

**BEYOND THE 9 TO 5: DISMANTLING  
BARRIERS AND BUILDING ECONOMIC  
RESILIENCE FOR OLDER WORKERS**

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**HEARING**  
BEFORE THE  
**SPECIAL COMMITTEE ON AGING**  
**UNITED STATES SENATE**  
ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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WASHINGTON, D.C.

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**Thursday, April 20, 2023**

U.S. SENATE  
SPECIAL COMMITTEE ON AGING  
*Washington, DC.*

The Committee met, pursuant to notice, at 9:32 a.m., Room 106, Dirksen Senate Office Building, Hon. Robert P. Casey, Jr., Chairman of the Committee, presiding.

Present: Senator Casey, Blumenthal, Warnock, Braun, Rick Scott, Vance, and Ricketts.

**OPENING STATEMENT OF SENATOR  
ROBERT P. CASEY, JR., CHAIRMAN**

The CHAIRMAN. Good morning. The Senate Special Committee on Aging will come to order. Welcome to the Committee's third hearing of the 118th Congress focused on dismantling barriers and building economic resilience for older workers.

In April 2021, this Committee held a hearing about older workers' economic security, as millions felt the impact of the pandemic recession. Two years later, today's hearing revisits a similar topic, examining the State of the aging workforce today and opportunities to support these Americans into the future.

We know that older Americans are working longer than ever before. Recent data shows that only 45 percent, just 45 percent of 65-year-olds are currently retired, compared to 58 percent in 2000.

Many seniors seek to remain in the workforce to make ends meet or to regain income lost while caregiving. In fact, roughly one in three older adults aged 65 and older are economically insecure, with the average income being below 200 percent of the Federal poverty level, and it is worse in communities of color.

Over half of Black and Hispanic older adults over the age of 65 are economically insecure. I think I speak for every American when I say this is unacceptable. We must work to ensure that older adults are economically secure in retirement so that we can spend time—so they can spend time with their families and friends after decades of hard work and contributions to our economy.

This economic security cannot be achieved without protections in the workplace. I have continued to push Congress to shore up these protections, including dismantling barriers like age discrimination.

That is why I reintroduced my bipartisan Protecting Older Workers Against Discrimination Act, Senate Bill 1030, with Senators Grassley, Hassan, Collins, Baldwin, and Murkowski.

This bipartisan Bill known by the acronym as we have a lot of them around here, POWADA, would restore crucial age discrimination protections and make it less burdensome for older workers to seek justice in court when they are the victims of discrimination in the workplace.

We know that beyond age discrimination, our workplaces need safeguards to protect workers. Unions can provide critical protections for their workers, even into retirement. Something that I have heard time and again across Pennsylvania just in the last several weeks.

In my hometown of Scranton, I heard from carpenters, union carpenters about the benefits that their local union provided, ensuring that they can retire with strong pensions and good health care.

In Plymouth Meeting, in the Southeastern corner of our State, just this past Monday, I spoke to members of the Food and Commercial Workers Union, Local 1776, and they told me how the Union connected them to resources to assist with critical issues like caregiving and financial literacy.

Today I look forward to hearing from Dave McLimans, someone I have known a long time—and put that on the record, I have known him a while. Dave is a retired steelworker from Parkesburg, Pennsylvania in Chester County. He will share his experience supporting other older workers transition into retirement.

I believe Congress must continue fighting for workplace protections, fair wages, and retirement benefits to support older adults in the workplace and beyond. I want to thank Ranking Member Braun for again being with us today and helping us plan this hearing, and I will turn to him now for his opening remarks.

**STATEMENT OF SENATOR  
MIKE BRAUN, RANKING MEMBER**

Senator BRAUN. Thank you, Chairman Casey, and thank you to all witnesses for being here. I ran a company for 37 years prior to becoming a U.S. Senator, and it was a real little one for so long, but as we grew both regionally and then nationally, it has been the same from the beginning. It is not as big a deal when you are little because the critical mass isn't as great, but as you grow, workforce, workforce, workforce.

It was the biggest thing I heard about pre-COVID. It is even more intense now. In our State of Indiana, 135,000 jobs are begging to be filled that almost all of them pay more than your average four-year degree would. We so often look to trying to replenish those jobs, fill them for folks coming out of high school.

Sadly, they are misguided often. We have got an untapped source that is right in front of us, that don't need to probably learn the work ethic, that have got the skills already developed. Speaking of unions and steel is—we are the biggest producer of that and they have got apprenticeships. That is so important.

Businesses are going to have to realize that they have got to get involved not only with folks coming into the workforce but realizing that there is a big untapped source already having those skills. You

know, we—I think inflation has been a scourge to all of us. It is the other thing I hear, along with workforce, that we have got to get tamped down.

Until we do, it is going to make ineffective and it is going to be harder to do all the things we are talking about even here. You know, when it comes to 43 percent of older Americans are considering actually rejoining the workforce. That is an amazing number. I guess you can look at it two ways.

Does that mean we are not doing a good enough job preparing where you can retire and enjoy yourself? Maybe it is because some people like me will never fully retire. You are going to want to be doing something, and just because that is the standard operating procedure, that doesn't mean that is where we should go.

I think what we want to do here is find out what the best practices are, what we can do to make sure that we are not overlooking a source that sadly, I think has gone untapped. You know, another thing I am worried about is many elderly may want to do something that has got great flexibility.

It takes me to being an independent contractor or participating in the gig economy, and I am one that believes there is such an important place for unions, especially when you are going up against the disproportionate power of large corporations, you need it.

I don't want unions to be trying to get involved in stuff where you are an independent contractor, the gig economy, and main street small business in general. There is not a harder way to earn a paycheck than owning your own business to pay for your livelihood, and then having all the other things that go along with being maybe a business of one.

I think that is a tricky balance there as well, so when it comes to what we are interested in, economic opportunities for the elderly, I think there is so much upside potential. I think we are finally talking about it, making it an issue out there.

I led a bicameral letter with 46 of my colleagues urging the Administration to scrap a rule recently that I think impacts that business of one, and that is a place that gives you more flexibility than any job for someone wanting to come back into the workforce, so it is a tricky balance between having the right regulatory environment, the opportunity for skills that you have learned over a lifetime. It is unbelievable now for those that want to actually get back into the workforce, and I am glad to see that we are raising this to a profile that is going to discuss all aspects of the issue. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Ranking Member Braun. Now we will turn to the introduction of our witnesses. These introductions will be brief. I apologize for that in advance, but we want to get to their testimony.

Our first witness is Dr. Ernest Gonzalez, who is the James Weldon Johnson Professor of Social Work at New York University in New York City, which many of us know as NYU. He is also the director of NYU's Center for Health and Aging Innovation, where he focuses on productive aging and increasing wellness through intergenerational connection, so we thank him for being here. I will

turn next to Ranking Member Braun to introduce our second witness.

Senator BRAUN. Dr. Liya Palagashvili—I had to take the phonics on that one, —is a Senior Research Fellow at George Mason University’s Mercatus Center. She researches public policy and labor economics. Her focus is the future of work, nontraditional work arrangements, and the independent workforce. Dr. Palagashvili was previously a Professor of Economics at State University of New York, Purchase. She has been published in academic journals and media outlets, including The New York Times and the Wall Street Journal. Welcome.

The CHAIRMAN. Our third witness is Christine Vanlandingham. Christine is the Chief Executive Officer at Region IV Area Agency on Aging, we often call AAA, another acronym, in Southwestern Michigan.

The region IV AAA provides and facilitate a variety of in-home and community-based services, including adult daycare, meal delivery, senior center programs, and mature worker programs like the Senior Community Service Employment Program, another acronym, SCSEP, S-C-S-E-P.

We are grateful for her being here and traveling. She told me she had to go through LaGuardia to get to Washington, so we are working on that direct flight. Our fourth and final witness I made reference to in my opening day, Dave McLimans, former steelworker from Chester County.

Dave served in the United States Army in Vietnam, and I think all of us join together in thanking Dave for his service to our country. Dave then worked as a steelworker until his retirement in 2013, having served in various leadership roles in his local union throughout his tenure.

Today, Dave represents District X of the United Steelworkers Organization for Active Retirees, that goes by the acronym SOAR, S-O-A-R. Dave, thank you for being here today, so we will start with our first witness, Dr. Gonzalez.

**STATEMENT OF ERNEST GONZALES, PH.D., JAMES WELDON JOHNSON PROFESSOR OF SOCIAL WORK, NEW YORK UNIVERSITY, DIRECTOR OF THE CENTER FOR HEALTH AND AGING INNOVATION, NEW YORK, NEW YORK**

Dr. GONZALES. Thank you, Senators Casey and Braun, for inviting me today to present in front of this very Special Committee on Aging. I want to thank Senator Braun for representing my loving in-laws at the State of Indiana, and Senator Gillibrand, who I understand is at another hearing, another important one, from my adopted home State of New York.

Senators, we are living longer than we have ever in the history of humankind. Prior to COVID, there was a study that predicted half of children that are born in Western society today will live to be 100 years of age.

The other half are expected to push into their 80’s and 90’s. Even as we emerge from the pandemic, epidemiologists are quite confident that extended longevity will rebound, similar to what happened during the global pandemic in our last century.

The question before all of us is not just how do we live a long life, but how do we live a long, healthy life with a strong economic

foundation, with strong social bonds, with family, friends, and community, and in a diverse, loving, and peaceful society?

It is an honor to share with you some of the research that answers aspects of that question. The concept of productive aging really puts forward the fundamental view that we have to build the capacity of older adults to be better utilized in activities that make economic contributions to society, work, volunteering, caregiving, and education.

Older workers make up 35 percent of the U.S. population, yet they contribute approximately 40 percent of the national economic output. There are also tutors in schools, and libraries, and hospitals, all valued at \$77 billion annually, and the benefits of productive activities are not just in dollars.

Under optimal conditions, employment and civic engagement is associated with fewer depressive symptoms, lower risk of mortality and hypertension, improved cognitive functioning, and increased economic security. Yet, Senators, cultural norms and social structures limit older adults' full participation in these important productive roles. Ageism is expensive.

It cost the U.S. \$850 billion in GDP each year due to the untapped resources of producing goods and services by older workers. Age discrimination is complex, at times evident, other times the subtle. Constant for some, episodic for others.

Yet research clearly demonstrates that older workers experience age discrimination in nearly every phase of employment, hiring, promotion, performance evaluation, workplace opportunity, and climate, and age discrimination undermines health and is associated with early retirement and turnover.

Legislation that requires targets to demonstrate age as a decisive factor in cases does not reflect the complexity of the phenomenon and is misaligned with age discrimination often co-occurring with other forms of bias. In sum, age discrimination is bad for people and it is bad for the economy. We must end ageism and other forms of bias, and its possible.

Interventions are needed across the macro to micro continuum. We need to pass proposed legislation, specifically Protecting Older Workers Against Discrimination Act, POWADA, which will send a clear cultural and institutional message that ageism in the workplace is not tolerated.

Multi-generational workforces are naturally occurring, given longevity. The challenge now is to maximize the strengths and the talents of each generation rather than pitting them against each other. Ending ageism will maximize the capacity to work longer, yield greater economic and health outcomes for individuals, families, and society, and passing POWADA is an important first step.

Shifting gears, a little bit, volunteering in later life, it is a hidden jewel. It is often a catalyst for retirees to return to work. Volunteering just a minimum of 200 hours per year leads to tremendous cognitive, physical, social, emotional health, and moreover, when policies bring older and younger generations together, there are often win, win, win outcomes, and the good news is that younger and older generations want to work together on critical issues, education, mental health, the environment, and housing. Living a long, healthy, and meaningful life with a solid economic foundation and

strong social bonds requires us to re-imagine social policies within the context of living 100 years.

Passing POWADA is an important first step, and bringing generations together is the second. I welcome further conversations with you and Senate staff members and thank you for having me here.

The CHAIRMAN. Dr. Gonzalez, thank you for your testimony and your presence here today. I will now turn to Dr. Palagashvili.

**STATEMENT OF LIYA PALAGASHVILI, PH.D., SENIOR  
RESEARCH FELLOW, MERCATUS CENTER, GEORGE  
MASON UNIVERSITY, ARLINGTON, VIRGINIA**

Dr. PALAGASHVILI. Good morning, Chairman Casey, Ranking Member Braun, and members of the Senate Special Committee on Aging. It is an honor to testify before you. My name is Liya Palagashvili, and I am an Economist at the Mercatus Center at George Mason University.

My research focus is on the independent workforce and the evolving nature of work. Today, my testimony focuses on how independent work opportunities are increasingly valuable to older workers, especially at a time when the broader macroeconomic trends are troubling.

My three key themes are one, the independent workforce provides flexible work arrangements for millions of older Americans. Two, with rising inflation and a gloomy economic outlook, older workers face a troubling future, and three, policies that restrict independent work will disproportionately harm older workers. Non-traditional employment arrangements, such as freelancing, contracting, gig work or self-employment have long been a main source of income opportunities for retired or older workers who have moved past the nine to five routine but remain open to transitioning to part time or short-term work. According to the Bureau of Labor Statistics.

There was a survey in 2017 and found that older workers were more likely to be independent contractors than any other age group. The share of 55 and older workers accounted for close to 40 percent of the overall—of overall independent contractors. Independent work opportunities for older workers are found across a variety of different occupations and roles.

For example, on call workers ages 55 to 64 were most likely to be substitute teachers at elementary and secondary schools. A National Bureau of Economic Research study illustrated how the likelihood of individuals being independent workers and in self-employment increases significantly with age.

As individuals approach retirement, they may have financial or personal reasons for continuing to work. However, the short term flexible or reduced hour arrangements they need may be more difficult to find within the traditional employment jobs.

For example, there was a recent economics research with a survey that found that many employers do not offer employees nearing retirement age the option to reduce their hours on their current jobs.

Therefore, for many older workers, independent work is an attractive way to ease into retirement, to earn income when they are

no longer part of the full-time employment workforce, especially if they already have health care coverage. The Federal Reserve announced last week that a recession is expected in the coming months. At the same time, we are still seeing high prices for basic good necessities.

This is worrisome for older workers whose employment prospects are generally poor, and many older Americans live on fixed incomes or limited savings. In fact, several news outlets have profiled stories of older and retired workers who are expecting to return to work at age 75 to cover the increased costs of food, rent, medicine, and utilities.

This makes it vital to support independent work opportunities. However, there are Federal policies and regulations that seek to restrict this independent work and self-employment opportunities, such as the Department of Labor has recently proposed new regulations on independent contractors.

The DOL is proposing these regulations to restrict independent work with hopes that organizations will hire these workers as employees instead. Now, at first glance, this may seem like a win for workers who are reclassified as employees.

However, because older workers voluntarily leave employment to pursue independent work opportunities, having fewer of them available is not a win, win situation. It is also, of course, impossible for every single independent work opportunity to turn into a full-time offer, employment offer, thereby leading to job losses.

The rule does go far in impacting legitimate independent workers who are properly classified. It is also worth noting that the DOL's almost 200-page rule creates more complexity and confusion in determining whether a worker is indeed properly classified as an independent worker.

That means even if a worker is properly classified, the new rule would still deter organizations, especially small businesses who don't have extensive legal counsel, from working with contractors and independent workers altogether, and this is actually, in fact, precisely what happened with AB5, which is a similar rule in California that restricted independent work.

It was actually small businesses like music venues, theaters, and opera that stopped working with independent workers because they were afraid of even a potential misclassification issue, when the reality was that many of these workers were already properly classified.

Eliminating independent worker opportunities will mean that older workers will have few opportunities to earn income, further increasing financial stress in their households. Thank you, and I welcome your questions.

The CHAIRMAN. Doctor, thanks very much. I saw the way you wrapped up there as I was turning red. That is impressive. Doesn't always happen here.

Dr. PALAGASHVILI. Thank you.

The CHAIRMAN. Thanks very much for your testimony. Ms. Vanlandingham, thank you very much.

**STATEMENT OF CHRISTINE VANLANDINGHAM, CEO,  
MICHIGAN REGION IV AREA AGENCY ON  
AGING, HARTFORD, MICHIGAN**

Ms. VANLANDINGHAM. I will try to match that cadence. Thank you, and good morning, Senators Casey and Braun. Region IV Area Agency on Aging is one of 16 area agencies on aging in Michigan, and one of 614 in the Nation, all designated under the Older Americans Act to develop, coordinate, and deliver a wide range of home and community-based services to support older adults and their caregivers with the goal of enabling them to live and age well in their homes and communities.

Thank you for the opportunity to testify today. Participating in the labor market, even at an older age, has positive impacts on social connectedness, self-rated health, and as a critical component of financial well-being, but older Americans face significant barriers to job entry or reentry.

The barriers we most often see include inadequate technology skills and insufficient broadband access. A lack of a professional network to help find job opportunities. Caregiving duties, and pervasive age discrimination.

To address these challenges, our agency supports low-income older adults through employment barrier identification, technology, education, on the job training, caregiver supports, and a campaign to tackle ageism head on.

The Senior Community Service Program, or SCSEP, authorized by the Title V of the Older Americans Act, is central to our jobs training program. SCSEP provides on the job training for unemployed job seekers who are age 55 and older and have a family income of no more than 125 percent of the Federal poverty level. Staff work with older job seekers to identify career goals and overcome barriers.

Older job seekers are matched with nonprofit organization host sites in our community, where participants work in on the job training opportunities for which they are paid minimum wage for their service.

They receive interview coaching, resume writing, and individualized help securing unsubsidized employment that is permanent. Funding for the SCSEP program is severely limited. Region IV AAA is funded for only 13 positions in a region that serves over 76,000 older adults.

Our AAA offers additional job training services through our campus for creative aging, where we cast a vision of older years being a time of creativity, purpose, growth, and learning. We have a state-of-the-art computer learning center, where volunteers teach classes for older learners in age friendly technology training, and teachers that range in age from 17 to 80 plus.

Older adults and younger individuals benefit from this shared learning experience. It breaks down barriers and reduces stereotypes when cross generations share an experience.

Ageism, including a general assumption that older jobseekers are not able to learn new skills, is among the most often cited reason older job seekers say they are not able to secure employment.

People like Margaret Lowe from Benton Harbor. She left the job market when she needed to care for her mother. With a back-

ground in social work, Margaret had maintained full time employment even while caring for her son, who is a special needs child.

The additional caregiving responsibilities for her mother made full time employment impossible. Margaret cared for her mother for 15 years. She lives on Social Security income that is less than \$17,000 a year, which means that Margaret can no longer meet her living expenses and needs to reenter the job market.

She applied for numerous positions, and with a college education and good work history, she assumed she would be able to find a job. Given these, the workforce challenges right now, she was not correct. She struggled to find—to even get one interview.

When asked why, Margaret said, it is my age. It has to be. I have a college education, a good work history, but they see the years on my resume, know approximately how old I am, and think I can't do the job. She is currently serving as a SCSEP participant in a call center in our community.

She is updating her computer skills and executing a plan to secure unsubsidized employment. When asked what she would like this Committee to know, Margaret replied, give older workers a chance. We are more stable. We show up on time.

With maturity comes the ability to adjust and be adaptable, and we can learn. There is no reason I can't do this job, if given a chance. Congress can better support programs in assisting older workers by appropriating adequate funding for Older Americans Act Title V SCSEP programing, funding senior technology programs at the community level, and increasing access, and combating ageism and age discrimination at every level. The other—another high barrier is caregiving responsibilities.

Like Margaret, one in five adults in the United States faces the challenges of caring for aging parents or other relatives. Shifting ahead to save time. With adequate funding for the Title III Caregiver Supportive—Caregiver Supportive Services, fewer Americans providing care for aging or disabled loved ones will need to reduce or leave their employment, and employers will save money in terms of workplace—workforce turnover.

These challenges must be faced head on if we as a nation want to encourage economic self-sufficiency, to promote staying engaged as we age, and to offer all workers equal opportunity to contribute.

It is not just the right thing to do for older workers. It is the financially prudent one to do. Supporting older workers helps us all. In reducing barriers and investing in older workers, our society and our economy can tap the significant amount of social capital that is older workers' knowledge, experience, while gaining a stronger, more diverse workforce that stands ready to help today's—address today's workforce challenges.

Doubling funding for the senior Community Services Program so that more low-income workers and potential workers can get the training they need. Doubling funding for the National Family Caregivers Support Program Title III E so more family caregivers can stay engaged in the workforce, and ensuring that broadband access efforts are also paired with technology training for older adults. To be trained—to be successful, this training has to be delivered at the community level. We use volunteers, but more financial resources are needed to deliver this work.

Thank you for your attention to the barriers and challenges that older workers face, and your willingness to undertake solutions. The National Network of Area Agencies on Aging is ready to help. Thank you.

The CHAIRMAN. Thank you, Ms. Vanlandingham, and grateful for your testimony. We will conclude with Dave McLimans.

**STATEMENT OF DAVE McLIMANS, RETIRED  
STEELWORKER, STEELWORKERS ORGANIZATION  
OF ACTIVE RETIREES (SOAR) DISTRICT 10,  
BOARD MEMBER, PARKESBURG, PENNSYLVANIA**

Mr. McLIMANS. Chairman Casey and Ranking Member Braun, Members of the Committee, thank you for the opportunity to testify before you today. My name is David McLimans.

I am a Vietnam veteran and a 54-year member of the United Steelworkers. I first held my union card after my tour of duty in the U.S. Army ended in 1969, becoming a steelworker member in Bud Company's trailer division.

I became a shop steward in 1972 and eventually financial secretary, and then I became president of the union. That plant closed in 1987 and the company tried to walk away from us. It was the saddest State of affairs, former employees, management, and union personnel hanging by a thread, but we had rights and we had the union.

We fought for what we were owed and what we had a right to, as outlined in our union contract. We recouped five weeks back pay for my brothers and sisters, and we fought successfully to recover the pension and benefits that were promised on paper.

The pension still pays retirees like myself to this day because of our union and our work. I still had many years ahead of me, and in 1988 I began my career again at Lucan Steel Company in Coatesville.

Five Company name changes later, the steel mill is now owned by Cleveland-Cliffs, and I will say that Lucan Steel Company is the oldest continuously operating steel mill in the country. It was formed in 1810 by the first female industrialist, which was Rebecca Lucas, and anyway, still operating today.

I retired from working in the melt shop, but in 2013, when I was 67. Some people wondered why I didn't retire earlier, but I enjoyed the physical activity, and since my—I am an Agent Orange diabetic, it was good for me to keep moving around.

The good thing about the union is that we negotiate with the company on ways to support workers throughout their working careers and ensure a safe working environment. The union helps set the terms so that we can focus on doing our job and doing it right.

When I retired, my participation in the union did end. Coatesville has one of the first chapters of the Steelworkers Organization of Active Retirees, SOAR. Formed in 1985, SOAR is an integral part to our union's mission.

SOAR helps educate retirees on their pensions and retiree health care options available through our contracts. SOAR has also education members on Federal policies which impact retirees' pocket-books, like changes in Social Security and Medicare and Medicaid.

For example, the Federal Government and—the Federal Government and States together spend \$116 billion in Medicaid home and

community-based services in 2020, serving millions of elderly adults and people with disabilities.

This is why SOAR and the USW educate on the debt ceiling and the need for no cuts and two programs which aid retirees like Social Security, Medicare and Medicaid. I didn't serve my country to work and pay taxes for 44 years as an active steelworker just to let my voice fade away and see younger generations lose benefits that I fought for, and my fathers, and my father and grandparents fought for their whole—all our lives.

We also supported the American Rescue Plan and the Special Financial Assistance Program for multiemployer pensions, also known as the Butch Lewis Act. Over one million retirees face dramatic cuts to their benefits and through no fault of their own.

The Butch Lewis Program was a small amount of aid during the COVID pandemic, with huge—it was huge benefits. Congress approved close to \$4 trillion in loans and loan guarantees to businesses and individuals, which is a hopeful—or helpful comparison when reflecting on the estimated \$94 billion cost to preserve a pension system benefiting 10 million participants.

It would also cost the Government more if we let those plans collapse. Our SOAR chapter has regular meetings in which we go over the issues of the day and schedule speakers for each meeting.

For example, we just had Bill Pearce of the exec—the Executive Director of the Brandywine Valley Active Aging Agency who explained all the services available in the region. We are a part of the community, a place to gather and learn. Finally, our SOAR chapter is a source of institutional knowledge.

I can't tell you the number of times I have helped former members with ways to access their pension and their benefits, or a place to go for help, and you would be surprised, a lot of guys think they have lost their pension, but the problem is they just haven't changed their address so you could make contact to them, you know?

I encourage the Committee to uplift older workers and union retiree organizations like SOAR in their work. We urge Senators to support community groups like ours, and finally, as you look to the future, I urge you not to cut or change benefits to Social Security, Medicare, and Medicaid.

We are the richest democracy in the world, and you know, we can afford to allow workers to relax, retire in dignity. Thanks for your time, and I look forward to answering questions that you may have.

The CHAIRMAN. Dave thanks for your testimony, and all of our witnesses. We will go to questions. Before I do that, I want to make note of the schedule around here. It is Thursday. A lot of Senators are in and out of the hearing, have other hearings to go to. Some juggling two hearings, three hearings.

I know Senator Braun and I are juggling at least two, including this one, but some juggling more than that. We are joined by Senator Ricketts, who is here, a new member of the Senate and a new member of the Committee.

Obviously, we are grateful he is here, and as others appear and ready for questions. Senator Vance just arrived as well. We appreciate him being here, but Dave, I will start with you. I will just

take you back to those moments when you are coming up on retirement, as you said, 10 years ago.

Mr. MCLIMANS. Yes.

The CHAIRMAN. You served your country in Vietnam, and you were with the steelworkers all those decades. Then you are ready to retire. I guess I want to ask you a two-part question that are related.

One is to ask you, what were the challenges you faced then and understanding what you needed to learn or know about your own retirement as a steelworker? Then two, how did that experience then and then since that time, help you work with others when they are facing a similar set of questions, that are retiring?

I think a lot of Americans, whether they are in a union or not, when they come to retirement, they got a lot of complex questions they are trying to navigate through, so tell us about what you were thinking at the time, and then how that has helped you work with others.

Mr. MCLIMANS. [Technical problems]—there we go, okay. Moving up to retirement, I hadn't planned on retiring when I did, but we were going to spring training, so I went down, you know, I said, well, this is at the end of February, we are going.

I was going to wait till the hot weather got there, because a melt shop was hot, hot, dirty, nasty. It has got every kind of element you would want, but I figured I would wait until July but didn't happen.

Anyway, the work up to retirement is, you know you are going to lose—not going to lose your friends, but you are going to miss the guys you work with, and I loved the work. It didn't bother me. I know it was hot, dangerous, and all that good stuff that comes with making steel, but I enjoyed the physical activity.

Physical activity was good for me being a diabetic, and why not, just keep going outside. After retirement, I just continued on with my union activities, and I would go down the union hall maybe three or four times a week to see what needed to be done.

If there were people I used to work with, say Bud Company, they didn't know what happened to their pension, and I would tell them, hey, here is what you have—I keep it in my wallet.

You know, let me write this on a card. You can call these people. You will get your pension. It is there. Just, it is not a lot, not like a steel mill pension, but you still—you need to get it. Every dime counts when you retire, believe me. Every dime counts. Every penny, and, you know, it has been a great deal and I am happy to keep on being involved.

The CHAIRMAN. You still get a lot of those kind of basic questions from—

Mr. MCLIMANS. All the time, all the time, and phone calls. How do you make this heat in the mill? You know, just do what you do? Not that I am a professor of meteorology, but I did the job for a lot of years and it is not hard, you know, you just do what you have to do.

The CHAIRMAN. Well, we appreciate what SOAR does to keep those steelworkers informed about what is available to them, and having those, as you said, having those speakers come in and provide that kind of background and education.

I will move to Dr. Gonzales about the question that has been—you made reference to and so several of our witnesses have age discrimination. I mentioned the Bill that we have, a bipartisan Bill, a pretty simple Bill. What we are trying to do is to restore the level of proof that was there before a Supreme Court decision that was decided way back in 2009, so you have had all these years with this different standard that a worker has to prove in order to be successful in those—in that case.

I am grateful that we have bipartisan support for a Bill that will restore that standard that was there for so many years under the Age Discrimination and Employment Act, but, Dr. Gonzalez, based upon your research, and I know you have spent a lot of time in this, how would this particular Bill, the Protecting Older Workers Against Discrimination Act, help protect older workers from workplace discrimination?

Dr. GONZALES. Thank you for the question. You know, discrimination within the workplace is really quite complex, and through quantitative, representative samples that I have really drawn most of my conclusions from, it varies all depending on sociodemographic characteristics.

You know, we had a testimony here talking about Margaret, and she was so crystal clear that it was age discrimination. Quantitatively and qualitative research, some can't say that is the reason—that is the reason why. More often than not, respondents say, well, it could be a confluence of issues.

It could be because of ageism and sexism. It could be—you know, it is very, very difficult. Interestingly, in the samples of older adults in the health and retirement study, it is representative. I looked at workplace discrimination and everyday discrimination, and workplace discrimination, there was older whites that reported the highest level of discrimination.

In 2006, there was about 82 percent. One of my Ph.D. students recently told me that they looked at the 2020 data and it had significantly increased since then. From workplace discrimination, it is after whites report the highest rates. It is blacks and Hispanics. Everyday discrimination, similar findings.

The difference between everyday discrimination and workplace discrimination, at least from a research perspective, is every day that follows up, why do you think you were discriminated against? Half of that sample can't answer why. They can't attribute it to one reason or another.

The other half, when we stratify by race and ethnicity, ageism is the first reason for whites and Hispanics. It is the second reason for blacks. Racism is the first reason for blacks, and so, all of that complexity happens in real time, over time. It is subtle, sometimes quite evident. It is very difficult to say that age isn't the decisive factor, and so really, going back to Congress's intentions back in the 1970's, that age could be a factor, really protects individuals and really gives them a winning chance to really, you know, win in this in court.

Right now, after—during the pandemic, I was working with the National Academy of Sciences on a consensus report, and in that report, we came to the conclusion that under law currently, it is older white men that disproportionately win age discrimination

cases compared to their counterparts, and I think that resonates with the quantitative data that I have just presented, too, so really going back to Congress's original intent would bolster the capacity for individuals to be protected from age discrimination win cases, and when they come before the court, and it would also send a clear cultural message—sorry, I know you want to ask your questions. It will send us a clear cultural message that it is not acceptable.

The CHAIRMAN. Doctor, thanks very much. I will turn to Ranking Member Braun.

Senator BRAUN. Thank you, Mr. Chairman. I will go after Senator Vance. I think you got a conflict.

Senator VANCE. Yes, I appreciate that, Mr. Chair and Ranking Member Braun. I want to direct my questions to Dr. Palagashvili. All right, good. Good, glad I screwed that one up. I like to challenge myself here in these Committee hearings.

You know, one of the things is just thinking about age discrimination and some of our older Americans in the workforce, you know, this is an issue I know very personally. I was raised by my grandparents.

You know, one of the things that occurs to me is that we have a lot of older Americans who are in the workforce, who are providing very valuable services, they just aren't getting paid for it, right, and I believe the number is about two million American children are currently being raised full time by their grandparents.

That doesn't count, of course, the many millions of Americans on top of that who are in some sort of kinship arrangement, and I guess the first question I have, doctor, is just there are a lot of ways in which we subsidize different childcare arrangements at the Federal Government level. We subsidize daycare, we subsidize other childcare arrangements, and I have no criticism or problem with any of those arrangements, but it does occur to me that when we subsidize some arrangements but we don't subsidize the arrangements that most, that fall hardest on some of our grandparents and also the children who are raised by grandparents, that that maybe can cause some problems.

I am just curious what your views are on that, about whether we should maybe be a little bit less biased in how we think about childcare from a Federal social policy perspective. It seems like we have a particular bias right now, and unfortunately, that bias falls against some of our elderly folks.

Dr. PALAGASHVILI. Senator Vance, that is a really great question and a very important topic. It is slightly outside of my expertise and not—I don't focus on that, but I will tell you that my research focuses on the independent workforce, and what we do see there is that a lot of caregivers go into independent work precisely because it provides them the flexibility that they need to take care of their family members and still make income at the same time.

I am happy to, you know, speak to that a bit more if you are interested, but that is something that is an important source of income.

When we look at surveys of moms, working moms who are primary caregivers who voluntarily left employment, and they talk specifically about leaving employment because they needed to take

on more flexible work arrangements to be able to also care for their families, and so, these different, nontraditional employment arrangements actually provide valuable work opportunities for moms.

Senator VANCE. Yes, let me just pick up on that thread a little bit. You know, you have obviously studied the independent work arrangements a fair amount, and I guess if you could walk me through, what is really driving, let's take, you know, obviously focusing on elderly Americans, what is driving a lot of those folks who want to reenter the workforce? You mentioned flexibility.

Obviously, there is income, right? People need money to get by, and unfortunately, we live in a, you know, a high inflation environment where a lot of people are finding that their fixed income, their Social Security check just isn't going as far.

What is really sort of driving this? Is it a sense of a fulfillment, a desire to sort of do something, you know, in a post-retirement world? Is it purely income driven? Is it flexibility driven? I would like to understand sort of what is driving people.

Dr. PALAGASHVILI. Thank you, Senator Vance. Fantastic question, and it is actually both things that you mentioned, so the research suggests that older workers continue to work for a combination of financial necessity and preference for work.

Actually, we see more older workers right now doing it for financial reasons rather than preferences because of the troubling state of our economy and high prices, and I will note on the flexibility aspect as well, there is a recent study that was published in a high-ranking economics journal that actually found that about 60 percent of non-working older Americans would be willing to work, return to work if there were flexible work arrangements and reduced hour arrangements available to them.

Senator VANCE. Great. Thank you, doctor. Thanks for everybody else for being here. Sorry we didn't get time to ask—to answer questions.

Dr. Gonzales, sorry, let me—because I know I am running low on time here and I want to be respectful, but let me just close by saying that I think it is worth us thinking about this. As a lot of grandparents are being driven back into the workforce, some for their own reasons, some for purely external financial hardship reasons, that is going to affect a lot of our young kids and a lot of the grandparents who are taking care of them. Thank you.

The CHAIRMAN. Thank you, Senator Vance. We will turn next to Senator Braun.

Senator BRAUN. Thank you, Mr. Chairman. Senator Vance basically asked the question I was most interested in that relative difference between, you know, what is motivating folks when you most likely want to be enjoying life, you know, to come back into the workforce.

I think you made it fairly clear and they want flexibility when they do get in there. This could be, I say pull this out of my opening statement and to put a little meat on the bone on why, half of older Americans have spent their emergency fund.

That is the number one thing that any financial adviser will say have that set aside. Half of them have gone through it. Quarter have depleted whatever retirement income they had in terms of gone through that as well, sometimes drawing it down much

quicker if it is above and beyond what you get through Social Security, never imagined doing it.

I think the other thing that is coming along, and I have, you know, weighed in against it, you have got policies. Like currently there is a policy out there that enables fiduciaries to actually push, you know, different investments that may not highlight the best return on investment, and that is called the ESG rule.

I am the Republican that started the climate caucus here, took a lot of heat for it. I think it is important, but how much of that, you know, the where you are depleting your savings, you are now maybe marginalizing your return. The only study said that that would lower your return by 30 percent.

Is that scaring people back into the workforce? Or, and if we had less of that, would we have less of a need to bring older people back into the workforce? Ms. Vanlandingham, would you comment on that? Then, doctor, you as well.

Ms. VANLANDINGHAM. Certainly. Thank you for the question. We absolutely do see older adults returning to the workforce out of a sense of need. It is at times because they have depleted their savings, as you say.

They are out of pocket medical costs have depleted them and perhaps changes in their retirement plans and bad investment advice. I will say that predominantly it is individuals who are in economic need, and then second behind that is those that find retirement, sitting on—playing golf all the time or sitting around waiting for the next thing to happen is not what it is all cracked up to be.

They want purpose and they want meaning, and as Dave talked about the physical benefits that he gets from being engaged and staying active and having purpose, that is where a lot of the benefit happens, so yes, the retirement income has not—doesn't go as far as they have anticipated. Medical costs, out of pocket medical costs are eating up those savings, but it is a lot about purpose driven and wanting to be valued and be able to have a contribution to our economy and to society.

Senator BRAUN. Doctor, apologize—very briefly on it, because I have got another question.

Dr. PALAGASHVILI. I would agree with my lovely neighbor over here that we do see older workers, according to the economics research, go in for financial reasons, and of course, the other aspect of that is personal reasons, so I won't have much more to add to that. Thank you.

Senator BRAUN. Dr. Gonzales, you mentioned the therapeutic benefit, and Dave weighed in on that as well, and I can see where that makes a difference.

The thing I hear most often when elderly do get to a job, it is a world of technology currently, and I know my own skills and I have had to really get refinement over time to fully embrace it.

You know, my company, we leverage technology as a differentiator in a logistics and distribution business. How much of an impediment is the lack of maybe the comfortability and the skill set with basic technology hurting elderly when they want to come back into the workforce?

Dr. GONZALES. I think we could all agree that we all have tech issues, right. We all have tech—whether it is with our TV or a com-

puter or our phone, we run into them, and even when we attend conferences by Apple, they have tech issues.

It is not necessarily an older adult issue per se. It is, you know—and I am so thrilled to that my other neighbor over there is doing incredible work around technology. Cognitive health for quite some time, neurologists thought that once your brain was fully developed at the age of 25, that is it.

That is so bogus now. We know that cognitive plasticity occurs throughout the entire lifespan, and so, we need to build programs that are sensitive to where that individual is at, what experience they have had, and meet them where they are at, and I believe that is what SCSEP does in Michigan.

They also do it in New York and New Mexico, Texas, other places. It is a really terrific program. I hope I answered your question—

Senator BRAUN. You did, and you did it just right because it just went into the red zone. Thank you.

The CHAIRMAN. Thank you, Senator Braun. We will turn next to Senator Ricketts.

Senator RICKETTS. Thank you very much, Mr. Chairman, and thanks to all of our panelists here for testifying here today. Right now, the HELP Committee is considering the nomination of Julie Su to lead the U.S. Department of Labor.

Like many of my colleagues, we are concerned about some of the policies and misguided policies she would implement that would crush the independent contractor gig economy as we know it, and we have talked about that a little bit.

Many workers that are past or near traditional retirement age for a variety of reasons, whether it is financial need or the purpose they are seeking, are looking to work in the gig economy to give them more freedom and flexibility and find that fulfillment that we are talking about. Nebraska has an aging population.

According to the last census, 16.4 percent of Nebraska's population is over the age of 65. Independent work makes up a main source of income opportunity for retired and older workers who want to transition into part time work.

These workers include both independent contractors and gig workers. Bureau of Labor Statistics survey found that one out of every three independent contractors were 55 or older, while less than a quarter of workers in traditional employment were 55 or older. People 55 or older make up 11 percent of the gig economy.

Dr. Palagashvili, in your testimony, or you talked about the independent contract rule and I think talked about the Biden Administration and how it fails to consider older workers participating in the gig economy or utilizing part time work as independent contractors.

If the Administration rule is finalized, what do you expect to be the long-term ramifications to the gig workers and older workers and people who want to be independent contractors?

Dr. PALAGASHVILI. Thank you for your question, Senator. It is a very important question. What we expect is that there will be fewer independent work opportunities for all Americans, but this will disproportionately harm older Americans because they tend to be in independent work opportunities, precisely for the reasons that we

talked about earlier, where they may not one full time employment or are ready to transition out of the full time nine to five employment workforce, and so they seek these independent work opportunities specifically for those reasons.

I also cited a recent economics survey that found that 60 percent of non-working older Americans would be willing to work if there were flexible work arrangements, and that is precisely what these independent work opportunities provide for them.

I know—because again, because independent work opportunities are a vital source of income for older Americans who cannot take on traditional employment, eliminating those independent work opportunities will disproportionately harm older workers.

I would like to add that this is also at a time when inflation is high and traditional work opportunities, employment opportunities are likely to be scarcer, so it is unwise for the Department of Labor to also limit independent work opportunities, especially for older workers.

Senator RICKETTS. Talk a little bit about what is your—the aspects of the policies that you are most concerned about with regard to what the policy is? What are some of the things that they are going to be doing that is going to limit this?

Dr. PALAGASHVILI. The regulation puts a very strict definition of what it means to be an independent worker. Now, it doesn't mimic the ABC test of the California's AB5, which is very problematic as we all saw in the aftermath, but in the way that it downplays certain factors that the economic realities test and plays up other factors, it can functionally act like the ABC test from California's AB5.

That is really problematic because it will mean that legitimate independent workers, self-employed individuals, and freelancers would have to be reclassified as employees, and we all know that not every independent work opportunity turns automatically into employment opportunities.

Especially for older Americans who don't want the employment opportunity, this is eliminating an income source for them, and as we saw in the aftermath of California's AB5, and this is reported by news outlets like The New York Times and the L.A. Times, there were significant job losses across the entire State and especially harmed older workers.

Senator RICKETTS. Outside the Biden Administration's proposed independent contracts rule, what regulations or red tape can we cut at the Federal level to provide more flexibility and freedom to our older Americans who continue to want to contribute to our workforce?

Dr. PALAGASHVILI. I do think that the independent regulations around independent work is the most important, but there are also things that private employers could take as well by just allowing more flexible work arrangements and of these various opportunities to help older workers, you know, reenter the workforce and take on these job opportunities.

Senator RICKETTS. Is there anything specifically, though, that the Federal Government could do? I mean is there red tape at the Federal level besides the independent contractor rule the Biden Administration is proposing that—which is say, hey, here is another

thing you should target when you are thinking about this. If you did this, it would really help our older—

Dr. PALAGASHVILI. Well so one problem, it is back to the independent contractor but not necessarily the Department of Labor, is that various different agencies across—so the various different agencies all have different rules for what it means to be an independent contractor and that creates a lot of confusion.

One worker might be an independent contractor under one rule, but under one agency, but not under another agency, so I think it is important, and that is a great red tape to kind of have harmonization across agencies, perhaps adopting something like the IRS common law task across all agencies.

Senator RICKETS. All right. Perfect. Thank you.

Dr. PALAGASHVILI. Thank you.

The CHAIRMAN. Thanks very much, Senator Ricketts, and I will come back for some questions now that I have—and as I said, we are transitioning to other hearings today, so we may have to wrap up pretty soon.

I wanted to go back to a question that Ms. Vanlandingham, you mentioned in your testimony about broadband, high speed internet. That access is becoming even more critical to the 21st century workplace.

We have all talked about it for years as a problem—or I should say the problem being lack of access to high-speed internet, so many examples in my home State of Pennsylvania. Is probably best encapsulated by a county commissioner who said to me on a phone call one day on one of those conference calls, he was almost screaming into the phone, Senator, kids can't do their homework, which kind of crystallized it for me.

Obviously, we know the impact on small business, everything from running a small business in a small town or city or trying to operate a farm without high-speed internet. We just can't do it. It is the equivalent of electricity years ago, how people couldn't function without it.

Everyone knows the problem. We have several Federal programs that invest dollars, but nothing on the scale that we are going to be able to invest through the Infrastructure Investment and Jobs Act. We also have some investments in my home State.

I know a lot of other States will be following, investments from the American Rescue Plan legislation, just for broadband, just for high-speed internet, but the infrastructure dollars will be much, much greater, even though Pennsylvania has already received \$200 million or will be receiving \$200 million from the American Rescue Plan for high-speed internet.

We know the scale of the problem. We know the—even the beginnings of significant investment to make a difference, but as someone who represents a State that has 67 counties, but 48 are rural, I have a pretty good sense of some of the challenges the lack of high-speed internet presents to communities in our rural counties.

Tell me a little more about, based on your experience in Michigan, what you are seeing, especially through the lens of or in the context of rural areas. How does that kind of better access to high-speed internet help support older workers and to keep them connected in a very competitive workplace and economy?

Ms. VANLANDINGHAM. Thank you for that, and I will echo that county commissioner and say Senator, older adults cannot compete in today's workforce without broadband access and technology training.

What we see in Michigan, we have very rural communities as well, and our PSA, our planning and service area is three counties. One county, Berrien County, has an advanced strategic plan to really assess and understand and have a broadband access plan. Our other two more rural counties have none.

In fact, when I tried to work remotely over the pandemic, I can't have video capabilities. I can't work in my own township, nor can anyone else, any other older adult living in my community, so without broadband access—in fact, 42 percent of older Americans lack broadband access.

That is 22 million older adults, and those in rural communities are 1.6 times more likely not to have that access. They can't do job searches. They can't participate in many opportunities in a gig economy or in remote access, remote workforce opportunities. They can't benefit from the health, education, and nutrition support that is available online.

Many of the things that we offer at our center are also offered remotely so that people can have access to that, but not if the broadband doesn't come to them. Also, they lack opportunities for caregiver support, for caregiver training, and telehealth and tele—and remote patient monitoring opportunities don't exist when you don't have broadband access.

As my colleague indicated, this broadband access impacts the entire population from schoolchildren to older adults, and those two extremes are most—are disproportionately impacted.

The CHAIRMAN. Thanks very much, and I have lots more questions, but not enough time, and we are probably going to have to wrap up, unless Senator Braun—

Senator BRAUN. I am ready for a closing statement. Whatever you want.

The CHAIRMAN. Okay. Senator, thanks so much. I will be brief in my closing, but I wanted to get—I will read a statement for the record just so we have it. We have both throughout the course of this hearing, heard a lot about expanding opportunities, but also knocking down or dismantling barriers for older workers that can result in a higher quality of life and increased ability to save for retirement.

We heard from earlier in the testimony the Senior Community Service Employment Program, so-called SCSEP, that have set a foundation for older workers looking to stay engaged, learning new skills, and giving back to their community.

Other supports provided through the Area Agencies on Aging and retirement advocacy groups like SOAR can go a long way to ensuring that seniors are set up to thrive in their later years. David McLimans, with his work in the steelworkers, shared his experience as a retired steelworker and a proud union steelworkers member, as well as his current work to protect older workers and their rights as a SOAR board member.

We know that it is important that we better understand the state of the aging labor force and the challenges they face. That is

why several members of the Senate have—and members of this Committee are sending a letter to the GAO to request a study on this issue.

Their findings will help us better serve older workers in the future, and it is important that we continue to support older workers seeking justice for unjust terminations due to discrimination.

I have the Protecting Older Workers Against Discrimination Act that will bolster protections for older workers and provide a level playing field for them. I will continue to work with our colleagues in the Senate on both sides of the aisle to advance that Bill to make sure that we are protecting those workers and setting them up for long term success.

I will turn to Ranking Member Braun, if he has any closing remarks.

Senator BRAUN. Thank you, Mr. Chairman. Great conversation. I come from Main Street America, where most of my emphasis has been with small business, and you can see that so much of the re-entry generally into something later in life is with the smallest business, maybe a gig economy job.

I look at my wife and many people in our downtown Jasper, Indiana, where they are working into their late 60's and 70's and enjoy it, and then maybe have the next generation lined up to do it.

We got to be careful that I have always felt there has been a distinction, and we hadn't discussed it really formally before, between whatever we do here that might be aimed at larger entities versus Main Street and small business. It is a significant difference in terms of how you have the tools to navigate through it.

When you think about it, almost everything we have talked about today would be most likely reentering not into a Fortune 500 company. I think they are wanting to scoot you out the door maybe earlier than many would like to leave it.

I think it is important whatever we do in terms of legislation, that we don't make it more difficult for the reasons of economic necessity, and even better, that you don't want to jump into the rocking chair and you want to keep working as long as you can, and our policies are conducive to it, and to me, so often Government ends up doing stuff that doesn't aim in the right direction and it ends up making it worse than better, and my hope is that as we discuss this, we make it as easy as can be without the heavy hand of maybe Government for the elderly when they are willing and able to get back in and do what they want, not overburdened by Government interference and regulation. Thank you.

The CHAIRMAN. Thank you, Senator Braun. I want to thank everyone for being here today. I wanted to mention as well, which I should have mentioned earlier, that several Senators who have appeared at the hearing either in person or in the case of Senator Blumenthal, virtually because of his recent injury.

Senator Blumenthal, Senator Warnock and Senator Rick Scott all were here today at various times and not able to ask questions. I do want to thank again our witnesses, and we appreciate your time and traveling to get here, and we wish we had more time today, but you brought your experience and your expertise and your insights to this Committee, and we are grateful for that.

If any Senators have additional questions for the witnesses or statements to be added, the hearing record will be kept open for seven days until next Thursday, April 27th. Thank you all for participating today. This concludes our hearing. Thanks.

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## **APPENDIX**

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**Prepared Witness Statements**

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**Beyond the “9 to 5”  
Dismantling Barriers and Building Economic Resilience for Older Workers**

United States Senate  
Special Committee on Aging  
April 20, 2023  
9:30 to 11:00 AM EST

**Written Testimony**

Prepared by Dr. Ernest Gonzales  
James Weldon Johnson Professor of Social Work  
New York University, Silver School of Social Work  
Director to the Center for Healthy Aging Innovation (CHAI)



### **Introduction**

Good morning, Senator and Chair Casey, Senator Braun and members of the Senate's Special Committee on Aging.

Thank you, Senators Casey and Braun, for inviting me to testify today. It is an honor to be before this Committee, particularly Senator Gillibrand from my adopted home state of New York, and Senator Braun, representing my loving in-laws from the great state of Indiana. Senators, all of your efforts on the issues affecting the health and economic wellbeing of our aging population is vital not just for older adults and their families, but for our entire society.

My research is focused on productive aging, equity, discrimination, intergenerational scholarship, and social policy. The National Institutes of Health, Social Security Administration, and private foundations have funded my research. I've served as subject matter expert for the National Academies of Sciences, National Science Foundation, and have reviewed grant proposals for the National Institute on Aging, federal agencies abroad, and national foundations. My research has been published in leading scientific journals and I serve on several editorial boards, such as *The Gerontologist*, *Journals of Gerontology: Social Sciences*, *Work, Aging, and Retirement Journal*, and the *Journal of Gerontological Social Work*.

My early life experiences growing up in El Paso, Texas with my loving mother (who is in the audience), maternal grandparents, and uncles, inspired me to study social policies and programs that maximize the chances to live a long, healthy, and meaningful life in a peaceful society. I am currently the James Weldon Johnson Professor of Social Work at New York University. I am also the Director of both the Masters of Social Work Program and the [Center for Health and Aging Innovation](#). Additionally, I work closely with a number of not-for-profit organizations, including [Generations United](#) and [Cogenerate](#), and co-lead [Grand Challenges with the American Academy of Social Work & Social Welfare](#).

### **Brief Overview of Aging Workforce and Productive Aging**

We are living longer than we have ever in the history of humankind. Prior to COVID-19, it was predicted that half of children born in western societies will live to be 100 years of age (Christensen, et al., 2009), and the other half are expected to live to their upper 80s and 90s. Even as we emerge from the pandemic, epidemiologists are in general agreement that life expectancy will rebound, similar to the global pandemic in the 20<sup>th</sup> century, and we will continue to live longer. Extended longevity is one of the greatest scientific achievements in modern times.

The question before us all is: *How do we not just live a long life, but a long healthy life with a solid economic foundation; with strong social bonds with family, friends, and community; and in a diverse, loving, and peaceful society?*

It is an honor to testify today and share with you the latest research to answer aspects of that question.

The concept of “productive aging” takes the fundamental view that the capacity of older adults must be better developed and utilized in activities that make economic contributions to society – employment, volunteering, caregiving, and education (Morrow-Howell, et al., 2001; Gonzales, Matz, & Morrow-Howell, 2015).

Population aging is a reality that puts pressure on social insurance programs, labor markets, civic sectors, and families. Society needs a greater proportion of older adults to be productively engaged as paid workers, volunteers, and caregivers.

Older adults play a critical role in society.

Older workers make up 35% of the U.S. population, yet they contribute approximately 40% of the national economic output ([Joint Economic Committee Democrats, 2022](#)). Globally, people aged 50 and older account for a quarter (24%) of the world population in 2020, yet they contribute a third (34%) of global GDP ([AARP, 2022](#)). This translates to \$45 trillion US dollars and the trend is expected to continue, reaching \$118 trillion by 2050.

Older adults are more than just workers. They are volunteers and caregivers, knitting the social fabric of society, one job, one civic duty, and caring for one person at a time.

Older adults volunteer as tutors, and assist in other ways at schools, places of worship, libraries, hospitals, and non-profit organizations. Altogether, these civic contributions by older adults are valued at approximately \$77 billion US dollars, annually ([Gonzales, et al., 2015](#); [AmeriCorps, 2016](#)).

Older adults are grandparents -- many of whom are raising their grandchildren, thereby saving US taxpayers \$4 billion dollars each year by keeping those children out of the foster care system. ([Generations United, 2017](#), [Pew, 2016](#)). Older adults are also extensively involved in unpaid caregiving, which is valued at \$522 billion annually ([Johnson & Schaner, 2005](#), [White, DeAntonio, Ryan, & Colyar, 2021](#), [Chari, Endberg, Ray & Mehrotra, 2015](#)).

The benefits are not just in dollars.

Under optimal conditions ([Gonzales, 2022; 2015](#); *see also additional readings*), employment and civic engagement in later life are associated with fewer depressive symptoms ([Carolan et al., 2020](#); Morrow-Howell, 2010), lower risk of mortality (Glass et al. 1999; Musick, Herzog, & House, 1999), lower risk of hypertension (Kim, Halvorsen, & Han, *in press*), improved cognitive functioning ([Gonzales, et al., 2022](#); [Lee, et al., 2022](#); Hinterlong & Williamson, 2007), and increased economic security ([National Academies of Sciences, 2022](#)). Paid work and volunteering enable older individuals to develop and reinforce new knowledge, new skills and renewed purpose-

in-life (Gonzales, et al., 2015, 2022; Hinterlong and Williamson, 2007). Other studies have demonstrated a reduction in social isolation among more vulnerable community members, which may prevent or delay the need for individuals to receive formal, paid services (Barker, 2002; Hinterlong, 2002; Jang, et al., 2018). Contrary to conventional wisdom, research shows that informal caregiving can lead to living longer and in good physical and mental health (Fredman, 2016, Fredman, et al., 2009; Fredman et al., 2008).

Productive aging can delay the onset and severity of disease and disability under optimal conditions (Morrow-Howell et al., 2001; Carolan, et. 2020; Gonzales et al., 2022; Halvorsen, 2020; Matz, Sabbath & James, 2020).

#### **Barriers and Opportunities to Employment in Later Life**

Yet, cultural norms and social structures limit older adults' full participation in these important productive roles. A recent report by the [National Academies of Sciences](#) clearly articulated the challenges to working longer (National Academies of Sciences, Engineering, and Medicine, 2022). Given limited time, I want to bring your attention to age discrimination.

Ageism is expensive: it costs the US \$850 billion in GDP each year due to the untapped resources of producing goods and services by older workers (Terrell, 2020). By 2050, the costs due to age discrimination could climb to \$3.9 trillion US dollars. Ageism is also linked to \$63 billion in health care costs (WHO, 2021).

Age discrimination at work is complex – at times quite evident and other times subtle, a constant reality for some, episodic for others (National Academies of Sciences, 2022). Yet research has clearly demonstrated older workers experience age discrimination at nearly every phase of employment: hiring, promotion, performance evaluation, workplace opportunity and climate, and transition into/out of retirement. Audit studies reveal older applicants are less likely to be interviewed and hired when compared to younger applicants (National Academies of Sciences, 2022; Newmark et al., 2019; Farber et al., 2017; Lahey, 2008; Lahey and Oxley, 2021).

Age discrimination undermines health and is associated with early retirement and turnover. A longitudinal study funded by The U.S. Social Security Administration that I conducted with a representative sample of older adults in the Health and Retirement Study data ("HRS," 2006-2014, n=2,028) revealed older Whites, Blacks, and Hispanics reported high rates of chronic discrimination at work (Gonzales, Lee & Marchiondo, 2021). Nearly, three quarters (74%) of Whites reported work discrimination, compared with 68% of Blacks and 64% of Hispanics on an annual basis. Chronic discrimination within the workplace was associated with depression and earlier retirement. These findings are similar to my other studies which reveal targets of age discrimination at work is associated with depression, job dissatisfaction, and higher intentions to leave their employer and retire if they are eligible (Gonzales, Lee & Marchiondo, 2021; Marchiondo, et al., 2015).

Proving age discrimination at work is difficult and characterizing it as a decisive factor required by current law is nearly impossible. For example, the Everyday Discrimination Scale asks about targets' experiences with slurs, jokes, indignities, and incivility in their everyday lives. These events can occur within workplaces, restaurants, neighborhoods, etc. Again, the Health and Retirement Study, a representative sample of older adults, reveals that eight out of 10 Whites (81%) experienced everyday discrimination in the past year, compared with Blacks (78%,  $p < .05$ ) and Hispanics (67%,  $p < .05$ ). Unlike other measures, the Everyday Discrimination Scale queries respondents about attribution (i.e., main reason for these experiences). Among the entire HRS sample, respondents attributed discrimination to age (28%), gender (16%), weight (12%), race (8%), physical appearance (7%), ancestry (5%), physical disability (4%), and sexual orientation (1%). When stratified by race and ethnicity, the ranking of attribution shifts among minorities. Blacks overwhelmingly reported discrimination due to race (46%), age (14%), gender (11%), and ancestry (11%). Hispanics reported discrimination due to their age (22%), race (18%), ancestry (15%), physical appearance (14%), and gender (12%). It is important to note that nearly half of respondents in the HRS study reported everyday discrimination but were unable to rank attribution (why they were discriminated). Often, when queried through qualitative research, respondents believe they are discriminated for a variety of reasons (e.g., age, race, gender), which is corroborated with quantitative studies. It is difficult to rank attribution in order of priority, weight, or magnitude. This reflects the complexity of discrimination in and out of the workplace. Targets of discrimination are due for a confluence of bias based on sociodemographics (Laster Pirtle & Wright, 2021; Smith-Tran, 2022; Steward, Carson, Dunbar, Trujillo, Zhu, Nicotera & Hasche, 2023).

Legislation requiring targets to demonstrate age as a decisive factor in a discrimination case does not reflect the complexity of the phenomenon and is misaligned with age discrimination often co-occurring with other forms of bias at work (e.g., sexism, racism, etc.; Bendick et al., 1999; Bendick et al., 1997; Burn et al., 2020; National Academies of Sciences, 2022; Newmark et al., 2019; Farber et al., 2017; Lahey, 2008; Lahey and Oxley, 2021; Riach & Rich, 2010, 2006).

In sum, age discrimination is bad for people and bad for the economy.

We must end ageism and other forms of bias. And it is possible.

Interventions are needed across the macro to micro continuum:

- We need to pass proposed legislation, specifically Protecting Older Workers Against Discrimination Act (POWADA), which will send a clear cultural and institutional message that ageism in the workplace is not tolerated. Importantly, it will reinstate Congress' original intent with the Age Discrimination in Employment Act (ADEA) that age is a factor, not the deciding factor, in an age discrimination case. This legislation will likely be effective in shaping minds and opportunities to remain at work, return to work, both for older adults today and young people in the future.

- We also need interventions within organizational settings. All too often ageism is viewed as acceptable and harmless. Multigenerational workplaces are naturally occurring given longevity. The challenge now is to maximize the strengths and talents of each generation ([Advisory Board, 2023](#), [Encore.org, 2022](#); Morrow-Howell et al., *in prep*), rather than pitting them against each other. With more employees working remotely in many organizations, retention of experienced workers is a critically important element in providing training and transmission of effective and efficient workplace practices to newer employees.
- We need to develop intra- and interpersonal interventions outside of the workplace to end ageism. National demonstration projects, such as Vital Visionaries funded by the National Institute on Aging for which I evaluated, offer compelling evidence that brief interventions (2 hours, 6 sessions creating art together) are powerful to end ageist assumptions between young and old ([Gonzales, Morrow-Howell, & Gilbert, 2010](#); Rubin, Gendron, Wren, Ogbonna, Gonzales, & Peron, 2015, [please view a YouTube video here](#)). Funding multigenerational civic activities, similar to those done by Senator Casey during the reauthorization of the Older Americans Act in 2006, needs to be continued.

Ending ageism will maximize the capacity to work longer, and yield greater economic and health outcomes for individuals, families, and society. Passing POWADA is an important first step. Other solutions need to be developed, implemented, evaluated, and scaled.

#### **Civic Engagement**

Volunteering is a hidden jewel – many studies reveal high intensity volunteering yields economic and health benefits for individuals and society (Morrow-Howell, 2010; Gonzales & Nowell, 2015). Social policies that encourage more civic engagement are poised to optimize economic, health, and social outcomes for both older adults and younger generations.

Volunteering often serves as the catalyst for retirees to return to paid-work. Research shows it improves health and increases weak social contacts that can lead to employment referrals among retirees ([Gonzales & Nowell, 2015](#)). High-intensity volunteers, that is, older volunteers who commit more than 200 hours per year, have higher odds of returning to work after retirement than non-volunteers and low-intensity volunteers (Gonzales & Nowell, 2015).

Volunteering a minimum of 200 hours per year in later life has tremendous cognitive, physical, socioemotional health benefits (Carlson, et al., 2009; Kim, Halvorsen, & Han, *in press*; Konrath, et al., 2012; Morrow-Howell, 2010; Morrow-Howell, Lee, et al., 2014). This is especially true for volunteer roles that are complex, novel, and with sufficient organizational supports to ensure these outcomes (Morrow-Howell, 2010).

Moreover, when social policies bring older and younger generations together, there are often win-win outcomes ([Generations United, 2021](#)). The good news is that younger and older

generations want to work together on critical issues, such as education achievement, mental health, environment and climate change, and housing ([Encore.org, 2022](#)). There is a strong knowledge base to inform intergenerational interventions with theory and evaluation (Jarrott & Lee, 2022; Jarrott et al., 2021; Jarrott, Scrivano, Park, & Mendoza, 2021; Jarrott, Turner, et al., 2021).

To give an example, [AARP Experience Corps](#) is a national tutoring and mentoring program. Older adults, many of whom are racial and ethnic minorities, undergo training to tutor 2nd and 3rd graders on reading and math. These children are at risk of not gaining these essential academic skills, often living in under-resourced neighborhoods, and subsequently less likely to graduate from high school and attend college. [Rigorous evaluations](#) revealed children's academic performance and socioemotional health improved. And older tutors experienced cognitive plasticity; reduction in falls, social isolation and depression; and increase purpose-in-life. Stipends offset the costs associated with volunteering (e.g., travel, meals) and yielded greater health benefits among low-income older volunteers (McBride et al., 2010). Further, tutors took their training home, tutoring their grandchildren and grandchildren's friends in the neighborhood.

Implications for social policy are clear: Investments in civic engagement opportunities for older adults with younger generations is a triple win: 1) older volunteers' health and social wellbeing are improved, 2) younger generations benefit as well, and 3) volunteering builds the capacity for older adults to return to the paid workforce.

We must expand AmeriCorps National and AmeriCorps Seniors' intergenerational programming. To expand opportunities for older and younger people to serve side by side, maximize benefits for older adults and younger generations, and provide clear pathways for older adults to volunteer and gain employment. Generations working together on critical issues will likely be far more successful than when generations work alone ([Coons, 2022](#); [Weissbourd & Murphy, 2023](#)) and national demonstration projects are necessary, such as Generations Serving Together. We must also increase opportunities for older veterans and low-income older adults via Title V of the Older Americans Act and the Senior Community Service Employment Program, respectively.

#### **Informal Caregiving**

Older adults are often providing care to a spouse/partner, adult child, and/or grandchildren and sometimes great grandchildren. Grandfamilies, families where children reside with and are being raised by grandparents, other relatives or close family friends, are becoming more common and will likely continue to grow in size and diversity ([Generations United, May 2022](#); [Johfre, 2022](#)).

From my research with the Health and Retirement Study, a nationally representative sample of older adults 50+ in the United States, I discovered that older adults who provide care to an adult child and/or grandchild (or great grandchild) are likely to return to work after a period of retirement ([Gonzales, 2023](#)). U.S. Census Bureau (American Community Survey) shows that 56% of grandparents responsible for grandchildren are in the workforce ([Generations United, 2022, p. 28](#)).

In some cases, caregivers in grandfamilies who were working before the children came into their care have to quit work to care for the children because they cannot find child care and/or the children have significant medical or mental or behavioral health challenges due to trauma experienced before entering their care. In other cases, grandfamily caregivers have to go back to work because they do not have adequate income to provide for children they were not expecting to care for.

Providing care to a spouse/partner who has difficulty with activities of daily living (ADLs, e.g., bathing, dressing, eating, moving from bed to chair, going to the toilet) and/or instrumental activities of daily living (IADLs, e.g., preparing meals, shopping for groceries, making telephone calls, assisting with medications) poses a significant barrier to returning to work after retirement (Gonzales, Lee, & Brown, 2015). Others have come to similar findings (Bradley et al., 2023).

More longitudinal research is needed in this area to disentangle variation by gender, race, ethnicity, age cohort, and socioeconomic status. However, it is likely that flexible work arrangements, child care, and access to Employee Assistance Programs, can provide support to unpaid caregivers which will bolster their opportunity to stay employed longer, retire later, and/or return to work after retirement.

#### **Conclusion**

Policies that support productive activities in later life are a logical response to the demands of an aging population and will likely promote economic well-being for individuals, their families, and society. Barriers, such as age discrimination, should be squarely confronted with POWADA, and innovations are needed in the private and civic sectors to end ageism across the micro to macro continuum. Volunteering, especially when designed to promote the inclusion of multiple generations, can promote health, social, and economic well-being. Finally, informal caregiving can sometimes trigger people to work longer or, conversely, take early retirement and remain out of the labor force. Flexible work options, remuneration for caregiving, and leveraging formal care services will likely enable caregivers to work longer.

Living a long, healthy, and meaningful life with a solid economic foundation and strong social bonds with family, friends, and society, requires us to reimagine social policies within a context of living 100 years (*please see* another report by [National Academies of Sciences, 2022, entitled "Global Roadmap for Healthy Longevity"](#)). Because of our own ageist mindsets, we often envision the aging process with words that start with D: dependency, decline, disability, dementia, and national deficits. We should be critical of our assumptions about aging and adopt a strength-based perspective.

Seeing *longevity as an asset* has the potential to change everything, beginning with how we think about life stages. The 20<sup>th</sup> century human capital model, where the first two and three decades of life are dedicated for education, followed by many decades of work, and then decades for a

retirement, is outdated. This “education-work-retirement model” clearly excludes important roles such as caregiving, civic duty, and leisure throughout life. It closes options for later-life education, retraining and employment. And it feeds ageist notions. We must reimagine a life-model that balances education, work, retirement, caregiving, civic engagement, and leisure fluidly across 100 years of life.

A cautionary note: Productive activities can result in deleterious health outcomes when the demands of work, volunteering, and caregiving overwhelm the capacity of the individual – which explains the importance of social policies and organizational facilitators (e.g., training, supervision, mentorship, acknowledgement, stipends when appropriate) to bolster resilience (Carolan et al., 2020; Gonzales et al., 2019; Morrow-Howell, et al., 2001). A ‘person-in-environment perspective’ is one global framework to inform social policies and practices that create capacity and resilience within the individual and organizations (National Academies of Sciences, 2022). Forcing individuals to be productively engaged in later life can result in worse health and economic outcomes. Guiding principles should include choice (v. constraints), inclusion (v. elitism), anti-ageism/ant-racism/anti-sexism (v. oppressive norms), intergenerational cohesion (v. intergenerational conflict), and opportunity (v. obligation); Morrow-Howell et al., 2001; Gonzales et al., 2023).

We need more research that examines the diversity of individuals within the United States to ensure everyone has opportunities to build resources to be productively engaged. The research on productive aging and health, economic, and social outcomes has grown in volume, rigor, and scope. However, most of the data have been based on socially and economically advantaged workers, because they are more likely to work longer (National Academies of Sciences, 2022). Even when data exists to examine heterogeneity by race, ethnicity, nativity, gender, socioeconomic status, and sexual and gender identification, few research teams unpack this diversity (Gonzales, Whetung, & Kruchten, 2022, National Academies of Sciences, 2022). As a result, we have limited knowledge to inform interventions within workplaces and civic enterprises. For example, some believe that complex work environments can bolster cognitive reserve and delay the onset and severity of dementia. But the extant research is quite mixed: some research supports this hypothesis among white men, but not women, nor racial and ethnic minorities (Gonzales, Whetung, & Kruchten, 2022). Clearly more research is necessary to ensure complex work environments benefit everyone. We need more research that examines the diversity of individuals within the United States to ensure everyone has opportunities and choices to be productively engaged.

The 21st century is challenging us to ensure everyone has opportunities for economic well-being, health, and meaningful social connections. Continued work and volunteering often result in these outcomes but we must design social policies and programs that are inclusive and strike a balance between work, volunteering, caregiving, education, and leisure. We must also end ageism and all forms of bias. A multi-pronged approach, spanning the macro to micro continuum, offers ideas on how to do so.

Passing POWADA is an important first step. Thank you for the opportunity to provide oral and written testimony. I welcome further conversations with you and Senate staff members.

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3434 WASHINGTON BLVD.  
4TH FLOOR  
ARLINGTON, VA 22201

PHONE: 703.993.4930 / 800.815.5711  
FAX: 703.993.4935  
WWW.MERCATUS.ORG

## Independent Work Provides Income Opportunities for Millions of Older Americans

LIYA PALAGASHVILI

*Senior Research Fellow, Mercatus Center at George Mason University*

Senate Aging Committee

Beyond the 9 to 5: Dismantling Barriers and Building Economic Resilience for Older Workers

April 20, 2023

Good morning, Chairman Casey, Ranking Member Braun, and members of the Senate Special Committee on Aging. It is an honor to testify before you.

My name is Liya Palagashvili, and I am an economist at the Mercatus Center at George Mason University. I work on labor economics and public policy, with a focus on the independent workforce and the evolving nature of work.

Today, my testimony focuses on how independent work opportunities are increasingly valuable to older workers, especially at time when the broader macroeconomic trends are troubling. My three key themes are:

1. The independent workforce is a diverse and growing sector of the labor market, providing income opportunities for millions of older workers.
2. With rising inflation and a gloomy economic outlook, older workers face a troubling future.
3. To help older workers during this time, policies and regulations should remain favorable toward non-traditional employment arrangements, such as independent contracting, freelancing, gig work, and self-employment.

### Independent Work Opportunities for Older Workers

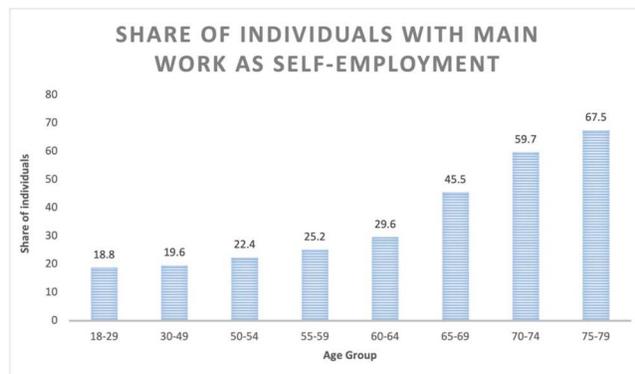
Independent work has long been the main source of income opportunities for retired or older workers who have moved past the “9-5” routine but remain open to transitioning to part-time or short-term work. This includes workers who are independent contractors, freelancers, gig workers, on-call workers, or self-employed workers.

According to a Bureau of Labor Statistics survey in 2017, older workers were more likely to be independent contractors than any other age group.<sup>1</sup> In total, the share of 55-and-older workers accounted for close to

<sup>1</sup> Bureau of Labor Statistics, “Contingent and Alternative Employment Arrangements—May 2017,” news release no. USDL-18-0942, June 7, 2018, <https://www.bls.gov/news.release/pdf/conemp.pdf>

40 percent of all independent contractors in 2017. Indeed, one out of every three independent contractors were 55 or older, while less than a quarter of workers in traditional employment were 55 or older. The survey highlighted that independent work opportunities for older workers are found across a variety of different occupations and roles. For on-call workers ages 55-64, for example, they were most likely to be substitute teachers at elementary and secondary schools.<sup>2</sup>

A National Bureau of Economic Research study published in 2019 provided an in-depth economic analysis of older workers and found that the incidence of self-employment among older workers was even higher than was previously measured.<sup>3</sup> The figure below illustrates the reality that the likelihood of individuals being independent workers increases with age.<sup>4</sup> For example, conditional on working, the share of individuals with their main job as self-employment is less than 20 percent for the age groups 18-29 and 30-49. But the share of individuals with self-employment income as a main job is 30 percent for ages 60-64, 45 percent for 65-69, and almost 60 percent for those aged 70-74.



Notes: Data from Table 1 in Katherine Abraham, Brad Hershbein, and Susan Houseman, "Contract Work at Older Ages," *National Bureau of Economic Research*, October 2019

Post-pandemic, we have seen a continued growth of independent and self-employed opportunities, with older workers again comprising the largest share of this workforce.<sup>5</sup>

The reason we see a high prevalence of older workers in independent work is because as individuals approach retirement, they may have financial or personal reasons for continuing to work but they may need to reduce their work hours or pursue more flexible work arrangements. These type of short-term, flexible, or reduced hour arrangements may be more difficult to find within traditional employment jobs, especially for older workers. For example, a study by economists Katherine Abraham and Susan Houseman

<sup>2</sup> Eileen Appelbaum, Arne Kalleberg, Hye Jin Rho, "Non-standard work arrangements and older Americans, 2005-2017," *Economic Policy Institute*, February 28, 2019.

<sup>3</sup> Katherine Abraham, Brad Hershbein, and Susan Houseman, "Self-Employment at Older Ages," *The Bulletin on Retirement & Disability*: No. 3, November 2019, National Bureau of Economic Research.

<sup>4</sup> Figure created from data provided in Katherine Abraham, Brad Hershbein, and Susan Houseman, *Contract Work at Older Ages*, *National Bureau of Economic Research*, October 2019

<sup>5</sup> Annabel Utz, Julie Yixia Cai, and Dean Baker, "The Pandemic Rise in Self-Employment: Who is Working for Themselves Now?," *Center for Economic Policy and Research*, August 29, 2022.

reported on a survey which found that many employers do not offer employees nearing retirement age the option to reduce their hours on their current job.<sup>6</sup>

Therefore, for many older workers, independent work is an attractive way to ease into retirement or earn income when they are no longer part of the full-time, employment workforce. This is especially appealing to older individuals who already have healthcare coverage.

### Uncertain Economic Environment for Older Individuals

The Federal Reserve announced last week that a recession is expected in the coming months. At the same, we are still seeing high prices for basic goods and necessities. This is worrisome for older workers whose employment prospects are generally poorer. Many older Americans live on fixed incomes or limited savings. With high prices and an uncertain economic environment, some older or retired workers may have to either prolong retirement or reenter the labor market.

According to a Nationwide survey, about 40 percent of workers over the age of 45 said they now will have to delay their retirement as a result of inflation and the economic environment.<sup>7</sup> Several news outlets have profiled stories of older and retired workers who are expecting to return to work at age 75 to cover the costs of food, rent, medicine, and utilities.<sup>8</sup> Indeed, a recent survey in July of 2022 highlighted how workers were concerned about inflation and their abilities to afford basic expenses.<sup>9</sup>

While rising prices affect all households, they are especially burdensome for older workers.

### Policies that Support Independent Work Also Help Older Workers

This highlights the importance of supporting and welcoming independent work opportunities in our economy. However, there are federal policies and regulations that seek to restrict independent work and self-employment opportunities—such as the Department of Labor’s (DOL) proposed regulations on independent contractors.

The DOL proposing regulation to restrict independent work with hopes that organizations will hire more workers as official employees instead.<sup>10</sup> At first glance, it may seem like a win for those who might be reclassified as employees.

However, because older workers voluntarily leave employment to pursue independent work opportunities, having fewer independent work opportunities available to them is not a “win-win” situation. Moreover, it is also impossible for every single independent work opportunity to turn into full-time employment offer.<sup>11</sup>

Let me provide you with a recent example to demonstrate this point.

<sup>6</sup> Abraham, Katharine G., and Susan N. Houseman. 2005. “Work and Retirement Plans Among Older Americans,” in Robert L. Clark and Olivia S. Mitchell, eds., *Reinventing the Retirement Paradigm*. New York: Oxford University Press, 70–9

<sup>7</sup> “Companies Struggle to Hire and Promote Amid Uptick in Delayed Retirements,” *Nationwide Research Institute*, September 28, 2022

<sup>8</sup> See for example Anita Snow, “Working at 76: Inflation Forces Hard Choice for Older Adults,” *Associated Press*, December 15, 2022. Abha Bhattarai, “Fewer hot showers, less meat: How retirees on fixed incomes are dealing with inflation,” *Washington Post*, March 21, 2022.

<sup>9</sup> S. Kathi Brown, “Financial Security Trends: Wave 2 Report,” *The American Association of Retired Persons*, November 2022

<sup>10</sup> For further analysis of the Department of Labor Rule, see: Liya Palagashvili, “Analyzing the Impact of the Department of Labor’s Rule on Restricting Independent Contracting,” *Public Interest Comment Submitted to the Department of Labor*, December 13, 2022.

<sup>11</sup> For in-depth analysis of this, please see the attached policy brief: Liya Palagashvili, “Consequences of Restricting Independent Work and the Gig Economy” (Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, November 2022)

When California passed AB5, which is a similar law that restricts independent work opportunities, lawmakers lauded it as a win for workers. But some of those same lawmakers changed their minds later when news outlets like the *New York Times* and the *LA Times* highlighted how AB5 had led to job losses, especially among freelance musicians, singers, truck drivers, translators, editors, and writers.<sup>12</sup>

Because independent work provides a vital source of income for older workers who cannot take on traditional employment, restricting independent work will disproportionately harm older workers. At a time when inflation is high and traditional employment opportunities are likely to become scarcer, it's unwise for the DOL to also limit independent work opportunities. Eliminating independent work will mean that older workers will have fewer opportunities to earn income, further increasing financial stress in their households. Supporting expanding opportunities for independent work, on the other hand, will benefit older American workers.

Thank you. I welcome your questions.

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<sup>12</sup> Makeda Easter, "The AB5 Backlash: Singers, Actors, Dancers, Theaters Sound Off on Freelance Law," *Los Angeles Times*, February 12, 2020; Marc Tracy and Kevin Draper, "Vox Media to Cut 200 Freelancers, Citing California's Gig Worker Law" *New York Times*, December 16, 2019. Sophia Bollag and Dale Kasler, "California Workers Blame New Labor Law for Lost Jobs. Lawmakers Are Scrambling to Fix It," *Sacramento Bee*, February 10, 2020; Carolyn Said, "Musicians Say AB5 Strikes Sour Note with Gig-Driven Profession," *San Francisco Chronicle*, February 24, 2020; Allana Akhtar, "It Feels Cold and Heartless: Hundreds of California Freelancers Have Been Fired before the Holidays over a State Law Meant to Help Uber and Lyft Drivers," *Business Insider*, December 18, 2019; and Robert Frank, "Translators and Interpreters Unite to Demand AB5 Exemption," *EIN Presswire*, April 22, 202

## Consequences of Restricting Independent Work and the Gig Economy

*Liya Palagashvili*

November 2022

Across the United States, policymakers and regulators are grappling with the growth in the independent workforce. Independent workers are legally classified as “independent contractors,” in contrast to workers who are traditional “employees” of an organization. The distinction matters with regard to taxes and because independent workers are left out of employment-based benefits and labor regulations (e.g., minimum-wage requirements, overtime regulations, and paid leave).<sup>1</sup>

Ostensibly to help independent workers, federal and state authorities have tried to reclassify some of them as traditional employees. Most recently, on October 13, 2022, the Department of Labor (DOL) proposed a new rule that narrows the definition of “independent contractor.”<sup>2</sup> The proposed rule does this first by retracting a 2021 Trump administration rule that was more favorable to the independent contractor status and second by providing additional considerations that make it more difficult for workers to maintain an independent contractor status.<sup>3</sup>

In 2021, the US House of Representatives passed the Protecting the Right to Organize (PRO) Act, which would implement a stricter test for qualifying as an independent contractor for the purposes of collective bargaining.<sup>4</sup> It also imposed additional fines and violations that would make it more difficult for organizations to work with independent contractors.<sup>5</sup> California passed Assembly Bill 5 (AB5) in 2019, which codified the “ABC test,” a stricter test for determining whether a worker is an employee or an independent contractor.<sup>6</sup> As intended, AB5 has made it more difficult for workers in California to be classified as independent contractors.

By narrowing the definition of what it means to be an independent contractor, state and federal authorities, such as those at the DOL, are hoping that organizations will hire workers as employ-

ees instead of as independent workers. At first glance, this change portends significant gains for workers who are reclassified as employees and receive proper benefits and protections. But there are reasons to doubt that independent workers will benefit from the new restrictions:

- Many independent workers would not receive the additional benefits associated with becoming employees because many of them would neither become employees nor be able to maintain their jobs as independent workers. This is because companies will not extend *all* contracting positions into employment positions, thereby leaving workers with fewer job opportunities altogether.
- Independent work is an important source of income for those who have recently faced income loss and unemployment. Therefore, the loss of independent work opportunities would cause particular harm to these more vulnerable individuals. As a potential recession looms and with employment opportunities becoming scarce, it seems unwise to also limit independent work opportunities.
- A majority of independent workers prefer their nontraditional job arrangements over a traditional employment arrangement because independent work provides far more flexibility in terms of work schedule. Work schedule flexibility in nontraditional arrangements gives workers more freedom to choose what time to work and how often to work. By contrast, traditional employment often means a specified schedule (e.g., nine-to-five) and a specified quantity of work (e.g., 48 weeks a year).
- Restricting independent work opportunities and reclassifying independent work as traditional employment would be harmful for women, many of whom turn to independent work for the flexibility they need in their work schedules.
- Restricting independent work would disproportionately harm the criminal justice population because recent evidence shows that the gig economy is providing an important avenue to work for those who previously had a criminal record.
- Restricting independent work would also harm small technology startups that rely on independent workers. These technology startups are valuable because they tend to be highly innovative and have the potential to contribute substantially to job creation.

This policy brief will explore each of these points, showing how the DOL proposed rule and other similar regulatory or legislative efforts that substantially limit independent work will cause more harm than benefit to independent workers. Instead of limiting job opportunities and flexible work arrangements for those who desire it, policymakers should aim to provide more desirable portable benefits options for these workers. Portable benefits are increasingly becoming the best solution for workers to maintain their nontraditional work arrangements while also being able to access work-related benefits. However, current federal regulations restrict organizations, businesses, and individuals from providing independent workers with benefits precisely because these benefits have conventionally been tied to employer-employee relationships.<sup>7</sup> If an organization were to

provide benefits to their independent contractors, those workers would likely have to be reclassified as employees and thus also lose their independence and flexibility.

Instead of restricting independent work, policymakers should create a fairer system for all workers by allowing common workplace benefits to follow independent workers.

### **SUBSTANTIAL JOB LOSSES FOR INDEPENDENT WORKERS**

A significant and pressing question about a nationwide reclassification of independent workers as employees is whether most of the workers who no longer qualify as independent workers would indeed become employees. Although the existing evidence is limited, it does indicate that there would be job losses because not all independent workers would be hired as employees. A recent report estimates the impact of reclassifying ridesharing and delivery drivers as employees in Massachusetts. Using private data from Uber, Lyft, Instacart, and Doordash, the report finds that reclassifying drivers “would result in a loss of at least 49,270 app-based TNC and DNC jobs in Massachusetts, which is equivalent to losing 58% of these earning opportunities in the state.”<sup>8</sup> The upper-bound estimate in the report finds that these job losses could be up to 73,657, which is equivalent to losing 87 percent of these earning opportunities.

The California Legislative Analyst’s Office reached a similar conclusion with regard to AB5, though without specific predictions on job losses. They concluded, “we cannot predict the exact number of contractors who will become employees due to AB 5. Although we cannot predict the exact figure, it is probably much smaller than the roughly 1 million contractors that AB 5 applies to.”<sup>9</sup> One of the primary reasons the office expects this outcome is that “businesses will comply with the law in different ways. Some businesses may hire their contractors as employees, while others may hire some, but not all, of their contractors. Other businesses may decide to stop working with their California-based contractors.”<sup>10</sup>

The analysis from the California Legislative Analyst’s Office complements Uber’s own analysis in response to AB5, although—given that Uber is directly affected by proposed legislation—it’s best to consider Uber’s estimate to be the upper bound of all estimates. Uber estimates that AB5 would lead to a 76 percent decrease in the number of drivers who find work on the Uber platform.<sup>11</sup> In another report—also providing what should be considered an upper-bound estimate—Uber CEO Dara Khosrowshahi provides an impact analysis for a scenario in which a national rule required all US drivers to be employees: “If Uber instead *employed* drivers, we would have only 260,000 available full-time roles—and therefore 926,000 drivers would no longer be able to work on Uber going forward. In other words, three-fourths of those currently driving with Uber would be denied the ability to work.”<sup>12</sup> Because ridesharing and delivery platforms continued working with independent contractors and were exempted from AB5 through the passage of Proposition 22, we cannot measure the actual impact of AB5 on these drivers.

However, there is some anecdotal evidence of these job losses in response to AB5. For example, the *Los Angeles Times* reported job losses in the creative community of independent workers such as professional choral artists, classical performers and singers, dancers, actors, musicians, and other types of artists.<sup>13</sup> Several other news articles reported harm and job losses for translators and interpreters, court transcript editors, musical performers, writers, and truck drivers.<sup>14</sup> The American Society of Journalists and Authors (the nation's largest professional organization of independent nonfiction writers) and the National Press Photographers Association (a leading professional organization for visual journalists such as photographers, videographers, multimedia journalists, and editors in print, TV, and electronic media) filed a lawsuit on behalf of their members because of harm from AB5—in particular, harm resulting from a significant loss of freelancing opportunities for their members.<sup>15</sup> Indeed, the *New York Times* reported that Vox Media had to terminate 200 freelance writers in response to the law.<sup>16</sup> Because of these challenges, after the passage of AB5 California added 53 occupations to its list of occupations exempt from the law—bringing the total to 110.

The estimates and anecdotal evidence of job losses seem consistent with estimates of the cost of reclassifying independent workers as employees. One study finds that having an employee costs a business between 29 and 39 cents extra for every dollar of the employee's pay.<sup>17</sup> Another report indicates that if Uber and Lyft were forced to reclassify all their drivers as employees in response to AB5, they would face an additional annual cost of \$3,625 per driver. Given that there are approximately 140,000 Uber drivers and 80,000 Lyft drivers in California alone, the report estimates that AB5 would lead to an operating loss of more than \$500 million for Uber and more than \$290 million for Lyft.<sup>18</sup>

Owing to these substantial additional costs, organizations—especially small organizations—may not be able to hire all their independent workers as employees. In fact, according to tax data, between 2000 and 2016, small firms (those with fewer than 20 employees) saw the greatest growth in the hiring of independent workers, compared with medium-sized or large firms.<sup>19</sup>

This situation has several implications for discussions about the benefits of the new DOL rule and legislation such as the PRO Act or AB5. Some independent workers would be better off as employees because of the value of the benefits they would receive as employees—such as paid leave, a minimum wage, overtime regulations, insurance benefits, workers' compensation, and so on.<sup>20</sup> One point of reference is provided by Heidi Shierholz, a senior economist at the Economic Policy Institute, who estimates that employees at the bottom of the pay scale would experience a drop of 25.7 percent in compensation if they were reclassified as independent contractors.<sup>21</sup>

Shierholz's estimate suggests that making the opposite change, reclassifying contractors as employees (the way the DOL does), would increase their compensation by up to 34.6 percent. It seems reasonable to expect that stricter rules on the classification of workers as independent contractors would consequently translate into significant gains for the workers who become reclassified as employees. However, many independent workers would not receive these benefits because

they would end up without jobs—either as employees or as independent workers. If a large number of contractors lose their jobs, the aggregate benefit of a reclassification of workers is not likely to offset its aggregate cost.

Moreover, there is an additional question about whether independent workers who become employees would maintain their same level of pay. Companies may compensate for the extra costs of employment by lowering a worker's base salary. Economists Jonathan Gruber and Alan Krueger find that, for example, even though mandatory workers' compensation insurance was legally paid for by employers, the cost was largely shifted to employees in the form of a lower wage.<sup>22</sup> Moreover, several empirical studies show that when there have been changes to overtime regulations that have significantly increased the costs to employers, employers have cut their workers' salaries in response.<sup>23</sup>

Therefore, it is not yet clear whether independent workers who become employees will maintain the same pay. Many empirical studies imply that pay will decrease to compensate for the added costs of employment benefits.<sup>24</sup>

There is a clear danger that the proposed classification reforms may not confer their intended benefits on many independent workers, who would neither become employees nor be able to maintain their jobs as independent workers. The loss of independent worker jobs could further harm workers who may already be suffering from hiring freezes and layoffs as the United States enters potential recession territory.

#### **FEWER OPTIONS FOR INDIVIDUALS FACING LOSS OF INCOME**

Several studies suggest that individuals turn to independent work temporarily after the loss of a job. In a 2017 paper published in the *American Economic Review*, economists Lawrence Katz and Alan Krueger report that workers who “suffered a spell of unemployment are 7 to 17 percentage points more likely than observationally similar workers to be employed in an alternative work arrangement when surveyed 1 to 2.5 years later.”<sup>25</sup>

A study that uses IRS data to understand the income trends of both conventional freelancers and workers in the online platform economy finds that individuals turn to both types of independent work to smooth temporary income shocks after they have faced income declines or unemployment.<sup>26</sup>

A similar result is reported by another study that analyzed the financial data of individuals working on digital platforms. Economist Dmitri Koustas finds a significant pattern among individuals who participate in online gig platforms for work: they faced a decline in income or a significant decline in assets a quarter before they began participating in gig economy work.<sup>27</sup> Their income and liquid assets partially recovered in the quarter after they began working gig economy jobs.

Lastly, the previously mentioned *Journal of Economic Perspectives* study reports a similar finding: “Individuals are significantly more likely to enter solo self-employment from unemployment than from traditional employment.”<sup>28</sup> The study reports the survey responses of 45,000 individuals from across the United States, the United Kingdom, and Italy.<sup>29</sup> The study also concludes that “policies which seek to regulate alternative work arrangements by limiting their flexibility may not be desirable, in that they may well harm individuals” who need the extra income.<sup>30</sup>

This research draws attention to the potentially harmful impact of restrictions on independent work for vulnerable individuals—those who have recently faced unemployment, income losses, or deterioration of assets. The DOL rule could eliminate work opportunities for these individuals and thereby worsen their economic standing, especially as a potential recession—which may increase unemployment—is looming.

#### **FEWER OPTIONS FOR THE MAJORITY OF WORKERS WHO PREFER INDEPENDENT WORK**

One way to evaluate whether independent workers would be better off with the DOL rule is to investigate their preferences. Would most independent workers *prefer* to be reclassified as employees?

At least 14 surveys provide evidence of an overwhelming consensus: most independent workers would like to keep their nontraditional work arrangements.<sup>31</sup> This is because most independent workers choose those types of work arrangements because such arrangements afford them more flexibility.

In the 2017 version of the Contingent and Alternative Employment Arrangements survey, the US Bureau of Labor Statistics reports that 79 percent of independent contractors preferred their arrangement over a traditional job and fewer than 1 in 10 independent contractors would prefer a traditional work arrangement instead.<sup>32</sup> The individuals surveyed were workers who indicated that independent contracting was their primary source of income.

Upwork’s 2021 “Freelance Forward” survey finds that 72 percent of individuals engaged in independent work do so because of the increased flexibility of their work.<sup>33</sup> In particular, 74 percent indicate that independent work gives them the flexibility to be more available as a caregiver for their family, and 67 percent says it gives them flexibility to address personal mental or physical health needs. In fact, nearly half of individuals engaged in independent work indicated that there is no amount of money that would entice them to switch to traditional employment.<sup>34</sup>

In the 2019 version of the survey, approximately 46 percent of independent workers state that independent work gives them the flexibility they need because they are unable to work for a traditional company owing to personal circumstances (health issues or family obligations). According

to the survey, the proportion of workers who are parents and caregivers is higher for independent workers (46 percent) than for US workers overall (38 percent).<sup>35</sup>

The results of these surveys are similar to those of an economic study that estimates the value of flexibility to UberX drivers.<sup>36</sup> The study finds that for any given driver, the number of hours the driver drove in one week differed significantly from the number of hours the driver drove in the next week. In other words, most drivers changed the hours they worked from week to week. The study also finds that drivers would require almost twice as much pay to accept the inflexibility that comes from adopting a taxi-style schedule. The study concludes that drivers would reduce their hours driving on the Uber platform by more than two-thirds if they were required to work more inflexible hours, such as those of a taxi-style schedule.<sup>37</sup>

Another high-profile survey of independent workers, published in the *Journal of Economic Perspectives* in 2020, finds that among self-employed workers, “the degree of flexibility that self-employed work offers seems likely to be the main driver of relatively high levels of satisfaction.”<sup>38</sup>

Studies from consulting firms McKinsey Global Institute, EY Global, and MBO Partners also all point to flexibility as the primary driver of independent workers engaged in this type of work.<sup>39</sup>

Overall, the survey research indicates that a vast majority of independent workers would prefer to keep their nontraditional job arrangements rather than enter an employment arrangement, because the former provides extensive work-schedule flexibility. This means that, given what independent workers say about their own preferences, most of them would likely be worse off if they were forced to be classified as employees. Many do not prefer to be employees of any particular company or organization.

### **HARM TO WOMEN AS INDEPENDENT WORKERS**

A substantial amount of research shows that women participate in independent work because it allows them greater flexibility to structure their days, a benefit that is crucial for women who are the primary caregivers in their households. The new DOL rule and policies like the PRO Act or AB5 that restrict independent work opportunities and reclassify or restructure independent work as traditional employment could be harmful for women who are unable to accept the nonflexible work requirements of traditional employment opportunities.

Research from the JPMorgan Chase Institute indicates that, if transportation sector platforms (such as ridesharing and delivery) are omitted from the analysis, women compose a greater share of income earners on digital platforms than men do.<sup>40</sup> This is corroborated by a 2017 Hyperwallet study, which reports the results of a survey of 2,000 women who use platform-economy companies: most women indicated that they participated in professional freelancing, direct selling, or

service platforms (e.g., Upwork, TaskRabbit, Care.com), but only 22 percent of women indicated that they participated in ridesharing (e.g., Uber, Lyft), and only 8 percent indicated that they participated in food delivery (e.g., Postmates, Grubhub).<sup>41</sup> Research suggests that there is significant variation in female participation across gig economy platforms; for example, between 2014 and 2015, 86 percent of independent workers on the platform Etsy were female, whereas only 19 percent of workers on Uber were female.<sup>42</sup>

Additionally, an IRS study that uses tax data finds that the number of female contractors grew faster than the numbers of female employees or male contractors between 2001 and 2016.<sup>43</sup> After analyzing other factors such as whether independent work is a primary source of income, the study concludes that “these trends suggest that the long-run growth in [independent contractor] labor in the U.S. cannot solely be attributed to individuals seeking supplemental income or to the rise of a few online platforms, but may represent a structural shift in the labor market, particularly for women.”<sup>44</sup>

Another study that also uses IRS tax data finds that, while independent work is more common among men, the participation in independent contracting since 2000 has grown significantly more among women.<sup>45</sup>

Survey research reveals why women may prefer to participate in independent work. The 2017 study by Hyperwallet finds that 96 percent of these women indicated that the primary benefit of engaging in platform-economy work is the flexible working hours.<sup>46</sup> Moreover, the study finds that 70 percent of these platform-working women were the primary caregivers in their homes. A quarter of these women recently left their full-time employment for platform-based work, and 60 percent of them indicated that they did so because they wanted flexibility, needed more time to care for a child, parent, or other relative, or both.

Reports by MBO Partners are also informative, but their results should be viewed cautiously, given that the company would be directly affected by stricter independent contracting legislation. Survey research published by MBO Partners in 2016, 2017, 2018, and 2019 finds that women prefer independent work because these work arrangements allow greater flexibility. For example, in its 2018 report, MBO Partners finds that the primary reasons why women engaged in independent work were flexibility (76 percent) and the ability to control their schedules (71 percent).<sup>47</sup> By contrast, men said that their primary reasons for engaging in independent or freelance work were that they enjoy being their own boss (67 percent) and do not like answering to a boss (64 percent). The 2017 report by MBO Partners finds similar results: “Women were significantly more likely to note that flexibility was a more important motivator for independent work than men (74 percent vs. 59 percent).”<sup>48</sup>

Furthermore, a 2016 McKinsey Global Institute study reports the results of a survey of 8,000 independent workers and finds that 42 percent of US women and 48 percent of European women

who participated in independent work were also caregivers.<sup>49</sup> In fact, referring to the 17 percent of the total sample in their survey who reported providing care to an elderly dependent, the authors state that “these caregivers participated in independent work at a significantly higher rate . . . than non-caregivers.”<sup>50</sup> Moreover, the study indicates that caregivers engage in independent work for supplemental income (67 percent, compared with 54 percent for noncaregivers). The authors conclude that independent work “provides a way for caregivers [who are disproportionately women] to generate income while fitting their hours around the needs of their families. This type of flexibility can ease the burden on financially stressed households facing logistical challenges.”<sup>51</sup>

In a survey by the Kaiser Family Foundation (in partnership with CBS and the *New York Times*), researchers find that about 75 percent of self-identified homemakers, or stay-at-home mothers, in the United States indicated that they would likely return to work if they had flexible options.<sup>52</sup>

All together, this research indicates that independent work may be important for women who require more flexible work arrangements. Thus, to the extent that specific nontraditional work arrangements provide flexibility to those who need it and extend work opportunities to women who are unable to participate in traditional employment, restricting the legal classification of independent workers could disproportionately hinder women’s participation in the labor force.

#### **HARM TO WORKERS WHO HAVE HAD CONTACT WITH THE CRIMINAL JUSTICE SYSTEM**

A September 2022 IRS study finds that individuals who had their criminal records cleared after seven years go on to work in the gig economy rather than in traditional employment.<sup>53</sup> The study finds no evidence that clearing records (including for convictions or nonconvictions and for felonies or misdemeanors) increases the likelihood of these individuals having traditional employment earnings.

Instead, the study finds consistent evidence that clearing records leads to increases in gig work. When examining the impact of the Federal Credit Reporting Act (FCRA), the authors conclude: “While gig work is a new form of work activity, we find evidence that removal of a criminal record via FCRA has a large (in percent terms) impact on gig work for this particularly disadvantaged group, many of whom are likely entering self-employment for the first time.”<sup>54</sup> They find similar results on gig work when examining the impact of California’s Proposition 47, which reclassified eligible felonies as misdemeanors, and of Pennsylvania’s Clean Slate law, which sealed all records of nonconvictions for individuals that did not owe fines and fees.

These findings seem to suggest that independent work through the gig economy is providing an important avenue to work for those who previously had a criminal record. Thus, restricting the legal classification of independent workers would disproportionately hinder work opportunities for the criminal justice population.

### **HARM TO SMALL, INNOVATION-DRIVEN TECHNOLOGY STARTUPS**

Small, early-stage technology startups are similar to typical “mom and pop” small businesses in that both are cash constrained. Indeed, many of today’s tech giants, such as Google and Amazon, started off with limited operating costs and few employees.

This is still the case today, and small technology startups tend to rely heavily on independent workers in their early stages. As one of the principal investigators for the New York University School of Law study “Startup Innovation: The Role of Regulation in Entrepreneurship,”<sup>55</sup> I led an effort to interview and survey the CEOs of technology startups throughout the United States. The findings presented in this section come from both original interviews and an original online survey conducted in the United States.<sup>56</sup>

In the online survey of more than 400 CEOs of startups, approximately 80 percent of technology startup executives indicated that they used contract labor. We asked some follow-up questions to better understand the use of independent contractors. For example, we asked the executives in our sample who hire independent contractors, “How important is the use of 1099 contractors for your specific business model?” They responded as follows:

- 57 percent indicated that the use of contract labor is an indispensable or essential part of their business model.
- 39 percent indicated that contract labor is not essential but is highly valuable.
- 4 percent indicated that the use of contract labor is not essential and is unimportant.

We also asked respondents to “rank up to 3 primary reasons why the startup uses 1099 contractors.” Executives gave the following responses:

1. They needed individuals for one-off projects, or they needed specialized talent that they could not hire full time (69 percent).
2. They needed flexibility, given the risk associated with early-stage development (60 percent).
3. They needed flexibility, given fluctuating demand for their product or service (49 percent).

We also conducted 88 in-person interviews that add robustness to the foregoing findings: 71 percent of the startups that we interviewed relied on independent contractors and thought it was necessary to use contract labor during their early stages. The interviewees explicitly discussed the reason that early-stage small startups prefer contract labor over employee labor: during unpredictable times, when startups are trying to find their market and build their product, they need flexible labor and need to be able to hire and fire easily.

Indeed, our interviews suggest that the primary concern for startups in terms of labor regulation and policy is the regulation of independent contractors. Therefore, any impact analysis of a policy

like the PRO Act should seriously consider the constraints and challenges faced by technology startups—particularly because they have a large impact on job creation.

A 2014 academic study finds that high-growth businesses (which disproportionately are young firms) account for almost 50 percent of gross job creation.<sup>57</sup> The study describes the unique role of young and fast-growing startups: most new businesses die within 10 years, and most surviving young businesses do not grow but remain small (these may be what most people imagine as the typical “Main Street” small business), but a small portion of young businesses exhibit very high growth and contribute substantially to job creation.<sup>58</sup> Other studies also indicate that almost all net job creation in the United States has occurred in firms younger than five years old, and of these firms, a small percentage of high-growth firms are responsible for most of the jobs.<sup>59</sup> Technology startups are also important because they are often highly innovative.

Thus, rules that restrict whether individuals may work as independent workers can be harmful for small, innovation-driven technology startups that rely on flexible independent work in their early and formative stages.

## **CONCLUSION**

Taken together, the economic research reviewed in this policy brief suggests that agency regulations and legislation that limit independent work opportunities are likely to decrease the total population of independent workers. Instead of curtailing independent work opportunities, policymakers should look for ways to expand independent workers’ access to benefits. About 80 percent of self-employed workers would like flexible, shared, or portable benefits.<sup>60</sup> This means that rather than changing worker classification rules, policymakers should introduce more forward-looking solutions, such as shared, flexible, and portable benefits that are not tied to employment. Embracing innovative reforms such as portable benefits solutions will help both workers and companies seize the opportunities of the future economy.

## **ABOUT THE AUTHOR**

Liya Palagashvili is a senior research fellow at the Mercatus Center at George Mason University. Her primary research interests include entrepreneurship, regulation, and the gig economy. She has published academic articles, book chapters, policy papers, and articles in media outlets such as the *New York Times* and *Wall Street Journal*. In 2016, she was named one of the *Forbes*’ “30 under 30” in law and policy. Palagashvili was an assistant professor of economics at State University of New York–Purchase and earned her PhD in economics from George Mason University.

## NOTES

1. In terms of the tax differences, employees have payroll taxes automatically deducted from their paychecks, and they split paying with their companies the Social Security and Medicare payroll taxes (employees pay only 7.65 percent and their companies pay the other 7.65 percent for them). By contrast, companies do not withhold income taxes from independent workers, and independent workers the full 15.3 percent of their income directly to the government for the Social Security and Medicare taxes.
2. Employee or Independent Contractor Classification Under the Fair Labor Standards Act, 87 Fed. Reg. 62218 (October 13, 2022). This policy brief refers to individuals who are engaged in independent contracting as *independent workers*, a term that encompasses gig and platform workers, freelancers, contractors, and workers in other types of external or alternative labor arrangements. Although the terms *platform-based work*, *gig work*, *freelancing*, and *contracting* all have slight differences, they are often used interchangeably because they are all referred to as alternative or external labor arrangements, and workers with such arrangements are legally classified as independent contractors (i.e., workers who receive IRS form 1099). These workers are starkly different from traditional employees (i.e., workers who receive IRS form W-2). Therefore, I use the term *independent workers* throughout this policy brief to capture the groups of people who are legally classified as independent contractors.
3. For an overview of the specific changes the DOL is proposing, see James A. Paretto, Michael J. Lotito, and Maury Baskin, "Department of Labor Proposes New Rule for Independent Contractor Status," Littler Workplace Policy Institute, October 25, 2022, <https://www.littler.com/publication-press/publication/department-labor-proposes-new-rule-independent-contractor-status>.
4. Protecting the Right to Organize Act of 2021, H.R. 852, 117th Cong. § 101(b) (2021). The ABC test is one feature of the PRO Act. There are several other features of the PRO Act relating directly to unionization that are not addressed in this analysis.
5. Philip A. Miscimarra and Harry I. Johnson III, *The PRO Act's Changes to 'Independent Contractor' Status: Unraveling the US Economy* (n.p.: Morgan Lewis, 2021).
6. Here is the ABC test as it appears in AB5: "A person providing labor or services for remuneration shall be considered an employee rather than an independent contractor unless the hiring entity demonstrates that all of the following conditions are satisfied: (A) The person is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact. (B) The person performs work that is outside the usual course of the hiring entity's business. (C) The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed." Assemb. B. 5, 2019–20 Reg. Sess. § 2 (Cal. 2019). The ABC test was formulated by the California Supreme Court in *Dynamex Operations W., Inc. v. Superior Court* to distinguish between independent contractors and employees. 416 P.3d 1 (Cal. 2018).
7. Under the "Employee Benefits" factor, the IRS explains that organizations do not provide benefits to independent contractors: "Type of Relationship," Internal Revenue Service, accessed November 2, 2022, <https://www.irs.gov/businesses/small-businesses-self-employed/type-of-relationship>.
8. Taner Osman, *How Many App-Based Jobs Would Be Lost by Converting Rideshare and Food Delivery Drivers from Independent Contractors to Employees in the Commonwealth of Massachusetts?* (Los Angeles, CA: Beacon Economics, 2022).
9. "Staffing to Address New Independent Contractor Test," California Legislative Analyst's Office, February 11, 2020, <https://lao.ca.gov/Publications/Report/4151>.
10. "Staffing to Address New Independent Contractor Test."
11. Alison Stein, "Analysis on Impacts of Driver Reclassification," *Uber under the Hood* (blog), *Medium*, May 28, 2020.
12. Dara Khosrowshahi, "The High Cost of Making Drivers Employees," Uber, October 5, 2020, <https://www.uber.com/newsroom/economic-impact/> (emphasis added).
13. Makeda Easter, "The AB5 Backlash: Singers, Actors, Dancers, Theaters Sound Off on Freelance Law," *Los Angeles Times*, February 12, 2020.

14. Sophia Bollag and Dale Kasler, "California Workers Blame New Labor Law for Lost Jobs. Lawmakers Are Scrambling to Fix It," *Sacramento Bee*, February 10, 2020; Carolyn Said, "Musicians Say AB5 Strikes Sour Note with Gig-Driven Profession," *San Francisco Chronicle*, February 24, 2020; Clarissa Hawes, "Some California Truckers Exit State before AB5 Labor Law Takes Effect," *FreightWaves*, December 31, 2019; Allana Akhtar, "It Feels Cold and Heartless: Hundreds of California Freelancers Have Been Fired before the Holidays over a State Law Meant to Help Uber and Lyft Drivers," *Business Insider*, December 18, 2019; Robert Frank, "Translators and Interpreters Unite to Demand AB5 Exemption," *ENR Presswire*, April 22, 2020.
15. The lawsuit was filed on December 17, 2019, and the legal filings show that the threat of enforcement had already resulted in lost freelancing opportunities even before the law went into effect on January 1, 2020 (in addition to other cited damages from AB5). American Society of Journalists and Authors, Inc., and National Press Photographers Association v. Xavier Becerra, Case No. 2:19-cv-10645 (2019).
16. Marc Tracy and Kevin Draper, "Vox Media to Cut 200 Freelancers, Citing California Gig-Worker Law," *New York Times*, December 16, 2019.
17. Robert Habans, *Exploring the Costs of Classifying Workers as Independent Contractors: Four Illustrative Sectors* (Los Angeles, CA: UCLA Institute for Research on Labor and Employment, 2015).
18. For a summary of the report, see Alison Griswold, "How Much It Would Cost Uber and Lyft If Drivers Were Employees," *Quartz*, June 14, 2019.
19. Katherine Lim et al., "Independent Contractors in the U.S.: New Trends from 15 Years of Administrative Tax Data" (working paper, Internal Revenue Service, July 2019).
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**U.S. Senate Special Committee on Aging**  
**April 20, 2023**

**“Beyond the 9 to 5: Dismantling Barriers and Building Economic Resilience for Older Workers”**

**Testimony by:** Christine Vanlandingham, Chief Executive Officer, Region IV Area Agency on Aging, St. Joseph, MI

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Good morning, Chairman Casey, and esteemed members of the Senate Special Committee on Aging. I am Christine Vanlandingham, Chief Executive Officer at Region IV Area Agency on Aging (RIV AAA) in St. Joseph, MI. We are one of 16 Area Agencies on Aging in Michigan and one of 614 in the nation, all designated under the Older Americans Act to develop, coordinate, and deliver a wide range of home and community-based services to support older adults and their caregivers, with the goal of enabling them to age well at home and in the community. Thank you for inviting me to testify today about the barriers and challenges older workers face and what can be done to remedy them.

Changes in the age distribution of the U.S. population make older workers an increasingly important part of the total available workforce. Participating in the labor market – even at an older age – has a positive impact on social cohesion and self-rated health and is a critical component of financial wellbeing.<sup>i</sup> But older Americans face significant barriers to job entry or re-entry.

The barriers we see most often include inadequate technology skills and insufficient broadband access to apply for jobs online, lack of a professional network to help find job opportunities, caregiving duties, and most predominately, blatant and pervasive age discrimination experienced during the job search process.

To address these challenges, Region IV Area Agency on Aging supports low-income older adults in their quest to gain economic security through career planning, employment barrier identification and remediation, technology education, job search and job placement assistance, on-the-job training, caregiver supports, and a campaign to tackle ageism head on.

The Senior Community Service Employment Program, authorized by Title V of the Older Americans Act, is central to our jobs training program. Senior Community Service Employment Program (SCSEP) provides on-the-job training for unemployed job seekers age 55 and older who have a family income of no more than 125% of the federal poverty level.<sup>ii</sup>

Staff work with SCSEP participants to identify career goals and employment barriers and create an individualized employment plan to overcome those barriers. Older job seekers are matched with host sites in the community where participants work in on-the-job-training placements for which they are paid minimum wage for their service.

Host sites are non-profit organizations and public facilities, including schools, hospitals, emergency shelters, and community centers. Host sites provide on-the-job training for participants and gain the valuable contributions of a mature workforce. Participants receive interview coaching, resume writing assistance, and individualized help securing unsubsidized permanent employment.

Funding for the SCSEP program is severely limited. RIV AAA is funded for only 13 SCSEP participants in a region that serves more than 76,000 older adults.

Our AAA offers additional job-training services through our Campus for Creative Aging. The Campus is both a physical location and a virtual network of likeminded organizations and individuals committed to combatting ageism and casting a vision of the latter decades of life as a time of creativity, purpose, growth, and learning.

The Campus includes a state-of-the-art Computer Learning Center to provide seniors with technology training specifically tailored to the older learner. Classes range from an introductory computer class for seniors who have no technology exposure to advanced applications needed for today's job market. Eighty-seven computer classes were held last year, benefiting 810 seniors.

Classes are taught by volunteer instructors and technology coaches ranging in age from 17 to 80 plus. The intergenerational aspect of this learning environment fosters cross-generational understanding, breaks down stereotypes and combats ageism as young technology teachers benefit from a shared education experience with older adults, many for the first time. Conversely, older students learning from younger volunteer instructors experience positive interaction with young adults who have a focus on community service. It's a recipe for deeper understanding across the generations and increased marketable technology skills for seniors.

Building deeper, cross-generational understanding is key to addressing many common challenges faced by older job seekers. Ageism, including a general assumption that older job seekers are not able to learn new skills and retain new information, is among the most often cited reasons older job seekers say they are not able to secure employment.

Margaret Lowe, from Benton Harbor, MI, left the job market to care for her mother. With a background in social work, Margaret maintained full-time employment for many years in the health and human services industry while caring for her son who has special needs. The addition of caregiving responsibilities for her aging mother made full-time employment impossible. Margaret cared for her mother for 15 years.

Living on a Social Security income that is less than 125% of the federal poverty level meant that by 2022, Margaret was not able to meet her living expenses and she sought to re-enter the job market to supplement her income.

Margaret was the first person in her family to attend college. Given her college education, past work history, and the current workforce shortages, Margaret assumed finding a part-time job to supplement her income would not be difficult. Her assumption was incorrect.

Margaret applied for numerous positions. Many companies did not even bother to respond to her application. None chose to grant her an interview. When asked her perception of why, Margaret said, "It's my age. It has to be. I have a college education and a good work history. But they see the years on my resume and know approximately how old I am and think I can't do the job."

Margaret is currently serving as a SCSEP participant in a call center connecting individuals to resources in the community. She's updating her computer skills through classes at our Campus for Creative Aging,

building a professional network and executing a plan to secure unsubsidized employment with the help of AAA staff.

When asked what she would like this committee and potential employers to know, Margaret replied, “Give older workers a chance. We are more stable. We show up on time. With maturity comes the ability to adjust and be adaptable. And we can learn! There’s no reason I can’t do the job if given a chance.”

Congress can better support programs in assisting older workers by appropriating adequate funding for Older Americans Act services such as the Senior Community Services Employment Program, funding senior technology training at the community level, such as our Computer Learning Center, prioritizing broadband-access efforts and joining our efforts to combat ageism and age discrimination at every level.

One of the other common barriers for older workers is the negative effects of family caregiving on their ability to remain in the workforce or later to return to it.

Like Margaret, one in five adults in the United States face the challenges of caring for aging parents, spouses or younger relatives with disabilities.<sup>iii</sup> Many of these caregivers miss work due to their caregiving responsibilities, have to reduce their hours, or have to leave the workforce entirely resulting in financial hardship for family caregivers and lost workplace productivity and increased workforce turnover costs for employers.

Congress can further support the economic stability of older workers by increasing funding for the National Family Caregiver Support Program, which is authorized under Title III E of the Older Americans Act and should look to the National Family Caregiver Strategy released in 2022 for further policy ideas to support caregivers to remain in or return to the workforce as they age. With adequate funding for Title III E caregiver supportive services, fewer Americans providing care for aging or disabled loved ones will need to reduce or leave their employment.

In summary, older workers face significant barriers to employment including age discrimination, lack of broadband access, lack of age-friendly technology training, caregiving duties, and the difficulties of making a transition back into the workforce.

These challenges must be faced head-on if, as a nation, we want to encourage economic self-sufficiency, to promote staying engaged as we age -- which is proven to improve health and reduce health care costs<sup>iv</sup> -, and to offer all workers equal opportunities to contribute. It’s not just the right thing to do for older workers: it’s also the fiscally prudent one.

Supporting older workers helps us all. In reducing barriers and investing in older workers, our society and our economy can tap the significant amount of social capital that is older workers’ knowledge and experience, while gaining a stronger, more diverse workforce that stands ready to help address today’s workforce shortages. There is also significant economic value in engaging a ready and willing older workforce through paid employment. According to the AARP report, *The Economic Impact of Age Discrimination*, the U.S. economy missed out on an additional \$850 billion to U.S. GDP in 2018—a figure the size of Pennsylvania’s economy— because of age discrimination. The report projects this gap could rise to \$3.9 trillion in 2050 if left unaddressed.<sup>v</sup> Tapping older workers strengthens the local economies in which these workers participate, helps reduce social isolation and combats impoverishment.

Congress can dismantle barriers and build economic resilience for older workers by:

1. Doubling funding for the Senior Community Service Employment Program (Older Americans Act Title V) so that more low-income older workers and potential workers can get the training and support they need to strengthen their own financial security through work.
2. Doubling funding for the National Family Caregiver Support Program (Older Americans Act Title III E) so more family caregivers can remain in the workforce and avoid long-term economic harm to themselves as they age.
3. Ensuring that broadband expansion and access efforts are also paired with technology training for older adults. To be successful, this type of training has to be delivered at the community level by trusted resources and, often, one-on-one. As our agency knows, even with the multi-generational volunteers I mentioned earlier, it also takes financial resources to offer this type of targeted programming. We have tapped Older Americans Act Title III B Supportive Services funding, as have many of our fellow AAAs, but that funding is limited. We've also leveraged local funding to maintain this work as leveraging local support is a hallmark of the AAA network<sup>vi</sup>, but more resources are needed. Older Americans Act Title III B, the bedrock of the OAA, should also be doubled for FY 2024<sup>vi</sup>.

Thank you for your attention to the barriers and challenges older workers face and your willingness to undertake solutions. These challenges, left unaddressed, will leave willing and available older workers on the sidelines and out of the workforce to their peril as well as our own. The national network of 614 Area Agencies on Aging stands ready to help.

Thank you.

Christine Vanlandingham, CEO  
 Region IV Area Agency on Aging  
 St. Joseph, MI 49085  
[cvanlandingham@areaagencyonaging.org](mailto:cvanlandingham@areaagencyonaging.org)

Respectfully Submitted: April 20, 2023

<sup>i</sup> A study, published in the Journal of Epidemiology and Community Health, suggested that working even one more year beyond retirement age was associated with a 9% to 11% lower risk of dying during the 18-year study period, regardless of health. [Working later in life can pay off in more than just income - Harvard Health](#)

<sup>ii</sup> Senior Community Service Employment Program enrollment priority is given to veterans and qualified spouses, then to individuals who are age 65 and older, have a disability, have low literacy skills, or limited English proficiency, reside in a rural area, or are homeless or at risk of homelessness. <https://www.dol.gov/agencies/eta/seniors>

<sup>iii</sup> Unpaid caregivers are the bedrock of the health and long-term care systems. An AARP report describes caregivers as the main source for long-term care for adults living at home and in the community, saving state and federal governments billions of dollars each year in avoided Medicaid long-term care costs. Care provided by millions of unpaid family caregivers across the U.S. was valued at \$600 billion in 2021, the AARP report estimates, a \$130 billion increase in unpaid contributions from the 2019 report. <https://www.aarp.org/caregiving/financial-legal/info-2023/unpaid-caregivers-provide-billions-in-care.html>

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<sup>iv</sup> Federally, social isolation and loneliness costs the Medicare program an estimated \$6.7 billion annually—or an added \$1,600 per socially isolated beneficiary. Prolonged loneliness for an older adult is as medically detrimental as smoking 15 cigarettes a day. Julianne Holt-Lunstad, Timothy B. Smith, and J. Bradley Layton, Social Relationships and Mortality Risk: A Meta-analytic Review, PLOS Medicine, [www.doi.org/10.1371/journal.pmed.1000316](https://doi.org/10.1371/journal.pmed.1000316). Individuals who are socially isolated have an increased risk of heart disease, dementia, functional impairment and premature death. National Academies Press, *Social Isolation and Loneliness in Older Adults*, [www.download.nap.edu/cart/download.cgi?record\\_id=25663](https://www.download.nap.edu/cart/download.cgi?record_id=25663) and NCBI, A Short Scale for Measuring Loneliness in Large Surveys, [www.ncbi.nlm.nih.gov/pmc/articles/PMC2394670](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2394670).

<sup>v</sup> Bias against older workers cost the U.S. economy an estimated \$850 billion in gross domestic product (GDP) in 2018. By 2050, losses due to age discrimination could climb to \$3.9 trillion [Age Discrimination Costs the Economy Billions \(aarp.org\)](https://www.aarp.org/economic-policy/2018/06/20/age-discrimination-costs-the-economy/)

<sup>vi</sup> Surveys from the Administration on Aging (AOA), part of the U.S. Administration for Community Living (ACL) show that every \$1 in federal funding for the Older Americans Act leverages nearly an additional \$3 in state, local and private funding.

<sup>vii</sup> OAA Title III B Supportive Services is the bedrock of the Older Americans Act, providing states and local agencies with flexible funding to provide a wide range of supportive services to older Americans. These services include in-home services for frail older adults, senior transportation programs, information and referral/assistance (e.g., hotlines to help people find local services, resources), case management, home modification and repair, chore services, legal services, emergency/disaster response efforts and other person-centered approaches to helping older adults age well at home. Services provided through Title III B are a lifeline for older adults living in the community, and they also connect older adults to other OAA services—for example transportation services funded by Title III B ensure older adults can reach the congregate meal sites that are funded by OAA Title III C.

The critical flexibility of this funding stream gives AAAs greater means to meet the needs of older adults at home and in the community, thereby eliminating the need for more expensive nursing home care—which usually leads to impoverishment and a subsequent need to rely on Medicaid to meet critical health care needs. The flexibility of OAA Title III B also allows AAAs to meet new and emerging needs in their communities, such as wellness checks for homebound older adults, activities to help older adults stay socially engaged (historically in-person but now also virtual programming) and supporting vaccine outreach and assistance. However, years of eroded funding prior to COVID-19 have resulted in local agencies losing ground in their ability to provide critical Title III B Supportive Services.

To address social isolation among older adults, AAAs use OAA Title III B funding to provide a wide range of engagement activities, wellness checks and other services designed to reduce the negative effects of isolation and loneliness. While other OAA titles, such as the Title III C nutrition programs and Title III D Evidence-Based Health Promotion and Disease Prevention Programs have social engagement as a key component, the flexibility of Title III B has allowed AAAs, especially during the pandemic, to innovate, create, adapt and expand their offerings to specifically target the social isolation crisis.

*To meet the high and rising demand for cost effective supportive services, we call on Congress to double OAA Title III B over FY 2023 levels in FY 2024, for a funding level of \$820 million.*



**Testimony**

**of**

**Dave McLimans  
Steelworker Organization of Active Retirees (SOAR)  
The United Steel, Paper and Forestry, Rubber, Manufacturing,  
Energy, Allied Industrial and Service  
Workers International Union (USW)**

**for the**

**U.S. Senate Special Committee on Aging**

**Hearing on**

**Beyond the 9 to 5: Dismantling Barriers and Building Economic  
Resilience for Older Workers**

**April 20, 2023**

Chairman Casey, Ranking Member Braun, members of the committee thank you for the opportunity to testify before you today. My name is Dave McLimans, I am a Vietnam Veteran and fifty-four-year union member. I first held my union card after my tour of duty with the U.S. Army ended in 1969, becoming a steelworker member at Budd Company, Trailer Division. I became a shop steward in '72 and eventually local union President.

That plant closed in 1987 and the company tried to walk away from us. It was a sad state of affairs - former employees, management and union personnel hanging by a thread - but we had rights, and the union. We fought for what we were owed, what we had a right to, as outlined in our union contract. We recouped five weeks back pay for my brothers and sisters, and we fought successfully, to recover the pension and benefits that were promised on paper. That pension still pays retirees like myself to this day because of our union and our work.

I still had many working years ahead of me and in 1988 I began my career again at Lukens Steel in Coatesville. Five company name changes later, the steel mill is now owned by Cleveland Cliffs. I retired from working in the melt shop in 2013 when I was 67. Some people wondered why I didn't retire earlier but I enjoyed the physical activity and since I'm an Agent Orange Diabetic it is good for me to move around.

The good thing about a union is that we can negotiate with the company on ways to support workers throughout their working careers and ensure a safe working environment. The union helps set the terms so that we can focus on doing our job and doing it right.

When I retired, my participation in the union did not end. Coatsville had one of the first chapters of the Steelworker Organization of Active Retirees (SOAR) – formed in 1985 SOAR is integral to our union's mission. SOAR helps educate retirees on their pensions, or retiree healthcare options available in our contracts. SOAR also educates members on federal policies which impact retiree's pocket book like changes to Social Security, Medicare and Medicaid.

For example, the federal government and states together spent a total of \$116 billion on Medicaid home and community-based services in 2020, serving

millions of elderly adults and people with disabilities.<sup>1</sup> This is why SOAR and the USW educates on the debt ceiling and the need for no cuts to programs which aid retirees like Social Security, Medicare, and Medicaid. I didn't serve my country, work and pay taxes for forty-four years just to let my voice fade away or see younger generations lose benefits I fought for my whole life.

We also supported the American Rescue Plan and the Special Financial Assistance program for multi-employer pensions, also known as the Butch Lewis Act. Over one million retirees faced dramatic cuts to their benefits for no fault of their own.

The Butch Lewis program was a small amount of aid during COVID pandemic with a huge benefit. Congress approved close to four trillion in loans and loan guarantees to businesses and individuals, which is a helpful comparison when reflecting on the estimated \$94 billion (\$0.094 trillion) cost to preserve a pension system benefiting 10 million participants. It would also have cost the government more if we let these plans collapse.

Our SOAR chapter has regular meetings, in which we go over the issues of the day and schedule speakers for each meeting. For example, we had Bill Pearce the Executive Director from Brandywine Valley Active Aging who explained all the services available in the region. We are a part of the community, a place to gather and learn.

Finally, our SOAR chapter is a source of institutional knowledge. I can't tell you the number of times, I've helped a former member with ways to access their pension, or their benefits, or a place to go for help.

I encourage this committee to uplift older workers and union retiree organizations like SOAR in their work. We urge Senators to support community groups like ours and finally as you look to the future – I urge you to not cut or change benefits for Social Security, Medicare and Medicaid. We are the richest democracy on earth, we can afford to allow workers to retire with dignity.

Thank you for your time and look forward to answering any questions you may have.

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<sup>1</sup> <https://www.kff.org/medicaid/press-release/combined-federal-and-state-spending-on-medicare-home-and-community-based-services-hcbs-totaled-116-billion-in-fy-2020-serving-millions-of-elderly-adults-and-people-with-disabilities/#:~:text=The%20federal%20government%20and%20the,a%20new%20KFF%20analysis%20finds>.

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**Questions for the Record**

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U.S. Senate Special Committee on Aging  
**“Beyond the 9 to 5: Dismantling Barriers and Building Economic Resilience  
for Older Workers”**  
April 20, 2023  
Questions for the Record  
**Dr. Ernest Gonzales**



May 12, 2023

Dear Sen. Gillibrand,

It was an honor to testify on productive aging (employment, caregiving, civic engagement) before the Special Committee on Aging at the United States Senate on April 20, 2023, "[Beyond the 9 to 5: Dismantling Barriers and Building Economic Resilience for Older Workers.](#)"

Thank you for the opportunity to continue the dialogue with your questions:

*How do caregiving roles (to a spouse/partner, adult child, grandchild) affect older adult's relationship with the workforce? How would guaranteeing paid leave affect these roles? How can access to paid leave change the composition of the workforce among older Americans? What role does paid leave play for the long-term financial health of older Americans?*

The relationship between labor force attachment and caregiving. The relationship between labor force participation and caregiving varies by the demands of non-paid care and paid work, as well as organizational support available to caregivers. While research in this area is complex, research reveals informal caregivers are:

- At greater risk of living in poverty in later life because of the caregiving demands and existing social policies (Greenfield, 2013; Herd, 2005; Lee, Tang, Kim, & Albert, 2015a, 2015b; MetLife Mature Market Institutes, 2011; Wakabayashi & Donato, 2006)
- More likely to be forced into retirement (Dentinger & Clarkberg, 2002; Pavalko & Artis, 1997; Szinovacz & Davey, 2005),
- Retire at earlier ages when compared to non-caregivers (Clarkberg & Moen, 2001; Dentinger & Clarkberg, 2002); and
- Less likely to return-to-work after retirement because of caregiving (Gonzales, Lee & Brown, 2017)

Returning to work after retirement (also known as "un-retirement") is becoming more common given the need and/or desire to work in later life (Gonzales, Lee, & Brown, 2017; National Academies of Sciences, 2022). A study I conducted with support from the U.S. Social Security Administration with data from the Health and Retirement Study<sup>1</sup> (1998-2008) revealed assisting a family member (i.e., spouse, partner, parent-in-law) with instrumental activities of daily living (IADLs) such as preparing meals, shopping for groceries, making telephone calls, assisting with medications, reduced the odds of caregivers returning-to-work by 55% (HR: 0.22,  $p < .05$ ), while

<sup>1</sup> The Health and Retirement Study is a national panel and representative dataset on older adults, funded by the U.S. Social Security Administration and National Institutes of Health. Data are collected every two years by researchers at the University of Michigan. It is the "gold standard" of data sources on older adults in the United States.

controlling for economic, health, and social factors. Furthermore, when the demands of care increased to assisting their loved ones with bathing, dressing, eating, moving from the bed to chair, toileting (e.g., activities of daily living, ADLs), this important and vital care significantly reduced the odds of returning to work by 78% in the subsequent waves (HR: 0.45,  $p < .05$ ), while controlling for important factors.

The research on grandparenting or parenting a child is different. And this is an important caveat. My study on un-retirement revealed parenting an adult child or caring for a grandchild resulted in higher odds of returning to work by 28% in subsequent waves (HR: 1.28,  $p < .05$ ), while controlling for important covariates such as household income, health, age, gender, race, and ethnicity (Gonzales, 2023). It is important to recognize that more than half (58%) of grandparents responsible for grandchildren are working for pay (Generations United, 2022, p. 28). Caregivers were often working before the child (children) came into their care. Older workers are unable to remain in the labor force because they cannot find child care and/or the children have significant medical, mental, or behavioral health challenges due to trauma experienced before entering their care (Carolan, et al., 2020; Gonzales, Lee, & Harootyan, 2020). Unlike providing care to a spouse/partner/parent-in-law with ADLs or IADLs, grandparenting can either be a trigger to go back to work or pull the grandparent out of paid work. The recently launched [National Network of Grandfamily Caregivers](#) is a step in the right direction to ensure the health and wellbeing of caregivers and their families.

Effects of Paid Leave. Paid leave is good for individuals and businesses. Research has revealed compelling outcomes because of paid leave (Gault, Hartmann, Hegewisch, Milli, & Reichlin, 2014):

- Paid leave bolsters children's health and academic performance, improving their chances to live successful and productive lives and strengthening men's bond to children, spouses, and parents (National Partnership for Women & Families, 2012, 2018). Women who received paid family leave are more likely to return to their employer and have improved mental health outcomes, when compared with women who took unpaid family leave (Chatterji & Markowitz, 2012; Council of Economic Advisers, 2014; Waldfogel, Higuchi, & Abe, 1999).
  - Paid leave also improves mental and physical health, alleviates workplace stress among caregivers (Chatterji & Markowitz, 2012; Earle & Heymann, 2011).
  - Moreover, it's good for business. Among businesses that offer paid family-leave benefits, turnover rates are reduced while recruiting and retention rates are increased. Businesses generally report positive or neutral experiences in states that have enacted legislation (National Partnership for Women & Families, 2018) and expanding paid leave at the federal level will likely help small businesses compete with larger companies that can afford to offer this benefit (Appelbaum & Milkman, 2011; National Partnership for Women & Families, 2018).
-

In sum, providing care to family members will often result in a weakened relationship with the labor force without federal and organizational support, especially if caregivers are assisting a loved one with essential tasks (e.g., bathing, dressing). National social policies, such as paid leave, can result in positive outcomes for the caregiver, care recipient of all ages, and employer. Guaranteeing paid leave can also help small businesses compete with larger companies that already provide this benefit.

The research across these caregiving roles and their association with the formal labor force is robust but more research is needed, especially with testing organizational policies and practices (e.g., flexible work options, caregiver respite). More research is needed on organizational facilitators to 1) ensure caregivers across industries and organizations receive support while assisting family, and 2) ensure caregivers are able to work should they want and/or need to work, and 3) ensure the transitions in and out of the labor market are smooth, predictable, and optimize the health and economic wellbeing of the caregiver and employer (National Academies of Sciences, 2022).

I have included some scientific articles to help further inform you and the Senate members in these areas. You can also access the consensus report, "[Understanding the Aging Workforce: Defining a Research Agenda](#)" by the National Academies of Sciences (here's the link to "[highlights](#)"). In it, you will find the latest research on work and retirement, volunteering, caregiving, and age discrimination, with implications for future research and social policy development. I can work with NASEM to send you a hard copy should you prefer one.

Two additional sources of information are Dr. Pamela Herd, Professor at the University of Wisconsin-Madison, Institute for Research on Poverty, as she has written extensively about social policies and necessary reforms to achieve equity across gender, race, and class. For example, her article on "[Reforming a Breadwinner Welfare State: Gender, Race, Class, and Social Security Reform](#)" (2005); and Dr. John Jankowski, at Social Security Administration, who wrote "[Caregiver Credits in France, Germany, and Sweden: Lessons for the United States](#)" (2011).

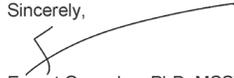
One last note: Ms. Christine Vanlandingham, CEO of Michigan Region IV Area Agency on Aging, also provided testimony on the Older Americans Act, Title V, Senior Community Service Employment Program. [Her testimony](#) resonates with much of the research I have done on this program. When my research team asked participants: *How has this program impacted your life?* We heard responses such as, "*I'm no longer homeless.*" "*It's a lifeline.*" "*I am not starving.*" and "*I am not taking meds for depression anymore.*" Among our sample, over 80% reported their health improved because of the program (Carolan, et al., 2020; Gonzales et al., 2020), which is similar to research done by others with different SCSEP participants (Halvorsen & Lai 2023; Halvorsen et al., 2023). I am currently working with Lisa Hofflich, on your New York team, to propose ways in which we can strengthen the SCSEP program while it undergoes reauthorization. I will keep you updated on that consensus statement when it's done, around mid-June.

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Please reach out should you have any questions. My research associates, Cliff Whetung and Natalie Green, both PhD students at NYU Silver School of Social Work, are happy to help however we can. Colleagues at Boston College School of Social Work, Washington University in St. Louis, Brown School of Social Work, and University of Denver's School of Social Work are also willing to share their research with you which is part of the [American Academy of Social Work & Social Welfare's Grand Challenge on Productive Aging](#). I'm happy to introduce them to you should you want to learn more.

I hope you find this letter informative and helpful.

Sincerely,



Ernest Gonzales, PhD, MSSW  
James Weldon Johnson Professor of Social Work

cc: Anthony Mann, National Academies of Sciences  
Malay Majmudar, National Academies of Sciences  
Dr. Michael Lindsey, Dean at NYU Silver School of Social Work  
Aimee J. Vargas, Esq., Senior Advisor to the Dean of Silver School of Social Work at NYU  
Cliff Whetung, MSW, PhD Student and Research Associate at NYU's CHAI  
Natalie Green, MSW, PhD Student and Research Associate at NYU's CHAI

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May 12, 2023

Dear Sen. Warnock,

It was an honor to share the latest research on productive aging (employment, caregiving, civic engagement) before the Special Committee on Aging at the United States Senate on April 20, 2023, "[Beyond the 9 to 5: Dismantling Barriers and Building Economic Resilience for Older Workers](#)." Thank you for the opportunity to continue the dialogue.

Senator Warnock, you raise several important questions about the financial context of family caregivers with implications for social policy:

*As a Senator, I often hear from older Georgians who serve as the primary caregiver for a grandchild or for a partner. Unpaid care can be costly and time consuming. In many cases, this responsibility requires the caregiver to either cut down their working hours to provide the needed care or rejoin the workforce to provide the necessary financial support. That is why I cosponsored the Credit for Caring Act last Congress, which would allow eligible caregivers to receive an annual tax credit for a percentage of their expenses.*

*Area Agencies on Aging (AAA), which were established through the Older Americans Act, provide many resources to older Americans, including supportive services for older workers and those looking to rejoin the workforce. Georgia has twelve AAAs that together provide services to older Georgians in every corner of the state.*

*Dr. Gonzalez, how would legislation like the Credit for Caring Act reduce the financial burden on older caregivers?*

#### Context of Family Caregivers

Informal caregivers are a diverse, dynamic, and growing population. About half of informal caregivers are 50 years of age and older, 60% are women, and they reflect the diverse racial and ethnic composition of the United States today ([AARP and National Alliance for Caregiving, 2020](#)). More than 53 million informal caregivers in the United States who provide regular, unpaid care for family members or friends who are aging or have disabilities ([AARP and National Alliance for Caregiving, 2020](#)).

Informal caregivers contribute billions of dollars to the U.S. economy. Using internal claims data, [Blue Cross Blue Shield](#) recently estimated the indirect economic impact of informal caregivers to

be over \$264 billion per year. Estimates from the [AARP](#) place their impact at roughly \$470 billion per year. Without informal caregivers acting voluntarily to support some of the most vulnerable members of our society, the provision of these services would substantially increase the cost to programs like Medicare and Medicaid and ultimately the taxpayer:

*“Not only does the nation owe a tremendous debt to its family caregivers, but it has no acceptable alternative to family care. Consequently, family caregiving is an urgent public health issue of such magnitude that it requires a coordinated, iterative, and cross-sector response.”* Department of Health and Human Services; National Strategy to Support Family Caregivers, 2022.

These billions of dollars in savings to the U.S. government, and employers, however, comes at a cost to caregivers themselves. Informal caregivers are at a higher risk of food insecurity, obesity ([Homer et al., 2015](#)), financial strain ([AARP and National Alliance for Caregiving, 2020](#); [Willert & Minnotte, 2021](#)), psychological stress, and physical health issues ([Bauer & Sousa-Poza, 2015](#)). Recent research suggests that many of these challenges were exacerbated by the COVID-19 pandemic ([Beach, Schulz, Donovan & Rosland, 2021](#)). The magnitude of this financial strain is not equitably distributed. Caregivers who earn less than \$35,000 per year reported the highest levels of financial strain. Additionally, African-American and Hispanic caregivers carry a large relative burden of caregiving expenses (35% and 47% of annual incomes on average) ([AARP, 2021](#)). Financial strain is associated with depression, anxiety, pain, self-rated health, premature mortality, and cognitive functioning ([Byrd, Gonzales, Moody, et al., 2020](#)).

Moreover, the relationship between labor force participation and caregiving varies by the demands of non-paid care and paid work, as well as organizational, state, and federal supports available to caregivers. While research in this area is complex, research reveals informal caregivers are at greater risk of:

- Living in poverty in later life because of caregiving and existing social policies (Greenfield, 2013; Herd, 2005; Lee, Tang, Kim, & Albert, 2015a, 2015b; MetLife Mature Market Institutes, 2011; Wakabayashi & Donato, 2006),
- More likely to be forced into retirement because of the demands of caregiving (Dentinger & Clarkberg, 2002; Pavalko & Artis, 1997; Szinovacz & Davey, 2005),
- Retire at earlier ages when compared to non-caregivers (Clarkberg & Moen, 2001; Dentinger & Clarkberg, 2002); and
- Less likely to return to work after retirement ([Gonzales, Lee & Brown, 2017](#))

Returning to work after retirement (also known as “un-retirement”) is becoming more common given the need and/or desire to work in later life (Gonzales, Lee, & Brown, 2017; National Academies of Sciences, 2022). A study I conducted with support from the U.S. Social Security Administration with data from the Health and Retirement Study<sup>1</sup> (1998-2008) revealed assisting

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<sup>1</sup> The Health and Retirement Study is a national panel and representative dataset on older adults, funded by the U.S. Social Security Administration and National Institutes of Health. Data are collected every two

a family member (i.e., spouse, partner, parent-in-law) with instrumental activities of daily living (IADLs) such as preparing meals, shopping for groceries, making telephone calls, assisting with medications, reduced the odds of caregivers returning-to-work by 55% (HR: 0.22,  $p < .05$ ), while controlling for economic, health, and social factors. Furthermore, when the demands of care increased to assisting their loved ones with bathing, dressing, eating, moving from the bed to chair, toileting (e.g., activities of daily living, ADLs), this important and vital care significantly reduced the odds of returning to work by 78% in the subsequent waves (HR: 0.45,  $p < .05$ ), while controlling for important factors.

The research on grandparenting or parenting a child is different. And this is an important caveat. My study on un-retirement revealed parenting an adult child or caring for a grandchild resulted in higher odds of returning to work by 28% in subsequent waves (HR: 1.28,  $p < .05$ ), while controlling for important covariates such as household income, health, age, gender, race, and ethnicity (Gonzales, 2023). It is important to recognize that more than half (58%) of grandparents responsible for grandchildren are working for pay (Generations United, 2022, p. 28). Caregivers were often working before the child (children) came into their care. Older workers are unable to remain in the labor force because they cannot find child care and/or the children have significant medical, mental, or behavioral health challenges due to trauma experienced before entering their care (Carolan, et al., 2020; Gonzales, Lee, & Harootyan, 2020). Unlike providing care to a spouse/partner/parent-in-law with ADLs or IADLs, grandparenting can either be a trigger to go back to work or pull the grandparent out of paid work. The recently launched [National Network of Grandfamily Caregivers](#) is a step in the right direction to ensure the health and wellbeing of caregivers and their family.

#### Implications for Social Policy

[Existing](#) and future federal policies and programs have enormous potential to support these caregivers and their care recipients. As you noted Senator, the Older Americans Act (OAA) and the many programs that it funds have been important supports for caregivers. One example of this is the [National Family Caregiver Support Program](#) (NFCSP). The NFCSP provides grants to Area Agencies on Aging and works to educate caregivers about service availability, facilitate service enrollment, and provide counseling and respite services. Recent research suggests that while more than 700,000 caregivers per year received respite care, caregiver training, supportive group services, or counseling, additional funding is needed to extend these services to the bulk of caregivers (Bangertner et al., 2019). Another program by the OAA is Title V, The Senior Community Service Employment Program. Many participants care for family members and research has shown this program improves their health and provides a stable economic foundation (Carolan, et al., 2020; Gonzales et al., 2020; Halvorsen & Lai 2023; Halvorsen et al., 2023).

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years by researchers at the University of Michigan. It is the "gold standard" of data sources on older adults in the United States.

To our knowledge, there are no existing federal programs that directly target the financial strain experienced by many informal caregivers. Caregivers in the United States often face financial challenges that amplify the stresses and risks that come with supporting vulnerable loved ones. Research from the [AARP](#) suggests that more than 36 million unpaid caregivers incur out-of-pocket caregiving expenses on a regular basis. On average, these caregivers are spending more than one-quarter of their income on housing, medical, and other expenses that directly benefit those they provide care for.

The *Credit for Caring Act* offers a tax credit of up to \$5,000 for qualified caregiving expenses that could materially improve the lives of caregivers and care recipients. This is an important step to increase formal support for our nation's informal caregivers. The challenges of supporting caregivers around the country requires a multi-level set of policy responses. Legislation that targets financial insecurity, access to training and educational materials, expansion of health insurance programs to include respite and meal services, and further develops social infrastructure to accommodate our growing population of older adults will be critical in the decades to come. We believe that a comprehensive set of these legislative goals is best laid out in the [2022 National Strategy to Support Caregivers](#) (see: page 21 for summary).

Two additional sources of information are Dr. Pamela Herd, Professor at the University of Wisconsin-Madison, Institute for Research on Poverty, as she has written extensively about social policies and necessary reforms to achieve equity across gender, race, and class. For example, her article on "[Reforming a Breadwinner Welfare State: Gender, Race, Class, and Social Security Reform](#)" (2005); and Dr. John Jankowski, at Social Security Administration, who wrote "[Caregiver Credits in France, Germany, and Sweden: Lessons for the United States](#)" (2011).

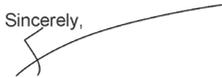
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I have included some scientific articles to help further inform you and the Senate members in these areas. You can also access the National Academies of Sciences' consensus report which goes into further discussion on work, retirement, and caregiving, "[Understanding the Aging Workforce: Defining a Research Agenda](#)" (here is a link to the "[highlights](#)"). I can work with NASEM to send you a hard copy should you prefer one.

Please reach out should you have any questions. My research associates, Cliff Whetung and Natalie Green, both PhD students at NYU Silver School of Social Work, are happy to help however we can. Colleagues at Boston College School of Social Work, Washington University in St. Louis, Brown School of Social Work, and University of Denver's School of Social Work are also willing to share their research with you which is part of the [American Academy of Social Work & Social Welfare's Grand Challenge on Productive Aging](#). I'm happy to introduce them to you should you want to learn more.

I hope you find this letter informative and helpful.

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May 12, 2023

Dear Sen. Fetterman,

It was an honor to share the latest research on productive aging (employment, caregiving, civic engagement) before the Special Committee on Aging at the United States Senate on April 20, 2023, "[Beyond the 9 to 5: Dismantling Barriers and Building Economic Resilience for Older Workers](#)." Thank you for the opportunity to continue the dialogue.

Senator Fetterman, you raise many important questions:

*Dr. Gonzales, as you stated in your written testimony, age discrimination undermines health and leads to early retirement and turnover, and age discrimination is linked to \$63 billion in excess health care costs. Studies have shown that when older adults are employed and civically engaged, they experience fewer depressive symptoms. In order for us to address some of the challenges facing older workers, it is essential that we understand the scope of health care spending as a result of age discrimination. Of the total health care costs incurred by those 65 years and older, approximately what percentage is attributable to mental health costs? Of those costs, what percentage may be attributable to lack of employment or civic engagement? Further, compared to other age cohorts, please describe the proportion of total health care costs that are attributed to mental health care costs from lack of employment or civic engagement.*

**What we know.** We know that under optimal conditions,<sup>1</sup> volunteering and work are associated with a wide range of health and economic outcomes (Morrow-Howell, 2010). Volunteering among older adults is associated with ([Gonzales, Suntai, & Abrams, 2019](#)):

- Improvements in psychological well-being (Morrow-Howell et al. [2003](#); Ho [2017](#)), life satisfaction (Abu-Bader, Rogers & Barusch [2003](#); Van Willigen [2000](#)), positive affect (Greenfield & Marks [2004](#)), self-efficacy (Li 2007), and higher levels of happiness (Baker et al. [2005](#); Borgonovi [2008](#))
- A sense of purpose, social status, and social resources (Heo et al. [2016](#); Musick & Wilson [2003](#); Simon & Wang [2002](#))
- Improved mental health among African American women caregivers (Shen et al., [2013](#))

<sup>1</sup> An optimal condition, for example, is when the capacity of the individual is slightly challenged by the demands of a productive activity (paid work or volunteering). This is known as the "[environmental press](#)" by Lawton & Nhemow, 1973). For example, an athlete is challenged to finish a sprint two seconds faster than their average and the coach ensures technique, equipment, running conditions, diet, rest, stretching, etc., enable that specific athlete to achieve the goal. Importantly, the issue of choice – the athlete chooses to be an athlete – is fundamental. And choosing to work or volunteer is a foundational principle to ensure optimal outcomes.

- Is a protective factor to psychological well-being with unplanned events, such as the death of a family member or friend (Jang et al., [2018](#))
- Volunteers are more likely to be surrounded by a larger social network with access to greater resources, more power, and more prestige (Hunter & Linn [1981](#); Lum & Lightfoot [2005](#); Morrow-Howell [2010](#)) which affect mental and emotional health, and
- Volunteering has demonstrated to be a long-term antidote for depression (Li & Ferraro, [2005](#))

For these reasons, gerontologists have suggested geriatricians, primary care physicians, clinical social workers, and other licensed therapists, write a prescription for older adults who demonstrate symptoms of depression and other mental health issues, to volunteer in evidence-based programs, such as [Experience Corps](#). [Dr. Linda P. Fried, Dean at Columbia University, Mailman School of Public Health](#) is a strong advocate of "prescriptions to volunteer" and wrote a compelling article, "[A Prescription for the Next Fifty Years of Medicare](#)," with insightful suggestions to reduce the Medicare costs of mental health by volunteering, training the next cadre of public health and social workers, and preventing the onset of mental illness.

Volunteering by older adults also benefits those they serve. And a growing number of intergenerational programs are yielding impressive results ([Generations United, 2022](#)) with increased socioemotional health, improved academic achievement, and high levels of empathy among children to emerging adults. Experience Corps by AARP is one of the most rigorously studied programs (experimental designs, quasi-experimental designs) with outcomes ranging with improved academic performance for children and cognitive plasticity and functioning for older adults. A [video of the program can be found here](#) and [all of the research can be found here](#).

We also know that age discrimination is expensive, \$63 billion in health care costs. [Dr. Becca Levy at Yale University, Public Health and Psychology](#), is the leading expert in this area and I encourage you to reach out to her to learn more about this costly phenomenon and what we can do about it.

Regarding employment and mental health, the science shows that work is more than a paycheck and there is a consequential relationship between employment (and the quality of employment) and mental health (and other aspects of health). [Ranking Member Senator Mike Lee of the Joint Economic Committee Republicans](#) recently published their findings on the association between employment and mental health outcomes. However, I am unable to find a study that has examined your specific question above.

**What we don't know.** We don't know how much health care costs (specifically mental health costs) are associated with underemployment/unemployment, working in toxic environments, or unable to find purposeful and meaningful civic opportunities, especially among older adults (65+). This is a very good research question. We can answer it with existing data and we welcome support to perform the necessary research to get answers for you and your team. For example, we are able to assess the capacity of older adults who have the resources (e.g., time, health, economic status, social connections) to volunteer but don't, and using state-of-the-art statistical methods (e.g., propensity score matching), we could assess how volunteering is associated with mental health, estimate the value of mental health (as well as mental health services), and provide you with the answer at the population level. Data from the Health and

Retirement Study are ready to be analyzed. We are able to do the same with employment and various work environments. The implications could help to shape social policies, namely Medicaid, Medicare, AmeriCorps Seniors (volunteering), and Title V of the Older Americans Act (employment), and inform proposed legislation.

I have included some scientific articles to help further inform you and the Senate members in these areas. You can also access the consensus report, "[Understanding the Aging Workforce: Defining a Research Agenda](#)" by the National Academies of Sciences (here's the link to "[highlights](#)"). In it, you will find the latest research on work and retirement, volunteering, caregiving, and age discrimination, with implications for future research and social policy development. I can work with NASEM to send you a hard copy should you prefer one.

One last note: Ms. Christine Vanlandingham, CEO of Michigan Region IV Area Agency on Aging, also [provided testimony](#) on the Older Americans Act, Title V, Senior Community Service Employment Program. Her testimony resonates with much of the research I have done on this program. When my research team asked participants: *How has this program impacted your life? We heard responses such as, "I'm no longer homeless." "It's a lifeline." "I am not starving." and "I am not taking meds for depression anymore."* Among our sample, over 80% reported their health improved because of the program (Carolan, et al., 2020; Gonzales et al., 2020), which is similar to research done by others with different SCSEP participants (Halvorsen & Lai 2023; Halvorsen et al., 2023). I am currently working on a paper that articulates how we can strengthen the SCSEP program while it undergoes reauthorization. I will keep you updated on that statement when it's done, around July.

Please reach out should you have any questions. My research associates, Cliff Whetung and Natalie Green, both PhD students at NYU Silver School of Social Work, are happy to help however we can. Colleagues at Boston College School of Social Work, Washington University in St. Louis, Brown School of Social Work, and University of Denver's School of Social Work are also willing to share their research with you which is part of the [American Academy of Social Work & Social Welfare's Grand Challenge on Productive Aging](#). I'm happy to introduce them to you should you want to learn more.

I hope you find this letter informative and helpful.

Sincerely,



Ernest Gonzales, PhD, MSSW

cc: Anthony Mann, National Academies of Sciences  
 Malay Majmundar, National Academies of Sciences  
 Dr. Michael Lindsey, Dean at NYU Silver School of Social Work  
 Aimee J. Vargas, Esq., Senior Advisor to the Dean of Silver School of Social Work at NYU  
 Cliff Whetung, MSW, PhD Student and Research Associate at NYU's CHAI  
 Natalie Green, MSW, PhD Student and Research Associate at NYU's CHAI

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and Additional Readings**

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U.S. Senate Special Committee on Aging  
“Beyond the 9 to 5: Dismantling Barriers and Building Economic Resilience  
for Older Workers”  
April 20, 2023  
Questions for the Record  
**Ms. Christine Vanlandingham**

**Senator Raphael Warnock**

**Question:**

As a Senator, I often hear from older Georgians who serve as the primary caregiver for a grandchild or for a partner. Unpaid care can be costly and time consuming. In many cases, this responsibility requires the caregiver to either cut down their working hours to provide the needed care or rejoin the workforce to provide the necessary financial support. That is why I cosponsored the *Credit for Caring Act* last Congress, which would allow eligible caregivers to receive an annual tax credit for a percentage of their expenses.

Ms. Vanlandingham, I am proud to have requested robust funding for AAAs in the Older Americans Act for Fiscal Year 2024. How would increase funding support AAAs across the county and improve programs to assist older workers with professional development and technical training?

**Response:**

Senator Warnock, thank you for your ongoing support for robust funding of AAAs through the Older Americans Act to meet the needs of older adults in Georgia and across the country. Your constituents who find themselves as caregivers for another are not alone, whether that is kinship caregiving for a grandchild or other relative minor, or caregiving for a spouse or other adult with a disability.

In the United States 2.7 million children currently live with non-parent relative caregivers, many of whom are grandparents, 48% of whom are over the age of 60 according to a 2020 report from Generations United.<sup>1</sup> Further, more than half of Americans 50 and older (54%) provide care to one or more people 65 and older, according to the University of Michigan’s ongoing National Poll on Healthy Aging.

Family caregivers need more support—and they need it now. We must invest in these unpaid family and friend caregivers in myriad ways, to support them in doing these critical jobs. Without the support of these informal caregivers of older adults, we will face national challenges including increased Medicaid and Medicare spending and, ultimately, the unnecessary suffering of older adults if not addressed immediately. Overburdened caregivers are also at risk of negative health effects as a result of their caregiving duties—another driver of health care costs and risks

to the caregiver's own health, financial security and independence over time. Nearly 1 in 4 (23.3%) employed family caregivers reported either absenteeism or presenteeism over a 1-month period due to their caregiving role. Among those affected, caregiving reduced work productivity by one-third on average-or an estimated \$5600 per employee when annualized across all employed caregivers-primarily because of reduced performance while present at work.<sup>ii</sup> This represents a significant cost to employers as well as family caregivers.

As described in my testimony before the Senate Subcommittee on Aging, older workers face significant barriers to job entry or re-entry. Those with caregiving duties face additional barriers. Increased funding for AAAs across the country would provide older job seekers with professional development opportunities and technical training through the Senior Community Service Employment Program (SCSEP), authorized by Title V of the Older American Act. SCSEP provides seniors who meet eligibility criteria with an individual employment plan which includes professional development plans to achieve their employment goals. On the job training including technology training are paired with resume writing, interview skills coaching, and job search and job placement services all tailored specifically to meet the needs of older job seekers allow SCSEP participants to gain the skills needed to be competitive in the workforce and gain unsubsidized employment.

The SCSEP program is grossly underfunded. Region IV Area Agency on Aging is funded for only 13 SCSEP participants in a region that is home to over 76,000 older adults.

The Older Americans Act provides further support to older workers who have caregiving responsibilities through Title III E Kinship Caregiver support, caregiver respite, education and training and supplemental services.

Through the OAA's Title III E National Family Caregiver Support Program (NFCSP), those who care for friends and family members as they age receive support through training, respite, support groups and other programs. The NFCSP funds local AAAs to assist older caregivers and family members caring for older loved ones by offering a range of in-demand supports to family caregivers in every community.

Steady and sustained increases are needed to adequately invest in this modest federal program that now supports just a fraction of the 41.8 million caregivers for people age 50 and older and, if properly funded, could prevent billions in more expensive institutional care costs that rely on taxpayer funding.

Though extremely valuable, given limited funding, the NFCSP does not begin to meet the need for these services. We urge Congress to expand federal funding for current Older Americans Act caregiver support programs and to explore policy solutions to ensure that caregiver support becomes a vital component of state and federal LTSS-delivery reform. For FY 2024, we encourage Congress to double over-FY 2023 its appropriations for the National Family Caregiver Support Program to reach \$410 million for the only national program supporting the family caregivers of older adults who provide the lion's share of long-term care in this country and to further.

By supporting funding increases for the Senior Community Service Program (Title V) and caregiver supportive services authorized under Title IIIE of the Older Americans Act, older workers will have the professional development and technical training assistance needed to enter or re-enter the workforce and working caregiver will have the support needed to continue in their caregiving role.

Thank you for your willingness to understand the barriers and challenges older workers face and your continued support for robust funding for the national network of Area Agencies on Aging charged with creating a comprehensive, coordinated system of services to meet the needs of an aging population.

Respectfully submitted,

Christine Vanlandingham, CEO  
Region IV Area Agency on Aging

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<sup>i</sup> <https://www.gu.org/app/uploads/2020/10/2020-Grandfamilies-Report-Web.pdf>

<sup>ii</sup>

<https://pubmed.ncbi.nlm.nih.gov/35973924/#:~:text=Among%20those%20affected%2C%20caregiving%20reduced,performance%20while%20present%20at%20work.>



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**Statements for the Record**

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April 20, 2023

The Honorable Robert P. Casey, Jr.  
 Chair  
 U.S. Senate Special Committee on Aging  
 G16 Dirksen Senate Office Building  
 Washington, DC 20510

The Honorable Mike Braun  
 Ranking Member  
 U.S. Senate Special Committee on Aging  
 628 Hart Senate Office Building  
 Washington, DC 20510

Dear Chair Casey and Ranking Member Braun:

On behalf of our nearly 38 million members and all older Americans nationwide, AARP would like to thank you and the members of the Special Committee on Aging for holding this important hearing, “Beyond the 9 to 5: Dismantling Barriers and Building Economic Resilience for Older Workers.”

The pandemic was a tumultuous economic time for the country. The nation lost nearly 22 million jobs at the beginning of the pandemic, with the initial job losses hitting workers age 55 and older the hardest. During the first six months of the pandemic, workers age 55 and older were 17 percent more likely to lose their jobs than employees who were just a few years younger. Today, mass layoffs continue to affect a variety of [economic sectors](#), including technology, e-commerce, professional services, media and entertainment, retail, manufacturing, and financial services.

Despite trends that point to a stabilizing labor market and steady hiring, older workers continue to remain long-term unemployed (defined as seeking work for 27 weeks or longer) at a higher rate than younger workers. For example, in March, the percentage of jobseekers ages 16 to 54 who were long-term unemployed was 18.2 percent, but was 24.2 percent for jobseekers ages 55 and older, 33 percent higher among older jobseekers.

For both personal and financial reasons, including rising living costs, an increasing number of older adults are staying in the workforce, retiring later, and even returning to work after retiring from a previous career. Although job security (i.e., maximizing Social Security benefits, having healthcare benefits, and saving for retirement) is important for workers, “to have money” was found to be the top reason for working according to a recent AARP [survey](#). As early as 2016, a [Gallup poll](#) found that 31 percent of nonretired adults intended to remain employed until age 68 or older. According to the BLS, this number is expected to rise over the next two decades. In fact, the [BLS](#) recently projected that the labor force of people age 75 years and older will grow by 96.5 percent over the next ten years. By contrast, the BLS projected the labor force of people ages 16 to 24 will shrink by 7.5 percent from 2020 to 2030. According to a recent [Paychex study](#), one in six retirees are also considering re-entering the workforce and a large proportion said they would go back to work full-time.

The Social Security normal retirement age, slowly increased decades ago, will soon be fully phased in at age 67. Meanwhile, the Earned Income Tax Credit includes a discriminatory age cap of 65, ultimately creating a greater tax burden for older adults performing lower-wage jobs beyond the age of 65. To avoid this tax increase, we urge members of the Committee to support removal of the age cap on the earned income tax credit. Removal of this age discriminatory cut-off will encourage older workers in lower-wage jobs, including women and minorities, to continue contributing value in careers such as teaching, nursing, and manufacturing without being penalized for choosing to work beyond age 65.

Research shows that a multigenerational workforce is good for business. Having workers of different ages increases business productivity. AARP is working with both employers and older job seekers to help older workers remain in the workforce through our online job board, the [AARP Employer Pledge Program](#) where businesses can sign on as a resource for hiring Americans 50 and over, and resources and webinars for older workers to help with training and skills building for jobs in the new economy. According to a recent AARP [survey](#), two-thirds of older workers have taken some type of skills training in the past two years. This shows that older workers are willing and eager to learn new skills.

Indeed, many older adults are exploring opportunities in the new economy or considering alternative work arrangements. Gig jobs and embarking upon second and third careers are no longer unusual. However, older jobseekers continue to face challenges getting hired for positions in today's job market. A high number of older workers report experiencing age discrimination. According to a recent AARP [survey](#) on work and employment, 48 percent of workers said they have experienced age discrimination since turning 40. During a job search, [40 percent](#) of job seekers age 45-plus said they have experienced age discrimination. For older women, [31 percent](#) who have searched for a job since turning 40 say that age discrimination has hurt them in getting a job.

We have heard directly from our members about age discrimination during the hiring process. At age 57, Michael Gow from North Carolina was laid off from his job doing educational design and training for a large real estate company when the company went through significant layoffs in early 2023. While he has some retirement savings, he said he needs to work for 5-8 more years. He is currently looking for contract work. He has been seeing subtle age discrimination in his job search since then, including this example:

*I was called for a contract position. It was a decent rate and was in my field. I have been out of work for about two months and was happy to apply to it. About an hour later the recruiter called me back and asked what dates I graduated from college and graduate school. They are not on my resume for good reason. As he was a third-party recruiter, he was not interested in anything but getting the commission, so didn't care if he was breaking the law or not. He wanted the information because the client asked for it. As I assumed if I didn't give this information I would not be considered, I answered his questions. I did not get the assignment.*

Unfortunately, bias against hiring older workers is not new. In 2017, research published by the Federal Reserve Bank of San Francisco showed that job candidates between the ages of 29 and

31 received 35 percent more callbacks than those ages 64 to 66, despite having similar qualifications and skills on more than 40,000 dummy applications. That same year, AARP published an article reporting that two out of three workers between ages 45 and 74 said they have seen or experienced age discrimination at work, and job seekers over age 35 cited it as a top obstacle to getting hired.

The chances of experiencing age discrimination are even higher in technology industries. Consider a university [study](#) that found tech workers over 35-years-old were considered “old” by the industry, while young workers are considered to be up to about 30 years of age. Similarly, a survey of startup founders conducted by First Round Capital showed ageism in tech starts at around age 36, and in a 2018 Dice Diversity and Inclusion Survey, technologists said that ageism is prevalent in their industry – with 29 percent of respondents saying they experienced or witnessed age-based discrimination in the workplace, outpacing gender discrimination (21 percent), political-affiliation discrimination (11 percent), and bias based on sexual orientation (six percent).

We have also seen how employers use subtle terms to mask age discrimination in their job postings. For example, recruiters might use phrases such as “[digital native](#)” in their job ads, referring to the younger generation of people born into modern technological culture, particularly [social media](#). Other phrases, such as “high energy level,” are used as a euphemism for “young,” playing off the biased and inaccurate assumption that older employees lack energy. An employer also might discard applications if the candidates do not have email accounts ending in “.edu,” which are university accounts commonly used by students and recent college grads but are less common among older alumni.

Automated systems and artificial intelligence can also exclude qualified candidates based on age. A [survey](#) from the Society for Human Resource Management found about one in four employers use AI or an automated algorithm to help with hiring and recruiting decisions, with larger employers more likely to use AI tools in their hiring process. But while automation and AI are important tools that can improve efficiency, [studies](#) have shown that age bias can be built into the algorithm – whether explicitly in the form of required graduation dates or a limit on years of experience, or implicitly in the form of machine learning based on hiring patterns that historically exclude older workers. Some [studies](#) show older women are especially vulnerable to AI, but older males can be screened out as well. A lawsuit filed by the EEOC in the United States District Court for the Eastern District of New York against iTutorGroup alleges that three integrated companies providing English-language tutoring services programmed their job application software to automatically reject female applicants age 55 or older and male applicants age 60 or older, ultimately rejecting more than 200 qualified applicants based in the United States because of their age.

It is past time to remove barriers to employment that many older job seekers continue to face and embrace the valuable experiences and skills that many of them bring to a job. According to an AARP [survey](#), 90 percent of workers age 40-plus support efforts to strengthen the nation’s age discrimination laws and 89 percent of workers age 40-plus agree that older Americans should be

protected from age discrimination just as they are protected from discrimination on the basis of race, sex, national origin, or religion.

We continue to urge Congress to advance legislation to address these issues. AARP supports the Protecting Older Workers Against Discrimination Act, the Protect Older Job Applicants Act and legislation that prohibits employers from asking any age-related inquiry during the application and hiring process until a conditional offer of employment is made, unless it is a *bona fide* occupational qualification.

Relatedly, family caregiving responsibilities are another challenge that many older workers face. A recent AARP [survey](#) found that 36 percent of workers age 40-plus are caregivers of an adult. Many of these family caregivers, including adults sandwiched between caring for older family members and children at home, are struggling to manage both their caregiving responsibilities and the jobs they need. AARP believes paid leave benefits are crucial in helping family caregivers continue to support their loved ones while also remaining in the workforce. In addition, paid leave benefits are an enticing offering for competitive employers seeking to recruit an age-diverse workforce.

AARP again appreciates the committee's ongoing focus on older workers. Many older Americans want, or need, to keep working. Yet age discrimination continues to be a serious barrier, not only for older individuals, but for the loss of the experience and value they add to the workforce. We thank the committee for seeking solutions to this critical problem. If you have any questions, please feel free to contact me or have your staff contact Holly Biglow of our Government Affairs staff at [hbiglow@aarp.org](mailto:hbiglow@aarp.org) or (202) 570-3760.

Sincerely,



Bill Sweeney  
Senior Vice President  
Government Affairs