

**Statement of Chairman Herb Kohl (D-WI)**  
**U.S. Senate Special Committee on Aging**  
**“The Aging Workforce: What Does it Mean for Businesses and the Economy?”**

I call this hearing to order, and we welcome our witnesses who will talk about both the challenges and opportunities we confront as our aging population changes the face of our workforce.

Today, people over the age of 65 make up about 12 percent of the population, but they will make up almost 20 percent in the next 25 years. That means one out of every five Americans will be a senior by the year 2030. Experts are talking about what this demographic wave will mean for Social Security, Medicare, and long-term care. But as we will hear today, we must address another piece of the puzzle: how the retirement of the Baby Boomers will impact the strength of our nation’s businesses and economy.

According to one estimate, as the Baby Boomers reach retirement age, businesses will face a severe shortage of 6 million workers by 2012, and a shortage of 35 million workers by 2030. Slower growth in the labor force means slower economic growth – and therefore, lower living standards for everyone.

In essence, the retirement of the Baby Boom generation threatens to limit the potential of our economy – to lower the speed limit on how fast it can grow. Today, the Federal Reserve will present a projection by its economists that economic growth could decline significantly, to 2.2 percent by 2015 – compared with an average of 3.2 percent over the past 40 years.

But demography is not destiny. Today, only about 20 percent of men and 12 percent of women age 65 and over participate in the labor force at all. Our challenge is to boost those numbers. Studies show that as older Americans live longer and healthier lives, many are planning to work longer. According to a recent survey, 80 percent of Boomers expect to work past traditional retirement age. Some may recognize the physical and mental benefits of work, while some may need the additional income to remain financially secure as they struggle to stretch their retirement savings.

A few businesses today are paving the way to attract and retain older workers. One example who will testify today is Mercy Health System of Wisconsin, who was named AARP’s #1 Employer for older workers because

of policies such as flexible work schedules without a loss of benefits. However, surveys show that while most employers are aware of the looming brain drain, they are not prepared for it.

We can't afford to wait until the retirement wave is upon us. We must encourage businesses to adopt policies now to attract and retain older workers as they are confronted with the coming labor force shortage. And the message could not be more urgent, as time is short: the first of the Baby Boom generation will reach retirement age next year.

Today, I am pleased to be introducing two bills that benefit older workers and businesses in America. First, along with Senators Cochran, Durbin, Lincoln, and Craig, I am proposing a tax credit for businesses that employ older workers in flexible work programs without a loss of health or pension benefits. Many older workers would delay retirement if their employers, like Mercy Health System, offered flexible work schedules with benefits.

Second, along with Senators Cochran and Durbin, I am introducing a bill to extend COBRA health coverage for older workers, improve their access to federal job training programs, and establish a national clearinghouse of best practices for hiring and retaining older workers – the sort of clearinghouse that GAO will recommend today.

Senator Smith and I have made this issue a priority for this committee. Together, we spearheaded a Department of Labor task force on the aging workforce, and its findings and recommendations are due this summer. We are also working together, along with Senator Conrad, on a bill that will include a range of additional ideas to make it easier for older Americans to stay in the workforce longer.

But this effort must go beyond legislative proposals. We need to begin a national discussion to change the way we think about retirement. A one-size-fits-all approach will no longer match the very different plans that seniors and Baby Boomers have for their later years. We must incorporate this new mindset into our national culture. And as we will hear today from our witnesses, our nation's economic future depends on it.