

GOVERNOR'S COMMISSION ON SUCCESSFUL AGING

RECOMMENDATIONS TO OPTIMIZE THE POTENTIAL OF VERMONT'S OLDER WORKERS

BACKGROUND:

One part of the Charge for the **Governor's Commission on Successful Aging** is: **"To assist the Department of Disabilities, Aging and Independent Living, the Department of Labor, and other State agencies in optimizing the potential of Vermont's older workers, including the implementation of a strategic approach to engaging older Vermonters in the labor force."**

The Governor's Commission on Successful Aging established a sub-committee to fulfill this part of the charge. Under the leadership of Toby Young, the Governor's appointed Chair of the Commission and Patricia Elmer, Founder and President of the Vermont Associates for Training and Development, the sub-committee developed recommendations for the Governor, the Vermont Department of Labor (VDOL), the Vermont Department of Human Resources, and the Agency for Commerce and Community Development. The recommendations in this report represent the culmination of several activities including extensive research on Vermont's demographics and labor force participation; meetings with older Vermonters who are seeking work; a meeting with 66 employers in conjunction with the Vermont Workforce Development Council and business associations like the Champlain Chamber of Commerce and the Vermont Society for Human Resource Managers; consultations with leaders and experts at the Vermont Department of Labor; and numerous meetings of the Subcommittee which includes membership from AARP, COVE, Vermont League of Cities and Towns, DAIL, and the Vermont Associates for Training and Development.

THE NEED:

"Demography Is Destiny!"

French philosopher Auguste Comte is credited with the saying, "demography is destiny," conveying the idea that the social, cultural, and economic fabric of a nation derives from its population dynamics. That demography is a major factor, if not the most significant factor, in the formation of any state's economic and social features is widely understood and accepted. In the current and next decade Vermont is facing the confluence of two major, connected demographic and socio/economic trends. The first is the aging of society. The second is a slowing of the growth of the labor force resulting in a gap between the demand for and supply of labor.

Aging of Vermont Society

While the total population in Vermont is projected to grow by 5.9 percent from 2010 to 2020, the 55 and older population is projected to grow by 26.7 percent during the same time period. According to the Bureau of Labor Statistics, at the national level, the 55+ age group increased its relative share of the population from 26.4 percent in 1990 to 27.1 percent in 2000. A decade later, in 2010, this group's share of the total population increased to 31.4 percent. It is expected that the share will grow to 36.6 percent in 2020.

Labor Force Growth Slowing Down

The baby boomers will be between the ages of 56 and 74 in 2020, placing them in the 55+ group in the labor force, with distinctively lower participation rates than those in the prime age group of 25 to 54 year olds. This demographic phenomenon significantly shapes the profile and nature of the workforce which is at once growing older while facing the exodus of large numbers of older workers. The aging of Vermont's population is a prime example of a demographic change that will affect the labor force participation rate and, hence, the labor force itself. As the baby-boom generation has aged and moved from the prime age group, with high participation rates, to the older age groups, with significantly lower labor force participation rates, the overall labor force participation rate has declined. This trend is expected to continue and even accelerate in the next decade.

These demographic facts, the aging of society and the slowing down of labor force growth, imply that the economic health of Vermont for the next twenty years is contingent in a significant way upon successfully engaging, recruiting and retaining older Vermonters in the workforce. These trends taken together argue for a new focus on increasing the engagement and participation of mature workers in the workforce in order to improve and grow Vermont's economy while at the same time improving the lives of Vermont's older citizens.

Improving the Lives of Vermont's Seniors

Also urging a focus on maximizing the involvement of mature workers in Vermont's workforce are the financial, social and health benefits associated with continued work for older persons. Having just come through the so-called "great recession," many persons 62 and older have realized that they are not financially prepared to retire. Investment earning rates have also significantly declined since the start of the recession and savings rates for individuals have been at historic lows. Some saw the value of their retirement investments seriously decline and the value of their homes decline. Some lost jobs in the recession and have struggled to find jobs or have returned to work in lower paying jobs. . Also, mature workers suffered in greater proportion during the workforce reduction of the recession. While 26% of the civilian labor force is 55 years old or older, 29.8% of the Unemployment Insurance (UI) claimants are 55 or older, suggesting that mature workers spent a disproportionately longer period of time collecting UI benefits when compared to other age groups.

Working provides continued income and the possibility of delaying Social Security which increases in annual benefits when applied for later. In addition, recent literature details the social and health benefits for seniors associated with continuing to work compared to those moving into retirement. "Use it or lose it" dynamics affect the transition to retirement for many older workers. The physical, cognitive and social stimulation of the work place is seen to have beneficial effects for retaining capacities as we age.

RECOMMENDATIONS: Shaping Vermont's Destiny

How will employers and society cope with the reduction of available, trained and skilled labor? If younger workers of the State continue to leave for out-of-state opportunities, how do the existing skill sets in mature workers align with the needs of potential employers? The implications of these issues for

Vermont's economy will include a diminished capacity to retain and attract businesses to the state and the consequent reduction in state and community revenues. The demographic and labor force phenomena and the imperative to improve the lives of older Vermonters beg the question of what Vermont can do to recruit, train and retain older Vermonters in order to promote a robust Vermont workforce during the next couple of decades. The recommendations of the Commission, which are described in some detail below, are intended to build a focus and structure that assists mature workers and employers which will bend the curve in labor force participation resulting in a more robust Vermont economy. From a Results Based Accountability perspective, the current trend of a generally lower labor force participation rate will be turned in favor of greater labor force participation and a stronger economy going forward.

The Workforce Subcommittee Governor's Commission on Successful Aging proposes several recommendations within four general efforts:

1. Implementation of a statewide **Mature Worker Initiative** centered and coordinated within the Vermont Department of Labor
2. Implementation of an initiative by the Agency of Commerce and Community Development that recruits businesses that match the needs of mature workers seeking employment.
3. Implementation of a public, well publicized **Annual Mature Worker Employer Recognition Program** that rewards and recognizes employers who embrace and practice mature worker friendly policies and practices
4. Implement a comprehensive review of the employment policies and practices of the State of Vermont as they relate to retention, engagement and work flexibility for mature workers, with the objective of having the State, as an employer, adopt a leadership role with regard to these employment practices

Recommendation 1: Implement a statewide Mature Worker Initiative

The vision of a **Mature Worker Initiative** includes a well-structured and coordinated initiative that serves to connect and fulfill the needs of both mature workers and the Vermont employers. This initiative needs to be well publicized and well-known to the public, mature workers and employers as the source for connecting mature workers to both targeted training and to employers along with an emphasis on best practices for retaining mature workers.

To facilitate and promote hiring and retention of mature workers the Vermont Department of Labor, in collaboration with Vermont Associates for Training and Development, Inc., the Vermont Workforce Development Council, Creative Workforce Solutions, and Adult Training and Education institutions, will create a **Mature Worker Initiative** that:

- 1) Provides within VDOL, Creative Workforce Solutions (CWS), Vermont Adult Learning (VAL) and other organizations engaged in job counseling, an explicit focus on mature workers and potential employers for the training, job placement, and retention of mature workers. This focus will include:
 - Special training for VDOL, CWS, and VAL staff on the following: a) helping mature workers find and retain jobs b) the current best practices for retaining mature workers and c) the employment and training resources that are available to mature workers
 - Staff, provided by Vermont Associates through the Senior Community Service Employment Program (SCSEP – Title V Older Americans Act), that are specially trained in

- understanding and meeting the needs of mature workers and employers who hire them working in partnership with VDOL staff
 - Access to, collaboration with, and continued training and support from Vermont Associates Program Management staff
 - Informational materials and promotional materials (posters, brochures) that help mature workers and employers understand the values of hiring, training and retaining mature workers
 - Informational materials for employers about the **Mature Worker Employer Recognition Program** which include an inventory of model policies and practices related to training and retaining mature workers
 - Provision of an accessible compilation of statewide educational and workforce training resources (including delivery methods, locations, costs, access, etc.) that are focused on building computer literacy and usage skills
- 2) Conducts intentional outreach to employers to provide information and assistance in recruitment, training and retention of mature workers including information about policies and practices identified to promote successful employment and retention of mature workers.
 - 3) Creates an initiative marketing campaign in conjunction with the Chief Marketing Officer of Vermont that promotes the initiative and fosters the hiring and retention of mature workers.

The **Mature Worker Initiative** will provide the necessary infrastructure, information, and public messaging needed to achieve success in recruiting and retaining mature workers. Without this kind of explicit focus and investment it is unlikely that the workforce will favorably reshape itself by itself. “Older workers are a resource we can no longer afford to waste!” (Barbara McIntosh, Ph.D., the opening statement in *“An Employer’s Guide to Older Workers: How to Win Them Back and Convince Them to Stay”*)

Recommendation 2: Agency of Commerce and Community Development Employer Recruitment Focus.

With mature workers making up a significant and increasing percentage of the overall workforce, it makes sense to adopt a 2-pronged approach to address any mismatch that exists between many Vermont employers or future employers and mature workers. Following an analysis of employer labor needs there should be targeted “skill-building training programs” conducted by workforce development and educational institutions that foster matches between mature workers and employers’ labor needs. In addition, ACCD should include an awareness and understanding of the labor capacities of mature workers as it recruits new employers to the state.

Recommendation 3: Implement a public, well publicized Annual Mature Worker Employer Recognition Program

The vision of an **Annual Mature Worker Employer Recognition Program** is to raise public and employer awareness and understanding of employer best practice regarding the recruitment and retention of mature workers. The program will be a collaboratively developed effort run by VDOL, the Vermont Associates for Training and Development, the Vermont Chamber of Commerce, and the Center on Aging at UVM. Best practices and policies will be identified as criteria to evaluate employers for public recognition. Published criteria will include quality and of recruitment practices; flex-time policies; part-time and shared job options; seasonal employment policies; and training opportunities. This effort will be similar to the national employer recognition program conducted by AARP and will serve to raise

positive awareness for the employment of mature workers. As a public recognition program, it will also stimulate best practices amongst employers as employers seek to recognition for their businesses.

Recommendation 4: Viewing the State of Vermont as an employer, making the State a Model Mature Worker Employer.

A lot of mileage and influence can be gained by not only “talking the talk” but by “walking the walk.” The State, as an employer, will conduct an audit followed by plans and actions to make the state a “model employer” of mature workers. This will involve adopting and employing best policies and practices related to recruiting and retaining all workers, including mature workers. Some already identified policies and practices include implementing telecommute options when applicable; flex-time scheduling; part-time and seasonal employment options; transportation assistance; caregiving support; phased retirement options and bridge programs. This effort is also motivated by the fact that the public services employment sector, according to the Bureau of Labor Statistics, will be the hardest hit labor segment by the exodus of mature workers. This is something that municipal governmental entities are already experiencing as they have an even older workforce demographic than state government. Over half of the workers in the “public administration category were 45 years or older in a 2012 survey in comparison to 44% of workers in all other industries.” To slow and diminish the size of the “tsunami,” Vermont, as an employer, needs to: a) structure its recruiting, training, and HR policies to maximize the engagement and retention of mature workers and b) implement policies and practices that support so-called transition planning and skills/knowledge transfer before employees retire. Not doing so risks significant gaps in public services labor and a tremendous loss in institutional knowledge.

CONCLUSION:

Vermont, not unlike other states, is in the beginning phase of witnessing the aging of the baby-boomers. All of the baby boomers will be between the ages of 56 and 74 in 2020 placing them in the 55+ labor force segment. This cohort is expected to be the fastest growing labor force segment and vital to the stability and growth of Vermont’s economy. We can no longer afford to ignore mature workers. The recommendations developed by the Governor’s Commission on Successful Aging intentionally invest in the improved engagement of mature workers. This requires leadership from the Governor, principal agencies of the Vermont Government, and the business community. These recommendations promote a structure to connect mature workers to employers; identify and promote best practice and policy regarding the recruitment and retention of mature workers; and lead by example in ways that enhance the engagement of older workers in the workforce thereby improving the economy of Vermont and the lives of many older Vermonters.

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