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Mr. Chairman, thank you for the opportunity to provide the Employment and Training Administration's (ETA) perspective on the important role that older workers play in today's workforce.

Setting the Stage

The U.S. economy is entering a period of dramatic demographic change as our population ages. As a result of lower birth rates in recent years, and the aging and retirement of the baby boom generation, the American workforce is growing more slowly. These circumstances make it critical that every available worker, including the older American, join the workforce to enable the continued competitiveness of American businesses in the 21st century.

According to projections from the Bureau of Labor Statistics, the civilian non-institutional labor force is anticipated to increase by 17.4 million over the 2002-2012 period. The combined labor force of 16-24 year olds (young workers) and the 25-54 year olds (prime workers) is projected to grow by 7.2 million, while the 55 and older group is projected to expand by 10.2 million. The annual growth rate of the 55-and-older group is projected to be 4.1 percent over the 2002-2012 period—nearly 4 times the rate of growth of the overall labor force. The share of the 55-and-older age group will increase from 14.3 percent in 2002 to 19.1 percent of the labor force in 2012. By 2030, workers age 65

and older will make up 6 percent of the non-institutional labor force, up from 3 percent on 2002.

At a time when it is becoming more critical that every available worker participate in the workforce, older workers face challenges to full participation. Employment barriers experienced by older workers include difficulties keeping pace with changing skill requirements and technology, lack of opportunities for skills training and professional development, misperceptions among employers about the abilities of older workers, lack of flexible work schedules, and financial disincentives that encourage early retirement. Many older workers want to remain in the workforce and many need to continue working for financial reasons, but these and other barriers discourage them from doing so. The Department of Labor's Employment and Training Administration (ETA) has an important role to play in helping older workers obtain the necessary skills and the opportunities to continue working.

Building a Demand-Driven Workforce System

To meet global competition and ensure the availability of a qualified workforce, the Department of Labor is pursuing a demand-driven approach to workforce development, which focuses the workforce investment system on equipping workers with readily useable skills, knowledge and information that is most needed by the employers seeking to hire. It is necessary that we tap into new or previously untapped or underutilized labor skilled pools, such as older workers, to help ensure that industries have the supply of skilled workers they need in order to successfully compete in today's economy.

The Department of Labor has implemented several demand-driven programs to provide essential leadership to meet further challenges. The High Growth Job Training Initiative, for example, is a strategic effort to identify growing industries with occupations in demand, such as health care, biotechnology, geospatial technology, and retail industries, and provide workers with appropriate training to meet the demands of these industries. The foundation of this initiative is collaborative partnerships that include the public workforce investment system, business and industry, and education and training providers. These partnerships work to develop solutions to the workforce challenges facing growing industries and to develop maximum access for American workers, including older workers, to gain the competencies they need to get good jobs at good wages in these industries.

By expanding the workforce investment system's capacity to be market-driven, responsive to local economic needs, and a contributor to the economic well-being of the community, the Department is promoting workforce quality, enhanced productivity, and economic competitiveness. While the Department has spearheaded the movement toward a demand-driven workforce investment system, its success depends on the dedication of employers to provide training for their employees, the input of local government and business leaders who can identify labor market conditions and needs, and the services provided by community colleges and other training institutions, as well as the will of workers to engage in such opportunities for career advancement. Each of these actors stands to benefit from an effective workforce investment system, which is being achieved through cooperation toward a common goal: leaving no worker behind.

Efforts to Assist Older Workers

Older workers of all income levels, while less likely to lose their jobs, are more likely to leave the workforce if they are laid off, and have more trouble finding new employment. ETA serves older workers through the Workforce Investment Act (WIA) programs, the Employment Service, the Unemployment Insurance program, the Senior Community Service Employment Program (SCSEP), and through Trade Adjustment Assistance.

WIA provides for integrating workforce investment services through One-Stop Career Center systems, providing job seekers, including older workers, and employers with access to an array of employment-related and supportive services provided a number of partner programs. In general, older workers are eligible to receive services provided through the WIA Title I Adult and Dislocated Worker programs. Like other participants in those programs, older workers who qualify may secure training services from eligible providers that are most suited to their needs.

Despite the increasing levels of educational attainment reached by the older population (the high school completion rate of those aged 65 and over between 1970 and 2000 rose from 28 percent to 70 percent), 10.2 million individuals in this age group did not graduate from high school. Their inflation-adjusted incomes are 12 percent lower than for similarly-educated persons in their parents' generation. This expected increase of low-income older workers has major implications for the public workforce investment system if it is to ensure that the older worker population is engaged in training programs

and employment opportunities that help increase their earnings and foster successful careers in emerging industries.

The Employment and Training Administration administers SCSEP to address the issues faced by some in this low-income population. SCSEP is a national employment and training program, authorized under title V of the Older Americans Act, which is aimed exclusively at low-income older persons who have multiple barriers to employment. The program provides community service work experience for low-income persons age 55 or older with the dual objective of providing income and transitional employment that encourages reentry into the labor market.

Over 100,000 program participants each year participate in the program through training in a wide variety of occupations, such as nurse's aides, teacher aides, librarians, clerical workers, and day care assistants. Participants in the program are involved in their communities through their community service positions, and benefit from the income they earn and through social contact with other people of all ages.

Also of particular note is the new Alternative Trade Adjustment Assistance Program for older workers which was established by the 2002 amendments to the Trade Act and began operation in August of 2003. This program assists eligible workers over age 50 who lose their jobs as a result of international trade and worked in firms with a significant number of older workers; do not have easily transferable skills; and find reemployment at less than $50,000 annually. The program provides these older workers with 50 percent of the difference between their new salary and their old salary, for up to two years, up to a maximum of $10,000. Alternative TAA participants may also receive

health care assistance in the form of the Health Coverage Tax Credit, which provides an advanceable tax credit of 65 percent of the premium for qualified health coverage.

Conclusion

To meet the rapidly-changing skills demands of business and to handle potential labor shortages, successful employers will seek out untapped labor pools, like older workers, immigrants and other growing segments of the population, such as Hispanic and Asian-Americans. Some employers already recognize the value that older workers bring to the workplace: they know that older workers are a human capital asset and bring responsibility, loyalty, dedication, experience and skills to the workplace, and serve as effective mentors to younger employees. Through partnerships with employers and attractive training and work opportunities, the Department of Labor aims to encourage older workers to continue to participate in the workforce.