

Testimony on Workforce Inclusion, Labor Market Demographics, and the Role of Technology

Chairman Casey, Ranking Member Braun and members of the committee, thank you for the opportunity to testify on the critical issues facing aging and disabled members of the American workforce. I'd like to frame my remarks on this topic in two different but interrelated dimensions of concern: the practical demands of the American economy and the moral requirements of American society.

The largest single factor shaping the nation's economic future is demographics. Like all developed countries, America's population growth is slowing and, as a result, it is also aging. In 1960, the fertility rate in the U.S. was 3.6 children per woman. Today that figure has fallen to 1.6 children per woman. Over the same period, the median age has risen from 29.5 years to 38.9 years. Between 2000 and 2005, our working-age population grew by 12 million workers; that is in stark contrast to the more recent period between 2017 and 2022, in which our workforce grew by just 1.7 million.

Demographics are the chief driver of economic growth and living standards. Demographically older countries work less, buy less, consume fewer non-health related services, and are generally less economically dynamic. Our own country is not exempt from these realities. While we cannot quickly produce more people, we can do more to engage economically and socially marginalized populations—older workers, individuals with physical and cognitive disabilities, people with criminal records, and others—to help sustain and maximize economic growth. From the standpoints of worker shortages and economic dynamism, we literally do not have a single person to waste.

This brings us to the moral dimension. Being an American means believing in the intrinsic dignity and worth of each individual. Work is one of the most important ways we have to express and develop that dignity. Free markets allow us to align our interests, knowledge and skills to the needs of the broader economy and our fellow citizens. This need for recognition, connection, and community, and the satisfactions of contributing to the larger whole, is just as essential to older and disabled Americans as it is to anyone else.

If we fail to recognize, understand, and support the dignity-reciprocity dynamic that work enables, we are not just hobbling ourselves economically, we are failing to honor the nation's most important idea: that every human being is entitled to equality and dignity. To do well economically, we must also do good morally, paying special attention to those like older and disabled workers, who might otherwise find themselves left behind in the race of life.

Workforce Inclusion: Dignity and Opportunity for All

How are we doing in honoring our commitments to older and disabled workers?

The percentage of Americans aged 65 and older who are working or actively seeking work is steadily rising, with 19.2 percent now participating in the labor force. While this may seem modest, it reflects a significant shift: in 2000, only 25 percent of post-retirement-age seniors had jobs, compared to 32 percent today. The Bureau of Labor Statistics projects that by 2032, 8.6 percent of the U.S. labor force will be composed of older workers, up from 6.6 percent in 2022. For the reasons I outlined, we will need their contributions. Better health and longer lives are making that higher level of participation possible.

The labor market participation of individuals with disabilities has also seen notable improvements, although significant disparities remain. In 2023, 22.5 percent of people with disabilities were employed—the highest rate since comparable data collection began in 2008. By comparison, however, this rate is still about one-third that of workers without disabilities. Similarly, the unemployment rate for individuals with disabilities - people who have lost jobs and are actively seeking work - is double that for the general population.

These data underscore the barriers that many workers with disabilities face in accessing employment opportunities. These can include physical limitations or systemic disadvantages like bias or lack of accommodations that would make it possible for them to work. Even among workers with disabilities who do have jobs, many are unable to find full-time jobs that provide benefits like health insurance and retirement. About half of all people with disabilities are also over age 65 further magnifying the barriers they face in seeking and finding work.

Technology's Role in Workforce Inclusion

Technology has added considerably to the “tool-box” that enables employment for workers with disabilities. Advances in artificial intelligence (AI), automation, and assistive technologies are opening new pathways for individuals traditionally excluded from the workforce.

Technologies such as screen readers, voice recognition software, and AI-powered communication tools can remove barriers to employment. These innovations enable individuals to perform tasks that were once inaccessible, leveling the playing field and expanding opportunities. Similarly, the growing sophistication of technologies like robotic exoskeletons and other assistive devices can enhance mobility for those with physical disabilities, allowing them to engage in previously out of reach occupations.

For older adults, technology offers opportunities to remain active in the workforce by mitigating physical or cognitive limitations. AI-driven tools like large language models and automation systems can simplify complex tasks, while telework platforms and collaboration software allow

older workers to contribute to the economy without leaving their homes. Moreover, technologies that facilitate lifelong learning—such as online education platforms and virtual reality training simulations—can help older workers acquire new skills and adapt to evolving job demands.

The promise of technology will not be realized without intentional design and implementation. Policymakers must ensure that new technologies are accessible and affordable for all workers. One way of achieving this is to increase tax incentives to businesses that undertake redesign of their workplaces and job requirements to make them friendlier to those facing limitations. A similar approach could be used to encourage business investment in employee training for those with and without disabilities. Partnerships between government, industry, and educational institutions can help develop inclusive technologies while equipping workers with the skills needed to use them effectively.

At AEI, our scholars are engaged in a variety of research efforts looking at the impact of AI and other emerging technologies on education, training, and work as we seek ways to fulfill our mission of promoting opportunity for those at the periphery of American society. This research will undoubtedly reveal other ways public policy can help older and disabled Americans make their invaluable contributions to our society and economy.

The Path Forward

To build a more inclusive and dynamic workforce, we must take a holistic approach that combines policy innovation, technological advancement, and cultural change. I offer three recommendations for your consideration:

1. **Promote Inclusive Employment Practices:** Encourage businesses to adopt flexible work arrangements, provide reasonable accommodations, and foster inclusive workplace cultures. Public recognition programs and tax incentives can reward employers who lead in this area.
2. **Invest in Education and Training:** Expand access to lifelong learning programs that enable older adults and people with disabilities to gain new skills. Targeted funding for community colleges, workforce development initiatives, and vocational rehabilitation programs can help bridge skill and training gaps.
3. **Leverage Technology for Inclusion:** Support research and development of assistive technologies and ensure that federal job training programs prioritize inclusive tech solutions for the workforce. Expanding access to broadband and other digital tools are key to improving access to work for disadvantaged groups.

In closing, the issues we face—a dynamic economy that needs workers and demographic changes that are limiting the number of new workers available—are formidable, but not insurmountable. By fostering workforce inclusion for older and disabled Americans, we not only

address economic challenges but also reaffirm our commitment to the dignity and potential of every American. Together, we can build a labor market that reflects our values and strengthens our economy.

Thank you for your time, and I look forward to answering your questions.