The Aging U.S. Workforce: Trends and Challenges

June 2006
The U.S. Population is Aging
As America Ages, So Does the U.S. Workforce

• 78 million Baby Boomers (born 1946-1964)
• Boomers comprise 46% of the U.S. workforce

Source: U.S. Census Bureau, Bureau of Labor Statistics
Change in U.S. Population, 1950-1960 by Age Group

Source: U.S. Census Bureau
Change in U.S. Population, 1960-1970 by Age Group

% Population Change

Source: U.S. Census Bureau
Change in U.S. Population, 1970-1980 by Age Group

Source: U.S. Census Bureau
Change in U.S. Population, 1980-1990 by Age Group

Source: U.S. Census Bureau
Change in U.S. Population, 1990-2000 by Age Group

Source: U.S. Census Bureau
Projected Change in U.S. Population, 2000-2010 by Age Group

Source: U.S. Census Bureau
Projected Change in U.S. Population, 2010-2020 by Age Group

Source: U.S. Census Bureau
Oldest Boomers are Turning 60 this Year

- In 2008, the oldest boomers will be able to get Social Security; in 2011, they will begin to turn 65

“The social and economic implications of an aging population – and of the baby boom in particular – are likely to be profound for both individuals and society”

Louis Kincannon, Census Bureau Director
Labor and Talent Shortages are Predicted in Certain Industries and Occupations
Nobody Knows Who Will Replace the Boomers

- **Generation X**, which follows the Boomers, is a smaller group - 26% of the workforce

- **Who will do the work?**
How are Employers Responding?

- Majority are taking some action
- Yet, many are not yet addressing the issue
Many Employers are Ambivalent about the Idea of Retaining Older Workers

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<th>NEGATIVES</th>
<th>POSITIVES</th>
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<td>• More expensive than younger workers (wages and benefits)</td>
<td>• Have more knowledge and experience</td>
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<td>• Poor up-to-date skills</td>
<td>• Have better workplace skills</td>
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<td>• Seem less flexible</td>
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Employers Who May Want to Keep Older Workers May Find it Difficult

• Barriers

- Federal pension and tax laws
- Fear of age discrimination suits
What Do Older Workers Want?

“Have you given much thought to what kind of job you want after you retire?”
Many Want to Work . . .

- They want to be active
- They want to have meaningful employment
- They want to contribute to the community
- They want flexibility
- Many need to work for money and health benefits
But Not All Older Workers Can or Want to Work

- Many unable to work past retirement age
  - (mandatory retirement, physical strain/disability)
- Many unable to find viable employment
- Many unable to find flexible work arrangements
- Many don’t want to work
If Older Workers Want to Stay on the Job, Can They?

• Globalization and technology changes continue to cause widespread job loss and layoffs

• Harder for older workers to find new jobs
  - 25.8 weeks vs. 18.9 for younger workers

• Harder for older workers to regain wages after a job loss
What are Employers Doing?

- Businesses with shortages (real or predicted) are setting in motion strategies to retain older workers, or look at ways to recruit other workers.

- Businesses with no perceived labor/talent shortages
  - Business as usual

- Businesses with no clue - no idea, no plans

- Businesses that are entrepreneurial - opening new markets to hire and serve older Americans
A Graying Population and Dramatic Demographic Changes

- Significant aging of the population
- Older population is growing in age but also in diversity
- Increased immigration rates bringing in younger minority ethnic and racial groups
- Migration of older population will affect some states more than others
Anticipated State Government Retirements

Source: Government Performance Project Survey of 37 States
Anticipated Federal Government Retirements

- Average age of federal civilian workforce - 45.5

  - Nearly one-half of the federal workforce could begin retirement in 2008 at age 55
Public Policy and Governance Challenges

- Increasing long-term care costs
- Responding to the solvency and long-term health of government programs and benefits
- Pressure to provide funding to serve older Americans
Workforce and HR Challenges

“Responding to the personnel tornado on the horizon”
- Stateline.org

- Acute worker shortages in critical jobs, programs, and agencies
- Anticipated “brain drain” and loss of institutional memory
- Difficulty in recruiting skilled replacements
- Lack of public resources to replace talent gaps
- Lack of flexible workplace options
- Managing a multi-age workplace
What Public Agencies are Doing

- Undertaking strategic workforce planning
  - Conducting studies to determine the impact on demand for public services
  - Conducting studies to determine projected demographic makeup of state agency workforce and projected retirement rates
  - Succession and replacement planning - grooming replacements
  - Engaging in targeted recruitment strategies
  - Developing processes to capture institutional knowledge

Developing Flexible and Innovative Work Options

- Hiring retirees as consultants and part-time employees
- Developing flexible scheduling options to retain older workers
- Increasing job training for existing workforce (mentorship and internship programs, professional development)
- Exploring phased retirement

“We have to tell them why it’s cool to work in the public sector”

- Sara Redding Wilson, Virginia Department of Human Resources Management