

Introduction & Social Policies that Support Work

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Introduction



01

The Role of Social Policy

- A wide range of government policies affect the ability of individuals to remain in the work force at older ages as well as their need to do so
- Some policies aim to **support work** at older ages. This set of policies includes **non-age-specific policies** with special relevance for older workers and **age-specific policies**
 - Non-age-specific: legal protections for disabled workers (Americans with Disabilities Act), family and medical leave, worker's compensation
 - Age-specific: legal protections for older workers (Age Discrimination in Employment Act), (end of) mandatory retirement, gradual retirement policies, job training programs for older workers
- Other policies aim to **support financial security** of disabled or retired individuals
 - This set of policies includes large federal government programs – Disability Insurance, Social Security, and Medicare – as well as retirement savings policies
 - Some policies focus on low-income individuals – e.g., Supplemental Security Income, Medicaid
 - These policies can make retirement possible and affect the timing of retirement

The Role of Policy

- Many of these policies may be viewed as loosening **constraints** and enabling workers to achieve a work-to-retirement path more in line with their **preferences**
 - For example: legal protections increase work opportunities; family leave allows a worker to maintain employment; access to health insurance outside of employment allows a worker to retire
 - Policies can also **create constraints**, like needing to work until the Social Security retirement age
- Policies are part of the **disparities in retirement experiences**
 - Policies available to all may be used more by some groups – higher-income individuals have more retirement savings, less-educated individuals more likely to receive disability benefits

Social Policies that Support Work



02

Age-Specific Policies that Support Work

- Legal protections against age discrimination
- Mandatory retirement
- The Senior Community Employment Program (SCEP)

Legal Protections against Age Discrimination

- The Age Discrimination in Employment Act (ADEA): Protects people over the age of 40 from discrimination in hiring (including prohibiting age-related advertisements), firing, promotion, layoff compensation, benefits, job assignments, and training
 - Restricted to firms of 20+ employees, but excludes occupations with a “bona fide occupational qualification” that is related to age and high-salaried policy-making positions
 - Limits damages to “make whole” damages and lawyer fees; does not allow damages for emotional pain and suffering or for punitive damages.
 - Initially, due to limits on damages most cases brought by White male middle managers with considerable salaries, although the composition has diversified in recent decades
- State-based protections vary and may allow for greater damages or apply to smaller firms
- Improved labor market outcomes for older workers
 - Strengthened employment relationship for those already working
 - Could have positive or negative effects on hiring; states with higher damages see lower hiring discrimination, suggesting such laws can be effective (or at least are not harmful)
 - Effects are driven by White men; women and racial-ethnic minorities do not appear to see the same benefits

Mandatory Retirement

- Requires individuals to retire when they reach a specific age
- Abolished by the ADEA, except in certain fields where age-based physical or cognitive declines affect safety
 - E.g., air traffic controllers, law enforcement
- End of mandatory retirement contributed to increases in work after age 65

The Senior Community Employment Program (SCSEP)

- Provides subsidized, part-time, community service work-based training for low-income older individuals that have poor employment prospects
 - Placed in community service jobs, such as schools, libraries, or senior-service organizations
 - Receive a stipend based on the typical wage for their job or minimum wage (whichever is higher)
 - Duration of up to 27 months or 36 in specific circumstances
- Program participants must be at least age 55, be unemployed, and have a family income of no more than 125 percent of the federal poverty level
 - Priority is given to persons who are over age 65, have a disability, have low literacy skills or limited English proficiency, reside in a rural area, or have failed to find employment after using services through the American Job Center System
- No evidence improves access to paid employment, but participants report improved self-esteem, larger social networks, improved work skills, and a stronger belief that they can find and keep jobs

Non-Age-Specific Policies

- The Americans with Disabilities Act (ADA)
- Family and Medical Leave Policies
- Workers Compensation

The American with Disabilities Act

- Aims to protect the disabled from discrimination
 - Within the workplace, it protects those who are qualified for a position “with or without a reasonable accommodation”
 - More flexible definition of “disabled” than income support programs such as Social Security Disability Insurance (ADA: “physical or mental impairment that substantially limits one or more major life activities”)
- Does not target older workers, but they are more likely to have a disability
 - Many ADA claims brought by those who are over age 40 (also covered by ADEA)
 - May be more effective for protecting older workers than age discrimination laws – requires accommodation by employers & no bona fide occupation exemption
- Research findings are inconclusive on effect on discrimination
 - Results vary based on measures of discrimination and disability

Family and Medical Leave Policies

- Variety of federal and state-based policies
 - Family and Medical Leave Act (FMLA) allows individuals to take up to 12 weeks of unpaid, job-protected leave to address their own serious health condition or that of a family member
 - Eligibility requirements: at job 1+ years, working at 1,250+ hours/year, firms with 50+ employees
 - Means that only ~55% of private-sector workforce is covered
 - No federal paid family leave, but several states, such as California, have paid family leave laws
 - Maximum duration and weekly benefit varies across states
- Voluntarily provided by some employers (<20% of private sector employees)
- New research suggests access to paid leaves helps workers manage a spouse's disability or health shock

Workers Compensation

- Provides medical care for treatment of workplace injury, as well as indemnity benefits for time away from work
- Administered by the states
 - Core structure of the program is similar across states
 - Generosity of benefits and other conditions vary considerably
 - Separate federal program for federal workers and workers in certain high-risk occupations
- Not targeted at older workers and injury rates don't vary much by age, but older workers' injuries are more severe and have longer term health consequences
 - Older workers are less likely to be in hazardous or injury-prone occupations
- Older workers who receive workers compensation are more likely to report plans to retire