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**BEFORE THE  
SPECIAL COMMITTEE ON AGING  
UNITED STATES SENATE**

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Mr. Chairman and Members of the Senate Special Committee on Aging, I am pleased to have the opportunity to testify before you today on the hiring and retention of older workers in the federal government.

With the aging of the Baby Boomer population, the United States is facing a radical demographic change. According to the U.S. Census Bureau, by 2030, 19.7 percent of the population, or about 71.5 million Americans, will be 65 or older, compared with just 12.4 percent in 2000. The “graying” of the American people will affect many aspects of our society, from the health care system to financial markets. In particular, the aging of the population has many implications for the U.S. labor market, including possible labor and skill shortages. Employers will be challenged to find and train replacements as some of their most experienced workers retire. This aging phenomenon also affects and has important implications for the federal workforce, which is the subject of today’s hearing.

Before discussing the federal workforce, I wish to provide you with some general background on the Department of Labor’s efforts to address the broader implications of an aging workforce. In recognition of both the challenges and opportunities presented by this demographic change and encouraged by the leadership of this Committee, the Department of

Labor launched an interagency effort to focus on the aging and retirement of the Baby Boomer generation and its impact on the workforce.

### **Taskforce on the Aging of the American Workforce**

The *Taskforce on the Aging of the American Workforce* began meeting in May 2006 and brought together senior representatives from nine key Federal agencies that affect the lives of older Americans: the Departments of Commerce; Education; Health and Human Services; Labor; Transportation; Treasury; the Equal Employment Opportunity Commission; Small Business Administration; and Social Security Administration. The Taskforce elected to focus on three main areas:

- Employer response to the aging workforce, focusing on the opportunities and needs of employers when recruiting, hiring, training and retaining older workers;
- Individual opportunities for employment, addressing the challenges and identifying the opportunities for older workers to increase their workforce participation; and
- Legal and regulatory issues regarding work and retirement, examining laws and regulations that may function as impediments and disincentives to continued employment.

The Taskforce worked for several months to examine the key issues within these areas and to develop strategies to address these issues. The Taskforce also sought input from leaders in the aging and business communities and others with experience in older worker issues. In February 2008, the Taskforce's report was released to the public.

The report presents strategies developed by the Taskforce that could address the most significant issues related to the aging of the American workforce. These strategies fall into seven categories:

- 1) Legal and Regulatory Issues;
- 2) Expanding Knowledge on Older Workers;
- 3) Outreach and Education Efforts;
- 4) Facilitating Self-Employment of Older Workers;
- 5) Flexible Work Arrangements and Customized Employment for Older Workers;
- 6) Tools and Technical Assistance to Support Older Worker Employment; and
- 7) Retirement and Financial Literacy Education

It is noteworthy that the strategies the Taskforce set forth applied to actions it believes should be taken by businesses; the public workforce investment system; aging organizations; older workers; and state and local government agencies, in addition to federal agencies, to provide greater opportunities for older workers to remain in the workforce. The Taskforce also recognized that market forces will address, to some extent, many of the key issues affecting participation of older individuals in the labor market.

In March 2008, the Taskforce reconvened to discuss how to prioritize and move forward with the strategies put forth in the report. At the meeting, work groups were established for each of the categories of strategies contained in the Taskforce report, and the member agencies shared ideas and information on relevant programs at their respective agencies. Since the March meeting, the work groups have begun meeting to determine priorities, identify resources, and develop plans for each of the strategies they recommend pursuing.

Although the Taskforce report addresses a broad spectrum of workforce challenges and opportunities for the aging population, one of the Taskforce strategies that is of particular relevance to today's hearing focuses on promoting flexible employment policies to facilitate the recruitment and retention of older workers. In particular, the recommended strategy is to encourage federal agencies to serve as models for the private sector by adopting these flexible employment policies.

The Taskforce recognized that, according to a recent Office of Personnel Management (OPM) report, it is expected that 40 percent of the federal workforce will retire between 2006 and 2015 and that a new mind-set is needed in the federal government to recruit and retain the talent that will be needed in the 21<sup>st</sup> century. The strategy proposed by the Taskforce embraces an approach suggested by OPM by encouraging agencies to adopt and promote policy changes that facilitate the recruitment and retention of older workers. The Taskforce suggested that agencies work collaboratively to develop action steps, which might include one or more of the following four initiatives:

- First, Taskforce member agencies could “purchase” the expertise of older or retired workers by, for example, entering into contracts with former Federal employees. These arrangements would allow agencies to supplement their existing organizational expertise for specialized or shorter duration projects. Evaluation criteria could recognize experience, such as extensive program, technical, or organizational knowledge. Alternatively, Taskforce member agencies could consider creating a “quasi-employed” status that allows former employees to be easily deployed for specific projects. Such employees could be pre-qualified for a competency-based registry to more easily reactivate their employment status on a temporary basis.

- Second, Taskforce member agencies could promote and implement the federal telework initiative. Under the auspices of the federal telecommuting initiative, and guided by OPM and the General Services Administration through the Interagency Telework Web site ([www.telework.gov](http://www.telework.gov)), Taskforce member agencies could expand their existing telework programs to ensure telework opportunities are available to their workforces, including older federal workers. In addition, they could explore current positions in their agencies that could be fully virtual. I wish to acknowledge OPM's extensive efforts to facilitate and promote telework for Federal employees, as detailed in Ms. Kichak's testimony.
- Third, Taskforce member agencies could promote within their respective agencies the general employment policies recommended in OPM's *Career Patterns—A 21st Century Approach to Attracting Talent: A Guide for Agencies*. Such policies can be effective in increasing and retaining the number of older workers in the federal workforce. Taskforce member agencies would work in partnership with OPM to provide information, technical assistance, and support on identifying best practices within the federal government for improving and increasing flexible and customized work options for older workers.
- Finally, Taskforce member agencies could take additional steps to review their respective agencies' policies, programs, and regulations to identify barriers to flexible and customized employment opportunities for older workers and propose changes, as appropriate, to ensure such opportunities are available.

The work group on flexible work arrangements and customized employment has begun meeting to discuss how best to move forward with this strategy.

## **The Aging Workforce of the Employment and Training Administration**

Like many federal agencies, the Department of Labor's Employment and Training Administration (ETA) is facing the effects of an aging federal workforce, particularly due to possible retirements at higher grade levels. In grades GS-13 and above, between 30 percent and 50 percent of employees in the national office will be eligible for retirement within the next five years. The situation is even more serious in our regional offices, where between 50 percent and 75 percent of these higher grade employees will be eligible for retirement within five years. At grades GS-12 and under, the situation is not as serious, but still about 30 percent of these employees will be eligible to retire.

Even though many of these employees may not retire when they first become eligible, this represents a potentially significant loss of skills, expertise and institutional knowledge that is critical to the operation of our agency and underscores the need for planning for these eventual retirements. This may necessitate steps to recruit and train staff so that essential skills are replaced, transfer institutional knowledge from retiring staff, or induce selected employees to delay their retirement or to rehire retired employees with essential skills.

ETA has begun focusing on succession management as the strategic approach to identifying and monitoring various talent pools within the agency in order to match the future needs of the organization with the bench strength of available talent. By taking this approach, the challenges presented by the aging of the workforce are addressed in the context of the overall strategic workforce needs of the agency and are directly linked with plans for human resource lifecycle management. Moving forward, ETA will continue to work in consultation and partnership with OPM and DOL for policy guidance and strategies, and will look to support

opportunities to collaborate with other Federal agencies in promoting policy initiatives to address Federal government workforce needs.

Mr. Chairman, this concludes my prepared testimony. At this time, I would be pleased to answer any questions that you or other Members of the Committee may have.