recommendations on Assessment and Placement

- Use quantifiable criteria, such as whether wages and working conditions meet prevailing labor market standards, how much training is required, and the permanence of employment prospects to determine which jobs should be the targets for training and placement efforts.
- Adopt job development and job placement standards for all publicly-supported occupational education, skill training, on-the-job training programs, and approved training programs for persons receiving extended unemployment benefits based upon the goal that participants be employed in jobs that pay at least 85% of their previous earnings, or in which pay is equal to at least 50% of the median family income in the Commonwealth, whichever is greater.
- Adopt rigorous standards of accomplishment and competency for pre-vocational programs, such as basic literacy and GED preparation.
- Offer intensive assessment to all Workforce Investment Act participants, unemployment insurance recipients, and other job seekers who are "at risk" because they are unlikely to be able to obtain employment which pays at least 85% of the earnings of their previous jobs, or that results in an annual full-time income equal to at least 50% of the median family income in the Commonwealth, whichever is greater.
- Ensure that all unemployment insurance recipients receive intensive employability assessment and that those who are "at risk" of not being able to earn 85% of the wages on their prior jobs or 50% of the Massachusetts median income, whichever is higher, are clearly informed of opportunities for extended benefits under the provisions of Sec. 30 of the unemployment insurance system. Sufficient time must be provided to apply for such benefits and assistance must be available for completing the application process.
- Require One-Stop Centers to conduct annual surveys to identify all education, training, and employability support service opportunities in their service areas.
- Require One-Stop Centers to provide information on program size, costs, participant characteristics, and program performance to applicants.
- Use the One-Stop Centers to determine whether older workers have special support service needs, such as community-based work and family counseling, and to identify the availability of such programs in the community.
- Create a technical assistance capacity in One-Stop Centers for identifying "best practice" experience among employment assistance programs for older workers and for disseminating this information to local providers of employment and training services.
- Require that One-Stop Centers establish web sites with comprehensive program data that are updated annually and job openings data that are updated at least weekly.

Recommendations on Occupational Education and Training

■ Expand the five-year statewide comprehensive strategic planning process under the WIA to include all major occupational education and training programs. The goal should be to create a fully integrated workforce development system to coordinate programs operated under the WIA and the Wagner-Peyser Act, the Workforce Training Fund, adult basic education, occupational education provided by community colleges, training under the Transitional Assistance Program for welfare recipients, and training supported by the Social Security system.

■ Develop uniform oversight procedures and incentives to ensure that all organizations receiving federal and state funding for skills training, occupational education or work experience activities for older workers coordinate these programs with skills training and work experience provided through adult skills training programs under the WIA, the Workforce Training Fund, and other statutorily supported training programs.

■ Require that the training and employment services offered by the different providers in this integrated system respond fully to the needs identified by the employability assessment process.

■ Ensure that older workers receive the same opportunities for training as younger workers by training staff to facilitate the enrollment of older workers in workforce development programs, by monitoring the levels of service provided to older workers, and by conducting regular "client satisfaction" interviews with older program participants.

■ Authorize changes in administrative rules and procedures to encourage persons eligible for extended unemployment to enroll in approved skills training and occupational education programs and require that such programs be approved as allowable training activities even if the overall length of the program exceeds the current 18 months, if such additional training is necessary to secure reemployment at comparable wages.

Recommendations for Workplace Training

■ Educate employers and unions about the severe labor market mismatches and supply deficits emerging in the Massachusetts economy and encourage them to increase their human resources development efforts, particularly for older workers.

■ Provide incentives and technical assistance to expand outreach programs and partnerships between the public workforce development system and employers and unions to better meet the employment and training needs of older workers.

■ Target training and technical assistance resources under the state Workforce Training Fund on employers most in need of building their training capacity, such as those with 50 or fewer employees.

■ Ensure that low-wage, low skilled workers are recognized as a priority group for service in determining which programs are funded under the state Workforce Training Fund.

■ Designate set-aside funding for training initiatives involving employers and/or labor organizations that cut across the JTPA and WIA regional Service Delivery Areas.

- Request that employers provide an assessment of the training and development needs of their employees, as well as their firms, as part of the application for support under the state Workforce Training Fund.

- Support the enactment of legislation to provide training and technical assistance in state and municipal government workplaces comparable to those available to private sector workers under the state Workforce Training Fund.

Recommendations for Supported Work Experience

- Use the work experience slots under SCSEP as an on-the-job training component for workforce development and integrate work experience with other skill training programs.

- Encourage SCSEP work experience programs to provide transitional employment experience by limiting individual participants to 52 weeks of subsidized employment experience in any 3-year period.

Recommendations on Planning, Coordination, and Oversight

- Establish an adequately staffed Workforce Investment Board to plan for, implement, and monitor the Commission's recommendations.

- Require this Board to develop uniform oversight procedures for coordinating and evaluating all publicly funded workforce training programs in the Commonwealth, including adult skills training for older workers, adult basic education, incumbent worker training, supported work experience,

training for welfare recipients, and advanced skills training and occupational education provided through community colleges.

- Appoint to this Board one or more members who have an in-depth knowledge of older worker employment issues to identify special service needs of older workers and to identify special barriers to the successful upgrading of older workers.

- Designate a single, high-level executive in state government to be responsible for implementing Workforce Investment Board policies.

- Create a Massachusetts "21st Century Workforce Development Commission" to monitor how technological change, workforce demographics, and other structural changes are affecting the Massachusetts economy and its workforce development system. A standing advisory committee on older worker issues should be established within this Commission.

Recommendations for the Coordination and Delivery of Services at the Local Level

- Establish local workforce investment boards that can undertake the same degree of comprehensive planning as recommended for the state-level Workforce Investment Board and provide these local boards with sufficient resources to accomplish this goal.

- Require these local boards to develop uniform planning and oversight procedures for coordinating all publicly funded workforce training programs within their planning areas.

- Appoint one or more members to these local boards who have an in-depth knowledge of older worker employment issues to identify special service needs and barriers to the successful upgrading of older workers.
- Complete the planned network of One-Stop Centers throughout the state and determine whether or not additional centers will be required.
- Use community-based organizations and other placement organizations to supplement the one-stop system until it is fully implemented and its effectiveness has been demonstrated, particularly with respect to serving low income communities.

Recommendations for Improving Program Accountability and Performance

- Devise a common management information system incorporating detailed demographic and socioeconomic characteristics of participants, for all publicly funded employment and training programs for older workers in Massachusetts.
- Require that all programs document both the types and the intensity of services received by program participants, including weeks and hours of program participation in each component, modeled after the management information system that has been required under JTPA.
- Develop performance indicators that measure success in improving the economic status of participants in terms of wages and earnings as well as employment. Correlate these performance indicators with the characteristics of participants and the intensity of services to estimate the

degree of economic improvement relative to the severity of employment barriers.

- Develop counterpart indicators to measure the extent to which programs are addressing labor scarcities and skill mismatches through employer surveys and the analysis of the industrial and occupational characteristics of job placements.
- Adopt performance standards for certifying WIA training programs, for approving training programs for persons receiving extended unemployment insurance benefits, and for evaluating the performance of all other publicly-supported training programs based upon the goal that clients be employed in jobs that pay at least 85% of previous earnings, or in which pay is equal to at least 50% of the median family income in the Commonwealth, whichever is greater.
- Provide incentives to programs to serve persons with the most serious obstacles to employment and employers with the most serious skill scarcities.
- Establish an independent evaluation program, incorporating federal standards for maintaining confidentiality of information on individuals, to conduct long-term assessments of how well workforce development programs are performing. This evaluation should be based on both the income improvements achieved for older workers and success in meeting critical skill scarcities. Follow-up should rely upon both unemployment insurance wage records and direct surveys of participants and employers. These follow-ups should be conducted at intervals of 3 months, 6 months, one year, and two years.

- Conduct regular process evaluations of a representative cross section of programs.
- Provide incentives for building linkages between programs such as public-private partnerships and programs that combine basic education with vocational preparation.
- Create set-aside funding at the state level for research and demonstration programs to address labor market mismatches through the training of older workers.

Recommendations on Resources and Priorities

- Provide sufficient supplemental state funding to meet the labor market scarcities and skill mismatches of the Massachusetts economy.
- Provide sufficient supplemental state funding to harmonize eligibility criteria among employment and training programs operated under different legislative authorizations.
- Develop a sliding scale of fees for employment and training services based on ability to pay, with those most in need receiving services without charge.
- Use state-level planning and coordination mechanisms to ensure that older workers receive their proportionate share of training resources.
- Give priority to serving those with the lowest incomes and most serious barriers to employment, if resources prove insufficient to close the Commonwealth's employment and training gap.