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LEADING BY EXAMPLE: MAKING GOVERNMENT A MODEL FOR HIRING AND RETAINING OLDER WORKERS

HEARING

BEFORE THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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LEADING BY EXAMPLE: MAKING GOVERNMENT A MODEL FOR HIRING AND RETAINING OLDER WORKERS

Wednesday, April 30, 2008

U.S. SENATE
SPECIAL COMMITTEE ON AGING
Washington, DC.

The committee met, pursuant to notice, at 3:03 p.m. in room SH–430, Hart Senate Office Building, Hon. Herb Kohl (chairman of the committee) presiding.

Present: Senators Kohl and Smith.

OPENING STATEMENT OF SENATOR KOHL

The CHAIRMAN. Good afternoon to one and all. We would like to welcome our witnesses, and we thank them for their participation.

We are here today to discuss how we can make the Federal Government a model for hiring and retaining older workers. Instituting policies that allow older Americans to continue working if they so choose has been a priority of mine, and Senator Smith's as well, for a number of years. It is not the flashiest topic that these hearing rooms have seen, and it doesn't always garner the most attention, but the issue of older workers is no less important to each of us and, indeed, to the entire country.

Last year, this Committee held a hearing to consider what effect the retirement of the baby boom generation will have on our Nation's economy. We had the Federal Reserve testify that with tens of millions of baby boomers retiring, the impending labor shortage would largely slow the growth of our economy. Such a slowdown will lead to a lower standard of living for everyone.

I said a year ago, and I will say it again today, with the retirement wave upon us, we must encourage employers to adopt policies now to attract and to retain older workers. It is possible to craft common-sense policy to create a win-win situation for both older workers as well as the companies that employ them.

Today, we will turn the spotlight on our own backyard, focusing on what the Federal Government is doing to hire and retain older workers, what policy changes would help them to do it better, and what the private sector can learn from the improvements that we want to make.

Well, why the Federal Government? Because nowhere is the foreseen labor shortage more pronounced than within the workforce of our Nation's largest employer. Over the next 5 years, more than half a million permanent full-time Federal employees, which is

about one-third of the full-time Federal workforce, will be eligible to retire. Over the next 10 years, more than 60 percent of the Federal workforce will reach retirement age.

Perhaps working longer seems like a no-brainer. If you want to continue working past retirement age, then simply do not retire and keep going to work every day. But what may be surprising to many is that there are often financial, bureaucratic, as well as personal barriers to doing so. For instance, a percentage of hard-earned Social Security benefits may be forfeited for some who continue to work, and the opportunity to take advantage of delayed-retirement Social Security credits is limited.

Additionally, many older Americans desire increased flexibility in the workplace after they have hit retirement age. Some would like more time to travel and pursue hobbies, while others find themselves with care-giving responsibilities for a loved one later in life.

Unfortunately, the barriers to continuing to work part-time are even more burdensome. They include loss of healthcare coverage, a decrease in pension earnings, and for some Government employees, a hefty penalty under the Civil Service Retirement System.

I have found that there is not one simple change that would address all of these problems. Yesterday, our Ranking Member Gordon Smith, Senator Conrad, and myself introduced the Incentives for Older Workers Act, which would address many of the barriers that I have talked about. This is in addition to two bills that I introduced last year, which would offer expanded healthcare coverage and training to older workers as well as incentives to employers.

We have an outstanding panel of witnesses today. We would like to thank them again for their participation.

We now turn to the Ranking Member Gordon Smith for comments he would like to make.

STATEMENT OF SENATOR SMITH, RANKING MEMBER

Senator SMITH. Thank you, Senator Kohl.

To all of you, welcome. It is good to have you here, and this is a very important topic if we are to keep the Federal Government on a steady keel and use all the talent that we have in our older Americans who are Federal employees.

The United States is about to experience an unprecedented demographic shift with the aging of the baby boom generation. According to the Census Bureau, in 1980, individuals age 50 and older represented 26 percent of the population. By 2050, this is expected to rise to 37 percent.

In my home State of Oregon, residents 65 and older are expected to comprise 25 percent of the State population by 2025. This will make Oregon the fourth-oldest State in the country.

The aging of our population will have significant impact on many aspects of our society, including our labor market. A 2007 Conference Board study reports that current retirement trends could create a U.S. labor shortage of 4.8 million workers in 10 years.

According to Dr. Preston Pulliams of Portland Community College, speaking at last year's older workers hearing, 53 percent of Oregon businesses report that it is extremely or very likely that their organization will face a shortage of qualified workers during the next 5 years as a result of the retirement of the baby boomers.

We also must be concerned with a possible "brain drain." Our workforce will be losing some of our most experienced workers, many of whom have skills and knowledge that will be difficult to replace. However, the effect of these trends can be mitigated if older workers decide to stay in the workforce longer.

Therefore, I commend Chairman Kohl for holding this important hearing, focusing on our Nation's largest employer, the Federal Government, and how it can become a model for hiring and retaining older workers.

To this end, I am pleased to be working with the Chairman on a number of initiatives. He mentioned one of them. We introduced a bill yesterday, along with Senator Conrad, that addresses the older worker issue. Specifically, the bill will provide incentives to older Americans to stay in the workforce longer, encourage employers to recruit and retain older workers, and eliminate barriers to working longer. These proposals are particularly important since, according to AARP, 79 percent of baby boomers plan to work in some capacity during their retirement years.

In addition, I am pleased to be joined by Senator Kohl and Senator Voinovich to request a Government Accountability Office report focused on workplace flexibility in the Federal Government. Flexible work arrangements are a priority for older workers. Therefore, we have asked the GAO to review the Office of Personnel Management's implementation of workplace flexibility programs and examine barriers and opportunities to expanding work/life programs.

Again, I thank all of our witnesses for being with us today, and I look forward to having a productive discussion with you.

The CHAIRMAN. Thank you, Senator Smith.

Our first witnesses will share joint time today. Barbara Bovbjerg as well as Robert Goldenkoff are both with the U.S. Government Accountability Office. Ms. Bovbjerg is the director of Education, Workforce, and Income Security Issues while she oversees evaluative studies on aging and retirement income policy. Robert Goldenkoff is the director of Strategic Issues and is responsible for studies aimed at transforming the Federal workforce.

Our next witness will be Nancy Kichak with the U.S. Office of Personnel Management. Ms. Kichak is currently the associate director of Strategic Human Resource Policy, where she leads the design, development, and implementation of human resource policies. Over the last decade, she has held several positions within OPM and has been recognized for her exemplary service.

Our last witness on the first panel is Thomas Dowd. Mr. Dowd is administrator for the Office of Policy Development and Research at the Department of Labor. He has over 20 years of experience with employment and training programs at the national, regional, State, and local levels. He is here to explain the department's role as the leading agency for the interagency Task Force on Aging Workforce.

So we welcome you all here today, and Ms. Bovbjerg, we will start with your testimony.

Ms. BOVBJERG. Well, in fact, Mr. Goldenkoff will start us off.

The CHAIRMAN. All right.

STATEMENT OF ROBERT GOLDENKOFF, DIRECTOR, STRATEGIC ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE, WASHINGTON, DC

Mr. GOLDENKOFF. Thank you.

We have submitted our written statement for the record, and I do want to thank you, Mr. Chairman and Senator Smith, for the opportunity to be here today to discuss the Federal Government's employment of older workers.

As you know, the Federal Government, like the Nation's workforce as a whole, is aging. As these experienced employees retire, they may leave behind critical skill gaps that could hamper the ability of agencies to provide responsive government to the American people in the years ahead.

We and others have pointed out that older workers are a largely untapped national resource that could help the Government address this potential brain drain, as older workers often bring to the job knowledge, experience, and productive work habits.

In our testimony today, we will first discuss demographic trends in the current Federal workforce. Second, we will focus on the strategies Federal agencies are using to attract and retain older workers. Third, we will provide our observations on the possible effectiveness of these strategies. Our testimony is drawn from a broad range of prior reports as well as our recently completed work.

With respect to demographics, Government wide, about one-third of Federal career employees onboard at the end of Fiscal Year 2007 will become eligible to retire by 2012. However, some agencies are at greater risk of higher retirement rates than others. For example, at four agencies, nearly half of the employees onboard at the end of Fiscal Year 2007 will be eligible to retire over the next 5 years. The agencies include HUD, DOT, the Agency for International Development, and the Small Business Administration.

Certain occupations, including those considered mission critical, might also have relatively large numbers of employees become eligible for retirement in the next few years. For example, more than half of the air traffic controllers and customs agents onboard at the end of fiscal year 2007 will be eligible to retire by 2012. Likewise, over 60 percent of career executives are projected to become eligible to retire during the same timeframe.

This looming retirement wave highlights the need for agencies to examine how these trends will affect them and develop appropriate succession plans. Too often, however, agencies do not conduct the strategic human capital planning needed to address their current and emerging workforce challenges.

I will now turn it over to Ms. Bovbjerg, who will discuss the remaining topics.

STATEMENT OF BARBARA BOVBJERG, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE, WASHINGTON, DC

Ms. BOVBJERG. Thank you.

Let me turn now to what Federal agencies are doing to tap the older workforce. We looked at the Social Security Administration, where they face looming shortages in critical positions at precisely the same time that the aging population overall will file for benefits. Significantly, 62 percent of SSA executives are eligible to retire today, and 80 percent of current SES members will be eligible in 5 years.

In response, SSA is using a range of OPM-sponsored flexibilities to attract and retain older workers. For example, the agency offers recruitment and retention bonuses when needed and considers new employees' private sector service in annual leave compilation. SSA also offers various workplace flexibilities, like Flexiplace, and actively recruits retired members of the military.

However, not all flexibilities are utilized. A phased retirement program is rarely used because of financial penalties that apply, and what was once an active program to re-employ annuitants has been largely discontinued.

Other agencies have taken alternative approaches. EPA and USDA use nonprofit organizations to recruit, hire, and pay older workers to come to work for these agencies after retiring. This is a means of avoiding the re-employed annuitant problem. Treasury is developing a project with the Partnership for Public Service and IBM to match retired IBM employees with Treasury's skill needs. While these do not require special authorization from OPM, they are being carried out only in pockets of the Federal Government and, thus, are not widely used.

So, how effective are the Federal Government's strategies? We believe the Government is making progress. OPM provides guidance to agencies on how to use available flexibilities and authorities, including an online resource center. Many of the flexibilities Federal agencies offer fall within the AARP criteria for best employers.

Also, Congress has taken action to address retirement risks in specific occupations, such as acquisition-related positions, and as you noted, bills are pending that could help agencies look to older workers without financial penalty.

Still, improvements are needed. Agencies, with OPM's help, must plan better, take advantage of flexibilities already available to them, and share information on promising practices. OPM, meanwhile, must continue to provide leadership and support in these same areas. Collectively, these measures can help make the Federal Government a model employer for all demographic groups and ensure that the untapped expertise of older workers is utilized.

That concludes our statement, Mr. Chairman. We will welcome your questions.

[The prepared statement of Ms. Bovbjerg and Mr. Goldenkoff follows:]

United States Government Accountability Office

GAO

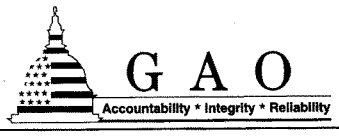
Testimony
Before the Senate Special Committee on Aging

For Release on Delivery
Expected at 3:00 p.m. EDT
Wednesday, April 30, 2008

OLDER WORKERS

Federal Agencies Face Challenges, but Have Opportunities to Hire and Retain Experienced Employees

Statement of Barbara D. Bovbjerg, Director
Education, Workforce, and Income Security Issues
and
Robert N. Goldenkoff, Director
Strategic Issues



GAO-08-630T

April 2008

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Highlights

Highlights of GAO-08-630T, a testimony before the Senate Special Committee on Aging

OLDER WORKERS

Federal Agencies Face Challenges, But Have Opportunities to Hire and Retain Experienced Employees

Why GAO Did This Study

The federal workforce, like the nation's workforce as a whole, is aging. As experienced employees retire, they leave behind critical gaps in leadership and institutional knowledge, increasing the challenges government agencies face in maintaining a skilled workforce. We and others have emphasized the need to hire and retain older workers as one part of a comprehensive strategy to address expected labor shortages. The Office of Personnel Management (OPM), as the government's central personnel management agency, is responsible for helping agencies manage their human capital.

The Chairman of the Senate Special Committee on Aging asked GAO to discuss (1) the age and retirement eligibility trends of the current federal workforce, (2) the strategies federal agencies are using to hire and retain older workers, and (3) our observations on how these strategies position federal agencies to engage and retain older workers.

To address these objectives, we analyzed demographic data from OPM's Central Personnel Data File, and interviewed officials at OPM and selected federal agencies.

OPM is taking action to address past recommendations related to better assisting agencies in using personnel flexibilities. GAO is making no new recommendations at this time.

To view the full product, including the scope and methodology, click on GAO-08-630T. For more information, contact Barbara D. Bovbjerg at (202) 512-7215 or bovbjergb@gao.gov and Robert Goldenkoff at (202) 512-6806 or goldenkoffr@gao.gov.

What GAO Found

Governmentwide, about one-third of federal career employees on board at the end of fiscal year 2007 are eligible to retire between now and 2012. Many of these workers are concentrated in certain agencies. For example, nearly half of employees on board at the end of fiscal year 2007 at the Departments of Housing and Urban Development and Transportation, and at the Agency for International Development and the Small Business Administration, will be eligible to retire by 2012. The proportion of workers eligible to retire is also expected to be high in certain occupations, including those considered mission critical, such as air traffic controllers and customs and border protection agents, where more than half of the employees will be eligible at that time. Retirement eligibility will be especially pronounced among the agencies' executives and supervisors—over 60 percent of career executives are projected to be eligible by 2012.

Federal agencies have a variety of flexibilities at their disposal to help them recruit and retain older workers, including using temporary hires to address short-term needs and rehiring retired federal workers. However, we found that agencies have not always been aware of the full range of available flexibilities. One agency we reviewed—the Social Security Administration—is particularly at risk of losing a substantial portion of its workforce to retirement and has used a variety of strategies to hire and retain older workers, including offering recruitment, retention, and relocation bonuses. Other agencies, such as the Environmental Protection Agency, have developed alternative approaches to attract experienced workers to meet their mission needs. Moreover, certain governmentwide flexibilities, such as flexible and part-time schedules, while not focused directly toward older workers, are particularly attractive to them.

Overall, the federal government already has a number of characteristics that appeal to all employees and is making progress toward becoming a model employer of older, experienced workers. For example, federal employees can telecommute, work flexible hours, and receive health and retirement benefits that older workers find especially attractive. OPM and Congress are taking steps to minimize some challenges that agencies face, but opportunities for improvement remain. For example, OPM has developed online decision support tools to provide agencies with guidance on how to use available hiring flexibilities and retention strategies. Congress has legislation pending that incorporates OPM's proposals to enhance agencies' ability to hire and retain older workers by giving agencies the authority, without OPM approval, to rehire retirees without penalty. Agencies have a shared responsibility to pursue the full range of flexibilities and authorities available and to communicate this information within their own agencies. Collectively, these measures will help make federal agencies more competitive in the labor market for all demographic groups.

Mr. Chairman, Ranking Member, and Members of the Committee:

Like the nation's workforce as a whole, the federal workforce is aging and ever larger proportions are nearing retirement eligibility. When they retire, these older, experienced workers may leave behind critical gaps in leadership, skills, and institutional knowledge. At the same time, the rate of growth for the pool of younger workers is declining, and by 2025 overall labor force growth is expected to be only one-fifth of what it is today and much less than the projected growth in the number of retirees. As a result, the federal government and other employers may face increased competition in hiring skilled workers, and unless they develop effective retention strategies, employers will need to look more aggressively for workers with the right skills to meet their needs.

Historically, the federal government has faced challenges hiring and retaining talented workers in key fields, and the looming retirement wave in federal agencies will only exacerbate these challenges. Older, experienced workers represent a large and underutilized national resource. Many experts maintain that older workers offer competitive advantages to employers because they often possess management and organizational skills that can be used in a variety of settings, and they bring to the job knowledge, experience, and productive work habits.[1] In addition, today's older workers are better educated and healthier, and are expected to live longer than previous generations. As the nation's largest employer, the federal government is well positioned to serve as a role model for other employers. As with private sector employers, efforts directed at recruiting, engaging, and retaining a diverse workforce, including older workers, may serve to make the federal government a more competitive and productive employer overall.

Because of this committee's continuing interest in older workers, we are especially pleased to be here today to discuss work that we have conducted at your request. In this work, we examined federal government efforts to tap the pool of older workers to meet its workforce needs. As requested, our testimony today, will discuss (1) the age and retirement

[1]See, for example, GAO, *Highlights of a GAO Forum: Engaging and Retaining Older Workers*, GAO-07-438SP (Washington, D.C.: February 2007); AARP, The *Business Case for Workers Age 50+*, (Washington, D.C.:2005); Partnership for Public Service, *A Golden Opportunity: Recruiting Baby Boomers Into Government*, (Washington, D.C.: January 2008); Department of Labor, *Report of the Taskforce on the Aging of the American Workforce*, (Washington, D.C.: February 2008).

eligibility trends of the current federal workforce; (2) the strategies federal agencies are using to recruit, hire, and retain older workers; and (3) our observations on how these strategies position federal agencies to engage and retain older workers.

To describe demographic trends relating to the retirement eligibility and aging of the federal workforce, we analyzed information on the 24 Chief Financial Officer Act (CFO) agencies from the Office of Personnel Management's (OPM) human resource reporting system, the Central Personnel Data File (CPDF).[2] Based on our previous work, we have determined that the CPDF is sufficiently reliable for the informational purpose of this testimony. In reviewing strategies federal agencies use to recruit, hire, and retain older workers, we interviewed officials in selected agencies, including the Departments of Agriculture, Housing and Urban Development (HUD), Labor, and State, as well as the Internal Revenue Service (IRS), Environmental Protection Agency (EPA), Nuclear Regulatory Commission (NRC), and the Social Security Administration (SSA). We chose these agencies because they had relatively large proportions of employees who were eligible to retire or because they were implementing different approaches to hiring and retaining older workers. In addition, we interviewed officials at OPM to obtain their perspective on government retirement trends, and how agencies can address them. For the purposes of this testimony, we define an older worker as an employee aged 55 or over. We conducted our work from November 2007 to April 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions. See appendix I for a detailed discussion of our scope and methodology.

In summary, the large proportion of federal workers who are eligible to retire now and will be in the near future presents challenges and opportunities for federal agencies. While the proportion of older workers eligible to retire varies across agencies, four agencies—Small Business Administration, the Agency for International Development, HUD, and the

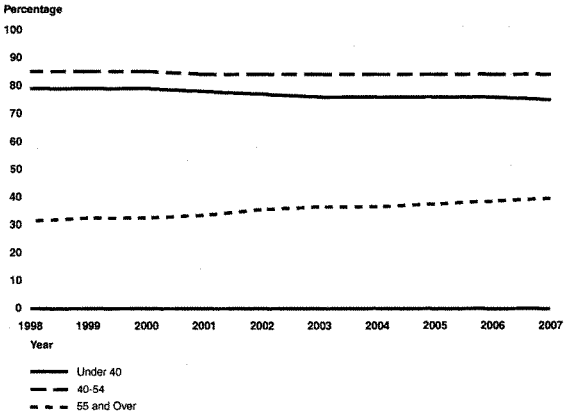
[2]Pub.L. No. 101-576 (1990), as amended. The CFO Act agencies are 24 major executive agencies that are subject to the CFO Act. In 2007, the CFO Act agencies employed 98 percent of federal employees.

Department of Transportation—are well above the governmentwide average of 33 percent. Proportions of workers eligible to retire are projected to be especially high in certain occupations and in key leadership positions—64 percent of career executives are projected to be eligible by 2012. These trends underscore the importance of strategic workforce planning. As the government's human capital leader, OPM is responsible for helping agencies develop their human capital management strategies. Federal agencies have a range of flexibilities and authorities available that they may use to hire, engage, and retain workers. While only one of these flexibilities is largely focused on older workers—one that allows agencies to rehire retirees without offsetting the annuity—many, such as flexible and part time work schedules, are particularly appealing to older workers. One agency we reviewed—the Social Security Administration—is particularly at risk of losing a substantial portion of its workforce—at a time when it will experience unprecedented growth in demand for services. To deal with these losses, SSA has largely focused on using governmentwide authorities, including paying recruitment and retention bonuses for hard-to-fill positions and providing workplace flexibilities, such as flexible work schedules and alternative work sites. Other federal agencies are developing alternative approaches to hire and engage older workers. For example, the State Department maintains databases with information on retirees' skills and experience that it uses to identify individuals who may be able to assist when special needs arise, such as to provide tsunami relief for Indonesia. Overall, the federal government is making progress toward becoming a model employer of older, experienced workers. While there remain opportunities for improvement, OPM and the Congress are taking action to minimize the challenges agencies face in hiring and retaining older, experienced workers.

Background

The percentage of older workers—those age 55 and older—is growing faster than that of any other age group, and they are expected to live and work longer than past generations. Labor force participation for this cohort has grown from about 31 percent in 1998 to 38 percent in 2007. In contrast, labor force participation of workers under age 55 has declined slightly. (See fig. 1.)

Figure 1: Labor Force Participation of Workers under Age 40 to 55 and over



Source: GAO analysis of United States Bureau of Labor Statistics data.

Many factors influence workers' retirement and employment decisions, including retirement eligibility rules and benefits, an individual's health status and occupation, the availability of health insurance, personal preference, and the employment status of a spouse. The availability of suitable employment, including part-time work or flexible work arrangements, may also affect the retirement and employment choices of older workers.[3]

[3]For more information, see GAO, *Redefining Retirement: Options for Older Americans*, GAO-05-620T (Washington, D.C.: April 2005).

As the government's human capital leader, OPM is responsible for helping agencies develop their human capital management systems and holding them accountable for effective human capital management practices. One such practice is strategic workforce planning, which addresses two critical needs: (1) aligning an organization's human capital program with its current and emerging mission and programmatic goals, and (2) developing long-term strategies for acquiring, developing, and retaining staff to achieve these goals. In developing these strategies, we have reported that leading organizations go beyond a succession-planning approach that focuses on simply replacing individuals. Rather they engage in broad, integrated succession planning and management efforts directed to strengthening both current and future organizational capacity.[4] In implementing its personnel policies, the federal government is required to uphold federal merit system principles in recruiting, engaging, and retaining employees. Among other provisions, the merit system principles require agencies to recruit and select candidates based on fair and open competition, as well as treat employees fairly and equitably. Federal agencies can recruit skilled or experienced workers, many of whom tend to be older, to fill positions requiring demonstrated expertise.

OPM is also responsible for administering retirement, health benefits, and other insurance services to government employees, annuitants, and beneficiaries. It develops implementing regulations when Congress makes new options available to federal employees and often takes the lead in advocating for new legislative options.

We and others have highlighted the need to hire and retain older workers to address the challenges associated with an aging workforce. In so doing, we have called upon the federal government to assume a leadership role in developing strategies to recruit and retain older workers. At our recommendation, Labor convened a task force composed of senior representatives from nine federal agencies[5] and issued its first report in February of this year.[6] The report provides information on strategies to

[4]GAO, *Human Capital: Succession Planning and Management Is Critical Driver of Organizational Transformation*, GAO-04-127T (Washington, D.C.: Oct. 1, 2003).

[5]These agencies were the Departments of Commerce, Education, Health and Human Services, Labor, Transportation, and the Treasury; the Equal Employment Opportunity Commission, Small Business Administration, and the Social Security Administration.

[6]Department of Labor, *Report of the Taskforce on the Aging of the American Workforce*, (Washington, D.C.: February 2008).

support the employment of older workers, strategies for businesses to use that leverage the skills of an aging labor pool, individual opportunities for employment of older workers, and legal and regulatory issues associated with work and retirement. While the task force's focus was the private sector, some of the strategies it identified are relevant for federal agencies as well, for example, providing flexible work arrangements and customized employment options that include alternative work schedules and part time work.

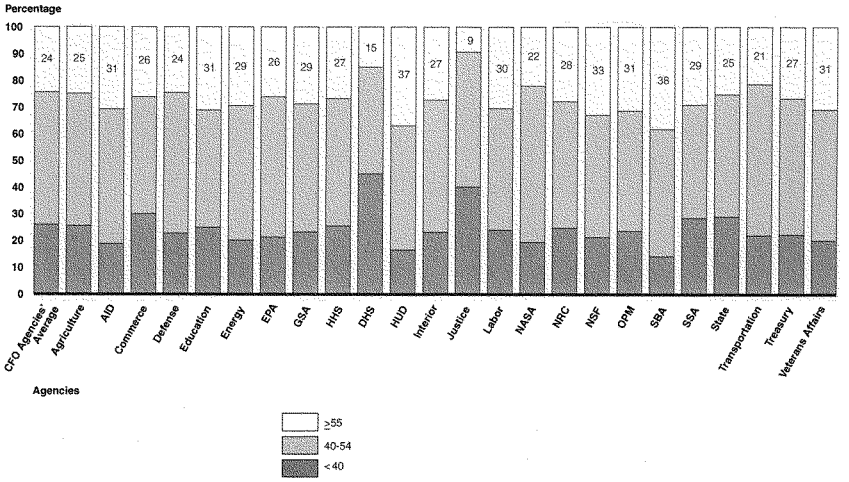
The Growing Number of Retirement Eligible Employees in the Federal Workforce Highlight the Importance of Strategic Workforce Planning

As we and other organizations have previously reported, the federal workforce is aging, with an increasing number of employees eligible to retire.[7] Many of the workers who are eligible to retire in the 24 CFO agencies are in executive and supervisory positions, as well as in mission-critical occupations. These trends point to the importance of strategic workforce planning to help agencies forecast, with greater precision, who might retire, when they might retire, and the impact of their retirement on an agency's mission, and, using this information, develop appropriate strategies to address workforce gaps.

The percentage of older workers and workers nearing retirement eligibility varies across the federal government, with some agencies employing more such workers than others. For example, as shown in figure 2, the percentage of career federal employees in the 24 CFO agencies age 55 or older ranged from about 9 percent at the Department of Justice to about 38 percent at the Small Business Administration and Department of Housing and Urban Development in fiscal year 2007.

[7]We define retirement eligibility as being eligible for an unreduced (full) annuity. The specific rules vary by retirement plan. Under the Civil Service Retirement System (CSRS), the minimum age and service requirements are age 55 with 30 years of federal service, and under the Federal Employees Retirement System (FERS), the minimum age is between 55 and 57 (depending upon year of birth) and 30 years of service. In both CSRS and FERS, employees are also eligible to retire at either age 60 with 20 years of service, or age 62 with 5 years of service if they had federal careers shorter than 30 years by the time they were 60 or 62.

Figure 2: Age Distribution of Career Federal Employees at CFO Agencies in Fiscal Year 2007

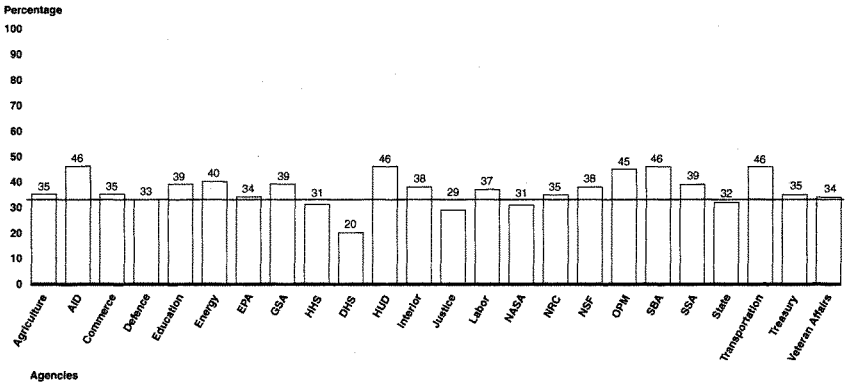


Source: GAO analysis of CPDF data.

Importantly, about than one-third of federal workers will be eligible to retire over the next 5 years. Thirty-three percent of federal career employees on board as of the end of fiscal year 2007 will be eligible to retire during fiscal years 2008 through 2012. In comparison, about 20 percent of federal career employees on board as of the end of fiscal year 1997 were projected to be retirement-eligible during fiscal years 1998 through 2002.

Many workers projected to become retirement eligible by 2012 are concentrated in certain agencies. As figure 3 shows, the agency rates range from a low of 20 percent at the Department of Homeland Security (DHS) to a high of 46 percent at four agencies—the Agency for International Development (AID), the Department of Housing and Urban Development, the Small Business Administration (SBA), and the Department of Transportation (Transportation).

Figure 3: Percentage of Career Federal Employees Eligible to Retire by Fiscal Year 2012



——— Government Wide Average = 33%

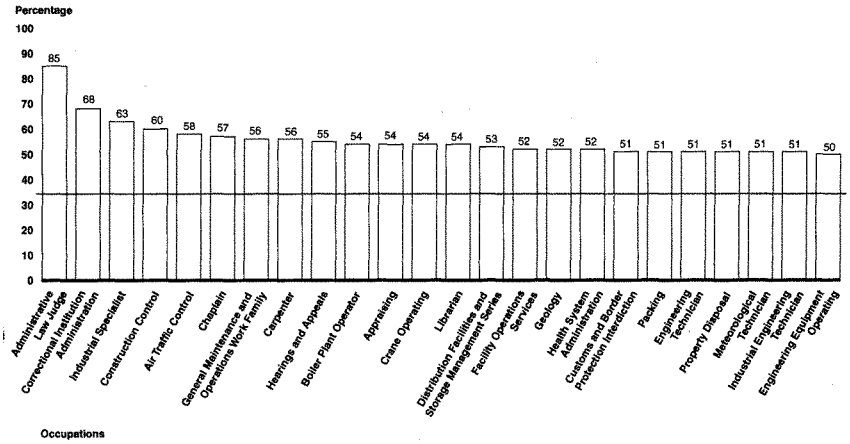
Source: GAO analysis of CPDF data.

Note: These data on retirement eligibility reflect the workforce as of the end of fiscal year 2007 and do not include actual or projected staff hiring or attrition at CFO agencies between 2007 and 2012. Some workforce turnover is common at federal agencies; however, in some cases more staff are leaving the agency than are being hired.

Estimated retirement eligibility rates will also likely vary at the component level—that is, by bureau or unit. Thus, even those agencies that have relatively low overall percentages of retirement eligible employees may have components that have higher percentages of retirement-eligible staff, which, in turn could affect the accomplishment of mission tasks and strategic goals for agency components and for the agency as a whole.

Certain occupations have particularly high rates of workers eligible to retire. As shown in figure 4, 50 percent or more of the workers in 24 of the 315 occupations with 500 or more staff we reviewed are eligible to retire by 2012. Several of these occupations, such as air traffic controllers, customs and border protection interdiction agents, and administrative law judges are considered mission critical. Federal law requires mandatory retirement at specified ages for some occupations, such as air traffic controllers who must retire at age 56.

Figure 4: Certain Occupations with High Retirement Eligibility Rates by Fiscal Year 2012

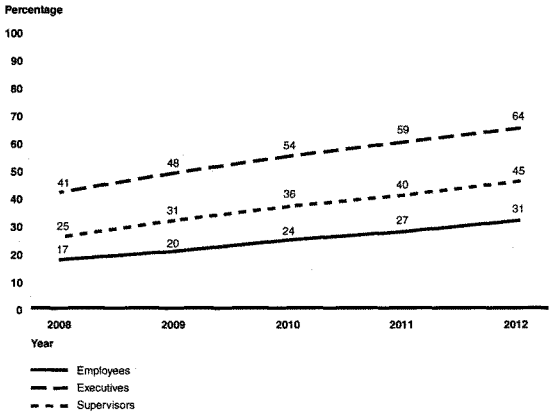


Source: GAO analysis of CPDF data.

Note: Retirement eligibility rates are for occupations with 500 or more employees as of the end of fiscal year 2007 that exceeded the governmentwide rate of 33 percent by 50 percent or more.

Retirement eligibility will be especially pronounced among the agencies' executives and supervisors (see fig. 5). Of the approximately 7,200 career executives as of the end of fiscal year 2007, 64 percent are projected to be retirement eligible by 2012, up from 41 percent in 2008. For supervisors who are not career executives, 45 percent will be eligible to retire by 2012.

Figure 5: Projected Retirement Eligibility Rates for Career Employees from Fiscal Years 2008 to 2012



Source: GAO analysis of CPDF data.

Note: The term "executives" as used in this testimony includes political appointees above GS-15, those in the Senior Executive Service, those in the Senior Level and Senior Technical and Professional pay plans, and equivalent positions. The term "supervisor" as used in this testimony includes those whose duties involve assigning, directing, and supervising the work of others on a regular basis, as well as management officials who are not executives, but whose duties involve formulating agencies' policies.

Although most federal employees do not retire immediately upon becoming eligible,[8] the increasing number of employees becoming retirement eligible in the near future points to the need for agencies to examine how these trends will affect them. In so doing, agencies should take into account location, occupation, and grade level of potential retirees, and develop appropriate succession planning strategies, which may include retaining older, experienced workers, to address the likely impact. At the same time, it will be important for agencies to consider their organization's strategic goals and the critical skills and competencies

[8]According to OPM data, as of 2004, for voluntary retirements, retirement-eligible employees stay an average of 3.1 years before actually retiring.

needed to meet future program outcomes, and to develop strategies to address any gaps in the number, skills, and competencies needed to achieve those outcomes.

Federal Agencies Have a Variety of Options Available to Hire and Retain Older Workers, but Some Federal Practices Make It Difficult to Use These Options

Federal agencies have a range of flexibilities at their disposal to help them engage and retain mission critical staff, including older, experienced workers. SSA, an agency that stands to lose a relatively large proportion of its experienced workforce in the upcoming retirement wave, is using many of the available governmentwide flexibilities to address workforce shortages. Some other federal agencies have developed alternative approaches that facilitate hiring and retaining older workers to meet their workforce needs. Despite the availability of recruitment, retention, and other flexibilities, agencies still face human capital challenges. In our past work, we found that agencies are not always able to make full use of available flexibilities, in part because they did not fully understand them.

OPM's Human Capital Policies and Guidance Are Aimed at Attracting and Retaining a Diverse Workforce

As the government's human capital leader, OPM sets human capital policies for federal agencies. In many cases, OPM serves as the gatekeeper by approving or disapproving an agency's request to use some hiring authorities or other flexibilities. Other authorities do not require OPM's approval.[9] While only one of the available flexibilities is largely focused on older workers—dual compensation waivers—many, such as flexible and part time work, are particularly appealing to older workers. OPM does not specifically target older workers in its policies. Instead, efforts are focused on workers who possess the right skills and experience to meet agencies' workforce needs, without regard to age.

Governmentwide Hiring Authorities. Under existing rules and regulations, agencies have the authority to use a number of different approaches to hire workers, including older workers, without obtaining OPM approval. Among other approaches, they include using

- temporary appointments for short-term needs;[10]

[9]OPM, *Human Resources in the Federal Government Flexibilities and Authorities*, January 2008.

[10]See 5 C.F.R part 316, subpart D.

- temporary assignees from state and local governments, colleges and universities, Indian tribal governments, and qualified not-for-profit agencies under the Intergovernmental Personnel Act (IPA);[11]
- commercial recruiting firms and nonprofit employment firms;[12]
- consultants for temporary or intermittent employment;[13]
- contractual arrangements: commercial temporary help for brief periods of time, and contracts for services, as long as the contracts follow federal procurement regulations.[14]

Agencies can also use additional hiring authorities by obtaining OPM's approval or by notifying OPM on a case-by-case basis of their intent. These include the following:

The Internal Revenue Service (IRS) uses its dual compensation waiver to bring back retired Revenue Agents to train less experienced agents—an effective way, officials say, to pass down critical knowledge without pulling experienced employees away from their primary focus—auditing tax returns.

- Dual compensation waivers[15] to rehire federal retirees—OPM may grant waivers allowing agencies to fill positions with rehired federal annuitants without offsetting the salaries by the amount of the annuities. Agencies can request waivers on a case-by-case basis for positions that are extremely difficult to fill or for emergencies or other unusual circumstances. Agencies can also request from OPM a delegation of authority to grant waivers for emergencies or other unusual circumstances. These waivers by their nature are largely for older workers;[16]
- Special authority to hire for positions in contracting— agencies can rehire federal annuitants to fill positions in contracting without being required to offset the salaries. Agencies are required only to notify and submit their hiring plans to OPM;[17]

[11] This allows federal agencies to bring in temporary assignees for the mutual benefit of the federal government and the nonfederal entity. See 5 U.S.C. §§ 3371-3375, 5 C.F.R. part 334.

[12] See 5 C.F.R. part 300, subpart D.

[13] See 5 U.S.C. § 3109, 5 C.F.R. part 304.

[14] See 5 C.F.R. part 300, subpart E.

[15] See 5 U.S.C. § 8344 and § 8468, 5 C.F.R. part 553.

[16] Some agencies have agency-specific dual compensation waivers.

[17] This authority expires December 31, 2011.

- On-the-spot hiring without competition—this may be used in circumstances where (1) public notice has been given and (2) OPM has determined there is a severe shortage of candidates or a critical hiring need, such as in certain medical or information security occupations, or occupations requiring fluency in Middle Eastern languages;[18]
- Veterans' recruitment appointment—agencies may hire certain veterans without competition to fill positions up to the GS-11 level or for disabled veterans at any level;[19]
- Enhanced annual leave computation—agencies may credit relevant private sector experience when computing annual leave amounts.[20]

Flexible Schedules and Workplaces. Flexible schedules and workplaces are often extremely important to older workers. For example, some research indicates older workers want to set their own hours and to be able to take time off to care for relatives when needed.[21] In addition, older workers nearing retirement may prefer a part-time schedule, for example, as a means to retire gradually. Federal agencies have work schedule flexibilities that they can provide to their workers without prior approval from OPM. These include

As part of a strategy to attract experienced workers away from highly paid private sector jobs, the Nuclear Regulatory Commission (NRC) offers its employees enhanced workplace flexibility, including the options of working from home and of setting alternative work schedules. Officials report that these options have sometimes been pivotal in convincing older workers to come to work for NRC.

- Part-time schedules—allow employees to work on a part-time basis; however, part-time work late in a career may result in a lower retirement annuity and may affect other benefits.[22]
- Flexible work schedules—allow full-time or part-time employees to determine their hours of work within established parameters or modify the typical work schedule of 8 hours a day, 5 days per week by, for example, permitting schedules of 10 hours per day, 4 days per week.[23]
- Alternative work sites—allow employees to work from home or outside the traditional office.[24]

[18]See 5 U.S.C. § 3304(a)(3), 5 C.F.R. part 337, subpart B.

[19]See 5 C.F.R. part 307.

[20]See 5 U.S.C. § 6303(e) and 5 C.F.R. 630.205.

[21]AARP, *Staying Ahead of the Curve: The AARP Working and Retirement Study.* (Washington, D.C.: September 2003)

[22]See 5 U.S.C. § 3402, 5 C.F.R. part 340, subparts A and B.

[23]See 5 U.S.C. § 6122, 5 C.F.R. part 610, subpart D.

[24]See, e.g., § 359 of Pub. L. No 106-346 (October 2000).

Compensation Flexibilities. Agencies also have authority to provide additional compensation to employees. These include

- giving recruitment, relocation, and retention incentives to employees;[25]
- raising the pay rate of critical positions in an agency (requires OPM approval after consultation with OMB);[26]
- providing certain eligible physicians allowances of up to $30,000 per year. This flexibility requires OMB approval;[27] and
- using special rates, premium pay, and other compensation flexibilities to recruit and retain specified health care employees, under a delegation agreement with OPM.[28]

A Case Study: How One Agency Uses Available Flexibilities to Address a Looming Retirement Wave

One of the agencies we reviewed—the Social Security Administration (SSA)—is particularly at risk of losing a substantial portion of its workforce at a time when it will experience unprecedented growth in demand for its services. SSA faces looming shortages particularly in some mission critical positions, despite enhancing its human capital planning efforts. The agency is experiencing service delays, even at current staffing levels. For example, SSA had over 750,000 disability claims awaiting a decision at the hearing level at the end of January 2008, leading to an average waiting time in fiscal year 2008 of almost 500 days. These backlogs could increase in the future, given SSA's demographic profile. Indeed, according to SSA's data,[29] about 40 percent of its current workforce will be eligible to retire by 2012, and by 2017 that proportion will grow to more than half. The prospects for hiring new employees to replace retirees over this timeframe remains unclear. According to SSA officials, while the fiscal year 2008 budget provided sufficient funding to allow SSA to replace all of the employees that leave—and to add additional employees in some areas—budgetary constraints have prevented the agency from hiring

[25]See 5 U.S.C. §§ 5753-5754, 5 C.F.R. part 575, subparts A, B, and C.

[26]See 5 U.S.C. § 5377 and OPM Bulletin No. 91-09.

[27]See 5 U.S.C. § 5948, 5 C.F.R. part 595.

[28]See 5 U.S.C. § 5371.

[29]We used data from SSA's 2008 *Retirement Wave Report*. We did not independently verify reliability. Data used by SSA are generally consistent with data used by OPM.

enough new workers in the past and future hiring will depend upon the resources available. Even when SSA can hire, the agency faces stiff competition from the private sector, especially for jobs in the accounting, legal, and information technology fields.

The potential impact of retirements varies across the agency and will affect occupations SSA deems critical. By 2012, the proportion of those eligible to retire will generally range from 25 percent to 59 percent across such occupations. However, the proportion of administrative law judges eligible to retire is far higher—about 86 percent will be eligible by 2012 and nearly all by 2017. Moreover, SSA stands to lose a substantial portion of its leadership staff. Of its 138 Senior Executive Service (SES) members, 62 percent are now eligible to retire and nearly 80 percent will be eligible by 2012. Of the over 6,000 supervisors, nearly 39 percent are currently eligible to retire and 57 percent could retire by 2012.

SSA has increasingly used information technology solutions in an effort to improve its human capital management. For example, to better understand where to place its human capital emphasis, SSA has developed an approach that uses historical data to project future retirements. The model projects who is likely to retire, and SSA uses these projections to estimate gaps in mission-critical positions and to identify regional and headquarters components most affected. With these estimates the agency develops action plans focused on recruiting and hiring, retention, and staff development. SSA has also developed user-friendly automated tools to help job applicants complete the applications process. This system keeps both applicants and managers advised of where the application is in the process.

SSA has used a variety of strategies to hire and retain older workers, some of which include the human capital flexibilities available to all federal agencies. For example, SSA offers recruitment, relocation, and retention bonuses to individuals with needed skills and considers an employee's private sector experience when computing annual leave status. The agency also offers workplace flexibilities, such as alternative work sites and flexible work schedules, seminars on dependent care for elderly family members and children, and learning opportunities such as midcareer and pre-retirement seminars. In addition, SSA provides the options of a phased retirement program—allowing employees to work on a part time basis during the years immediately prior to retirement—and a trial retirement program—allowing workers to return to work within a year of retiring if they repay the annuity they've received. However, SSA

officials told us that the programs have been rarely used because of the financial penalty workers would face.

Under a delegation of authority from OPM, SSA has used dual compensation waivers to hire experienced retirees to fill staffing shortages in critical areas when these shortages constituted an emergency. From November 2000 through December 2006, SSA used this authority to rehire nearly 1,300 federal annuitants who were knowledgeable and proficient at processing complex, difficult workloads and who needed little or no training to fill mission critical workforce gaps.[30] This waiver authority expired in 2006 and was not renewed. However, SSA has been granted a waiver to reemploy administrative law judges to help reduce the disability hearings backlog. In addition, SSA was granted a waiver to rehire federal annuitants to provide relief in areas affected by hurricanes Katrina and Rita. SSA officials reported that when they have been allowed to use dual compensation waivers, their experiences were extremely positive.

Beyond using existing flexibilities, SSA has developed recruitment efforts that reach out to a broader pool of candidates, some of whom are older workers. For example, SSA began recruiting retired military and disabled veterans in 2002 because of its commitment to helping veterans. SSA is also beginning to reach out to older workers in order to achieve its diversity goal of attracting a multigenerational workforce. These steps have included developing recruiting material featuring images of older and younger workers.

Other Federal Agencies Have Developed Alternative Approaches to Hire and Engage Older Workers to Meet Their Workforce Needs

In addition to SSA, we interviewed officials in several other agencies and learned that some have developed their own approaches to hiring and engaging older workers.

- *Identifying and recruiting retirees with critical skills by using technology.* The Department of State has developed two databases to match interested Foreign Service and Civil Service retirees with short-term or intermittent job assignments that require their skill sets or experiences. One database—the Retirement Network, or RNet—contains a variety of information, including individuals' job

[30]While using waiver authorities to rehire annuitants, SSA had also received a waiver to offer early retirement to some employees. Agency officials told us that the purpose of this waiver was to "right size" or free up resources to hire workers in positions where they are most needed.

experiences, foreign language abilities, special skills, preferred work schedule, and favored job locations. To identify individuals with specific skill sets, officials match information from RNet with another database that organizes and reports all available and upcoming short-term job assignments. For instance, in 2004, the agency identified current and retired employees familiar with Sumatra's culture and language and sent many of them to Indonesia to help with the tsunami relief efforts. According to officials, this technology has allowed them to identify individuals with specialized skills and specific job experience within hours. Before these systems were in place, the search for specific individuals would have taken days or weeks, and even then, the list of individuals would have been incomplete. Because different personnel rules apply to Foreign Service and Civil Service positions, the agency typically brings Civil Service retirees on as contractors—nonfederal employees without any reduction to earnings or annuities—and may hire Foreign Service retirees as federal employees who may earn their full salaries and annuities.[31]

- *Hiring older workers through nonfederal approaches.* The Environmental Protection Agency (EPA) has designed a program that places older workers (55 years and over) in administrative and technical support positions within EPA and other federal and state environmental agencies nationwide. Instead of hiring older workers directly into the government as federal employees, EPA has cooperative agreements with nonprofit organizations to recruit, hire, and pay older workers. Under these agreements, workers are considered program enrollees, not federal employees. EPA's Senior Environmental Employment (SEE) program started as a pilot project in the late 1970s, and was authorized by the Environmental Programs Assistance Act in 1984.[32] According to EPA, many SEE enrollees come from long careers in business and government service, offer valuable knowledge, and often serve as mentors to younger coworkers. Depending on their skills and experience, program enrollees' wages vary, starting at $6.92 per hour and peaking at $17.29 per hour. Using the SEE program as a model, the Department of Agriculture's Natural

[31]According to State Department officials, the Department has received some dual compensation waivers for specific Civil Service positions, such as those located in Iraq or for work in support of processing passports. These waivers allow Civil Service retirees to return to work earning full salaries and full annuity payments. The Department of State can hire back Foreign Service retirees on an intermittent schedule with full salaries and annuities up to certain limits if the Secretary authorizes.

[32]Pub. L. No. 98-313.

Resources Conservation Service (NRCS) recently developed a pilot project called the Agriculture Conservation Enrollees/Seniors (ACES) program.[33] Officials from both EPA and NRCS told us that their programs are crucial in helping agencies meet workload demands and providing older workers with valuable job opportunities.

- *Partnering with private firms to hire retired workers.* In partnership with IBM and the Partnership for Public Service, the Department of the Treasury is participating in a pilot project that aims to match the talent and interest of IBM retirees and employees nearing retirement with Treasury's mission-critical staffing needs. Working together, the three organizations are designing a program that intends to send specific Treasury job opportunities to IBM employees with matching skill sets and experience; help create streamlined hiring processes; provide career transition support, such as employee benefits counseling and networking events; and encourage flexible work arrangements. Officials are developing the pilot project within existing governmentwide flexibilities that do not require special authority from OPM. As one official suggested, designing such a project may reveal the extent to which existing federal flexibilities allow new ways of hiring older workers.

- *Engaging older workers through mentoring.* Three of the agencies we spoke with are in the beginning stages of formalizing mentoring programs, recognizing that mentoring relationships help pass down knowledge to less experienced workers as well as engage older workers. According to one official at NRC, fostering mentoring relationships is essential for his agency. Not only do these relationships help to transfer knowledge to less experienced workers, they also help senior-level staff build strong professional relationships with junior employees.

Several Challenges Exist to Hiring and Retaining Older Workers in the Federal Government

Despite the availability of recruitment, retention, and other flexibilities, agencies still face human capital challenges. In our past work, we found that agencies were not always able to make full use of available flexibilities, in part because they did not fully understand the range of flexibilities at their disposal and did not always educate managers and employees on the availability and use of them. In addition, we found that

[33] NRCS developed ACES under the authority of section 1242(b)(4) of Title II of the Farm Security and Rural Investment Act of 2002.

inadequate funding and weak strategic human capital planning contributed to the limited use of these flexibilities. Moreover, OPM did not take full advantage of its ability to share information about when, where, and how the broad range of flexibilities are being used and should be used to help agencies meet their human capital management needs.

Several federal hiring procedures can also pose challenges and make it difficult for the federal government to compete with private sector employers. Cumbersome federal hiring procedures can make it difficult for older workers, as well as all other applicants, to get a federal job. Recently, the Partnership for Public Service reported that older workers face a number of challenges to getting a federal job. Many of the issues they raise affect applicants of all age groups. For example, for many of the jobs open to the public, too little time was allowed between the time the job was announced and the deadline for submitting a complete application. For this and other reasons, a majority of older workers they surveyed thought that applying for a federal job is difficult. To address the cumbersome and complicated federal hiring process, the report recommended that federal agencies publicize federal jobs beyond the internet, make federal job announcements and the application process more user-friendly, and keep applicants informed of their application status.[34]

Furthermore, the dual compensation rule, which requires annuitants' salaries to be offset by the amount of the annuities they receive, can create a financial disincentive for retirees wishing to return to federal service. Unless federal agencies receive authority to grant waivers of this rule, retired federal workers—unlike private sector or military retirees—would be working for reduced rates of pay. Other rules make it difficult to use flexibilities. For example, federal employees close to retirement may face reductions in the monthly retirement benefit if they choose to work part-time—or use a phased retirement approach—near the end of their careers.

[34] Partnership for Public Service, *A Golden Opportunity: Recruiting Baby Boomers Into Government*, (Washington, D.C.: January 2008). We found the methodology used by the Partnership to be sufficiently reliable for our use, including the survey methodology used to determine how many older workers think applying for a federal job is difficult.

Federal Employment Has a Number of Attributes Attractive to Older Workers

Overall, the federal government is making progress toward becoming a model employer of older, experienced workers. Research has identified characteristics of work environments that older workers value that can serve as a model for federal agencies as they seek to hire and retain older workers. While there remain opportunities for improvement, OPM and Congress are taking action to minimize the challenges faced in hiring and retaining older, experienced workers.

OPM and Congress Are Taking Steps to Minimize Challenges

As we discussed earlier, individual agencies have strategies that they can use to address some challenges to employing older workers, but actions from OPM, as the government's human capital leader, and Congress play pivotal roles in changing the landscape of rules regarding federal employment.

OPM has taken steps to provide agencies with guidance on how to use available flexibilities and authorities. For example, in the fall of 2005, OPM put a hiring flexibilities decision support tool online to assist agencies in assessing which flexibilities would best meet their needs. This Hiring Flexibilities Resource Center provides in-depth information on a variety of flexibilities, including Direct Hire and Excepted Service. In January 2008, OPM updated its handbook on federal flexibilities and authorities, also online, which provides more information on both recruiting and retention strategies agencies can use to promote the positive aspects of the federal government. Responding to past findings about the length of time it takes to hire new employees, OPM has established a strategic goal to improve recruitment and retention, including faster hiring, hiring more veterans, rehiring annuitants, and faster application processing.

OPM has also encouraged federal agencies to consider a broad spectrum of employees as they seek to meet workforce needs. According to OPM, federal human capital managers are facing increasing competition in attracting and retaining talent. To meet this challenge, OPM has developed a new approach, called the Career Patterns initiative, for bringing the next generation of employees into federal positions. In its Career Patterns guidance to agencies, OPM identifies, among other things, scenarios that describe the particular characteristics of 10 types of individuals, including students, new professionals, experienced professionals, and retirees who could help broaden the pool of potential employees for federal jobs.

OPM has also recently proposed legislation to Congress that would enhance agencies' ability to hire and retain older workers. One proposal would give agencies the authority to grant dual compensation waivers

without having to obtain OPM approval. The proposal calls for a yearly and lifetime limitation on how many hours an individual can be reemployed. A second proposal would increase the ability of employees to work on a part time basis during their pre-retirement years by changing the way the CSRS annuities based on part time services are computed.

Congress has taken action to address the retirement risks in selected occupations. For example, in 2006, Congress enacted legislation allowing federal agencies to hire federal retirees to fill acquisition-related positions without requiring annuity offset.[35] The authority to use this provision expires on December 31, 2011. Agencies are required to consult with OPM and OMB in developing their plans for reemploying annuitants in acquisition-related positions and to submit their plans to OPM. OPM officials indicated that they have reviewed and approved 9 agencies' plans for consistency with the statutory criteria for reemploying annuitants in those positions. In addition, bills incorporating OPM's proposals related to dual compensation waivers and part time employment are currently pending in Congress.[36]

Federal Employment Already Has a Number of Characteristics Appealing to Older Workers and Other Employees

Although the availability of flexibilities generally varies by agency, agencies already have the authority to offer a number of the flexibilities and practices older workers find appealing in an employer. For example, AARP—one of the largest interest groups for individuals age 50 and older—developed criteria to evaluate an organization's performance in recruiting, engaging, and retaining this cohort and has, since 2001, used these criteria to identify the best employers for workers over 50.[37] Features of these criteria, as described by AARP, overlap with many of the flexibilities that federal employment offers. Their availability and usage in the federal government are shown in table 1.

[35]General Services Administration Modernization Act, Pub. L. No. 109-313 (Oct. 6, 2006).

[36]See S.2003 and HR.3579 relating to dual compensation waiver authority and HR.2780 relating to part time work for retirement annuity computation.

[37]AARP, formerly named the American Association of Retired Persons, is now known as AARP.

Table 1: AARP's Criteria for Selecting the Best Employers for Older Workers and Their Usage in Government

AARP Criteria for selecting the best employers for older workers	Availability and usage by federal agencies
Recruiting	
Advertise in publications that target diverse age groups;	Available; usage varies by agency
Develop recruiting material that appeals to workers of all ages	
Training opportunities	
Provide opportunities for training, continuous education/learning, and career development	Available; usage varies by agency
Alternative work arrangements	
Provide for flexible hours, telecommuting, and phased retirement	Available; usage varies by agency
Benefits, including health and retirement	
Provide for health benefits, including the percentage of the premium that workers are required to pay and whether they are offered to part-time employees; long-term care insurance; defined benefit or defined contribution retirement plans	Available governmentwide

Source: AARP and GAO analysis

One area where the government is particularly strong is the availability of health benefits. Federal agencies offer health benefits and pay a sizable portion of the cost. Health insurance may be an especially attractive recruitment and retention tool to older workers since employees generally need only 5 years of federal service with health insurance while employed to carry that benefit into retirement. The federal government also offers retirement benefits and life insurance, and provides the opportunity for employees to purchase long-term care insurance.

In other areas, agencies generally have the authority to offer a particular practice, but their actual usage varies by agency depending on the agency's needs, the nature of the work and other factors. For example, with respect to alternative work arrangements, the federal government offers a number of programs that help employees balance their personal and professional responsibilities, including telecommuting, part time employment, and flexible schedules.

Concluding Observations

A looming retirement wave could result in a possible "brain drain" for federal agencies unless they employ effective succession planning strategies—strategies that include hiring younger workers as well as retaining older workers who possess needed talents and skills and who can share these talents and skills with the next generation. Importantly, the government already has a number of tools in its human capital tool kit that provide agencies with flexibility they need to recruit and retain older workers. Moreover, federal employment offers a range of benefits and employment flexibilities, such as the availability of part-time employment that can make these jobs particularly attractive to older workers, as well as all demographic groups.

Still, while the federal government is making progress toward becoming a model employer of older workers, opportunities for improvement remain. First, our demographic analysis shows that while the federal workforce is aging, and an increasing number of employees will become eligible for retirement in the coming years, these trends will have varying degrees of impact within particular agencies. As a result, it will be important for agencies to fully understand and forecast the implications of these trends so they can implement timely and appropriate succession strategies. Second, as certain federal agencies have developed alternative approaches to hire and engage older workers, it will be important for agencies to share lessons learned from these practices governmentwide. And third, despite the availability of employment flexibilities and practices that allow employees to balance their professional and personal responsibilities, individual agencies do not always take advantage of them.

Consequently, it is incumbent upon OPM to continue to work with federal agencies to help ensure they have (1) the flexibilities they need to attract and retain a diverse workforce that includes older workers; (2) the awareness of these flexibilities, as well as guidance and technical assistance needed to implement them; and (3) mechanisms to share best practices and lessons learned in attracting and retaining older workers. Becoming a model employer is a shared responsibility and it will be important for agencies to, among other actions, take advantage of available flexibilities and guidance on their use and communicate this information throughout the agency. Collectively, these measures will help make federal agencies more competitive in the labor market for all demographic groups.

Mr. Chairman, Ranking Member, and Members of the Committee, this concludes our prepared statement. We would be pleased to respond to any questions that you may have.

Contact and Staff Acknowledgments

For questions regarding this testimony, please call Barbara D. Bovbjerg, Director, Education, Workforce, and Income Security at 202-512-7215 or Robert N. Goldenkoff, Director, Strategic Issues at 202-512-6806. Other individuals making key contributions to this statement include Dianne J. M. Blank and Belva M. Martin, Assistant Directors; Nicholas Alexander; Jessica Botsford; Clifton G. Douglas, Jr.; Karin Fangman; Cheri L. Harrington; Isabella Johnson; Mary Y. Martin; Rachael C. Valliere; Kathleen D. White; and Greg Wilmoth.

Appendix I: Scope and Methodology

Our objectives were to describe (1) the age and retirement eligibility trends of the current federal workforce; (2) the strategies federal agencies are using to recruit, hire, and retain older workers; and (3) our observations on how these strategies position federal agencies to engage and retain older workers.

Demographic Trends

To describe demographic trends relating to the retirement eligibility and aging of the federal workforce, we analyzed information on the 24 CFO agencies from OPM's human resource reporting system, the Central Personnel Data File (CPDF). We analyzed data on the age, retirement eligibility, occupations, projected retirement rates, and other characteristics of the career federal workforce. We used the following variables: agency, occupation, date of birth, service computation date, pay plan/grade, and supervisory status. All these variables were 97 percent or more reliable. Using the CPDF information, we analyzed the age distribution of career federal employees at CFO agencies by age groupings (under 40, 40-54, and 55 and over). We also analyzed the percentage of career federal employees on board at the end of fiscal year 2007, who would be eligible to retire from fiscal years 2008 to 2012, and the percentage of workers eligible to retire in occupations where the retirement rates exceeded the governmentwide average. As a proxy for those occupations that may be at risk due to high retirement eligibility rates, we selected occupations with 500 or more employees as of the end of fiscal year 2007 that exceeded the governmentwide rate of 33 percent by 50 percent or more. For this report, we defined older workers as those 55 and older.

Strategies Available to Federal Agencies to Hire and Retain Older Workers

To address this objective, we reviewed strategies available to federal agencies to hire and retain older workers through governmentwide hiring authorities and other flexible arrangements, we interviewed officials at OPM and other selected federal agencies, including Labor, and we reviewed previous GAO work relating to older workers and federal human capital strategies. We also reviewed relevant laws, literature on hiring and retaining older workers, and documents on federal human capital flexibilities. As a case study, we selected the Social Security Administration (SSA), to describe the strategies that one federal agency has taken to hire and retain older workers. We selected SSA because it is at high risk of losing a large proportion of mission-critical employees and because it risks losing these employees at the same time the need for its services will peak.

We interviewed human capital officers at selected agencies to collect such information as:

- the extent to which agency officials think they will be affected by retirements over the next decade;
- the information agencies have used and presently use to guide the identification of the probable effects of retirement and how agencies determine appropriate courses of action;
- strategies that have been taken or will be taken regarding recruiting, hiring, and retaining older workers; and
- characteristics and scope of these strategies, including human capital authorities or special legislation regarding flexibilities that are available to them.

To identify and describe alternative strategies, we performed a literature search and conducted interviews with government and private sector experts. The strategies that we describe were developed by the Departments of Agriculture, HUD, and State, the Internal Revenue Service (IRS), Environmental Protection Agency (EPA), and Nuclear Regulatory Commission (NRC). We selected these strategies because they were developed internally to met specific agency needs but could be used elsewhere in the government.

Observations on How Strategies Position Federal Agencies to Engage and Retain Older Workers

To address this objective, we reviewed previous GAO work and conducted interviews with federal officials at OPM and selected agencies and experts at AARP and other organizations that serve older individuals to determine how the federal government is progressing toward becoming a model employer. We chose the AARP criteria for selecting the best employers for workers over age 50 to compare to characteristics of federal employment because of its exclusive focus on older workers.

We conducted our work from November 2007 to April 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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The CHAIRMAN. Thank you, Ms. Bovbjerg.
Ms. Kichak.

STATEMENT OF NANCY KICHAK, ASSOCIATE DIRECTOR, STRATEGIC HUMAN RESOURCES POLICY, OFFICE OF PERSONNEL MANAGEMENT, WASHINGTON, DC

Ms. KICHAK. Thank you Mr. Chairman and Senator Smith for holding this hearing to highlight the benefits of hiring older Americans and for inviting me to share with you some of the steps the Federal Government as an employer is taking to attract and retain experienced workers.

As our workforce ages, we have become keenly aware that a growing portion of today's workers are becoming—eligible to retire with each passing year. The Office of Personnel Management (OPM) has been working with Federal agencies to develop effective human capital strategies to plan for the future. We are diligently continuing our efforts to recruit and retain older workers with essential expertise. Many of these older workers want to continue working and still have many productive years ahead of them.

Although there is always room for improvement, I think it is fair to say the Federal Government compares very favorably to the private sector in employing older workers. Our data show that 24 percent of the Federal workforce is over age 55, compared to 15.4 percent in the civilian labor force. One of the reasons for this is Federal employee benefits are attractive to older workers. For example, Federal employees who are covered under our health program can continue that coverage into retirement as long as they participate in the program for at least the 5 years immediately before they retire.

Other workplace flexibilities the Government offers, such as flexible schedules and telework, are attractive to a wide variety of employees, including many older workers. OPM developed the Career Patterns initiative, which entails reviewing individual positions to assess their potential for using workforce flexibilities to recruit the broadest pool of applicants, including older workers.

We recognize that facilitating the re-employment of retirees with critical skills is an essential element of any strategy to optimize the employment of older workers. Currently, Federal agencies can rehire retired civil servants, but generally their salaries are reduced by the amount of their retirement annuities. We have developed a legislative proposal that would allow agencies to rehire annuitants on a part-time or limited-term basis under certain conditions without the salary offset.

We want to especially thank Senator Collins, who is a member of your Committee, for her introduction of this proposal as S. 2003, along with Senators Warner and Voinovich. We also want to thank the Partnership for Public Service and the National Active and Retired Federal Employees Association for their support of this measure. We hope that other members of this Committee will decide to co-sponsor the bill as it moves through the legislative process.

We believe this legislation is necessary to encourage experienced retirees to continue their service part-time for a limited period, while providing them the same advantage as retirees from the private sector, who do not need to give up their pensions to accept

Federal employment. This proposal is carefully drafted to make such re-employment attractive to annuitants, easy for agencies to use, and unlikely to be abused.

In addition, we have proposed a statutory amendment that would remove the penalty in the calculation of the high 3 years average salary on which annuities are based, which results from part-time services at the end of the career under the Civil Service Retirement System. Our proposal would remedy this unfortunate situation, thus eliminating the potential adverse effect of part-time service performed late in an employee's career.

Senator Smith and Chairman Kohl, we very much appreciate that you included this proposal as part of S. 2933, which was introduced yesterday. We look forward to working with you as this bill progresses through the Committee process. Both of these legislative initiatives are important to our efforts to make the Federal Government a leader in employing older Americans.

All of the efforts I have described—our record of employing older workers, our benefit programs, and our legislative initiatives—demonstrate that the Federal government as an employer understands and values the particular contributions that mature workers can bring to the workplace. I am confident the Federal Government will continue to be an attractive employer to older workers.

Thank you again for inviting me, and I will be happy to take any questions.

[The prepared statement of Ms. Kichak follows:]

STATEMENT OF
NANCY H. KICHAK
ASSOCIATE DIRECTOR FOR STRATEGIC HUMAN RESOURCES POLICY
U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

SENATE SPECIAL COMMITTEE ON AGING

on

HIRING AND RETAINING OLDER WORKERS
IN THE FEDERAL WORKFORCE

April 30, 2008

Mr. Chairman, Senator Smith, and Members of the Committee:

Thank you for holding this hearing to highlight the benefits of hiring older Americans and for inviting me to share with you some of the steps the Federal Government, as an employer, is taking to attract and retain experienced workers.

As our workforce ages, we have become keenly aware that a growing portion of today's workers are becoming eligible to retire with each passing year. The Office of Personnel Management (OPM) has been working with Federal agencies to develop effective human capital strategies to plan for the future. In addition to recruiting and developing younger workers with mission-critical skills, we are also diligently continuing our efforts to recruit and retain older workers with essential expertise. Many of these older Americans want to continue working and still have many productive years ahead of them.

As the Partnership for Public Service noted in its January 2008 report, *A Golden Opportunity; Recruiting Baby Boomers into Government*, older workers, on the whole, exhibit numerous attributes – such as motivation to exceed expectations, reliability, and mentoring abilities – that most employers eagerly embrace. The report also highlights some reasons why prospective job applicants who are older may be harder for employers to appeal to. These include factors such as the lack of career services networks to facilitate outreach, the tendency among older workers to view government skeptically, and their relatively more fully formed ideas about acceptable workplace conditions and application procedures. So we know we need to take all of these factors into account in developing recruitment approaches.

Although there is always room for improvement, I think it's fair to say that the Federal Government compares very favorably to the private sector in employing older workers. One of the reasons for this is that Federal employee benefits are attractive to older workers. For example, Federal employees who are covered under the Federal Employees

Health Benefits Program (the FEHB Program) can continue that coverage into retirement as long as they participate in the program for at least the 5 years immediately before they retire. (Employees with even less than 5 years of coverage may continue their health insurance after retirement if they were continuously covered under the FEHB Program since their first opportunity to enroll.)

Other workplace flexibilities the Government offers, such as flexible schedules and telework, are also attractive to a wide variety of employees, including many older workers. As the February 2008 *Report of the Taskforce on the Aging of the American Workforce* notes, many older Americans seek "flexible work arrangements to enable a greater work-life balance." We also know that employees who telework report high levels of job satisfaction and productivity. While the appeal of telework is certainly not limited to any particular demographic group, older workers are often among those who especially welcome the opportunity to reduce time spent commuting to the office, as well as the scheduling flexibility that telework allows.

Telework is also an important element of OPM's *Career Patterns* initiative, which we instituted to help agencies build environments suited to the 21st-century workforce. This entails reviewing individual positions and determining which workplace flexibilities, such as telework, should be offered and promoted to prospective employees in the effort to recruit talented candidates for those positions. We provided agencies with an analytic tool to help them improve the way they market job opportunities by highlighting the supportive environment agencies can provide for certain groups of job seekers. Telework, alternative work schedules, and part-time work are ways to both attract older workers and retain current employees as they grow older. The *Career Patterns* approach to recruiting can help agencies market these flexibilities more effectively with groups who are likely to find them especially attractive.

We recognize that facilitating the reemployment of retirees with critical skills is an essential element of any strategy to optimize the employment of older workers. Currently, Federal agencies can re-hire retired civil servants, but generally must reduce their salaries by the amount of their retirement annuities. It is possible for the salary offset to be waived in certain limited circumstances, but most agencies must come to OPM for approval of a waiver. The law allows OPM to grant salary-offset waivers on a case-by-case basis to agencies experiencing exceptional difficulties in recruiting or retaining qualified individuals. OPM may also delegate this authority to agencies faced with emergencies or other unusual circumstances. This authority has been used to help agencies in the aftermath of the terrorist attacks of September 11, 2001, as well as to respond to Hurricane Katrina and other national and global emergencies.

OPM's implementing regulations for this authority had tied emergencies and unusual circumstances together, with the result that delegations of this waiver authority could be granted only in emergencies. Last fall, as one more tool to assist agencies, we issued final regulations giving agencies more flexibility to hire reemployed annuitants without a salary offset in unusual circumstances that do not involve an emergency. This change

has made it easier for agencies to reemploy needed individuals when faced with unusual circumstances.

In addition, we have developed a legislative proposal that would allow agencies – without coming to OPM for approval – to rehire annuitants on a part-time and/or time-limited basis under certain conditions, without a salary offset. This proposal, which we submitted to Congress a year ago, would permit Federal agencies to reemploy retired Federal employees, without offsetting annuity from salary, for a maximum of 520 hours in the first 6 months following retirement, a maximum of 1,040 hours in any 12-month period, and a total of 6,240 hours for any individual. While those reemployed under this authority would receive both salary and annuity payments, they would earn no additional retirement benefits based on the reemployment.

This proposal is carefully drafted to make such reemployment both attractive to annuitants and easy for agencies to use, and to avoid abuse. This will encourage individuals who otherwise would leave Government permanently to continue their service part-time, for a limited period.

In addition, we have proposed a statutory amendment that would remove the penalty in the calculation of the "high-three-years" average salary on which annuities are based, which results from part-time service at the end of a career. Current provisions governing the computation of annuities involving part-time service have an unintended adverse effect on employees who perform part-time service at the end of their careers.

These provisions affect certain employees who retire under the Civil Service Retirement System. They were designed to eliminate a potential for abuse that existed under the law in effect before April 7, 1986. While generally equitable, the current law can occasionally yield anomalous results when part-time service is involved in the computation of the "high-three-years" average salary. Moreover, it requires complex calculations that can lead to computational errors.

Our proposal would remedy this unfortunate situation, thus eliminating the potential adverse effect of part-time service performed late in an employee's career, and also would simplify the annuity computation in cases involving part-time service. This proposal would change the computation on a prospective basis and only for those retiring after enactment.

Both of these legislative initiatives are very important to our efforts to make the Federal Government a leader in employing older Americans. We hope Congress will help us in this endeavor by giving these proposals speedy and favorable consideration.

All of the efforts I've described – our record of employing older workers, our benefits programs, and our legislative initiatives – demonstrate that the Federal Government, as an employer, understands and values the particular contributions mature workers can bring to the workplace. I am confident the Government will continue to be an attractive employer to older workers.

Thank you again for inviting me to discuss this important topic. I would be happy to answer any questions you may have.

The CHAIRMAN. Thank you, Ms. Kichak.

Mr. Dowd.

STATEMENT OF THOMAS DOWD, ADMINISTRATOR, OFFICE OF POLICY DEVELOPMENT AND RESEARCH, EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEPARTMENT OF LABOR, WASHINGTON, DC

Mr. DOWD. Thank you.

Mr. Chairman and Senator Smith, I am pleased to have the opportunity to testify before you today on the hiring and retention of older workers in the Federal Government.

The aging of the baby boomer 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 has also important implications for the Federal workforce.

For the past several years, the department has undertaken efforts to address the broader implications of an aging workforce. Encouraged by the leadership of this Committee, the Employment and Training Administration launched an interagency effort to focus on the aging and retirement of the baby boomer generation and its impact on the workforce.

The Task Force 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, Equal Employment Opportunity Commission, Small Business Administration, and Social Security Administration.

The task force elected to focus on three main areas, the first being the opportunities and needs of employers in recruiting, hiring, training, and retaining older workers; the challenges in identifying the opportunities for older workers to increase their workforce participation; and third, laws and regulations that may function as impediments and disincentives to continued employment.

The task force examined the key issues within these three areas and developed strategies to address these issues. In February 2008, the task force report was released, expressing strategies that could address the most significant issues related to the aging of the American workforce. In March, the task force reconvened to discuss how to prioritize and move forward with the strategies put forth in the report.

Workgroups were established for each of the categories of the strategies, and since then, they have begun meeting to determine priorities, identify resources, and develop plans for the strategies.

Although the task force report addresses a wide spectrum of workforce challenges and opportunities for the aging population, one of the task force strategies that is of particular relevance to today's hearing is to encourage Federal agencies to serve as models for the private sector by adopting these flexible employment policies.

The task force recognized that it is expected that 40 percent of the Federal workforce will retire between 2006 and 2015 and that a new mindset is needed in the Federal Government to recruit and

retain the talent that will be needed in the 21st century. The strategy proposed by the task force embraces an approach suggested by the Office of Personnel Management by encouraging agencies to adopt and promote policy changes that facilitate the recruitment and retention of older workers.

The task force suggested four possible initiatives, the first being that the task force member agencies could purchase the expertise of older or retired workers by, for example, entering into contracts with former Federal employees.

Second, task force member agencies could expand their existing telework programs to ensure telework opportunities are available to their workforces, including Federal workers.

Third, task force member agencies could 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, task force 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 to ensure such opportunities are available. The Workgroup on Flexible Work Arrangements and Customized Employment has begun meeting to discuss how best to move forward with this strategy.

Turning to my own agency, the Employment and Training Administration, like many Federal agencies, faces the effects of an aging Federal workforce, particularly due to possible retirements at higher grade levels. 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. ETA has begun focusing on succession management as one of the strategies, as other agencies have as well.

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.

[The prepared statement of Mr. Dowd follows:]

STATEMENT OF THOMAS M. DOWD
ADMINISTRATOR, OFFICE OF POLICY DEVELOPMENT AND RESEARCH
EMPLOYMENT AND TRAINING ADMINISTRATION
U.S. DEPARTMENT OF LABOR

BEFORE THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

April 30, 2008

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 21st 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), 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.

The CHAIRMAN. Thank you, Mr. Dowd.

Now we turn to Senator Smith for questions and comments.

Senator SMITH. Thank you, Chairman Kohl.

Mr. Dowd, when Senator Kohl and I called upon the Labor Department to convene this interagency task force on older workers, one of the things we were interested in was the legal and regulatory barriers. I very much appreciate your report, but I didn't find a lot in it on those particular barriers, which are the kind of things that he and I, if we know about them, can change some laws, some statutes, some policies.

I wonder if you have any other plans on the task force to address those issues and, if so, what kind of timing is there?

Mr. DOWD. Yes. Thank you for the question, Senator.

As with all workgroups, particularly of the interagency nature, it isn't always easy to get everyone to come around and agree to a final product that says we have found the definitive answer or suggestions that we might recommend to this Committee. Given that, the Department of Labor was asked and has been willing to take the lead on this and to ensure that it continues to move forward.

Much of the focus really, as you suggest, perhaps was more around the workforce aspects. But we didn't ignore the legal and regulatory issues, and in fact, we created seven follow-up workgroups. One of those workgroups is the Legal and Regulatory Issues Workgroup.

One of the things I can share with you is that we wanted to ensure and we want to convey to the Committee that the work of this task force is not done because the report is finished. In fact, we met in March and established these workgroups to move forward on these issues, and particularly the area of the legal and the regulatory, the Treasury Department has taken the lead for examining those issues. Within that workgroup is the SSA, HHS, EEOC, and two agencies within Labor, EBSA and the Office of Policy.

Again, we want them to be able to continue to work on those issues so that we can come back to you with recommendations beyond just what is in the report itself.

Senator SMITH. Well, Tom, don't get me wrong. I am grateful for the report. I am anxious to know what Senator Kohl and I can do in terms of the lights that you bring to this, so we can change some policies. The sooner we do, the better off we are going to be so that we don't suffer the kind of brain drain that is projected in our Federal Government.

Flextime, work from home, those kinds of things, if there are barriers, impediments, pension issues that we can address, heck, I am on the Finance Committee. He is on the Appropriations Committee. If we can't figure it out on those two committees, nobody can figure it out.

But we need to get on it, and as soon as you have—and I would emphasize sooner than later—we would love to have that information.

Mr. DOWD. If I could follow up, Senator? The Legal and Regulatory workgroup met this morning. They will meet again in May and will report back to the Taskforce in June. I think they are

moving pretty speedily, given that their focus is on just those issues.

Senator SMITH. Well——

Mr. DOWD [continuing]. From the report and being able to report back to you.

Senator SMITH. My question is not a criticism, just a request that we—the sooner we can get it, the better off the Federal Government is going to be in the years ahead.

Nancy, I noted with interest the Partnership for Public Service and American University Institute for the study of Public Policy Implementation study that they did on Best Places To Work in the Federal Government. The Nuclear Regulatory Commission, the GAO, and the SEC top the list. I wonder what is so good about working at the GAO?

Ms. KICHAK. Well, these folks are from the GAO. They definitely look very happy to be working there. [Laughter.]

Ms. KICHAK. We do provide some of the data that helps determine the agencies that are ranked there. The ranking that is done is based on a job satisfaction index. They simply ask folks if it as a good place to work. We think it is because they have a very clear mission. They have very capable people who are at higher grades than some of the other agencies, and they are well funded and focused, and they indicate that it is a good place to work.

Senator SMITH. Every time I see Barbara, I just feel better. So if I could work with Barbara, I would like it, too.

Ms. BOVBJERG. Well, I feel definitely better now.

Senator SMITH. What is so good about the GAO as a place to work? Are there any policies beyond just working with you that make it such a nice place?

Ms. BOVBJERG. I know there are particular questions from the GAO employee satisfaction survey that we feed into the questionnaire about the best places to work. But I do think that it is a combination of people coming to us both to use their brains and to work to make Government better, and that is what we do. We try to give them the scope to do their work.

We also provide transit benefits. We have flexible work hours. We, I think, are leaders in telework, and Robert might be able to comment more on that. But I think that we do try to be a model.

Senator SMITH. Are there things that you do that are models for other agencies of the Federal Government?

Mr. GOLDENKOFF. I think certainly our flexible work arrangements. As Barbara mentioned, we have a telework policy, which won an award just a few weeks ago, onsite daycare and fitness facilities. We also encourage people to use and take advantage of these different flexibilities.

Some agencies have the authority available—they all have the authority available, but they don't always encourage or manage to allow people to use them, whereas, at GAO, certainly we encourage that. Then also, as Barbara mentioned, GAO goes to great lengths to be a world-class professional services organization that happens to be in the Federal Government, and I think you see a lot of that reflected in the scores that we have.

Senator SMITH. As you have examined the private sector, are there some things that are happening there that might be transfer-

able to the Federal Government that can help older workers work longer if they choose to?

Ms. BOVBJERG. Well, we did have a forum. We convened a controller general's forum a couple of years ago, where we invited people from Government, including OPM and Labor, and academia, but also some of the employers who are on the AARP best employer list. We talked about best practices, and we also talked about the need for the Federal Government to be a model employer.

What we came down—we also talked about flexible work situations. We talked about the right mix of incentives, benefits, focused on things that older workers appreciate, although I think nearly everyone there observed that everyone likes those benefits, just by the way. Telework isn't only desirable to older workers.

One of the fundamental truths that everyone seemed to agree on come up with in the forum was that it is not a one-size-fits-all approach, that each employer in a different industry has a different situation, a different demographic profile, and that it is really important to try to tailor your approach to your particular situation.

Senator SMITH. Sure. Barbara, as you look at the State and local governments, are they preparing for this? Do you have much contact with them where you could evaluate their systems and their regulations and their barriers to older workers?

Ms. BOVBJERG. Well, I can assure you that in our most recent work on State governments, they are very, very focused on how they are going to pay for retiree health. That is a major focus of State governments as employers right now.

Senator SMITH. Is part of the answer to that to keep them working?

Ms. BOVBJERG. It could be. Several years ago, we did try to look at what employers are doing for older workers, and there was more activity in the public sector than in the private sector at that time. In particular, there were some States who were taking actions to keep teachers, to get teachers who had retired to come back. They had these things called "DROP plans," which is like the dual compensation waiver, eliminating the dual compensation rule in some way.

You can put the retirement annuity in an account essentially, an individual account—for the person where it earns interest while they pay wages the person who is back at work. We looked in detail at a couple of States who were doing that and also found there were a couple of others that had eliminated the dual compensation rule and were trying to do something like what your bill would do with Social Security, trying to provide extra credit for working longer.

So there are some things happening out there. I do want to say that was several years ago. So, it may be that there is much more than that going on now or perhaps less.

Senator SMITH. Well, thank you all very much.

Thank you, Senator Kohl.

The CHAIRMAN. Thank you, Senator Smith.

Ms. Kichak, OPM's Career Patterns initiative offers many flexible work options that could be very useful tools in retaining experienced and skilled older workers in the workforce. What is OPM

doing to promote the use of this initiative and to ensure that other agencies are taking advantage?

Ms. KICHAK. There are many ways that we are promoting Career Patterns. One way is that we have required every agency to look at positions they are about to advertise to see what career pattern would be appropriate and not just one, but how many different career patterns would be appropriate so that they can identify that when they recruit. So it is clear what workplace options—part-time, et cetera—are available.

We also score agencies on that activity on the President's Management Agenda, so agencies need to pay particular attention to working in that area to get a good score. We also are working with agencies to incorporate Career Patterns into their strategic plans and into their succession planning, and many agencies are putting this on their Web site.

We also have put on our Web site best practices of agencies in this area so that agencies can go there and see some of the strategies that work in this area.

The CHAIRMAN. The Federal Government currently does a lot of recruiting on college campuses.

Ms. KICHAK. Yes.

The CHAIRMAN. Would you outline the recruitment efforts that you employ to target older workers?

Ms. KICHAK. In addition to the college campuses, we ran ad campaigns, which the Government hadn't done before. Within the last few years, we ran the "What Did You Do At Your Job Today?" campaign to get people interested in Federal employment.

We also do a lot of recruiting in veterans groups. We have initiatives going on right now at the hospitals that are discharging wounded veterans. Thus, that we are reaching out to that community. That is an older community. We also have special hiring authorities that can be used for bringing people on later in their career. One of those is for disabled individuals, special flexibilities to bring folks like that on.

So, those are some of the things that we are doing.

The CHAIRMAN. As we said in our statements, there will be enormous numbers of people retiring who work for the Federal Government over the next 10 years. Do you think the Federal Government has policies or is going to develop policies, put them in place, have them up and operating in order to deal with this tremendous loss of people over the next 10 years, Ms. Bovbjerg?

Ms. BOVBJERG. I like to think that we can do that. I think we need to approach it with a more concerted effort. I applaud the approach of the Department of Labor's task force. I think that institutionalizing the collaboration among agencies is really important. But as Senator Smith noted, it is crucial to get to the statutory and regulatory changes that might need to be made because, as you know better than anyone, those things can take time.

This is urgent. It is particularly urgent, as Robert pointed out earlier, in certain occupations. An agency that I look at for a lot of reasons, the Social Security Administration, is going to get it from both sides. They are going to lose a lot of very capable and experienced people and perhaps not be able to recruit the people

they need to follow behind them unless they do something to try to encourage people to work longer.

We need to move quickly. But I like to think that with leadership from OPM and from Labor, with agencies paying more attention to those flexibilities, with the support from the Committee on Aging and from the bills that we are considering now, that we could do it.

The CHAIRMAN. Any other comments from anybody on the panel? Mr. Dowd.

Mr. DOWD. I would only like to echo the thoughts of my colleague, and that is to say that we at Labor are very committed to continuing the effort with regards to not only the completion of the report, but continuing to work with these workgroups to get these things done on a variety of levels within all seven of those workgroup committees.

I think that is really key to actually making progress, to answer your question that you just asked, if we just simply put the report on the shelf, then I don't think anything will get done. But we are certainly not doing that, and we are very committed to working with our colleagues at OPM and GAO and all the other agencies to make sure we keep moving forward because this is a fundamental issue.

We need all the talent and we need all the workers we can get in America going forward to be competitive, and we certainly can't let up just because we completed a report.

The CHAIRMAN. Any other comments? We thank—yes, Ms. Kichak? Go right ahead.

Ms. KICHAK. As you mentioned, we have lots of programs in place to prepare for the folks that are leaving, such as succession planning, et cetera. But nothing substitutes for being able to retain your experienced worker.

You can do everything that you want to prepare to look for the same skills and to try to transfer the knowledge, but nothing equals being able to keep the person who has been in the field and has done it, which is why we would really like and appreciate any help on either of these proposals that will help us keep our folks in the office longer and helping us with our work.

The CHAIRMAN. Very, very valid comment and certainly totally accurate.

We thank you all for appearing, and at this point, we will turn to our second panel.

Our first witness on the second panel is Max Stier. Mr. Stier is the president and CEO of the Partnership for Public Service, which is a nonprofit, nonpartisan organization dedicated to revitalizing our Federal Government by inspiring Americans to consider a career in public service. The recently launched Fed Experience initiative to encourage older Americans to resume careers with the Federal Government is an outstanding example of what he is trying to do.

Our second witness is Chai Feldblum. She is a professor at the Georgetown University Law Center, where she directs their Federal Legislation Clinic. She also serves a co-director of Workplace Flexibility 2010, where she researches and promotes flexible work arrangements, including those utilized within Federal agencies.

We appreciate the fact that you are here with us today, and Mr. Stier, we will take your testimony.

STATEMENT OF MAX STIER, PRESIDENT AND CEO, PARTNERSHIP FOR PUBLIC SERVICE, WASHINGTON, DC

Mr. STIER. Thank you very much, Mr. Chairman.

I very much appreciate the opportunity to be here and to speak with you today. I think you have exactly the right goal of trying to make the Federal Government a model in employing older Americans.

Jesse James once said, "I rob banks because that is where the money is." The Federal Government needs to be looking at older Americans because that is where much of the talent is that the Federal Government desperately needs.

Before launching into a quick conversation about some of the areas that I think this Committee could very effectively focus on, I want to take a second and step back and look at the general landscape because from our perspective, the talent system in Government is truly broken. The consequences are such that they are literally happening today.

You don't have to pick up a newspaper very often, but to see instances in which the Government is not providing us the services that we need in order to be able to address the multitude of challenges from global warming to globalization. By and large, addressing these problems means ensuring we have the right talent in Government. As I said earlier, older talent has to be a key part of that equation.

The system, I would argue, is broken in three primary ways. No. 1, much of talent, much of older talent simply is unaware about the opportunities that exist for them in Government. They want meaningful work. They can get it in Government, but they don't know that they can look to Government for it.

No. 2, the hiring process is broken. It is too difficult. It is too complicated. It is nontransparent. It takes too long, and ultimately, in many instances, it fails to select the right person.

Then, third, once an individual makes it through this process, they are often managed in a way that doesn't enable them to give of their best talent. So those are the three buckets of issues that this Committee, I would argue, should be focusing on in trying to fix the system.

There are three primary places that I would argue that the Committee can best invest in trying to make a difference with respect to changes. First, I would argue that we need an applicant bill of rights, and this is focusing on the hiring process. In order for us to ensure that talented Americans and talented older Americans want to come into Government service, they need a system that is going to be clear. They need to understand what kind of opportunities are there and why they are exciting.

It needs to be easy. Things like just submitting a resume, rather than a very challenging system you have to go in through right now, transparent so that they actually know where they are in the process. You may wait more time if you know it is going to take a particular period of time. But by and large, for many Americans applying for Government jobs, they have no idea. Their application

enters a black box. They are given no information about where they are in the process.

Then, finally, it needs to be speedy. Again, that is a place that OPM has been working on and a variety of issues, but we need to do more in that respect. Beyond the applicant bill of rights on the hiring process, we need to also ensure that the assessment process is improved because, again, fast or slow, if you hire the wrong person, it doesn't much matter.

Second area I would focus on is on the area of metrics, and Senator Smith referenced the Best Places To Work rankings. It is actually produced by American University and the Partnership for Public Service, and it is ultimately based on the work that OPM does. The OPM is actually the entity that produces the Federal Human Capital Survey on which the Best Places to Work rankings are based.

This is incredibly valuable data that has not existed previously, and the old adage that you can't manage what you don't measure is absolutely true. By actually providing data, both for the public and for managers in Government, you can drive change that will make a very big difference and make Government more effective.

We have a lot of data in Government, but we don't always have the right data, the data that will enable managers to make the right decisions. The Best Places to Work says two things. First, you need to focus on leadership, and you need to focus on mission. On mission, the Federal Government stacks up very well against the private sector. On leadership, it does not.

So, again to the question that Senator Smith asked, what makes a best place to work? It is organizations that have had very effective leadership, and we need to see a heavier emphasis on that in Government.

We also need to see other metrics, and the primary one that I would argue would make the biggest difference in Government is a real metric around talent. I mentioned earlier that older workers provide a very valuable talent resource for Government. Unless the Government understands what kind of talent it is getting and that it can get better talent from older workers, we won't actually incent the behavior to try to recruit those folks in. So that would be No. 2.

No. 3, you mentioned the pilot project we are working on called Fed Experience. Our belief is, again, that the way things need to be changed in Government, there are a lot of good ideas, but the greatest challenge is implementation. You really don't know what the real issues are until you actually do try to implement it. We have, as a starting point, gotten IBM to sign on as a corporate partner, along with the Department of Treasury—and we expect other Federal agencies will follow suit—where we are going to have a concentrated effort to drive experienced talent from the private sector into the Federal Government at older worker levels.

IBM is going to allow us to market directly to their existing retirees and soon-to-be retirees, help those folks and train them to understand the Federal processes and improve the hiring process to allow them in to be effective.

This is a win-win-win. A win for the talent. MSPB has done a research report that shows that older workers in the Federal Gov-

ernment say that they prefer the jobs they are in in the public sector over these they used to have in the private sector. It is a win for the Government that desperately needs the help. It is a win for the American people who will benefit from a more effective government.

Thank you very much.

[The prepared statement of Mr. Stier follows:]

Written Testimony of Max Stier
President and CEO
Partnership for Public Service

Prepared for

The Senate Special Committee on Aging

Hearing Entitled,

"Leading by Example: Making Government a Model for Hiring and Retaining Older Workers"

April 30, 2008

Mr. Chairman, Senator Smith, Members of the Committee, thank you very much for the opportunity to appear before you today. I am Max Stier, President and CEO of the Partnership for Public Service. We deeply appreciate your invitation to discuss the recruitment, hiring and retention of older Americans in the federal workforce.

The Partnership has two principal areas of focus. First, we work to inspire new talent to join federal service. That includes talent at all levels, from new college graduates to seasoned workers seeking encore careers. Second, we work with government leaders to help transform government so that the best and brightest will enter, stay and succeed in meeting the challenges of our nation. That includes all aspects of how the federal government manages people, from attracting them to government, leading them, supporting their development and managing performance; in short, all the essential ingredients for forming and keeping a world-class workforce.

We know that good government starts with good people. We also know that a looming retirement wave will hit government especially hard; indeed, it has already begun. The federal workforce is graying; 429,000 federal employees are over age 55, and within the next five years, we expect to lose one-third of the permanent full-time federal workforce, a majority due to retirement.

We are fortunate to have a civil service that is extraordinarily capable and committed. But the existing talent pool within government is simply not large enough to fill expected vacancies, especially in government's most senior ranks. Hiring freezes through much of the 1990's left skills gaps across agencies and a thin bench of mid-career talent. By the end of 2009, our federal government will need to hire an estimated 193,000 individuals to fill "mission-critical" positions in areas such as public health, engineering and accounting, and many of those hires will need to have experience as well as an appropriate level of education.[1]

Meeting government's talent needs requires us to think creatively about developing current federal employees and retaining them as long as possible. That must be a priority. At the same time, we must also cultivate new pools of talent. The 78-million strong "baby boom" generation is an incredibly rich source of skill and expertise, and many baby boomers are looking for new professional challenges. Unfortunately, most federal agencies do little to actively reach out and attract talented, experienced workers from outside government, and they continue to struggle to find enough of the right people with the right skills to serve the American public.

We applaud this Committee's interest in ensuring that the federal government benefits from the skills and expertise that experienced workers could bring to federal service. The Partnership's *FedExperience* initiative was launched to better understand the potential of older workers to meet government's talent needs, and to help federal agencies learn how to better access this skilled talent pool and recruit experienced workers. We believe that our work around the *FedExperience* project will do much to inform the Committee's

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[1] Partnership for Public Service, *Where the Jobs Are* (2007).

oversight and legislative efforts regarding the recruitment, hiring and retention of older Americans in the federal workforce.

Older Americans: A Rich Source of Talent for the Federal Government

In January 2007, the Partnership launched *FedExperience*, an initiative to enhance government's recruitment of experienced workers and enlist potential partners to fuel interest in federal service.

We learned through our *FedExperience* survey research[2] that older Americans, including those who have retired from successful private sector and other careers, make attractive candidates to fill government's many critical vacancies – and better yet, we know that many of them are interested in doing so. We also learned that barriers hinder the flow of experienced talent into government. Among our findings:

- Older workers plan to continue working, some of them for several years. For example, twenty-nine percent of our survey respondents who are age 55 to 59 plan to continue working beyond their 65th birthday.
- Older workers' skills align well with government's most pressing talent needs. Many occupational areas where government currently hires higher percentages of older workers – information technology, engineering, legal and accounting – are the same areas in which federal agencies say they will have mission critical openings.
- Interest in federal service is relatively strong, particularly among likely job seekers. About 53 percent of older workers surveyed are at least somewhat interested in working for the federal government, with 26 percent highly interested.
- Knowledge about federal jobs is low. Only 11% of older Americans surveyed indicated they are very knowledgeable about employment opportunities in the federal government. Older workers also said that they do not know where to find information or assistance about federal jobs.
- The more that older workers know about federal jobs, the more attractive those jobs become. About 41 percent of those who said they were extremely or very knowledgeable about federal jobs also said they were extremely or very interested in working in a federal job, compared to 21 percent of those who were not knowledgeable.
- Negative perceptions of government bureaucracy and the federal hiring process discourage older Americans from applying for federal jobs. Fifty-seven percent of survey respondents said that applying for a federal job is fairly or very difficult; among those respondents who have actually applied for a federal job in the past, the same proportion – 57 percent – said that the process is fairly or very difficult.

[2] Partnership for Public Service, *A Golden Opportunity: Recruiting Baby Boomers Into Government* (2007).

Barriers and Solutions

Our *FedExperience* report tells a compelling story about the potential for the baby boom generation to help meet many of the federal government's urgent talent needs. The challenge for Congress and federal agencies is to find effective ways to overcome the many barriers that prevent or discourage the recruitment, hiring and retention of talented older Americans who are seeking ways to make a positive difference in our federal government.

To be sure, there are some encouraging developments that should be acknowledged and encouraged. For example, the Office of Personnel Management (OPM) has developed the Career Patterns initiative - a new approach for bringing the next generation of employees into federal government positions. OPM has recognized that the "new normal" for the 21st century workforce will bear little resemblance to that of the late 20th century. OPM encourages agencies to adopt a "career patterns mindset," in which different arrangements - telework, flexible work schedules, and varied appointment types – are seen as natural and regular ways of getting work done and not as aberrations. More work along these lines is needed.

Mr. Chairman, we encourage you and your colleagues to consider the following barriers – and recommendations to overcome them – when drafting your legislation and we hope you will find our suggestions helpful.

Our government does a poor job recruiting, assessing and hiring external candidates.

A common impediment to the hiring of outside talent is the closed nature of the federal hiring process. Approximately half of federal job opportunities are not even open to external candidates; of those that are open, external recruiting often consists of little more than posting job announcements on USAJobs, the Office of Personnel Management (OPM) federal jobs Web site.

Federal agencies often place an inordinate emphasis on prior federal experience over underlying skills and abilities in assessing job candidates. This contributes to an insular employment culture in which the skills, abilities and expertise of external applicants tend to be undervalued as compared to internal candidates.

Many of today's agency hiring practices were designed for a time when new employees were hired at the entry level and then spent their careers working their way up the professional ladder. Times have changed, and federal agencies need to catch up if they are going to attract new talent with mission-critical expertise. Modern federal workplaces must be adept at hiring people at different stages of their careers, under a variety of work arrangements, to fill a complete range of agency needs, with the understanding that people are likely to change jobs and even careers many times during their professional lives.

Recommendation: Federal agencies must re-imagine and reinvent the ways in which they recruit, assess, hire and utilize employees. Government's hiring needs range from entry level to experienced personnel working under a variety of work arrangements including full-time permanent, part-time and temporary jobs. Agencies must become increasingly nimble and creative in reaching out to a diverse pool of candidates at different points in their careers. Congress should hold agencies accountable for adapting their recruiting, assessment and hiring practices so that more talented external candidates with needed skills have a fair opportunity to compete for federal jobs based on their experience.

A lack of information about federal jobs is preventing older Americans from considering these opportunities.

Our research has shown that the more knowledgeable older workers are about federal employment, the more likely they are to consider it. Many federal agencies currently do little to advertise and market federal jobs to experienced workers. More must be done to reach out to older Americans about the exciting opportunities available for people like them in federal service.

Recommendation: Agencies and the Office of Personnel Management, working with nongovernmental partners, should enhance outreach and marketing of federal jobs to experienced workers. One positive example in this regard are the televised ads sponsored by OPM touting the wide variety of careers and work environments possible in the federal government and the difference federal employees can and do make. Congress and our armed forces invest millions of dollars in marketing campaigns to attract the men and women needed to ensure a robust military; we believe strongly that a similar commitment to marketing civilian jobs to diverse pools of talent would be a wise investment.

The federal hiring process is broken.

Long a source of frustration for agencies and applicants alike, the federal hiring process is broken and discourages talent from all sources from pursuing federal service. A Partnership review of hiring at selected agencies revealed that the process for hiring a single employee can include more than 110 steps. Some federal job applicants wait a year, or longer, before receiving a job offer. And some potential workers do not wait at all because the job announcement discourages them from applying in the first place. Often running 10, 20 or even more pages in print form, federal vacancy announcements are frequently confusing and filled with indecipherable jargon. Federal agencies often require applicants to submit college transcripts in short job application timeframes and to customize resumes to meet specific agency requirements. Also, agencies generally do not do a good job of keeping applicants informed of the status of their applications – a basic courtesy that should be afforded to all job seekers. The end result is a difficult, lengthy and complex process that discourages many highly skilled older workers from pursuing federal service.

Recommendation: We encourage the Congress to hold the Office of Personnel Management and federal agencies accountable for making hiring more timely, efficient

and user-friendly. To OPM's credit, it has undertaken an interagency effort to improve the federal hiring process and the Deputy Director of OPM is leading that effort. Given the nature of the problem, of course, this effort will need to be sustained and given a high priority over an extended period of time.

At a minimum, all agencies should adopt and enforce an "applicants' bill of rights" that promises a user-friendly application process (for example, allowing a resume to serve as an application); clear job announcements; timely and useful information about the status of an application; and, a timely hiring decision.

Transitioning into the federal workplace can be a bumpy experience.

Integrating new employees into the existing workforce is a challenge when current employees perceive new hires as being uninformed about "how things are done" in government, and those coming from private sector workplaces assume that the government and the private sector are completely different. Current employees can also perceive new hires as a threat to their career prospects, especially if their agency is not investing in their professional development.

Recommendation: Agencies should create employee orientation and onboarding processes that recognize the unique needs of new outside hires, including older workers. Agencies should also invest significantly more in training, development, succession planning and the creation of career paths for current employees.

Negative perceptions of government hinder recruitment.

We know from survey data that there is a link between perceptions of government effectiveness and interest in federal service among older workers.[3] We also know that older Americans' attitudes about government are highly negative. Sixty-six percent believe the federal government is ineffective in solving problems and helping people, and a majority of older Americans surveyed said that the main reason not to work for government is that it is overly bureaucratic.

Recommendation: More data on older Americans' experiences with the federal government would allow us to better understand the underlying causes for this low confidence in government's effectiveness and to determine how much negative attitudes are based on misperceptions versus personal experience. To improve perceptions, agencies and Congress must work together to put a human face on government service, fix real problems that hinder government effectiveness and celebrate the many success stories of government serving the American people.

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[3] *A Golden Opportunity,* page 11.

Inadequate use of existing human resources flexibilities, coupled with statutory and regulatory barriers, hinder the flow of talented, experienced workers into government.

The Office of Personnel Management and Congress could aid the recruitment and retention of highly skilled older Americans in government by providing more federal agencies with the authority to determine when to use direct hire authority for hard to fill positions (with guidance and oversight by OPM), allowing phased retirement of current employees and enabling federal retirees to return to part-time, temporary service without a reduction in their retirement annuities. For the most part, however, agencies do not need additional authorities to improve the recruitment, hiring and retention of experienced workers; they need to make better use of the authorities they already have.

Federal agencies enjoy a large number of recruitment, hiring and retention flexibilities; however, flexibility only works if it is creatively used. Recruitment and retention bonuses, flexible work arrangements, special appointment authorities, enhanced annual leave benefits, and category rating of job applicants are just a few of the tools currently available to federal agencies.

There is a lack of data, however, to explain how these tools are being used, by whom and, most importantly, to what benefit. Using personnel flexibilities first and foremost to ensure that government has the right talent, in the right jobs, is paramount. Better data is needed to know how well agencies are able to hire and retain people with the skills they need.

Recommendation: Congress must ensure that federal agencies measure the effect of personnel tools and how they are used, or not used, toward the goals of recruiting, hiring and retaining the right talent. We encourage Congress to ask for the collection of metrics to assess how agencies are using personnel flexibilities, which flexibilities are most effective at attracting and retaining older workers and other demographic groups, whether using flexibilities are resulting in good hires for government and how flexibilities can be used more effectively. We also encourage the collection of data from employees; for example, a third-party exit survey of departing employees would do much to shed light on the factors that contribute to employee engagement, including the tools and practices that might have been more successful in attracting and keeping needed talent.

Finally, Mr. Chairman, we urge Congress to provide resources for federal agencies so that they may make the best possible use of the flexibilities that Congress has made available. Without adequate funding, agencies will be severely constrained in their use of personnel tools to recruit, hire, retain and develop the right talent for government. Investing in talent is an investment that will more than pay for itself over time.

Creating a Model of Success: *FedExperience Transitions to Government Pilot Program*

Based on the findings of our research, the Partnership for Public Service is launching the *FedExperience Transitions to Government* pilot program with federal agencies, corporate partners, and other stakeholders to match government's critical hiring needs with the talents of experienced, older workers. The pilot program will explore new and expanded means for government to overcome institutional barriers and tap into the growing talent source of older workers, including the design of specific strategies for marketing federal job opportunities to this talent pool, use of targeted recruitment and streamlined hiring processes to obtain proven talent, and improving orientation, onboarding and retention of mature workers so their contributions will continue into the future.

The first major corporate talent source to be featured in the *Transitions to Government* pilot program is IBM. The Partnership, with support from AARP, Civic Ventures and other advocacy groups, will work with IBM to create a corporate transition program that identifies, recruits, and successfully hires interested IBM employees and retirees for key jobs in the federal government. Our first agency partner is the U.S. Department of Treasury, which has significant mission-critical hiring needs that overlap with the given skill sets of IBM employees. Based on lessons learned from this initial effort, the Partnership will expand its *Transitions to Government* pilot to other companies and agencies.

The pilot program will launch in July 2008 and will focus on matching the talent and interests of IBM retirees and employees nearing retirement with mission-critical staffing needs at Treasury. The Partnership will help ensure that specific Treasury job opportunities are sent to IBM employees with matching skill sets and experience; help create streamlined hiring processes; provide career transition support, such as employee benefits counseling and networking events; encourage flexible work arrangements; and help establish mentoring programs and other employee-friendly onboarding practices.

Conclusion

Mr. Chairman, the Partnership strongly believes that increasing federal employment opportunities for older, experienced workers will result in a "win-win-win" situation. Older Americans who want to continue working win by finding meaningful opportunities to use their skills and give back to their country. The federal government will win by creating a new and growing reservoir of talent to help address some of our nation's greatest challenges. And the American people will win by having a federal workforce that is better equipped to do its job.

We applaud the Committee for your oversight efforts and we look forward to working with you on your important and needed legislation. Thank you.

The CHAIRMAN. Thank you, Mr. Stier.

Ms. Feldblum.

STATEMENT OF CHAI FELDBLUM, CO-DIRECTOR, WORKPLACE FLEXIBILITY 2010, WASHINGTON, DC

Ms. FELDBLUM. Thank you. Good afternoon, Chairman Kohl.

My name is Chai Feldblum. I am a law professor at Georgetown University Law Center and the co-director of Workplace Flexibility 2010.

I have submitted long written testimony, and many appendices. In fact, I want to particularly thank Marcy Karin, who is a supervising attorney in my clinic, for shepherding that work through.

But let me just make three main points here from the testimony. First, any creative and effective system to engage older workers in the Federal Government has to include a specific and focused effort on increasing workplace flexibility in the Federal workplace. Workplace flexibility cannot be the tagline. It needs to be the headline. The data shows all this.

I think the data shows that older workers either need to work or want to work, and they don't want to work in the same way. As you noted in your opening statements, as did Senator Smith, they might need to be doing care giving of themselves or others. They might want to do volunteer work or community work. They want to hang out with their grandkids. They want flexible work arrangements.

At Workplace Flexibility 2010, we have a broad definition of workplace flexibility of which one component, the one most relevant to today's hearing, is flexible work arrangements, what we call FWAs. That way you know you are in Washington, you have got an acronym.

So FWAs include, for us, flexibility in scheduling, flexibility in perhaps reduction of hours, and flexibility in terms of place. All that comes in under FWAs. If this Committee, if Congress cares about enhancing employment opportunities for older workers in the Federal Government, it needs to have a specific focus on enhancing FWAs.

Second point, here is the good news. You have heard it already here. The Federal Government is ahead of the curve in this area. Unlike many private employers, the Federal Government already has a fair number of FWAs available in the workplace, which was basically generated at two points in time. In the 1970's, the influx of women into Federal employment and the energy crisis resulted in a bunch of laws being passed to encourage FWAs and, more recently, with the impending retirement crisis. Again, my written testimony describes that in detail.

So that is the good news. I mean, Congress, the agencies have realized that, in this case, older workers want good jobs that have FWAs. But here is the third point and the most critical. There is so absolutely much more that the Government can do. Congress, the agencies working together to, in fact, make flexible work arrangements work well.

Here are just three things to think about that draw on the unique capacity of Government. All of it requires strategic thinking ahead. One, Government is able not only to implement new work-

place policies, it has the capacity to self-assess, critique. I mean, OPM, GAO, congressional hearings, there is a wealth of opportunities to do that critique and assessment, but it needs to be done in a focused, strategic way on workplace flexibility.

The testimony I handed in is a result of 5 years of work, of different students' times finding stuff. It shouldn't take that long to actually find all of that data. So the Government should assess the data, collect it, have an easy access portal.

Two, the Federal Government is huge. You know that. Now that means it is a beast that is sometimes hard to move, but it also means that it offers an incredibly rich opportunity, given the widely varied jobs that it has. Here is a key point we have discovered in 5 years of focusing on workplace flexibility. Flexible work arrangements, FWAs, they don't work well on autopilot. They don't take just because you offer them. It needs—flexible work arrangements need to be integrated into the culture of the workplace, and that requires training and education.

All of the data shows it works well if you have got a manager who understands how to do it. It works well if employees have understanding of the expectations. Now Government has the resources to do this, not unlimited resources, especially in tight economic times. But resources to do education and training, if carefully managed, could make a huge difference.

Third and finally, the Federal Government can export its experiences, its best practices. Again, this is an area ripe for public/private partnership, either the types of partnerships that Max's group is doing, which is actually a project together, or a project in exporting the best practices.

In conclusion, at Workplace Flexibility 2010, we look forward to the day when FWAs and other forms of workplace flexibility are the simple, ordinary, and accepted ways of doing business in our country. Congress and the Federal Government can take the lead in building this type of model workplace for the 21st century. This type of model workplace will not only help retain older workers in the Federal Government, it will ultimately help all workers better manage their work and lives if flexible work arrangements become embedded in the basic culture of how we do work, and that would be a good thing to happen.

Thank you.

[The prepared statement of Ms. Feldblum follows:]

WORKPLACE FLEXIBILITY 2010
Georgetown University Law Center

Testimony of Chai R. Feldblum

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Professor of Law
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Hearing On:

Leading by Example:
Making Government a Model for Hiring and Retaining Older Workers

Special Committee on Aging

United States Senate

Washington, D.C.

April 30, 2008

Mr. Chairman and Members of the Committee, thank you for inviting me to testify before you today.

My name is Chai Feldblum. I am a Professor of Law and Director of the Federal Legislation Clinic at Georgetown Law and the Co-Director of Workplace Flexibility 2010.

I hope to explain in my testimony why increasing workplace flexibility should be a compelling national priority and why opportunities offered by workplace flexibility must be a part of any conversation about the aging Federal workforce.

I. History, Activities, and Reports of Workplace Flexibility 2010

Workplace Flexibility 2010 (WF2010) is a research, outreach and consensus-building effort on national workplace flexibility policy based at Georgetown Law.[1] We are the lead policy component of the Alfred P. Sloan Foundation's National Initiative on Workplace Flexibility, which seeks to make workplace flexibility a standard of the American workplace through a combination of voluntary employer efforts and thoughtful public policy.[2]

The goal of Workplace Flexibility 2010 is to facilitate the development of consensus-based public policy solutions that increase access to workplace flexibility in ways that work for employers and employees. We define workplace flexibility as including three categories:

- **Flexible Work Arrangements:** flexible work arrangements (FWAs) alter the time and/or place that work is conducted on a regular basis, in a manner that is as manageable and predictable as possible for both employees and employers. FWAs provide:

  - Flexibility in the scheduling of hours worked, such as alternative work schedules (e.g., nontraditional start and end times, flex time and compressed workweeks);
  - Flexibility in the amount of hours worked, such as part time work, job shares, phased retirement or part year work; and
  - Flexibility in the place of work, such as working at home, at a satellite location or at different locations.[3]

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[1] Workplace Flexibility 2010, Home Page, http://www.law.georgetown.edu/workplaceflexibility2010/index.cfm.

[2] For a description of the Sloan National Initiative on Workplace Flexibility, see Workplace Flexibility 2010, Alfred P. Sloan Foundation National Initiative, http://www.law.georgetown.edu/workplaceflexibility2010/funding.cfm.

[3] For a more detailed description of FWAs, see WORKPLACE FLEXIBILITY 2010, FLEXIBLE WORK ARRANGEMENTS: THE OVERVIEW MEMO (2006), http://www.law.georgetown.edu/workplaceflexibility2010/definition/general/FWA_OverviewMemo.pdf. The type of FWA that an employee needs and utilizes will depend on the type of job the employee holds. The FWAs most studied in research -- including flexibility in the scheduling of hours worked, such as alternative work schedules (e.g., nontraditional start and end times, flex time and compressed

- **Time Off:** Time Off provides leave from work for a defined period of time to address unexpected or ongoing personal and family needs. Time off may be needed in short or long increments.

Time Off in Short Increments includes:

- Short-Term Time Off (STO) -- used to address the ordinary predictable and unpredictable needs of life (e.g., a sick employee, a sick child, a child's school conference, a death in the family, a home repair).
- Episodic Time Off (EPTO) -- used to address a recurring predictable or unpredictable need for time off from work (e.g., an employee who has -- or cares for a family member who has – an illness or chronic health condition that flares up sporadically, an employee who volunteers regularly in the community, or an employee who is obtaining advanced training).

Time Off in Long Increments includes Extended Time Off (EXTO). EXTO is used to address a need for time away from work for a single reason for an extended period of time (e.g., caring for a newborn or newly adopted child, having a serious health condition or caring for a family member with a serious health condition, or serving in the military).

- **Career Exit, Maintenance and Reentry:** Career Exit, Maintenance and Reentry addresses the needs of employees who, out of necessity or personal choice, leave the workforce completely for a period of time, but need and/or want to reenter the workforce later.[4]

Over the last five years, Workplace Flexibility 2010 has:

- *Created a body of significant intellectual work that analyzes how existing laws may support, enhance, or impede workplace flexibility as defined by these components.* For example, over an 18-month period, we convened a Legal Working Group of seven high-level management litigators and seven high-level employee and union litigators to explore these issues. We systematically worked through the various challenges and opportunities posed by existing laws and proposed laws. We also assembled a Phased Retirement Working Group of inter-disciplinary experts (including plan and business representatives, consumer groups, academics, and actuaries) to analyze the obstacles and disincentives for private employers who wish to institute phased retirement programs. Using background materials prepared by Workplace Flexibility 2010 legislative lawyers,

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workweeks) -- are often utilized by employees in jobs with traditionally long hours and fixed schedules. By contrast, for employees in jobs with traditionally *less* than full time hours and *unpredictable* scheduling, FWAs would be arrangements that provide such workers with *greater* predictability over their work hours, such as receiving advance scheduling of their hours.

[4] *See* APPENDIX A: WORKPLACE FLEXIBILITY 2010, DEFINITION OF WORKPLACE FLEXIBILITY.

these core groups considered and discussed a range of policy options that might increase access to workplace flexibility.

- *Rooted the conversation on workplace flexibility in sound research.* Workplace Flexibility 2010 has engaged in an interactive dialogue with academics and researchers to create accessible summaries of the quantitative and qualitative research documenting the needs for flexibility and the costs of workplace inflexibility.[5]

- *Created forums for meaningful bipartisan dialogue on workplace flexibility.* Through a series of bipartisan briefings on Capitol Hill over the course of three years, we have helped educate Congressional staff and other stakeholders on the need for workplace flexibility. These briefings have been examples of initial partnerships on workplace flexibility across party lines. Three examples are a July 18, 2005 briefing co-sponsored by Senators Kohl and Smith on "What an Aging Workforce Can Teach Us About Workplace Flexibility"; a May 1, 2006 briefing co-sponsored by Senators Alexander and Clinton on "Meeting the Need of Today's Families: The Role of Workplace Flexibility"; and a September 29, 2006 briefing co-sponsored by Senators Dodd and DeWine on "Promoting Children's Well Being: The Need for Workplace Flexibility."[6]

- *Engaged a diverse range of stakeholders to broaden the commitment to workplace flexibility.* We have reached out to a wide range of groups -- including those representing the interests of disability, health, religion, aging, children and others -- to bring new perspectives to the policy debate and to widen the spectrum of groups interested in moving forward effectively in this arena. Workplace Flexibility 2010 has also been getting outside the Beltway, hosting community policy forums on workplace flexibility in cities across the country. Through these forums, we are hearing directly from local employers and community organizations on how they experience the need for flexibility – and we are committed to bringing those insights back to the national policy conversation on workplace flexibility.

II. Workplace Flexibility and Older Workers

At Workplace Flexibility 2010, we believe that workplace flexibility is a compelling national issue. Two converging currents in the American workplace have propelled the

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[5] *See, e.g.*, CHANTEL SHEAKS, MARCIE PITT-CATSOUPHES, MICHAEL A. SMYER, LEGAL AND RESEARCH SUMMARY SHEET: PHASED RETIREMENT, http://www.law.georgetown.edu/workplaceflexibility2010/definition/documents/PhasedRetirement08-07.pdf [hereinafter Phased Retirement Fact Sheet]; WORKPLACE FLEXIBILITY 2010, OLDER WORKERS AND THE NEED FOR WORKPLACE FLEXIBILITY (2005), http://www.law.georgetown.edu/workplaceflexibility2010/docs/2005_0718_Event/WF2010_Older_JAZZY_COLOR.pdf [hereinafter WF2010 Older Worker Fact Sheet].

[6] Materials from these events are available at Workplace Flexibility 2010, News and Events, http://www.law.georgetown.edu/workplaceflexibility2010/news.cfm.

need for flexibility to the forefront, and have made it a pressing issue for all workforces, including that of the Federal government.

First, we have experienced broad societal change in our communities: most families today have two earners who must try to balance work and personal responsibilities.[7] In 1970, almost two-thirds of married couples had one spouse at home to handle family life needs; by 2000, 60% of married couples had both spouses in the workforce.[8] According to the National Study of the Changing Workforce, nearly 80% of employees—including both men and women—said they would like to have more flexible work options and would use them if there were no consequences at work.[9] But despite the 21st century change in our work patterns, our laws and policies have failed to keep pace.

Second, the demographics of the workforce are necessarily changing as the Baby Boomers are reaching retirement age. The Center on Aging & Work/Workplace Flexibility at Boston College has graphically illustrated the demographic effect of the Baby Boomers on American society throughout the years, starting with the structure of American education, and continuing with their impact on the American workplace.[10] Studies also indicate that the percentage of workers aged 55-64 in the American workforce will increase by 48% in the next five years; the percentage of workers aged 65 and older will increase by 40%.[11] In that same time period, the proportion of workers aged 45-54 will decrease by 10%, and the proportion of younger workers will only increase moderately.[12] This demographic change has already begun to heavily impact the Federal workforce – a large (and growing) percentage of Federal employees are eligible to retire. And when they do retire, these employees will take with them institutional knowledge and experience built up over decades of service.[13]

Despite this anticipated retirement wave, many older workers need or want to work past traditional retirement age.[14] Some will do so seeking economic security.[15] For

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[7] WORKPLACE FLEXIBILITY 2010, MEETING THE NEEDS OF TODAY'S FAMILIES: THE ROLE OF WORKPLACE FLEXIBILITY (2006), http://www.law.georgetown.edu/workplaceflexibility2010/documents/FF_BW_FI_Fact.pdf.
[8] *Id.*
[9] *Id.*
[10] *The Aging Workforce: What Does it Mean for Business and the Economy?: Hearing Before the Senate Special Committee on Aging*, 110th Congress (Feb. 28, 2007) (statement of Dr. Marcie Pitt-Catsouphes, The Center on Aging & Work/Workplace Flexibility at Boston College) [hereinafter *The Aging Workforce,* Pitt-Catsouphes statement].
[11] *The Aging Workforce,* Pitt-Catsouphes statement, *supra* note 10.
[12] *Id.*
[13] *Federal Benefits: Are We Meeting Expectations?: Hearing Before the House Subcommittee on Federal Workforce, Postal Service, and the District of Columbia*, 110th Congress (Aug. 2, 2007) (statement of Linda M. Springer, U.S. Office of Personnel Management). Springer has made numerous references to the impending "tsunami" and the need for agencies to adequately prepare. OPM notes that "[b]y 2015, 40% of the Federal workforce is expected to retire." U.S. Office of Personnel Management, *Career Patterns Initiative: A Guide for Agencies* (2006), *at* http://www.opm.gov/hcaaf_resource_center/careerpatterns/CPGuideV1.pdf.
[14] WF2010 Older Workers Fact Sheet, *supra* note 5.
[15] Most people over 45 indicate that they plan to, or know they need to, work at least part time in retirement for financial reasons. S.E. Rix, *Aging and Work: A View from the United States* 23 (2004).

example, more than one third of 45-54 year olds and one quarter of 55-64 year olds report that they have not set aside money for retirement on a regular basis.[16] In fact, most people over the age of 45 indicate that they plan to, or know that they will need to, work at least part time once they reach retirement age for financial reasons.[17]

Other older individuals may elect to keep working to stay mentally active and healthy in a job they enjoy.[18] A recent survey entitled, "Attitudes of Individuals 50 and Older Toward Phased Retirement," found that the reasons employees who are at least 66 years old work during "retirement" were the "desire to stay mentally active (72%) and the desire to remain productive and useful (71%)."[19]

Whether an older employee keeps working out of economic necessity or to stay active, many will want or need a more flexible work environment.[20] And regardless of the reasons that an older worker remains in the workforce, many do not want to keep working in the *same* way that they have worked in the past. Some workers desire flexibility to provide better care to themselves or to a spouse, sibling, child, or grandchild. Other workers may desire flexibility in order to attend a weekly class or a golf match, observe religious practices, or for civil engagement. The structure of the workplace should be one in which, for example, a grandparent is not forced to choose between spending time with his or her grandchildren and continuing in a job that provides financial security and/or personal fulfillment.

III. The Federal Government and Older Workers

A. Creative and Systematic Thinking

If the Federal government is to be successful in tackling the workforce issues of the future, it must engage in affirmative, creative, *advance* thinking about workplace flexibility. The Federal government will need to have a systematic approach for transforming the structure of its workplace from the rigid constructions of its past to the more flexible needs of its future.

Studies confirm that workplace flexibility – when instituted and implemented well – can be beneficial for both employers and employees.[21] Federal agencies have reported that workplace flexibility programs such as alternative and flexible work schedules are some of the most effective tools they have in managing their workforce to achieve agency

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[16] *Id.*
[17] *Id.* at 23.
[18] WF2010 Older Workers Fact Sheet, *supra* note 5.
[19] AARP, Attitudes of Individuals 50 and Older Toward Phased Retirement (March 2005), http://assets.aarp.org/rgcenter/post-import/phased_ret.pdf.
[20] WF2010 Older Workers Fact Sheet, *supra* note 5.
[21] *See* U.S. Gen. Accounting Office, GAO-07-118, *National Transportation Safety Board: Progress Made, Yet Management Practices, Investigation Priorities, and Training Center Use Should Be Improved* 21 (2006) and U.S. Gen. Accounting Office, GAO 07-438SP, *Highlights of a GAO Forum: Engaging and Retaining Older Workers* 10 (2007).

goals.[22] Studies indicate that workplace flexibility should be a central part of any agency's recruitment and retention efforts. For example, a recent GAO survey found that 53% of all Federal employees with dependent care needs said that workplace flexibility options were an important factor in accepting employment with an agency, while 67% said it was an important factor in their decision to continue to work at a particular agency.[23]

Workplace flexibility is particularly important for older workers. Such workers cite inflexible work schedules as one of the biggest impediments to working after traditional retirement age.[24] A recent study found that "the most common reason for retiring but continuing to work after retirement is that respondents want a work schedule that allows them the flexibility to do other things, such as travel, or develop interests (71% gave this response)."[25] To some older workers, flexible work arrangements and other non-monetary characteristics of work may be more important than wages.[26]

But instituting workplace flexibility programs that will work well for both employers and employees is not always easy. Indeed, as the Federal government itself demonstrates, the will to implement such programs is not always matched by the strategic and advance thought necessary to ensure effective implementation of such programs. If the Federal government is to have the skilled workforce that it needs to meet the human resource requirements of its agencies, it must learn from its past efforts and build on its successes.

B. The Federal Government As a Pioneer in Workplace Flexibility

Increasing workplace flexibility in the Federal government has surfaced as a priority for Congress and the Federal government twice in modern times. The assessments conducted by both Executive and Congressional bodies on such initial attempts also illustrate some of the challenges such policies have encountered.

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[22] U.S. Gen. Accounting Office, GAO-07-118, *National Transportation Safety Board: Progress Made, Yet Management Practices, Investigation Priorities, and Training Center Use Should Be Improved* 21 (2006).
[23] U.S. Gen. Accounting Office, GAO-07-437R, *An Assessment of Dependent Care Needs of Federal Workers Using the Office of Personnel Management's Survey* 34 (2007).
[24] U.S. Gen. Accounting Office, GAO 07-438SP, *Highlights of a GAO Forum: Engaging and Retaining Older Workers* 10 (2007). For facts on older workers preferences see the Center on Aging & Work/ Workplace Flexibility at Boston College, *Fact Sheet on Older Workers' Preferences for Work and Employment* at 1 (2006) (48% of non-retired older workers who worked 44 hours per week on average would prefer to work less hours; older workers are more likely to desire alternative work arrangements as they age).
[25] Center on Aging & Work/ Workplace Flexibility at Boston College, *Fact Sheet on Older Workers' Preferences for Work and Employment* at 2 (citing Moen, P., Erickson Aw., Agarwal, M., Fileds, V., & Todd, L. (2000) *Cornell Retirement and Well-Being Study: Final report*. Ithaca, NY: Bronfenbrenner Life Course Center at Cornell University).
[26] WF2010 Older Worker Fact Sheet, *supra* note 5 (citing S.E. Rix, *Aging and Work: A View from the United States* 23 (AARP 2004); Haider, S., Loughran, D. *Elderly Labor Supply: Work or Play?* (Santa Monica, CA: RAND Corp. 2001); and Moen, Erickson, Agarwal, Fileds, & Todd, *supra* note 25).

(1) *The First Attempt at Structural Change – A Wave of New Laws in the 1970s*

The influx of women into the workplace in the 1970s, along with an accompanying energy crisis, surfaced the need for a change in the structure of the workplace. During the early 1970's, studies of emerging flexibility practices in both Federal and non-Federal employees provided early evidence that flexible work arrangements might increase productivity and morale.[27] As support for the formal establishment of flexibility options within the Federal government grew, Congress enacted two laws in 1978: (1) the Federal Employees Part-Time Career Employment Act;[28] and (2) the Federal Employees Flexible and Compressed Work Schedules Act (FEFCWA).[29]

The first law – the Federal Employees Part-Time Career Employment Act – was passed in response to the enumerated benefits of part-time permanent employment, including increased productivity and the opportunity to better balance work and family needs.[30] The Act required the head of each Federal agency to establish and maintain a program for part-time career employment. It also required the Office of Personnel Management (OPM) to advise and assist agencies through initiatives such as research and demonstration programs.[31]

In 1986, a Government Accountability Office (GAO) examination of the status of Federal part-time employment programs found that neither OPM nor the agencies had fulfilled their respective duties under the law.[32] Although a later government review concluded that this was "more a result of organizational inertia than . . . a conscious decision not to have such positions,"[33] Congress responded by requiring OPM to establish a formal job-sharing program in 1990.[34] In 1994, President Bill Clinton strengthened the part-time initiative with a memorandum that directed executive departments and agencies to establish a program that would encourage and support the expansion of flexible family-friendly work arrangements, including part-time arrangements.[35] In 1996, President

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[27] U.S. Gen. Accounting Office, GAO/GGD-94-55, *Alternative Work Schedules: Many Agencies Do Not Allow Employees the Full Flexibility Permitted by Law* (1994).
[28] Pub. L. No. 95-437. *See* APPENDIX B: WORKPLACE FLEXIBILITY 2010: FEDERAL EMPLOYEES PART-TIME CAREER EMPLOYMENT ACT (providing an overview of the law).
[29] Pub. L. No. 95-390. *See* APPENDIX C: WORKPLACE FLEXIBILITY 2010: FEDERAL EMPLOYEES FLEXIBLE AND COMPRESSED WORK SCHEDULES ACT (providing an overview of the law).
[30] *See* 5 C.F.R. § 340.101 Congressional Findings and Purpose. *See also* http://www.opm.gov/Employment_and_Benefits/WorkLife/OfficialDocuments/handbooksguides/PT_Employ_JobSharing/pt02.asp for OPM's list of the benefits of part-time and job sharing employment opportunities.
[31] *See* 5 U.S.C. § 3402.
[32] U.S. Gen. Accounting Office, GAO-GGD-86-103BR, *Federal Personnel – Federal Agencies' Part-Time Employment Programs* 1 (1986).
[33] *See* U.S. MERIT SYSTEMS PROTECTION BOARD, BALANCING WORK RESPONSIBILITIES AND FAMILY NEEDS: THE FEDERAL CIVIL SERVICE RESPONSE 42 (1991).
[34] Pub. L. No. 101-136, 103 Stat. 783-809 (1989).
[35] Memorandum of President William J. Clinton, Expanding Family-Friendly Work Arrangements in the Executive Branch, 30 WEEKLY COMP. PRES. DOC. 1468 (July 11, 1994).

Clinton issued another memorandum directing executive agencies to review and further utilize flexible policies already in place.[36]

The second law enacted by Congress in 1978 -- the Federal Employees Flexible and Compressed Work Schedules Act (FEFCWA) -- authorized agencies to implement "experiments" involving alternative work schedules (AWS) for a period of three years.[37] These experiments empowered agencies to permit Federal employees to designate non-traditional arrival and departure times, centered around core agency hours, and to experiment with four-day workweeks or other compressed schedules.[38]

While FEFCWA did not require agencies to conduct such experimental programs, nor did it prescribe the form that such experiments would take,[39] the law did list six specific areas of improvement anticipated as a result of such experimental changes in scheduling: better efficiency of government operations; more effective management of mass transit facilities and traffic; better control of energy consumption; more quality service to the public; more opportunities for full and part time employment; and better employee job satisfaction, morale, and family life.[40] The law mandated the Civil Service Commission (the precursor to OPM) to measure the actual effectiveness of changes in scheduling and to report any legislative or administrative recommendations to Congress by 1982.[41]

Midway through the experimental period authorized by FEFCWA, the GAO submitted a report to Congress warning that the lack of uniformity in AWS programs, the lack of meaningful agency self-evaluation, and insufficient monitoring by OPM (the successor to the Civil Service Commission) would make a realistic assessment of such programs unlikely.[42] OPM disagreed with the GAO, insisting that the experiments would "provide meaningful decision-making information."[43] Indeed, in one of its subsequent reports, OPM judged the experiments a success, concluding "that all of the [AWS] types used in the experiment were successful in most situations from the perspective of both the

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[36] Memorandum of President William J. Clinton, Implementing Federal Family Friendly Work Arrangements in the Executive Branch, 32 WEEKLY COMP. PRES. DOC. 1119 (June 21, 1996).
[37] Pub. L. No. 97-221§ 2 (authorizing "carefully designed, controlled, and evaluated experimentation by Federal agencies"). *See also* § 5 (three-year sunset provision).
[38] *Id.* § 2.
[39] *See, e.g., id.* Earlier proposals *required* agencies to conduct experimental AWS programs. Mandatory agency participation proved too controversial and an amendment, negotiated by Representative Edward Derwinski (R-IL) and Representative Stephen Solarz (D-NY), made agency participation voluntary. *Compare* H.R. REP. No. 95-912 (1978) (section 4 of the bill as reported out of committee) *with* 124 CONG. REC. 15434 (1978) (amendment offered by Rep. Solarz and passed by floor vote).
[40] Pub Law No. 95-390, Federal Employees Flexible and Compressed Work Schedules Act. *See also* U.S. Gen. Accounting Office, GAO/GGD-85-63: *Report to the Chair, Task Force on Economic Security, Select Committee on Children Youth and Families of the House of Representatives: Alternative Work Schedules for Federal Employees* (1994).
[41] Pub. L. No. 95-390 § 304.
[42] U.S. Gen. Accounting Office, *The Alternative Work Schedules Experiment: Congressional Oversight Needed to Avoid Likely Failure*, at 18-19 (FPCD-81-2, 1980) [hereinafter "Congressional Oversight Needed"].
[43] Letter of Gary R. Nelson, Assoc. Dir. for Compensation, Office of Personnel Management, Commenting on GAO Report (Aug. 25, 1980), *in* GAO, Congressional Oversight Needed, *supra* note 42, at 62.

experimenting organizations and individuals."[44] After also concluding that "careful and complete management assessment is required prior to implementing an AWS program and periodically during its operation," OPM recommended that Congress enact legislation that would permit the permanent establishment of such flexible scheduling in agencies and that would include "appropriate control and oversight."[45]

Disagreement regarding the extent of appropriate agency control and oversight of AWS programs prevented permanent authorization of the FEFCWA of 1978 at the end of its initial 3-year experimental phase. Congress passed a 4-month extension of the law while it further debated the future of the law.[46]

During the permanent authorization debate, OPM sought "broad authority to regulate and oversee the use of [AWS]" and recommended that OPM be given the authority to pre-approve all compressed work schedules.[47] OPM Director Donald Devine, recently appointed by newly-elected President Ronald Reagan, also argued for unilateral agency authority to establish or terminate AWS programs. The Democrats in Congress, with strong support from the unions, argued that agencies should be required to negotiate directly with employee representatives before establishing or terminating an AWS program.[48]

While such disputes, as well as a desire for further evaluation of AWS programs, prevented permanent authorization of the law in 1982, Congress reauthorized the law to allow for another three-year experiment.[49] The FEFCWA of 1982 allowed agencies to review and terminate existing experimental AWS programs without a requirement to negotiate that termination and with no possibility of review.[50] However, if an existing program were terminated, an agency or union could bargain over the establishment of a new AWS program. For any continued or newly established AWS programs, however, the FEFCWA of 1982 provided agencies with the authority to terminate AWS programs that had an "adverse agency impact," but required negotiation with employee representatives for such termination.[51] Any impasse between agencies and unions

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[44] Office of Personnel Management, Alternative Work Schedules Experimental Program: Interim Report to the President and the Congress, at 2 (PP 60-19, 1981).
[45] *Id.*
[46] Pub. L. No. 97-160, 96 Stat. 21 (1982).
[47] Letter of Donald J. Devine, Director, Office of Personnel Management, Accompanying Legislative Recommendations (Feb. 9, 1982), in *Hearing on H.R. 5366 to Amend Title 5, United States Code, to Provide Permanent Authorization for Federal Agencies to Use Flexible and Compressed Employee Work Schedules, Before the Subcomm. on Civil Serv., Post Office, and Gen. Servs. of the S. Comm. on Governmental Affairs*, 97th Cong. 75 (1982). OPM also recommended more specific limitations on usage of AWS, greater management control over the decision to implement or terminate AWS (especially in the context of collective bargaining agreements), and a requirement that AWS be used "only when they would improve productivity or provide greater service to the public and would not add to the cost of agency operations." *Id. See also id.* at 84 (section analysis of OPM's proposed legislation, amending organized labor negotiation provisions to grant greater autonomy to management).
[48] 128 CONG. REC. 5034 (1982).
[49] Pub. L. No. 97-221, 96 Stat. 227 (1982).
[50] *Id.* § 4(b)(1).
[51] *Id.* § 2, *amending* 5 U.S.C. § 6131 (a) and (c). The FEFCWA of 1978 had allowed agency termination of AWS programs "but subject to the terms of any [collective bargaining agreement]." The FEFCWA of

regarding the termination of an AWS program based on "adverse agency impact" would be referred to the Federal Service Impasses Panel for resolution.[52]

By the time FEFCWA came up for consideration at the end of its second 3-year experimental phase, GAO reported widespread support for AWS programs.[53] Although permanent authorization of the law was temporarily delayed by peripheral controversies,[54] FEFCWA was permanently authorized in December 1985 without any substantive changes to the provisions enacted in 1982.[55]

The experience of the Federal government with these various laws demonstrates the ability of the government to be a pioneer in advancing workplace flexibility and the capacity of the government to engage in useful assessment of its efforts. But such assessments also highlight some of the limitations in the existing programs.

For example, while both GAO and OPM reports have indicated growth in the *availability* of FWA policies across the executive branch, actual employee *usage* of FWAs remains difficult to assess. In addition, these reports have consistently identified ongoing barriers to the effective implementation and utilization of AWS programs.

The primary barriers identified in these reports include:

- The law does not require agencies to offer FWA programs; it only authorizes agencies to implement FWA policies if they wish to do so.
- Even when an agency chooses to implement an official FWA policy, the agency's management—from top leadership to individual supervisors—may not support, publicize, emphasize, or encourage the use of FWAs. This may be because they believe use of FWAs will result in lost productivity (despite data to the contrary) or because it is simply not a priority for them.[56]
- Even if there is support for a program within a particular agency, there is often inconsistent implementation of FWA programs from department to department

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1982 allowed an agency to refuse to establish or terminate an AWS "notwithstanding . . . any collective bargaining agreement" but still required negotiation with unions regarding the establishment or termination of an AWS program.

[52] *Id.*, *amending* 5 U.S.C. § 6131(c)(2).

[53] U.S. Gen. Accounting Office, Alternative Work Schedules for Federal Employees, at 3 (July 19, 1985), *in Federal Employees Flexible and Compressed Work Schedules Act: Hearings on H.R. 1534 Before the Subcomm. on Human Resources of the House Comm. on Post Office and Civil Service*, 99th Cong. (1985).

[54] Pub. L. No. 99-69, 99 Stat. 167 (1985); Pub. L. No. 99-109, 99 Stat. 482 (1985); Pub. L. No. 99-140, 99 Stat. 563 (1985).

[55] Pub. L. No. 99-196, 99 Stat. 1350 (1985) (striking § 5 of the 1982 law, which contained its sunset provision).

[56] *See* Office of Personnel Management, Achieving a Balance: Meeting Work and Family Obligations, at 8 tbl.1 (July 2000); Office of Personnel Management, A Review of Federal Family-Friendly Workplace Arrangements, at 12-14 (July 1998); GAO, *Many Agencies Do Not Allow Full Flexibility*, *supra* note 27, at 7-9.

(or even from individual supervisor to supervisor).[57] This can make it difficult for such programs to be fully integrated into the workplace.

- As a practical matter, some managers are more effective in communicating, encouraging, implementing, and managing such programs than others. The availability of FWAs and/or the ability to schedule flexible hours is often not communicated effectively to employees by their supervisor.[58]
- FWAs are sometimes made available only to a certain class of employees, excluding those who may need them the most and preventing workplace flexibility from becoming the norm for all workers. Depending on the circumstances, a rational reason may or may not be present for such exclusions.[59]

As a result of these barriers, the availability and utilization of FWA programs remains inconsistent across and within the Federal agencies.

(2) *The Aging Workforce Creates A Wave of Renewed Interest: the 2000s*

Over the past decade, the aging workforce has served as a catalyst for a renewed focus on workplace flexibility in the Federal government. The government understands that its workforce is changing and that its workplaces should better reflect those changing needs. Congress and the agencies have launched several innovative and interesting programs to respond to those needs.

The Federal government has increasingly used workplace flexibility as a recruitment and retention tool for workers who are needed in critical workforce positions. For example, OPM recently targeted prospective employees at different stages in their career with a Career Patterns Initiative.[60] Access to certain types of FWAs -- mainly alternative work schedules and other forms of workplace flexibility -- are emphasized in this effort as one of the main approaches for attracting and keeping employees.[61]

In 2004, Congress passed the Federal Workforce Flexibility Act of 2004 to "[t]o further improve the Federal government's ability to recruit and retain a world-class 21st century workforce."[62] The law aimed to modernize personnel flexibilities available to employees of Federal agencies, a number of which were having difficulty attracting qualified individuals to fill senior positions. It did so in three primary ways. First, it allowed

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[57] *See, e.g.*, OPM, *Achieving a Balance*, *supra* note 56, at 6 (noting that many organizations leave implementation to the discretion of individual supervisors).
[58] *See* OPM, *Review of Workplace Arrangements*, *supra* note 30, at 12; GAO, *Many Agencies Do Not Allow Full Flexibility*, *supra* note 27, at 10-11.
[59] *See* OPM, *Achieving a Balance*, *supra* note 56, at 8, 10; OPM, *Review of Workplace Arrangements*, *supra* note 56, at 11, 13; GAO, *Many Agencies Do Not Allow Full Flexibility*, *supra* note 27, at 7-9. Sometimes unionized employees may use AWS while non-unionized employees may not, and sometimes vice versa. *Id.* at 7. AWS have also not tended to be available to supervisory and senior-level staff. OPM, *Achieving a Balance*, *supra* note 56.
[60] OPM, *Career Patterns Initiative*, *supra* note 13.
[61] *Id. See also* APPENDIX D: WORKPLACE FLEXIBILITY 2010: SOME BACKGROUND INFORMATION ON WORKPLACE FLEXIBILITY IN FEDERAL AGENCIES.
[62] S. REP. NO. 108-223, at 4 (2004).

agencies to offer higher lump sum or installment bonuses for the recruitment, relocation, and retention of certain employees, and required OPM to submit an annual report to Congress on the use of these new tools.[63] Second, it required agencies to regularly evaluate training programs aimed at enhancing career development, while changing annual leave calculation to recognize accrued leave from prior, non-governmental jobs.[64] Third, the law allowed agencies to offer compensatory time off for time spent in travel status for which the employee would not otherwise be compensated.[65] In creating this package of employment policies, Congress noted that it was responding to a "recent [GAO] report finding that the most effective [flexibilities] in managing the Federal workforce are those such as time off awards and flexible work schedules. . . ."[66]

Several individual agencies have also developed programs to address the concerns of the changing Federal workplace. For example, the Nuclear Regulatory Commission (NRC) actively advertises its workplace flexibility options.[67] NRC has received legislative authority to re-hire retired former retirees and to let them receive a full salary and a full pension annuity. Ninety six percent of NRC's intermittent staff are 50 years of age or older, and many are re-employed annuitants.[68] Agencies are also increasingly offering the flexible work arrangement of telework.[69] NASA's Langley Research Center, the General Services Administration, and other agencies have all established telework programs to meet their workforce needs, with some promising results.[70] And the General Services Administration reports that telework has been made available to 92% of its 12,205 employees.[71]

Public-private partnerships have also become increasingly important in this latest wave of government experimentation. Public-private programs such as the *FedExperience* encourage older workers in the private sector to consider Federal employment both as a

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[63] Federal Workforce Flexibility Act of 2004, Pub L. No. 108-411 §§ 101 & 201.
[64] *Id.* § 201.
[65] *Id.* § 203.
[66] *Recruiting and Retaining Federal Workers: Hearing Before the Subcomm. on Civil Service and Agency Organization of the Comm of Government Reform*, 108th Congress (2004) (statement of Colleen M. Kelley, National President of National Treasury Employees Union).
[67] NRC Employment Opportunities Website, *at* http://www.nrc.gov/about-nrc/employment/quality-life.html
[68] Human Resources Processes, Policies, and Practices, *at* http://www.nrc.gov/reading-rm/doc-collections/commission/secys/2006/secy2006-0164/enclosure3.pdf; *see also* PARTNERSHIP FOR PUBLIC SERVICE, A GOLDEN OPPORTUNITY: RECRUITING BABY BOOMERS INTO GOVERNMENT 6 (2008), at http://www.ourpublicservice.org/OPS/publications/viewcontentdetails.php?id= 122 (noting that 96% "of NRC's intermittent staff are 50 or older").
[69] The "official website of the Federal Government's telework program," http://www.telework.gov/; *see also* APPENDIX E: WORKPLACE FLEXIBILITY 2010, TELECOMMUTING: A CASE STUDY IN PUBLIC POLICY APPROACHES, *at* http://www.law.georgetown.edu/workplaceflexibility2010/definition/general/C_Memo_TeleComm.pdf.
[70] National Aeronautics and Space Administration, Office of Human Capital Management, *Telecommuting*, *at* http://ohcm.larc.nasa.gov/familylife/telecommuting.html and http://lms.larc.nasa.gov/admin/documents/LPR3900-1.pdf. *See also* U.S. Gen. Services Administration, *Telework*, *at* http://www.gsa.gov/Portal/gsa/ep/home.do?tabId=14.
[71] *Hearing Before the Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia Committee on Homeland Security and Governmental Affairs*, 110th Congress (2007) (statement of Stanley Kaczmarczyk, Deputy Associate Administrator, Office of Governmentwide Policy, U.S. General Services Administration).

matter of civic duty and as a means of obtaining a more flexible work environment. The *FedExperience* is a partnership between IBM, the Partnership for Public Service, and the Department of Treasury, which transitions retiring IBM employees into positions at the Department of Treasury.[72] The Partnership seeks to match the skills and interests of retirees with mission-critical positions. One of its stated goals is to "encourage flexible work arrangements."[73]

For several decades, the Environmental Protection Agency (EPA) has been tapping older workers as a source of skilled employees, partnering with non-governmental organizations to utilize this particular group of employees. The Senior Environmental Employment program (SEE) at EPA was established by Congress in 1984 "to utilize the talents of older Americans"[74] in providing technical assistance in a variety of environmental projects. The SEE program provides an opportunity to those over the age of 55 who are retired or unemployed to remain active, using their skills in meaningful tasks that support environmental programs.[75] While the SEE program was established by the EPA and still operates from that agency, it currently places over 1,500 participants in positions throughout government, including the White House, and the Departments of Interior, Army, Commerce, Defense, and Energy.[76]

More recently, the Department of Agriculture has embarked on a similar program. The Agriculture Conservation Enrollees/Seniors (ACES) is a pilot project of the Natural Resources Conservation Service at the Department of Agriculture (USDA).[77] Through ACES, the USDA uses workers 40 years and older (but targets retired seniors[78]) on a

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[72] *See* Partnership for Public Service, *FedExperience Transitions to Government Pilot Program, at* http://www.ourpublicservice.org/OPS/programs/fedexperience/.
[73] *Id.*
[74] Environmental Programs Assistance Act of 1984, Pub. L. No. 98-313 § 2(a); 42 U.S.C. § 4368(a) note (1984).
[75] U.S. Environmental Protection Agency, *About See Program, at* http://www.epa.gov/ohr/see/brochure/backgr.htm.
[76] National Older Worker Career Center, *About the SEE Program, at* http://www.seeprogram.org/About.aspx; *see also* Environmental Programs Assistance Act of 1984, Pub. L. No. 98-313 § 2(a); 42 U.S.C. § 4368(a) note (1984) (the statute does not require that workers be placed at the EPA, it only stipulates that they be placed in "programs authorized by other provisions of law" and that they be for "pollution prevention, abatement, and control").
[77] The project is a pilot project announced in 2005 and has not yet been statutorily authorized. However, a proposal has been submitted to Congress to broaden the Secretary of Agriculture's authority to contract services of ACES participants. As of the end of 2006, the USDA spent $2.6 million on the project and there are 148 ACES positions throughout the agency. *See* Natural Resources Conservation Service, *USDA Announces New Partnership with the National Older Worker Career Center, News Release, at* http://www.nrcs.usda.gov/news/releases/2005/aces.html; Hearing Before the Senate Subcommittee on Forestry, Conservation and Rural Revitalization (2006) (statement of Sara Braasch, Regional Assistant Chief Natural Resources Conservation Service), *at* http://www.nrcs.usda.gov/ABOUT/legislative/pdf/TSP_Testimony_SARA_BRAASCH_7_25_06_pm.pdf.
[78] Hearing Before the Senate Subcommittee on Forestry, Conservation and Rural Revitalization (2006) (statement of Sara Braasch, Regional Assistant Chief Natural Resources Conservation Service), *at* http://www.nrcs.usda.gov/ABOUT/legislative/pdf/TSP_Testimony_SARA_BRAASCH_7_25_06_pm.pdf.

temporary basis through an agreement administered by the National Older Workers Career Center.[79]

Further, in response to a request from Senators Kohl and Smith, as well as a GAO recommendation, the Department of Labor convened an Interagency Taskforce on the Aging of the American Workforce in May 2006.[80] In February of 2008, the Taskforce issued a report that highlighted the need for Federal action to address the needs of older workers.[81] In one of its recommendations, the Taskforce suggested that the Federal government could become a model employer by "adopting and promoting flexible employment policies to facilitate the recruitment and retention of older workers."[82]

Finally, it is worth observing that Congress has taken steps to address certain aspects of workplace flexibility in broader efforts to enhance the Federal workplace. For example, the National Defense Authorization Act of 2004 required agencies to administer an annual survey assessing their employees' satisfaction with the agency's management practices and performance.[83] Pursuant to regulations, each executive agency was required to include 45 questions in its surveys.[84] One question specifically addressed workplace flexibility, asking if the employee agreed that "my supervisor supports my need to balance work and family issues."[85]

While the richness of these various Congressional enactments and governmental programs are impressive, it is noteworthy that they are **not** part of any coordinated and easily accessible set of efforts on enhancing workplace flexibility. For example, even the narrative of the efforts presented in this testimony is not easily available from the Federal government itself. Over the past several years, Workplace Flexibility 2010 has expended significant time and resources reviewing the various laws and programs governing flexibility in the Federal workforce. While we have learned a significant amount, we continue to discover new programs and laws as we proceed. Thus, we are acutely aware of the lack of any centralized resource in this area. Moreover, as we

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[79] ACES enrollees are not considered Federal employees and cannot perform inherently governmental work. *See* National Resources Conservation Service, *USDA National Bulletin 360-6-5*, *at* http://www.info.usda.gov/scripts/lpsiis.dll/NB/NB_360_6_5.rtf.

[80] DEPARTMENT OF LABOR, REPORT OF THE TASKFORCE ON THE AGING OF THE AMERICAN WORKFORCE, at 5 (2008). The Taskforce consisted of 9 Federal agencies: the Departments of Commerce, Education, Health and Human Services, Labor, Transportation, and Treasury; the Equal Employment Opportunity Commission; Small Business Administration; and Social Security Administration. OPM was not a member of the Taskforce.

[81] *Id.*

[82] *Id.* at 33.

[83] The Defense Authorization Act of 2004, Pub. L. No. 108-136, 5 U.S.C. § 7101 (2004).

[84] 5 C.F.R. § 250.302 (2006).

[85] *Id.* § 250.302(c) (Employees respond by choosing whether they (1) Strongly Agree, (2) Agree, (3) Neither Agree nor Disagree, (4) Disagree, (5) Strongly Disagree, or (6) Don't know). Agencies are free to develop and include additional questions in their surveys. Each executive agency is required to post the results of this survey on its website and forward the data to OPM within 120 days of completing the survey. *Id.* § 250.303(b). OPM has no current plans to post comprehensive results from other agencies on its own website. U.S. OFFICE OF PERSONNEL MANAGEMENT, ANNUAL EMPLOYEE SURVEY GUIDANCE 26 (2006), *at* http://www.opm.gov/surveys/survey.pdf.

review the assessments made of the programs that exist, it is clear to us that fundamental questions relating to the utilization and effectiveness of these programs remain unanswered.

Our sense is that the Federal government is uniquely positioned to establish workplace flexibility as a standard for its workforce. But its current myriad, yet dispersed, efforts must become part of a broader, integrated and strategic effort for the power of such efforts to be effectively harnessed.

C. The Federal Government as a Model Workplace of the Future

The Federal workforce is large, varied, and engaged in a wide range of activities. Hence, it represents a rich opportunity for developing creative and innovative workplace structures, for assessing the impact of those structures through data collection, and for using the resources of the Federal government to provide a means of educating and assisting private sector entities who wish to follow its lead in implementing innovative workplace structures that will meet the needs of the 21st century workforce.

(1) *Data and Information Collection*

A variety of opportunities stem from the government's ability to implement a range of workplace flexibility policies, and then to use its oversight mechanisms to evaluate, critique and improve such policies. This self-assessment power of "government as employer" offers a unique opportunity to enhance the effectiveness of workplace flexibility programs.

With effective data collection and information analysis in place, the utility of existing and new workplace flexibility initiatives can be measured, and the needs of employees, managers, and government entities can be better assessed and met. Comprehensive data collection will also allow Congress and the agencies to determine where gaps in knowledge exist and where additional resources are needed.

But the power of data collection will not be harnessed without a deliberate and focused effort to strategically collect and disseminate performance information. For example, although a number of reports have been published on the range of flexibility programs available in the Federal sector,[86] an *overall* picture of the benefits of and problems with Federal workplace flexibility programs is not readily available.

Some of this difficulty may be due to the fact that agencies do not have adequate internal processes for collecting and analyzing data on workplace flexibility programs. This, in turn, may leave them ill equipped to identify the successes or problems of those programs.[87] For instance, in assessing the telework program in the Federal

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[86] *See* APPENDIX F: WORKPLACE FLEXIBILITY 2010: A SAMPLING OF GOVERNMENT REPORTS ON WORKPLACE FLEXIBILITY.

[87] U.S. Gen Accounting Office, GAO-08-261T, *Human Capital- Telework Programs Need Clear Goals and Reliable Data* 6 (2007).

government, Bernice Steinhardt of the GAO recently testified that "even where measurement data are collected, they are incomplete or inconsistent among agencies, making comparisons meaningless..."[88]

Another problem with the current data collection is that it is not sharply focused on determining whether there has been greater *utilization* of flexible work arrangements, as compared to whether there is simply greater availability of such arrangements. Moreover, it is also necessary to determine whether employees feel there is no jeopardy in using flexibility, something that requires a targeted and sophisticated research endeavor.[89]

The significant resources being expended by the Federal government today on workplace flexibility programs, and on the assessment of such programs, must be harnessed and focused. Whether the locus of that effort should be OPM, GAO, or some other body is for Congress to decide. The key elements are that the body should have significant and on-going contacts with those private research entities that have developed expertise in this area; it should have sufficient resources to engage in the research; and it should have the authority or leverage to gather the data needed from various agencies.

(2) *Education and Training within the Government*

FWA systems are not integrated into a workplace by simple auto-pilot. It takes time, effort, education and passion to transform the culture of a workplace so that an FWA works well for both supervisors and employees.

The data indicates that an FWA system ordinarily works well for employers and employees if it provides:

a) an opportunity for *input* from employees with regard to the possible adoption of FWAs and the type of FWAs they want;
b) a set of clearly articulated *expectations* from both the employer and the employee regarding the structure and the proposed impact of the FWA;
c) changes in structures and workloads that allow the employee to *succeed* while on the FWA; and
d) universal ease in moving *back into jobs* that do not have FWAs, if desired by the employee.[90]

Such a system requires a focused effort on education and training. Because of its supervision over a wide range of large employing agencies, the Federal government has a unique opportunity to be a leader in such training and education. It can leverage

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[88] *Id.*
[89] The Families & Work Institute in New York City has been a leader in the field, engaging in such sophisticated research activities. *See* Families & Work Institute, http://www.familiesandwork.org.
[90] *See generally* CATHERINE BENKO AND ANNE WEISBERG, MASS CAREER CUSTOMIZATION: ALIGNING THE WORKPLACE WITH TODAY'S NONTRADITIONAL WORKFORCE (Harvard Business School Press 2007).

its successful experiments with new flexibility programs by efficiently replicating and expanding those programs through education and training throughout the Federal government. With the right energy and passion, these trainings have the potential to change both the culture and structure of the largest workplace in our country.

For example, the Federal government could:

- Educate employees about the range of workplace flexibility options available to them. Despite decades of experiments with and mandates for flexibility options, the GAO has found that a significant portion of the Federal workforce cannot name even one workplace flexibility option provided by their agency.[91]

- Improve employee and supervisor expectations about the practical benefits and realities of workplace flexibility. For example, education on high-level government support for flexibility might eliminate employees' fear that they will be penalized for utilizing flexibility options. At the same time, it might eliminate supervisors' suppositions that "part time just won't work here."

- Provide supervisors with the motivation and the tools to adopt workplace flexibility in their offices. GAO has reported that "top management leadership and support of [AWS was] . . . the key reason . . . for its success."[92] Government-wide seminars could highlight techniques used by successful managers to sell flexibility to both supervisors and employees. And each educated supervisor will then become a source of education to other colleagues.

Hearings of this kind are yet another example of the role that government can play in raising public awareness. Including a specific focus on workplace flexibility in this hearing has helped raise the profile of this issue and has facilitated the collection and dissemination of workplace flexibility data from the largest employer who has tried the greatest number of programs.

(3) *Transforming the Culture of Outside Work*

Perhaps the most dramatic way in which the Federal government can play a role in shaping the culture of work is to leverage its significant data resources and its role as the largest employer in this country to help frame a conversation about the importance of workplace flexibility throughout the country.

There are a number of ways in which the Federal government can play this role. First, the government can provide information on how workplace flexibility can help the private sector. For example, only a small percentage of private employers are taking needed structural steps to address the rapid aging of their workforce.[93] Unlike the Federal

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[91] U.S. Gen Accounting Office, GAO-07-437R, *An Assessment of Dependent Care Needs of Federal Workers Using Office of Personnel Management's Survey*, at 32 (2007).
[92] GAO, *Many Agencies Do Not Allow Full Flexibility*, *supra* note 27, at 2.
[93] *The Aging Workforce*, Pitt-Catsouphes statement, *supra* note 10.

government, most private employers are necessarily focused on the short-term realities of their businesses, and they lack the perspective to identify fundamental long-term changes in their workplaces. The Federal government can explain the advantages of workplace flexibility to such private employers and can present to them a menu of the approaches that it has adopted in response to the needs it has faced.

Second, the government can widely and efficiently disseminate vital technical assistance on best practices developed in the Federal government. In fact, many government reports and participants in Workplace Flexibility 2010's community policy forums have urged the Federal government to become a model employer on workplace flexibility and to assist the private sector in crafting workplace flexibility policies for the 21st century.[94] Third, the government could play an active role in creating public-private partnerships that draw on best practices in the private sector and that use the resources of the Federal government -- in *conjunction* with the private sector -- to disseminate information and technical assistance regarding such best practices.

The Federal workplace is a fertile testing ground for effective policies for the entire American workplace. The government can try new approaches for its huge workforce, collect and analyze data to determine the best practices, and provide an easy access to its experience for private sector, state and local government, and non-profit employers and employees.

IV. Conclusion

Since 2003, Workplace Flexibility 2010 has been engaged in research, education, and consensus building around workplace flexibility. We believe that greater access to and utilization of workplace flexibility is a compelling national issue. Due to societal and demographic changes, workplace flexibility is indeed moving to the forefront of public policy discussions. Discussions on the need for workplace flexibility are occurring among ever larger groups, particularly older workers and their employers.

The Federal government can and should be in the forefront of efforts to develop thoughtful public policies in this area. The Federal government is already a pioneer in this area, but it can become an even better model employer if it engages in a strategic and concerted effort to foster workplace flexibility policies. With its size and resources, with its powerful oversight mechanisms, and with its visibility, the Federal government can help the private sector accomplish what it might not be able to do on its own.

We need to change the culture in today's workplaces so that workplace flexibility becomes a *standard* of the American workplace -- that it becomes the ordinary way of

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[94] There are a range of ways in which the government could disseminate best practices. *See, e.g.*, U.S. U.S. Gen. Accounting Office, GAO-06-08, *Older Workers: Labor Can Help Employers and Employees Plan Better for the Future* (2005) (suggesting that the Secretary of Labor create a public awareness campaign on the aging workforce to surface the challenges that may arise and possible solutions that would promote economic growth and security). GAO also recommended that other agencies become involved to help "employers and employees better plan for the future and by so doing, bridge the gap between employer and employee needs." *Id.* at 32.

doing business, not the extraordinary way. The Federal government can be a leader in this effort. In doing so, it will serve not only its own human resources needs, but it will be a model workplace for all workers in our society -- older workers, workers with caregiving needs, workers with disabilities, and workers who want to advance their training or volunteer in their communities.

Congress and the Federal government can provide the leadership for truly building the model workplace of the 21st century. Workplace Flexibility 2010 looks forward to continuing to work with you in that effort.

Thank you.

SELECTED EVENTS ON WORKPLACE FLEXIBILITY IN THE FEDERAL GOVERNMENT

1978 Congress enacts the Federal Employees Flexible and Compressed Work Schedules Act (FEFCWA) and the Federal Employees Part-Time Career Employment Act

1982 Congress renews FEFCWA, allowing agencies to review and terminate existing programs.

January 1, 1984 Federal employees hired on or after this date are covered by the Federal Employee Retirement System.

1984 Congress establishes the Senior Environmental Employment program (SEE) at the Environmental Protection Agency "to utilize the talents of older Americans."

1985 Congress permanently authorizes FEFCWA.

1986 Congress changes the annuity computation under the civil service retirement system for part-time employees.

1989 Congress requires the Office of Personnel Management (OPM) to establish a formal job-sharing program in Fiscal Year 1990. OPM establishes the Federal Flexible Workplace Pilot Project in conjunction with the General Services Administration.

1990 Treasury, Postal Service, and General Government Appropriations Act funds federal "flexiplace" arrangements. (Permanent funding happens in 1995.)

September 7, 1993 Vice President Gore and the National Performance Review (NPR) express concern about the federal government's limited use of family-friendly workplace options. The NPR Report recommends that President Clinton use his office to encourage the expanded use of "compressed/ flexible time, part-time, and job-sharing work schedules . . . flexiplace, and telecommuting policies" within the executive branch "where appropriate."

July 11, 1994 President Clinton issues memorandum directing executive agencies to encourage and expand support for flexible work arrangements.

1995 Treasury, Postal Service, and General Government Appropriations Act provides funds to federal agencies to install telephone lines and other equipment and to pay monthly service charges in the homes of federal employees authorized to telework.

June 21, 1996 President Clinton issues memorandum directing executive agencies to review and further utilize flexible policies already in place.

2000 Department of Transportation and Related Agencies Act requires executive agencies to establish policies that allow eligible employees to telecommute "to the maximum extent possible without diminished employee performance."

2004 Congress enacts the Federal Workforce Flexibility Act to "[t]o further improve the Federal government's ability to recruit and retain a world-class 21st century workforce."

The National Defense Authorization Act requires agencies to conduct surveys of employee satisfaction of leadership policies, work environment, and other things.

September 20, 2004 Senate Special Committee on Aging Hearing, "Breaking the Silver Ceiling: A New Generation of Older Americans Redefining the New Rules of the Workplace."

Testimony by *Senator John Glenn*, The John Glenn Institute; *Jack Valenti*, Former President Motion Picture of America Association; *Ken Dychtwald*, Ph.D., President and Chief Executive Officer, Age Wave; *Sharon Brangman*, Professor of Medicine, Division Chief, Geriatrics, SUNY Upstate Medical University; *Doug Holbrook*, Vice President, Secretary/Treasurer, American Association of Retired Persons; *Victoria Humphrey*, Executive Director of Human Resources, Volkswagen; *Ed Potter*, President, Employment Policy Foundation.

November 2004 Department of Labor (DOL) convenes intradepartmental older workers Task Force

2005 The Department of Agriculture establishes the Agriculture Conservation Enrollees/Seniors (ACES) as a pilot project of the Natural Resources Conservation Service.

2005 White House Conference on Aging convenes. Recommendations issued in 2006.

July 18, 2005 Workplace Flexibility 2010 briefing, "What an Aging Workforce Can Teach Us About Workplace Flexibility," co-sponsored by Senators Smith and Kohl. Moderated by Chai Feldblum, Co-Director Workplace Flexibility 2010. Panelists are *Kathleen Christensen*, PhD, Director, Workplace, Workforce and Working Families Program, Alfred P. Sloan Foundation's National Initiative on Workplace Flexibility; *Robert Hutchens*, PhD, School of Industrial and Labor Relations, Cornell University; *Mick Smyer*, PhD, The Sloan Center for Flexible Work Options and Older Workers, Boston College; *Marcie Pitt-Catsouphes*, PhD, The Sloan Center for Flexible Work Options and Older Workers, Boston College; Robert B. Hudson, PhD, Graduate School of Social Work, Boston University.

August 8, 2005 Energy Policy Act eliminates pension offsets for certain rehired federal retirees employed with the Nuclear Regulatory Commission.

September 6, 2005 Article by Senators Kohl (D-WI) and Smith (R-OR) in *The Hill*, "Letting older Americans work will boost nation's productivity."

October 4, 2005 Letter from Senators Smith and Kohl to DOL urging them to create an interagency task force about older workers in the federal government.

December 2005 Government Accountability Office (GAO) issues report, "Older Workers: Labor Can Help Employers and Employees Plan Better for the Future." The report suggests the creation of an interagency task force on older workers, led by DOL, to help various agencies better align their efforts to remove barriers and create opportunities for older workers.

April 6, 2006 Senate Special Committee on Aging Hearing, "Employment and Community Service for Low Income Seniors: Are We Getting the Job Done?"

Testimony by *Sigurd Nielson*, Director, Education, Workforce & Income Security, GAO; *John Beverly, III*, Administrator, Office of National Programs, Employment and Training Administration, DOL; *Melinda Adams*, State Older Worker Coordinator, Idaho Commission on Aging; *Shauna O'Neil*, Director, Salt Lake County Aging Services; *Carol Salter*, National SCSEP Director, Easter Seals.

May 2006 DOL convenes an Interagency Taskforce on the Aging of the American Workforce.

June 2006 OPM begins a Career Patterns Initiative to helps agencies promote "flexibilities," including flexible work arrangements, part time employment, and mid-career entry.

October 6, 2006 General Services Administration Modernization Act allows agencies to reemploy an annuitant in an acquisition-related position without stopping the individual's annuity. (This authority sunsets on December 31, 2011.)

December 5, 2006 GAO convenes a Forum on Engaging and Retaining Older Workers

February 2007 GAO publishes Highlights of a GAO Forum on Engaging and Retaining Older Workers

February 12, 2007 Senator Kohl publishes a special to *Roll Call*, "Rethinking Retirement Is Necessary. How can Congress help seniors in the work force?"

February 28, 2007 Senate Special Committee on Aging Hearing, "The Aging Workforce: What Does it Mean for Business and the Economy?"

Testimony by *David Walker*, Comptroller General, GAO; *Donald Kohn*, Vice Chairman, Board of Governors of the Federal Reserve System; *Marcie Pitt-Catsouphes*, Director, Center on Aging and Work/Workplace Flexibility; *Javon Bea*, President and CEO, Mercy Health System; *Preston Pulliams*, District President, Portland Community College.

Older Worker Opportunity Act of 2007 (S.709) is introduced by Senator Kohl, co-sponsored by Senators Cochran (R-MS), Durbin (D-IL), Snowe (R-ME), Craig (R-ID), and Lincoln (D-AR). S. 709 would provide tax credits to businesses that employ older workers under a formal flexible work program. The tax credit would be worth up to 25% of the older worker's wages. The bill was sent to the Senate Finance committee; there has been no further action.

Health Care and Training for Older Worker Act (S.708) is introduced by Senator Kohl, co-sponsored by Senators Cochran and Durbin. S. 708 would extend COBRA insurance from the time of retirement (age of 62) until Medicare eligibility (65), make it easier for seniors to access federally funded training programs, and create a federal clearinghouse for best practices on hiring and retaining older workers. The bill was sent to the Senate HELP committee, where there has been no further action.

March 30, 2007 OPM submits bills to amend FERS and CSRS to permit the reemployment of retired Federal employees on a limited basis without offset of their annuity from salary.

June 19, 2007 HR 2780 introduced by Representative James Moran (D-VA) "to clarify the method for computing certain annuities under the Civil Service Retirement System which are based on part-time service." The bill had a markup in the House Subcommittee on Federal Workforce, Post Office, and the District of Columbia on September 18, 2007. It was forwarded to the full House Committee on Oversight and Government Reform, which held a markup and ordered to be reported by voice vote on March 13, 2008.

August 2, 2007 House Subcommittee on Federal Workforce, Postal Service, and the District of Columbia Hearing, "Federal Benefits: Are We Meeting Expectations?"

Testimony by *Tom Davis* (R-VA); *James Moran*; *Linda Springer*, Director, OPM; *Patrick McFarland*, Inspector General, OPM; *Gregory Long*, Executive Director, Federal Retirement Thrift Investment Board; *Hinda Chaikind*, Specialist in Social Legislation, Domestic Social Policy Division; Congressional Research Service; *Patrick Purcell*, Specialist in Social Legislation, Domestic Social Policy Division,

Congressional Research Service; *Colleen Kelley*, National President, National Treasury Employees Union; *David Cox*, National Secretary-Treasurer, American Federation of Government Employees; *Margaret Baptiste*, President, National Active and Retired Federal Employees Association

August 3, 2007 / September 19, 2007 S. 2003 introduced by Senator Collins (R-ME), co-sponsored by Senators Voinovich (R-OH) and Warner (R-VA). HR 3579 introduced by Representative Davis, co-sponsored by Representatives Marchant (R-TX) and Wolf (R-VA). S. 2003 and HR 3579 would "facilitate the part-time reemployment of annuitants." S. 2003 was sent to the Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia. HR 3579 was referred to the House Subcommittee on Federal Workforce, Post Office, and the District of Columbia.

January 2008 The Department of Treasury, in conjunction with the Partnership for Public Service and IBM, announces the *FedExperience* program to recruit and hire retiring IBM employees to work in the federal government. Pilot set to begin in July 2008.

February 2008 DOL releases the Report of the Interagency Taskforce on the Aging of the American Workforce.

April 29, 2008 *Incentives for Older Workers Act* (S. 2933) is introduced by Senator Smith, co-sponsored by Senators Conrad and Kohl. S. 2933 seeks to "mitigate the effects of our aging workforce by providing incentives to older Americans to stay in the workforce longer, encouraging employers to recruit and retain older workers, and eliminating barriers to working longer." The bill was sent to the Senate Finance committee; there has been no further action.

April 30, 2008 Senate Special Committee on Aging Hearing, "Leading By Example: Making Government A Model For Hiring And Retaining Older Workers."

Testimony by *Barbara Bovbjerg*, Director, Education, Workforce and Income Security, GAO; *Robert Goldenkoff*, Director, Strategic Issues, GAO; Nancy Kichak, Associate Director, Strategic Human Resources Policy, OPM; *Thomas Dowd*, Administrator, Office of Policy and Development and Research, Employment and Training Administration, DOL; *Max Stier*, President and CEO, Partnership for Public Service; *Chai Feldblum*, Co-Director, Workplace Flexibility 2010.

Prepared by the Georgetown Federal Legislation Clinic for Workplace Flexibility 2010, Spring 2008. Additional information available at www.workplaceflexibility2010.org.

The CHAIRMAN. Thank you, Ms. Feldblum.

Mr. Stier, the Partnership for Public Service does do extensive research to rank the best agencies for older workers. Can you tell us a little bit about which agencies receive the highest ranks and what policies made these agencies so friendly to older workers? Could they be duplicated throughout the Federal Government?

Mr. STIER. I think Chai got it right, and that is that, by and large, what is good for older workers is good for all workers. Therefore, if you look at our rankings of Federal agencies, you will see that there really isn't a whole lot of variation overall in terms of employee satisfaction on our rankings. The same agencies are at the top. The Nuclear Regulatory Commission is No. 1 for all of its workforce. It is No. 1 for our workers over 40.

There are about 11 agencies that you will see some substantial variation between sort of over 40 and under 40, but the reality is that they have to do a lot with individual cultural issues more than anything else.

Again, what Chai said I think is exactly right, and that is that what all workers are going to want is a work environment in which they have meaningful work, in which that their skills are valued, in which they have leadership, where they can see what they are doing, how it is connected to the overall mission of the organization. Beyond that, there are obviously a variety of different support mechanisms that agencies can create. But fundamental is to make people understand that their work is valued and that their work is meaningful.

I think, is the key, and it is a place where the Federal Government does well in some instances, certainly around the mission orientation, but has a lot of work yet to do in others. Again, as I mentioned, the primary area is around leadership development. The Federal Government has very, very low rankings when you ask Federal workers about their perception of leadership, and this includes both political and career leadership.

Very importantly, when you benchmark that against the private sector, those ratings are incredibly low. The private sector is almost double the approval of the public sector around leadership issues. It is the issue that if you improved on would have the greatest impact on overall engagement of the Federal workforce. So, it is absolutely vital.

The CHAIRMAN. What issue did you say would have the?

Mr. STIER. Leadership. Focusing on leadership talent. Focusing on the ability of frontline managers all the way to the top of house to provide the environment, to provide the direction to their employees to enable them to give of their discretionary energy, to do the best possible.

The question was asked about GAO as to why it is that it is No. 2 on our Best Places To Work ranking. What is clear is that they have had superb leadership. In part, it has something to do with the fact that they have had leadership of longer tenure. Dave Walker, who just stepped down, spent 10 years as the leader, obviously, at GAO.

I think one of the unique challenges the public sector, and in particular the Federal Government, faces is that it has short-term political leadership that is not incented to focus on the long-term or-

ganizational issues that the Federal Government faces. So, again, I think this is an area where this Committee and Congress can play a very important role in providing that long-term attention to organizational health.

Political leaders coming in an executive branch are not rewarded for focusing on organizational health. They need to be. If there are no metrics to understand organizational health, it only makes it worse, and part of our argument here is that we need to make sure we have those metrics to understand how healthy Government is from a real-time perspective.

Right now, we have lagging indicators, public failures, response to Hurricane Katrina. We don't have anything else, and that is a real problem.

The CHAIRMAN. Well, then what are the characteristics of leadership that tend to drive people out?

Mr. STIER. Well, again, and the old saw is that people don't leave jobs, they leave their boss. There are dissatisfiers, and there are satisfiers. Certainly, the characteristic that I think probably is most core is for leaders to be successful in keeping talent. I agree with Nancy that their first order of business is to keep the good talent that they have—yet there is no prioritization on it.

So, by and large, managers in Government are not either assessed or rewarded on the basis of how they manage their talent. That is fundamental. Unless folks understand what good management is, unless they are judged on that basis, unless they are rewarded on that basis, then it is the unusual manager who pays sufficient attention to it. That is endemic in the Government, and I think it is a major, major problem.

The CHAIRMAN. Do you agree with that, Ms. Feldblum?

Ms. FELDBLUM. Yes, and actually, I am thinking about it in the context of the research we have seen on flexible work arrangements. People have sometimes a sense of how they do jobs. You come. You show up. There is this face time. There is a rigidity around it.

When flexible work arrangements work well, it is because the supervisor has energized the office, all the folks there, to say we can get this job done well and still do it in a way that will accommodate, will manage, will facilitate whatever is going on in your lives. Be it care-giving or you want to get another training. It is so important to have continued training in some of these areas.

So if you have a manager, a leader who says this is important, that is the first step. Now there are a few things you have got to do here. No. 1, as Max says, you have got to incentivize the manager to want to do that. I mean, I still remember reading just about a year ago in the Washington Post, some manager said, "Well, I am getting rid of the alternative work schedules. Part-time just won't work here."

I am thinking, OK, there is a little education that clearly needed to have happened. Right now, for that person, it wasn't going to work. But across the Government, it is working, right? So this is both the challenge and the opportunity of how big the Government is. It is working well in some places.

We have to figure out how to find those folks, bring them to training and education to other agencies. I mean, we have a law

that says they can offer it FEFCWA, Federal Employees Flexible and Compressed Workweek, blah, blah, right? We have a law that says they can offer it. We have OPM that says they are supposed to offer technical assistance, but there is not much more coherence behind it.

As opposed to saying this is our headline. We are going to make workplace flexibility work. We are going to find where it is working. Then we are going to have a panel where we bring other supervisors and employees, and then 2 years later, someone who was in the audience will be up on the panel, training the next one.

But it has got to be a combination of incentivizing the managers to want to do it, giving them the resources to do it, and saying this is a big deal to get this done right.

The CHAIRMAN. Would you say that some of the best managers, some of the best motivators and leaders or the majority of them, simply because of the attractiveness of the private sector in so many ways, not the least of which is financial, but the best are found out there, and it is harder to find them and retain them in the Federal workplace?

Mr. STIER. I don't think so. I think that the Federal Government has unique advantages that enable it to recruit and retain some of the very best talent, some of the very best management talent. Most people are more motivated by meaningful work. Most people want to make a difference.

Certainly the Federal Government does not stack up well in certain professions on the financial categories, but it compares well in other categories. For older Americans, healthcare is of extreme importance, and that is what our research and everyone's research shows. The Federal Government offers an incredible benefit with respect to healthcare, particularly for those at the backend of their career. If they spend 5 years in the Federal Government, they can have healthcare for the rest of their lives.

The point is that the Federal Government has intrinsically what it needs to attract the right talent. It needs to do a lot of work to ensure that the American public understands those opportunities because, right now, it is not on the radar screen. Older Americans, only 11 percent, say they have any real familiarity with Federal Government jobs.

The same for younger folks as well. It is not on the radar screen. When they learn about it, the more they know, the more they like it. That is very powerful because, obviously, there is a solution there. You can market better, and you will actually see benefits.

Nancy mentioned that OPM is starting to do some advertising. Think about the military versus the civilian side. On the military side, we have spent billions of dollars ensuring that we have the right talent going into the military. We have not had anything remotely close to that kind of investment on the civilian side.

Yet ensuring that we have the right talent in the civilian side of Government is vital for our physical security as well as a lot of other things. So we have not, I think, invested appropriately in ensuring that the talent knows about these opportunities.

Again, I would go back to my schematic. You have got to make sure that those entry processes, the hiring process allows you to bring that talent in and then to manage them effectively. This is

a system problem, though. You won't fix it by simply doing one thing.

I think Chai is right as well. You won't fix it simply by passing laws. You have to ensure that you create incentive systems that allow for these laws to be used effectively, and part of that is increasing transparency and having the right data points and allowing the right people to know about it and which will, itself, generate change.

Our Best Places To Work rankings, Hank Paulson at Department of Treasury, held a day-long session in which he brought together all of his top managers to talk about how to improve their rankings in the Best Places ranking. Senator Kempthorne did the same thing.

These things could not happen but for the fact that they are being ranked against each other and that the data exists. It is a very powerful. Tim Zagat, who started Zagat's Guide, got it right. That is very powerful stuff, and we need to see how to apply that power to driving the kind of change that we want in Government.

Ms. FELDBLUM. Like that Zagat survey for Federal employees. But actually, I agree that there is talent, talented managers, passionate managers in the Federal Government. I mean, I have seen managers in the private sector who have gotten it, that integrating flexible work arrangements into their enterprise is going to help their bottom line.

We have survey after survey that actually shows that, and in fact, in terms of some of this data collection of the Federal Government doing its own collection and assessment, I think this is ripe for a public/private partnership in the research, data collection because there is some very interesting stuff going on in the private sector.

So, yes, there are some very passionate, smart managers in the private sector. But I think what the Federal Government has going for it is that mission piece. We are here to serve. We are not here to increase the bottom line. We are here to serve. There are a lot of people in the Federal Government who are energized by that.

It is about finding those folks, telling those stories, having it as part of a strategic, coherent plan of finding them, telling the stories, giving them the incentives. That is why I say it can't be the tagline. This workplace flexibility needs to be the headline.

When I read the interagency task force report, I was struck by two things. One, as a group that has been running a phased retirement working group for a year and a half now and really digging into the statute, the regs and ERISA, the code, we have a good sense of the complexities around the statues and regs that need to be addressed, and they really did just do a little nod of it should be looked at.

But the second reaction I had was workplace flexibility was there, but not highlighted in a way that I think could be much more effective, much more effective.

The CHAIRMAN. So you both would say we, at the Federal level, are or are not, for the most part, a model of flexibility to encourage people to stay? We are or are not?

Ms. FELDBLUM. I don't think you are yet in a way that the American public understands. I think there is a lot going on and a lot

more going on in the Federal Government actually than in a lot of private sectors. But it is not marketed well to the outside. The private sector, one of the things that it knows how to do is market itself. So they market their flexible work arrangements.

I think there is significant potential. It is not being leveraged yet in the way that it can be.

Mr. STIER. I agree 100 percent, and the only thing I would add is also to address your prior question as well. That is that the hiring model in the Federal Government historically has been a career model. Someone would come in, spend 30 years, and then retire.

The way the talent markets have changed and the way the demographics are currently existing for the Federal Government, the Federal Government has to move from that career model to what I would describe as a "career builder" model. I think the Career Patterns notion that OPM has presented is exactly the right approach to be thinking about multiple forms, multiple channels into public service.

It is still the case, however, that that paradigm shift hasn't really occurred in practice in the Federal Government, and it needs to. So if you look at older workers, in particular more experienced workers, by and large, we are not seeing that much talent flow from the outside coming in. Again, you have those series of issues, series of problems that you will need to address in order to make that happen.

Part of it is the marketing, but part of it is also going to be a culture change within Government. I think it is a very important culture change because right now we have a very insular workforce, and as a result, we don't benefit from the variation of ideas, the experimentation, the knowledge that exists by having multiple organizations contribute to a single organization, in this case the Federal Government's ability to get stuff done.

That is true even within the Federal Government, where you have a lot of talent that stays put in single agencies or single pieces of agencies. The Senior Executive Service was originally created as a management group that was supposed to move across Government and be transportable. That, by and large, does not happen. Part of it is that, again, there has not been the incentive for those folks to move around.

In the intelligence community, they have just adopted the joint duty model that the military has already adopted. So if you want to be promoted, you need to move around. I think those are the kinds of things that you could do to, again, promote the movement of talent in Government that would be quite constructive.

We have huge opportunities, but they have not all yet been realized.

The CHAIRMAN. Good comment. Any other comments either one of you would like to make on this topic?

Ms. FELDBLUM. Marcy Karin, the attorney I mentioned, put together a timeline for me, which I would like to actually submit, again, as another appendix. But it was a really fascinating timeline from 1978 to now of stuff the Congress has done and agencies has done in this area.

I just want to say that the Senate Aging Committee has been, in fact, an incredible catalyst for a lot of good work. Now, it needs

to then connect with Finance, Homeland Security, Government Affairs, et cetera. But I have to say, reading that timeline said to me that what this Committee is doing is exactly right, and it is really about taking it now to the next step and moving with other committees, and Workplace Flexibility 2010 certainly stands ready to work on that.

You can see I created this in 2004, and I put 2010 into the title of my organization to indicate that I didn't have ideas and policies now, but I was trying to facilitate a process that would get us someplace in 2010. I certainly hope this is a committee we will be able to keep working with to get to where I hope we get to.

The CHAIRMAN. Well, on that high compliment for the Aging Committee, I think it is a good time to take what we have and thank you for being here. You have added a lot to the debate. We all know there is a big challenge ahead. I think that working together, we can accomplish a lot.

So appreciate you being here. Thank you all for being here.

Mr. STIER. Thank you very much.

[Whereupon, at 4:13 p.m., the hearing was adjourned.]

APPENDIX

STATEMENT OF SENATOR SUSAN M. COLLINS

Today's hearing highlights a critical issue: the challenge to effective and efficient government operations as waves of Baby Boomers in the federal workforce reach retirement age.

In 2006, the Office of Personnel Management reported that about 60 percent of federal white-collar employees and 90 percent of its federal executives would become eligible for retirement in the next decade. Retirements from the federal workforce have averaged more than 50,000 a year for the past decade, so we can only expect that the outflow of experienced and skilled employees will grow substantially.

Today's witnesses from the Government Accountability Office will discuss their new study of the issue, which should provide valuable guidance for Congress as we consider ways to mitigate the impact of a demographic storm surge of retirements. In GAO's March 2007 review of the issue, we were advised that:

Today and in the near term, the federal government is facing a retirement wave and with it the loss of leadership and institutional knowledge at all levels. Agencies not only face a fiercely competitive market for talent but hiring is also affected by uncompetitive salaries in some critical occupations and lengthy hiring processes.

Our witnesses from OPM and the Department of Labor can provide additional insight into agency and policy options for addressing this workforce issue, and describe the work of the interagency task force on the aging workforce. The second panel, with witnesses representing the Partnership for Public Service and the Workplace Flexibility 2010 project at Georgetown University, can offer additional ideas to encourage older Americans to work in the Federal government and to help develop national policy promoting workplace flexibility.

If the federal government can retain more of these older workers and attract others into federal service, it can ease the disruption of this demographic crunch and deliver benefits to taxpayers. Human-resources research has repeatedly shown the benefits of older workers in terms of their organizational knowledge, ability to work independently, commitment, productivity, flexibility, and mentoring ability.

Making good use of their talents is, therefore, not charity. It is common sense and sound management. Federal agencies recognize the value of older workers, as witnessed by the fact that nearly 4,500 retirees have been allowed to return to full-time work on a waiver basis.

Agencies could make use of even more federal annuitants for short-term projects or part-time work, but for a disincentive embedded in current law. The law mandates that annuitants who return to work for the federal government must have their salary reduced by the amount of their annuity during the period of reemployment.

Last August, I introduced S. 2003, cosponsored by Senators Warner and Voinovich and referred to the Committee on Homeland Security and Governmental Affairs, to correct this problem. It provides a limited opportunity for federal agencies to reemploy retirees without requiring them to take pay cuts based on their annuity payment.

Removing this disincentive to retiree service is a priority for OPM, and such a reform has also been endorsed by the National Active and Retired Federal Employees Association, the Federal Managers Association, the Partnership for Public Service, and the Council for Excellence in Government.

To prevent agencies from relying too much on annuitant service to the exclusion of succession planning and bringing younger people into federal agencies, my bill would limit the calendar-period and lifetime hours that retirees could work. These limits will give agencies flexibility in assigning retirees to limited-time or limited-scope projects, including mentoring and collaboration, without evading or undermining the waiver requirement for substantial or full-time employment of annuitants.

The bill would have no adverse financial impact. Reemployed annuitants would be performing work that the agencies needed to do in any case, but would not require any additional contributions to pension or savings plans. Meanwhile, the costs of their retiree health and life insurance benefits would unaffected by their part-time work. Even without making any allowance for the positive effects of their organizational knowledge, commitment, productivity, and mentoring potential, their reemployment is likely to produce net savings.

Other statutory measures to promote workforce flexibility and to make more effective use of experienced older workers—especially in the current period of unusual demographic transition—may need to be considered as well.

I commend the Chairman and Ranking Member for organizing this important and constructive hearing. If federal agencies and Congress will take creative and effective steps to address the heavy outflows of experienced older workers from federal service, we can minimize any disruptions in efficient operations and in services for the public.