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FEDERAL PERSONNEL

Employment Policy Challenges Created by an Aging Workforce



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In recent years, we have devoted considerable attention to issues involving the federal government's effectiveness as an employer. Among the issues that have surfaced in our work is whether the government is placing sufficient emphasis on the use of qualified older persons as an employment resource. In exploring the older-worker issue, we have become convinced that the federal government, as well as other employers, must examine employment policies to see if they are adequately prepared to deal with the issue of the aging of the U.S. workforce that is occurring now and is expected to intensify in the future.

The purpose of this report is to share the results of our research to date on workforce aging and discuss what employers, including the federal government, are doing to address older-worker issues. Our research included a review of available literature dealing with demographic changes and older-worker issues and interviews with officials from federal agencies, private sector organizations, and foreign governments' embassies. Our objectives, scope, and methodology are discussed in detail in appendix I.

Results in Brief

A major demographic swing is occurring in the national and federal workforces. The large "baby-boom generation"¹ is aging and approaching retirement eligibility. A much smaller generation of workers follows the baby boomers. The federal government and other employers may face difficulties in meeting their future employment needs if, as anticipated, older persons leave the workforce in unprecedented numbers.

Like most other employers, the federal government has not developed a strategy to address the challenges arising from the aging of its workforce. However, the few successful attempts some employers have made and the interest many older federal employees have expressed in extending their careers if appropriate incentives were available suggest that attention to older-worker programs could hold considerable promise.

Many issues are involved in establishing older-worker programs. Not all older persons are willing, able, or qualified to remain in the workforce. And younger persons will continue to need employment and advancement opportunities. Thus, care must be exercised in determining whether federal employment policies should be changed to make more effective use of older workers.

Aging of the U.S. Labor Force

In a March 1992 report, we described the significant demographic changes that have occurred and are occurring in the U.S. labor force.² The report observed that, as the increasing numbers of working women and minorities had transformed the workplace in the latter half of the 20th century, the aging of the U.S. workforce is a trend that may have an equally profound impact on the world of work in the first half of the 21st century. The median age of the civilian workforce rose from 34.3 years in

¹"Baby-boom generation" refers to those who were born in the 18-year period following World War II.

²The Changing Workforce: Demographic Issues Facing the Federal Government (GAO/GGD-92-38, Mar. 24, 1992).

1980 to 36.6 years in 1990 and is expected to reach 40.6 years by 2005. The federal government's workforce is older than the civilian labor force in general—on average, about 5 years older in 1990. Between 1976 and 1990, the percentage of the federal workforce that was age 35 years or older increased by 8.6 percentage points, from 65.6 percent in 1976 to 74.2 percent in 1990.

The increasing age of the U.S. workforce is largely attributable to the middle-aging of the baby-boom generation and the comparatively lower birthrates that followed the baby-boom era. As a clear illustration of the effects of these developments, the U.S. workforce age category that increased the most between 1975 and 1990 was the 25- to 54-year-old age group, while the proportion of the workforce represented by the 16- to 24-year-old age group decreased by 10 percentage points. Overall, the U.S. workforce grew by 24 million workers during the 1970s, but it is expected to increase by fewer than 16 million during the 1990s. From 1990 to 2005, the greatest increases are expected in the 55 and over age group.

U.S. employers may soon be experiencing significant effects of these changes in workforce age composition. The first members of the baby-boom generation will reach age 55 in the year 2001, with the last of them reaching age 55 by 2019. Because the baby-boom population is huge—76 million people—and the following generation is considerably smaller, a greater proportion of the workforce will be eligible to retire during the period between 2001 and 2019 than at any point in American history. It is predicted that about 18 percent of the U.S. population will be over age 65 by 2020 and that the percentage will grow to about 20 percent by 2030.

The effects of aging on the size of the U.S. labor force will be mitigated somewhat if older members of the population decide to stay employed longer. However, the workforce participation rate of older workers is trending in the opposite direction. For example, the participation rate of American men ages 55 to 64 has been declining steadily, dropping from nearly 87 percent in 1950 to less than 69 percent in 1990. The participation rate of women in this age group increased considerably from 1950 (27 percent) until 1970 (43 percent) but since then has changed very little.

Employers may need to change their employment policies if older workers are to be made an effective part of the workforce in the future. Our research shows that many possible approaches exist, including programs to (1) encourage the hiring of older workers, (2) enhance working

conditions to accommodate older workers' needs, (3) provide incentives for qualified older workers to extend their careers, and (4) seek opportunities to re-employ retirees.

Older Persons Can Be Productive Employees

A widely held perception exists that employees become less productive as they age. It is often presumed that aging is accompanied by waning capabilities, greater susceptibility to on-the-job accidents, and declining motivation to work. However, evidence from numerous sources strongly suggests that this is not the case. For example, researchers in a study commissioned by the Department of Labor and the Equal Employment Opportunity Commission (EEOC) found that age is a poor predictor of the decline of stamina, strength, reasoning, and comprehension. The study found that "while it is generally true that there appears to be a gradual decline of abilities with the aging process, there are substantial variations within any age group in terms of ability level—some 60-year-old workers are actually higher in ability level than their 40-year-old counterparts." Similarly, the Chairman of New Age, Inc., a consulting firm that helps employers deal with the challenges of workforce aging, maintained in a 1990 interview published by the *Training and Development Journal* that the facts do not bear out the belief that older workers have lower productivity and more on-the-job accidents. He pointed out that older workers comprised about 14 percent of the labor force yet accounted for 10 percent of job-related accidents. He also said that older workers have fewer avoidable absences than younger workers and maintain good overall attendance.

The following examples from other studies confirm that older workers can be valuable assets in an organization:

- David Nye, a management professor at Athens State College in Alabama, reviewed reports and academic research pertaining to older workers. He said his review found that workers over age 50 are often healthier than their younger colleagues and more eager to learn new skills.
- A 1991 Commonwealth Fund study of three major corporations—two in the United States and one in Britain—concluded that hiring and retaining older workers makes good business sense. The study found that older workers are productive, cost-effective employees who are flexible, are trainable, and have lower turnover and absenteeism than younger workers.
- A study on cognitive aging involving 1,101 physicians ranging in age from 28 to 92 years—done in 1992 by a research group at Boston's Beth Israel

Hospital—found that a significant number of people over 75 years old are as mentally alert as the average 35-year-old person.

- The Wyatt Co., a human resources consulting firm, reported that its consulting experiences showed older workers tended to be reliable and change jobs infrequently. Wyatt concluded that older workers' accumulated skills and experience could be used to employers' advantage.

Firsthand evidence is also available from corporate managers that employment of older workers should be encouraged. Possibly the most compelling information was provided by an official from the Grumman Corporation. In a 1987 symposium, Grumman's Vice President for Human Resources Planning said that, in his view, no significant differences exist between older and younger workers, "but the belief that they exist is the biggest myth of all about older workers." He noted, for example, that older workers have no more absenteeism than younger workers. He said Grumman's older workers' job performance was equal to, or better than, that of its younger workers. He explained that when Grumman laid off 13,000 people in the 1970s, the decision of which employees would be let go was based on performance, rather than seniority. When these layoffs were completed, the average age of Grumman employees had risen from 37 to 45. The older workers had fared better than younger workers when layoff decisions were based on performance.

According to the Grumman official, he had noted that available evidence did not indicate a significant decline in older employees' intelligence, learning ability, memory, or motivation. He added that studies "reveal virtually no significant decline for the majority of job tasks, and any changes in intellectual level that may occur typically have no effect on performance."

A Conference Board study found that 57 percent of senior human resource executives surveyed in 1991 believed that workers over age 55 were more reliable and had better work attitudes than younger workers. Yet the Conference Board reported that very few employers viewed the aging of the workforce as a major strategic issue, even though an unprecedented number of workers will be eligible for retirement by the end of this decade.

Relatively Few Private Companies Have Older-Worker Programs

Although a number of studies have been published calling attention to older-worker issues, little evidence exists that U.S. employers, in general, have shown interest in initiating older-worker programs. The literature we reviewed indicated that relatively few employers are designing and implementing training and career-management programs for older workers. Only a few companies have developed formal programs to retain the valuable expertise older workers often possess.

However, we found that some private sector organizations are beginning to recognize the importance of older workers in meeting their employment needs. Of 83 companies responding to our 1991 survey of employment practices in large corporations, 33 said they had encouraged their retirement-age workers to continue their employment with the company, and 51 said they had encouraged retirees to return to work when temporary needs arose.³

While the literature shows that relatively few companies have developed specific strategies to deal with older-worker issues, The Travelers, an insurance company based in Hartford, Connecticut, is often cited as one of the leaders in making extensive use of older employees. Initially, the company began employing its retirees to answer calls to its customer inquiry lines. Company officials determined that retirees were the best candidates for the job because they knew a great deal about the company and were therefore able to answer customer service questions and direct calls more efficiently. The Travelers officials reported that using persons who were familiar with the company's systems, products, and services was a major advantage because the company was able to avoid the costs of training inexperienced employees to do the job.

In 1981, The Travelers established a job bank specifically for its retirees. This step occurred after the company surveyed its older workers and retirees and found that about 85 percent were interested in working after they retired but wanted the flexibility of part-time employment. Because of the successful experience in using retirees to handle customer service calls and because the survey respondents indicated they would like their part-time employment to be with The Travelers, the company established the job bank to provide part-time employment opportunities throughout the organization. The company advertised opportunities for retirees to work as secretaries, word processors, data entry operators, receptionists, switchboard operators, customer service representatives, paralegals,

³Workforce Issues: Employment Practices in Selected Large Private Companies (GAO/GGD-91-47, Mar. 13, 1991).

programmers, accountants, and systems support technicians. The Travelers' supervisors were reportedly very pleased with the arrangement. They found that the retirees were much better workers than other temporary employees recruited from outside the company. An official from The Travelers said that the job bank proved to be so popular that in 1985 the program was extended to include retirees from other companies. The official characterized the job bank as "a very successful operation."

To encourage the re-employment of retirees, The Travelers changed its pension policy to increase the number of hours retirees could work at the company and continue to receive a pension. Other company initiatives related to older persons included informational programs and symposiums on strategies for managing older workers. The Travelers also developed a physical fitness program for its older workers that has been widely adopted by other employers as well.

Mixed Approaches in Six Other Countries

The approaches to employing older workers varied in the six foreign countries whose embassies we contacted. In four of the countries, embassy officials generally said that not much was being done in this area. In Britain, for example, employees are not encouraged to stay in their jobs after retirement eligibility, which is age 60 for British government employees. Similarly, in Australia women usually retire at age 60 and men at age 65. Sweden has a mandatory retirement age of 66. In Germany, women are expected to retire at age 60 and men at age 65. A German employee who wants to work after age 65 must have approval from his or her company's workers' council, a group that represents company employees. According to an embassy official, the councils generally have a policy that people should not work beyond age 65.

Officials from the Canadian and Japanese embassies said that their governments had taken some steps to encourage the employment of older workers. Canada abolished its mandatory retirement age and is examining issues related to older Canadian government employees. The Japanese government encouraged all employers in that country to make efforts to hire or retain older workers, with special emphasis on those between the ages of 60 and 64.

This focus on older workers appears to be relatively new in Japan. Japanese companies advocated early retirement as part of downsizing efforts in the 1970s and early 1980s. Many companies required employees to retire at or before age 60. Subsequently, the Japanese government

realized that the country's over-65 population was growing and that by 2020 it would comprise about a quarter of the total population. Like the United States, Japan also faces a shortage of younger workers with experience and training. Realizing that a potential problem existed, Japan took steps to create older-worker programs.

According to literature provided by embassy officials, Japan adopted two types of government-funded programs for encouraging re-employment of older workers. In one program, the government grants wage subsidies to companies when they employ workers between the ages of 55 and 65. The subsidies are paid during the first year after the workers are hired. Large companies receive a subsidy of one-fourth of the wages paid these older employees, and small to mid-sized companies receive a subsidy of one-third of the wages. Under the second program, the government reimburses companies for providing vocational training to workers expected to retire at the mandatory retirement age. The training is to enable the retirees who become job seekers to be re-employed.

How the Federal Government Is Addressing Its Older Workers' Needs

As with most private sector organizations and other countries we focused on in our research, the federal government does not have an overall strategy to address the challenges arising from workforce aging. The Office of Personnel Management (OPM) had two efforts focused on "prime age" workers. (OPM defined prime age workers as those between the ages of 40 and 74.) One effort, in 1990, asked 800 federal, state, and local government officials for specific research they had done on older-worker issues. OPM characterized the response to this request as minimal. Further, in December 1991, OPM invited its various program representatives to participate in an intra-agency study of prime age federal employees. The stated objective of the study group was to review prime age worker issues such as recruitment, employee development and training, retirement, staffing, and quality of worklife. A concept paper accompanying the invitation posed the question, "Does the Federal Government need to develop a strategy to improve opportunities for prime age workers?" According to an OPM official, this effort was temporarily overtaken by other priorities such as downsizing of the federal workforce and implementation of the Americans with Disabilities Act,

Despite the lack of an overall federal strategy to enhance the employment of older workers, there have been some instances in which agencies initiated actions on their own. For example, the Environmental Protection Agency (EPA) established the Senior Environmental Employment (SEE)

Program under the Environmental Programs Assistance Act of 1984. The law provides that EPA can make cost-reimbursable grants to, or enter into cooperative agreements with, private nonprofit organizations to hire experienced workers to carry out EPA programs on a part-time or temporary basis. SEE is not specifically directed toward federal retirees. Any qualified person over the age of 55 is eligible to enroll. However, EPA discourages SEE grantee organizations from enrolling retired EPA employees and placing them in their former EPA organization where they would carry out work similar to their former federal jobs. SEE enrollees are not paid by EPA—they are paid by the grantee organizations. In this manner, any federal retiree participant can avoid the dual-compensation restrictions that prohibit receipt of a full annuity and a full salary when retirees are re-employed directly by a federal agency.

The grantee organizations also hire and train SEE workers and maintain SEE's payroll. Applicants are recruited through organizations such as the American Association of Retired Persons (AARP), the National Caucus Center on Black Aged, the National Council of Senior Citizens, and the National Association for Hispanic-speaking Elderly as well as through newspaper advertisements and word-of-mouth. SEE workers hold a variety of EPA jobs, from laboratory maintenance to research. The program grew from 20 enrollees at its inception to over 1,600 enrollees in 1992.

In a similar but more limited program, the Federal Communications Commission (FCC) received authority under the FCC Authorization Act of 1990 to make grants or enter into cooperative agreements with private nonprofit organizations for the services of qualified older Americans. FCC arranged for the National Council on the Aging to refer candidates for technical and administrative positions. Any candidates selected by FCC were to be hired and paid by the Council using funds provided by FCC. In that manner, the dual-compensation restrictions would not apply to any federal retirees employed under the program. FCC filled three engineering positions with federal retirees referred by the Council in 1992. Although FCC determined the program was successful, an FCC official said that the agency has no plans to expand the program because of budgetary considerations.

Other agencies have had programs that encouraged the employment of older workers. The Senior Community Service Employment Program (SCSEP), a work-training program funded by the Labor Department, is designed to help economically disadvantaged persons age 55 and older to find jobs in community service work. The Department of Agriculture's

Forest Service is a grantee/sponsor under SCSEP and Agriculture's Food and Nutrition Service uses SCSEP enrollees. Further, when the Census Bureau needed temporary employees to help collect information for the 1990 census, the agency obtained statutory authority to waive the dual-compensation restrictions on re-employed annuitants. Federal retirees were allowed to work up to 180 days and receive both their pay and full annuity payments.

Some federal agencies use older workers as volunteers. For example, the Peace Corps recruits persons over age 50, and ACTION's Retired Senior Volunteer Program was established to help retirees become volunteers for community service work.

Our past work strongly suggests that many older federal workers would be receptive to programs designed to encourage them to extend their careers. In the spring and summer of 1991, we sent questionnaires to a governmentwide random sample of federal employees.⁴ Among other things, the questionnaire asked the employees who were within 5 years of retirement eligibility about their retirement plans and whether certain employment policy changes might affect their plans. As a rule, the respondents said they planned to retire shortly after they became eligible. One-third planned to leave within 1 year after eligibility, and another 27 percent said they would retire from 1 to 4 years after eligibility. Only about 2 percent planned to stay longer than 10 years after they became eligible to retire. Many of the reasons they gave for retiring were not related to a desire to stop working, thereby indicating that they might be persuaded to continue federal employment if sufficient incentives existed. Table 1 shows the reasons the older workers most often gave for their retirement plans.

⁴Federal Employment: How Federal Employees View the Government as a Place to Work (GAO/GGD-92-91, June 18, 1992).

Table 1: Reasons for Retirement Plans Given by Federal Employees at or Near Retirement Eligibility

Reasons for retirement plans	Percent of respondents
I will have sufficient retirement income so that I will not have to work	34
I want to work after retirement but cut back on my work hours	29
I want to increase my total income by combining my retirement income with pay from another job	25
My retirement plans are based on my expectations of future pay increases and their effect on my high 3-year salary average	23
I plan to keep working until I no longer enjoy my job	22
Actual and proposed cuts in federal employee benefit programs have made me want to leave the government	22
I do not have as many advancement opportunities as younger workers	21
Limitations on past and anticipated future pay increases do not make it worth continuing in a federal job	20

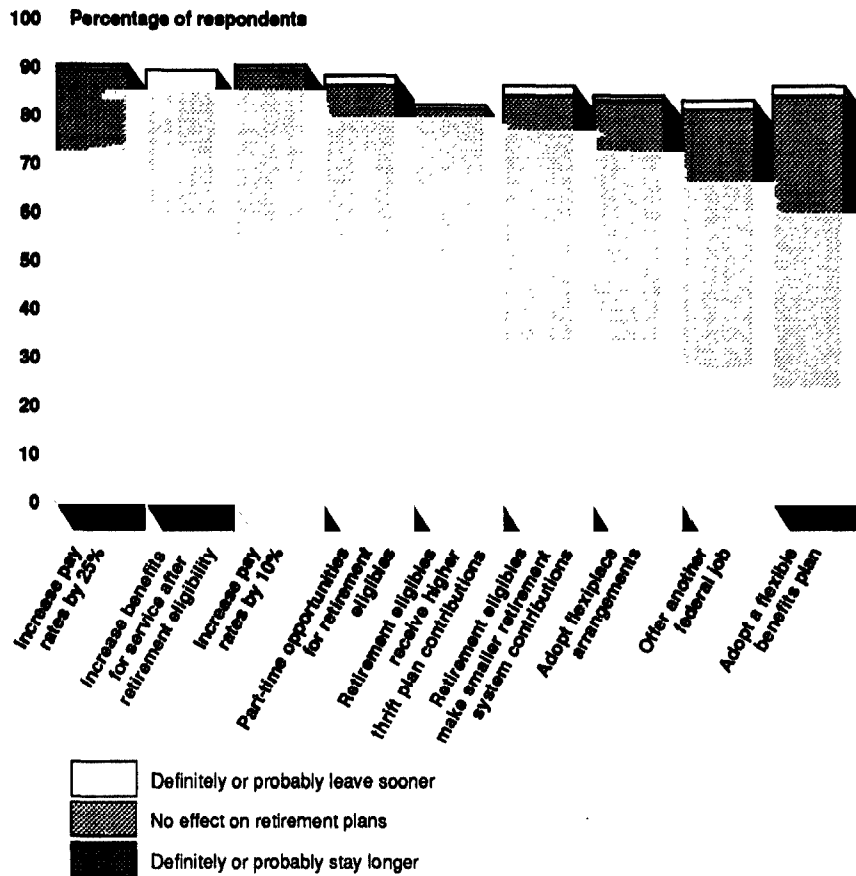
The questionnaire also asked those employees at or near retirement eligibility about their interest in certain possible options for extending their careers. The respondents showed considerable interest in these options as follows:

- Forty-seven percent of the respondents said that they would be greatly to very greatly interested in a “trial” retirement, whereby retirees would be given the opportunity to change their minds and return to work after being allowed a period of retirement lasting 6 months to 1 year.
- Forty-two percent of the respondents expressed great to very great interest in a “phased” retirement program in which employees could reduce the number of hours worked each week until ready to retire completely from the federal government.
- Thirty-eight percent of the respondents said that they had great to very great interest in returning to work for the government on a temporary basis after retirement.

The questionnaire listed nine possible employment policy changes and asked the employees at or near retirement eligibility if they would stay longer, leave sooner, or not change their retirement plans if the policy changes were made. Varying number of respondents indicated that any of the changes, if made, would prompt them to change their plans. The

possible policy changes and the employees' responses to each are shown in figure 1.

Figure 1: Policy Changes May Influence Employees' Retirement Plans



Effects of Downsizing on Older Workers

Depending on how they are carried out, downsizing efforts pursued by many employers, including the federal government, can have significant effects on older workers' employment situations. Little is known about how older workers have fared as organizations downsize and eliminate employees. However, a key component of downsizing strategies is often to offer early retirement to older workers. In 1992, the Conference Board commissioned a survey of 406 organizations, a representative sample of Conference Board associate companies. The survey questions covered a

range of topics relating to change in the U.S. workforce, including downsizing, older workers, education, training, and flexibility in the workplace. A total of 353 of the 406 organizations said that they had taken some downsizing measures in the 5 years preceding the survey, and 164 said that they had offered early retirement incentives as part of downsizing. The report said the primary reason given for these early retirement incentives was that they were "an accepted management practice when downsizing."

Some cautions have been raised that the use of early retirement programs to accomplish workforce reductions may cause employers to lose the older employees they need to keep. According to a report issued by Right Associates, a Philadelphia consulting firm, nearly two-thirds of the 909 human resource professionals it surveyed in organizations that carried out downsizing activities said downsizing had led to a loss of key employees. The report concluded that early retirements had "cut into corporate bone" and recommended that organizations better plan their downsizing to avoid the loss of key employees. The report also indicated that organizations need to weigh the potential outcomes of early retirements and other strategies and, in doing so, may be forced to choose between a strategy more palatable to employees, such as early retirement, and one that gives management more control over the skills and experience it would like to keep.

In addition to offering retirement incentives, organizations often reassign or terminate employees during downsizing. In many cases, these employees have filed age discrimination complaints. For example, a group of about 100 former Westinghouse employees accused the company of intentionally selecting older workers for layoffs and won an age discrimination ruling from EEOC. In this action, EEOC ruled that Westinghouse terminated workers on the basis of age when it laid off about 600 employees in 1991.

Our literature review disclosed some instances in which organizations used innovative approaches toward downsizing (or "rightsizing"). A key component of some of these downsizing approaches is workforce planning. We have reported⁵ that workforce planning is an important tool for implementing current and future policies and programs. Effective management of human resources requires, among other things, retaining the right people for job needs now and in the future. A fully developed

⁵U.S. Department of Agriculture: Need for Improved Workforce Planning (GAO/RCED-90-97, Mar. 6, 1990).

workforce-planning process should be an integral part of management planning and decisionmaking so that personnel requirements can be developed to meet program objectives. We further said that an effective plan contains a systematic approach for

- identifying the number of people and types of skills (administrative, managerial, scientific, and technical) needed to accomplish both short- and long-term agency goals;
- determining the composition of the present workforce, comparing it to both current and future needs, and identifying any discrepancies that might occur in meeting those needs;
- developing a specific agenda for addressing human resource activities such as recruiting, training, and retraining;
- determining the associated costs of implementing this agenda; and
- assessing the impacts of the related personnel actions.

Workforce planning should cover both the short- and long-term, and the results should be integrated into an organization's overall budget formulation processes to ensure sufficient funding and managerial support to implement the plan.

For example, since late 1990, Aetna Life and Casualty, an insurance and financial services company based in Hartford, Connecticut, has used a system that relies on workforce planning in which management reviews the company's operations to identify the positions that would facilitate meeting short- and long-term corporate goals. The competencies needed in the identified positions are determined, and employees are rated based on their past performance and general knowledge. Employees with the highest ratings are offered the targeted positions and, when appropriate, are provided necessary training. Those with lower ratings are not retained in the company. Seniority in the company is not a consideration. Separated employees receive a severance package and outplacement assistance. The effect of this approach on Aetna's older workers had not been determined.

Workforce planning is also relevant to the federal government. In 1987, however, the President's Council on Management Improvement said that while private sector organizations integrate human resource planning into the business planning process, federal agencies generally do program and budget planning separately from human resource planning. The Council

concluded that "the budget process itself becomes the mechanism for the allocation of human resources."⁶

During calendar years 1990 through the first half of 1993, over 400 federal agencies or components of agencies received permission from OPM to offer early retirement to their eligible employees as part of downsizing efforts. In our work, we did not evaluate how the downsizings affected either agency operations or the employees involved. However, an analysis of federal workforce issues prepared by OPM's Personnel Systems and Oversight Group pointed out that early retirement packages have been the preferred method of decreasing staff size when agencies' budgets are trimmed. The analysis concluded that early retirements are not only costly but can lead to a depletion of highly skilled and experienced workers and observed that agencies often must train younger employees to fill positions left vacant by early retirees, which increases costs and takes time to accomplish.

Conclusions

It is an inescapable fact that the U.S. workforce is aging and that older persons are becoming a much larger part of the employment pool from which all organizations will be seeking employees. Much of the available evidence indicates that older persons can be very productive employees if their employers manage them properly and provide appropriate incentives for them to extend their working years.

Like most other employers, the federal government appears to have done little to prepare to meet the challenges presented by U.S. workforce aging. In fact, the reliance on early retirements as a primary means to accomplish downsizing objectives is evidence that federal managers are now more concerned with encouraging older workers to leave than encouraging them to remain productive public servants. Such an approach is perhaps understandable in view of the downsizing pressures agencies are experiencing.

However, some private sector organizations appear to have had some success with innovative approaches that achieved downsizing while retaining certain skills and abilities possessed by some of their older workers. Thus, it might be useful for federal managers to employ sound workforce planning by considering their present and future needs when downsizing and targeting retirement incentives to meet those needs.

⁶Applying the Best to Government: Improving the Management of Human Resources in the Federal Government Through a Private-Public Partnership, vol. II, sponsored by the President's Council on Management Improvement, 1987.

For the most part, older federal employees plan to retire from their jobs shortly after attaining retirement eligibility. In this manner, they appear to be consistent with the trend toward reduced workforce participation among older workers in general. However, evidence we have gathered indicates that federal workers might be willing to extend their careers if presented with the incentives to do so. Thus, it appears that attempts to make greater use of qualified older workers to help meet future federal employment needs could have a good chance for success.

It is also important to recognize that establishing older-worker programs will not be easy. In fact, many older persons may be unwilling, unable, or unqualified to remain in the workforce, regardless of any employment incentives they may be offered. Similarly, there may be circumstances in which employing agencies would prefer not to retain certain older employees. Moreover, if large numbers of older persons continue working, employment and advancement opportunities for younger persons may be lessened. Considerable in-depth study is needed before informed decisions can be made on whether federal employment policies should be adapted to make more effective use of older workers.

Agency Comments

We discussed a draft of this report with OPM officials. They agreed that the federal government should address older-worker issues. However, they felt that with the efforts to reduce federal employment levels, including incentives for older workers to retire, now was not the time to give priority to developing an older-worker employment strategy.

In our view, this perspective may be shortsighted because it does not recognize the difficulties that may lie ahead as federal agencies seek qualified employees to accomplish their missions. It could also preclude the agencies from making optimal use of their older workers' skills and accumulated knowledge.

We are sending copies of this report to other congressional committees, the Director of OPM, and other interested parties. Copies will also be made available to others upon request.

The major contributors to this report are listed in appendix II. If you have any questions concerning this report, please contact me on (202) 512-5074.



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Objectives, Scope, and Methodology

This report presents information disclosed by our research on what employers, including the federal government, are doing to address the aging of the U.S. workforce. The issues discussed are based on a review of available literature dealing with demographic changes and older-worker issues. In addition, to determine what the federal government is doing to address older-worker issues, we interviewed officials from OPM. We also interviewed officials from EPA, FCC, the General Services Administration, the Department of Labor, the Department of Agriculture's Food and Nutrition Service, the Army Corps of Engineers, the Customs Service, and the Occupational Safety and Health Administration. We chose these agencies because our work indicated they had older-worker programs.

To obtain information on policies and programs in the private sector that encourage the employment of older workers, we interviewed officials from The Travelers, Aetna Life and Casualty, and Grumman Corporation, which were mentioned most frequently in literature as having older-worker programs. We also discussed older-worker issues with representatives from AARP, who provided us with relevant materials.

Because other industrialized countries may be experiencing similar concerns, we spoke with representatives from the embassies of Australia, Britain, Canada, Germany, Japan, and Sweden. Our research of the literature most often mentioned these six as being countries that were focusing in some way on older workers.

We did our work between November 1992 and March 1993 in accordance with generally accepted government auditing standards.

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