Competitive Strategies for a World Class Workforce:
Why Older Workers Matter In Oregon

Introduction

You've heard the stories. One person knows of a worker aged 58 who is eligible for a pension or a golden parachute and she jumps from the workforce with glee. Another person mentions a valued employee who's over 65 and has no desire to retire, and nobody would want him to. This seasoned employee is the go-to person for the organization's institutional knowledge.

Will the Baby Boomers exit the workforce en masse, start collecting social security and be a drain on the American economy? Or will they reinvent a later phase of life and continue to contribute to the economy? 43 percent of the US Labor Force will be eligible to retire between 2004 and 2010, impacting all employment sectors. For every two workers exiting the workforce, only one will enter.

Boomers need to weigh many issues before deciding on the right time to retire. AARP (http://www.aarp.org/research/press-center/testimony/a2004-09-22-aging.html) reports that the following economic issues may spur employees to work longer:

- ∞ Inadequate retirement savings
- ∞ Stagnating pension coverage. Fewer private organizations offer traditional pension plans
- ∞ The shift from defined benefit to defined contribution plans, leaving many workers with inadequate savings for retirement
- ∞ Cuts in early retiree health benefits
- ∞ The increase in the age for full Social Security benefits and a reduction in the age 62 benefit

While many employees 50+ say they need to work for the income, this may especially be true of older women. While women tend to live longer than men, many women don't have the financial means to create a financially secure retirement. According to the US Census Bureau, women's average income after the age of 65 is only about half that of men's. In fact, the median retirement income in 2004 for women was $12,080 compared to men's income of $21,102. (U.S. Census Bureau: Housing and Household Economic Statistics Division Revised January 13, 2006.)

Non economic factors that tend to favor workers staying longer in the workforce include:
- ∞ Higher education levels – Better educated workers are likely to be in the labor force longer than less educated peers.
- ∞ Increased life expectancy
- ∞ Improved health status

- ∞ Reduction in physical demands of many jobs
- ∞ Labor shortages

To understand the impact the projected worker shortfall will have in Multnomah County, and the state of Oregon, the 20-member workgroup on employment for the Vital Aging Task Force spent a year reviewing research, holding discussions and formulating recommendations. The conclusion? Whether boomers stay in the workforce or leave employers high and dry may depend upon how organizations adapt to the changing wants, needs and desires of workers – both younger and older alike.

This report offers practical ways employers can make the most of the changing demographics prepare for a new way of doing business and identify new methods for managing employees. To help employers navigate the issues, we formed workgroups to analyze and make recommendations.

Local Research

While the lion's share of older workers will undoubtedly be boomers, Oregon's own Gert Boyle, Chairman of the Board for Columbia Sportswear, defies stereotypes about older workers. In her 80s, she's made a new round of TV commercials in 2008, goes to work every day and wows audiences with the story of her life. Mrs. Boyle may be a trailblazer for the 76 million boomers who are going to redefine aging. Research by AARP, Merrill Lynch and others say the nearly 80% of boomers want to work beyond traditional retirement age, but not in the post WWII industrial model. Jim Davis, a gerontology professor at Marylhurst University, told the Vital Aging Task Force that boomers have transformed every institution they've encountered, and they will do the same for retirement/vital aging. But what impact will they have on the local economy?

The workgroup asked the Oregon Employment Department to identify key demographic data for the Vital Aging Taskforce.

Highlights:

- ∞ One-fifth of Multnomah County's population consisted of residents 55 years and older in 2006 – this older population is expected to grow and comprise one-third of population by 2040.

- ∞ The labor force participation rate is increasing for those 55 years and older.

- ∞ The industries with the largest number of older workers in Multnomah County include: health care and social assistance, manufacturing, educational services, and retail trade.

- ∞ The majority of the county's older workforce (69%) drove alone in a vehicle to get to work in 2006.

Workforce by Age Group

Multnomah County's civilian labor force numbered 385,412 in November 2007 – a jump of nearly 8,500 labor force participants from the previous year. The county's unemployment rate ranged from 4.7 to 5.6 percent during 2007.

In 2006, 16.7% of Multnomah County's workforce was 55+, about the same for the Portland PMSA (Graph 5). This

Current Workforce Composition by Age Group, Multnomah County & Portland PMSA (OR portion), 2006

Source: LEHD, U.S. Census

equates to about 76,000 older workers in the county and over 145,000 in the PMSA.
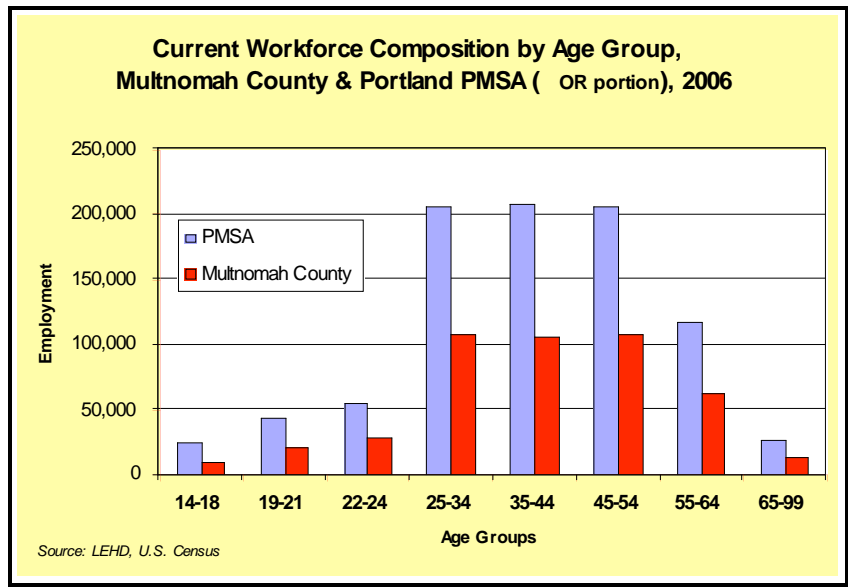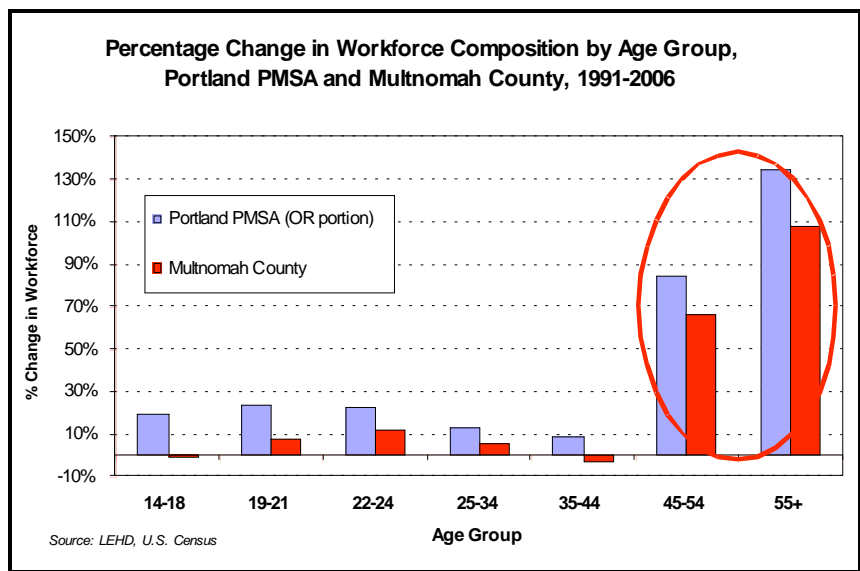
During the last 15 years, the 55 and older age workforce, in both the Portland PMSA and Multnomah County, has grown faster than any other age group – increasing its workforce by 109 and 135 percent, respectively (Graph 6). This high rate-of-growth contributed to an increase of

39,564 older workers in Multnomah County and 83,280 in the PMSA. The 45-54 aged workforce also grew at a higher-than-average rate adding 42,900 older workers to Multnomah County and 94,500 to the PMSA.

Gain in Older Workforce

Percentage Change in Workforce Composition by Age Group, Portland PMSA and Multnomah County, 1991-2006

Source: LEHD, U.S. Census

Emerging Trends

Savvy employers interested in capacity building and best practices need to strategically plan for retention and recruitment of older workers as well as the changing workplace and managing across generations.

Retention

There is a saying that employees don't leave an organization – they leave a manager. But organizations have a role to play in creating the right climate for employee and manager to thrive. Management training on the issues older workers may face will help foster a better relationship and reduce perceptions of ageism. Additionally, managers should understand what older workers may want. A study by Towers Perrin, prepared for AARP (http://www.aarp.org/money/careers/employerresourcecenter/trends/business_case_for_workers_age_50_key_findings.html), found the top five factors in the decision to work in retirement include:

- ∞ Stay mentally active
- ∞ Stay physically active
- ∞ Be produce
- ∞ Do something fun
- ∞ Health Benefits

What if a worker is tired of working full time, but isn't ready to retire? A variety of experts suggest that phased retirement is another option to keep older workers engaged, but at less than full time. According to Watson Wyatt Worldwide (http://www.watsonwyatt.com/research/resrender.asp?id=w-731&page=1) "Workers currently in phased retirement arrangements are motivated to 'work in retirement" for a variety of reasons." In fact, "even informal phased retirement arrangements can create an incentive for workers to extend their working careers. These arrangements include flexible work schedules, fewer hours and/or less job responsibility."

http://agingandwork.bc.edu/documents/FS08_PhasedRetirement_001.pdf

Retention strategies can also include features of self-employment (providing more control over work hours and work location, greater flexibility and job autonomy, and more challenges and learning opportunities on the job. Another key strategy is to offer employees opportunities for lifelong learning, training and job mobility at any age.

Health care organizations, which have been facing worker shortages for sometime, may be

---

Strategies of an AARP Best Employer for Recruiting and Retaining Older workers

Company: SC Johnson of Wisconsin

Benefits include:
- ∞ paid sabbatical leave
- ∞ flexible work hours
- ∞ part time and job sharing, summer hours
- ∞ holiday shut down in December
- ∞ mentoring up program
- ∞ officer job shadowing
- ∞ international assignment
- ∞ maternity/paternity/adoption leave
- ∞ childcare learning center
- ∞ summer day camp
- ∞ childcare tuition assistance.

leading the way in finding new ways to recruit and retain workers. In "Focus on Health Care: Recruiting and Retaining Workers 50+ (http://assets.aarp.org/www.aarp.org_/articles/money/careers/FocusOnHealthCare_full.pdf) the following features are "Prescription for a Vital Workforce:"

- ∞ Competitive salaries and benefits
- ∞ Having a sense of control over their work and their life
- ∞ Feeling that the job is meaningful
- ∞ Believing that employees "matter" to senior management

Flexible work options often top the list for recruiting and retaining older workers – and younger workers, too! Jobs that include the following are attractive to workers across the generations.

- ∞ Flexible schedules, shorter shifts, seasonal hiring and contract work
- ∞ Training to update skills and learn new ones; training in a variety of formats; tuition reimbursement and stipends; job shadowing and rotation
- ∞ Part-time work including time off with health care benefits; paid vacation
- ∞ Knowledge transfer/mentor programs across generations
- ∞ Workplace accommodations such as ergonomic work stations
- ∞ Life cycle seminars and life planning; financial and retirement planning
- ∞ Health and wellness programs; health screenings at work
- ∞ Counsel and referral for finances; childcare, elder care and paid time off for participating in intergenerational programs and community service.

A final note on retention: The U.S. General Accounting Office recommends offering employees financial literacy training to ensure they have a realistic plan to provide for retirement security.

Recruitment:

A recently retired executive from a large non-profit took an interim position as CEO of another organization. His criteria for accepting the post: He didn't want to work more than 25 hours a week, and the tenure of the job would last less than a year. Retirees are a ready-made talent pool. California developed an initiative to allow state retirees to hire back employees who fit strategic openings. The MetLife study, "Searching for the Silver Bullet" (November, 2007) describes the declining talent pool for a financial services company. The company developed creative solutions to keep some of its older workers and found that more flexible work options and phased retirement were important strategies. But they found something more: new styles of work not only helped to retain the veteran workforce, but to attract good employees of all ages.

Another strategy to attract older workers is to apply for the AARP Best Employers for 50+. This is an annual recognition program that acknowledges companies and organizations whose best practices and policies for addressing aging workforce issues are roadmaps for the workplaces of tomorrow.

The Changing Workplace

According to the Department of Transportation, "Employers around the world are using telework programs to boost productivity and reduce office and real estate costs. And because employees value the flexibility telework gives them to balance their work and home life, telework programs help employers keep valued staff and recruit qualified personnel."

According to a Business Week Tip Sheet studies show that virtual workers, when compared to their office-bound colleagues, tend to be more productive and stay with a company longer. Nike, Inc. and Intel have both been recognized has been recognized by the U.S. Environmental Protection Agency as top workplaces for commuters based on efforts to promote alternative ways for employees get to work, from carpooling, buses and trains, biking, walking and telecommuting.

Other challenges to the traditional work model are episodic or durational work that can be for short periods of time. Bridge jobs allow employees to work seasonally or part-time, and it may involve changing positions within an organization. A guide to flexible work options can be found at 222.we-inc.org/flexguide.pdf

> ## Telecommuting Options
>
> The Oregon Department of Transportation web site offers tips, links and more including:
> - ∞ Setting up a telework programs
> - ∞ Case Studies
> - ∞ Tax Credits for telework equipment
>
> *The Oregon Department of Energy supports telework in Oregon, because it conserves fuel, relieves traffic congestion, and improves air quality -- and because it makes good business sense.*
>
> http://www.oregon.gov/ENERGY/TRANS/Telework/telehm.shtml

Managing Across Generations

"Four generations, countless difference." So begins a Lee Hecht Harrison document on multigenerational workforce. Members of each generation have their own psychographics, work style and lifestyle. Each generation has its own challenges. This presents a unique challenge for managers as they help to bring out the best in employees who have different perspectives on work, ethics, leadership and authority.

The following table provides a matrix to help managers understand the commonalities and differences.

	World War II	Baby Boomers	Generation X	Millenials
Outlook	Practical	Optimistic	Skeptical	Hopeful
Work Ethic	Dedicated	Driven	Balanced	Ambitious
View of Authority	Respectful	Love/Hate	Unimpressed	Relaxed, polite
Leadership by	Hierarchy	Consensus	Competence	Achievement, pulling together
Relationships	Self-sacrifice	Personal Gratification	Reluctance to commit	Loyal, inclusive
Perspective	Civic-minded	Team-oriented	Self-reliant	Civic-minded
Turnoffs	Vulgarity	Political incorrectness	Cliches/hype	Cynicism, condescension

Copyright Claire Raines

Lee Hecht Harrison 's report, "Managing today's Multigenerational Workforce" (http://marketing.adeccona.com/lhh_enewsq2/pdf/lhh_wp_multigen.pdf), also touts a new type of work that promotes employee retention across generations. In addition to the issues above, the consulting firm encourages

- ∞ Telecommuting – It promotes life-work balance and often increases moral and productivity. Telecommuting options may make an organization more attractive to potential employees.

- ∞ On/Off ramping – Some employees may need to take a few months or years off from work. Helping to keep these employees in touch with what's happening at your organization can ensure your organization is top of mind if the employee decides to return to work.

- ∞ Sabbaticals – These may be considered a reward for long-term employees. It allows employees to rest and recharge and return more productive

> **Intergenerational Cross Training**
>
> Multiple generations create exciting mentoring opportunities. Workers 50+ are more like to have institutional knowledge, "soft skills," and critical knowledge of business operations. Younger employees can mentor older ones on changing technologies.

Making the Business Case for Older Workers

A Forest Grove printer found himself over the age of 50 and replaced by a machine. At the urging of his daughter, a nurse at Legacy Emanuel Children's Hospital in Portland, he took a big plunge: he applied to nursing school and became a registered nurse. His criteria for a career change: a high demand job with security. Health care has already gotten the message: It's great to recruit and train younger workers, but hiring and retaining older workers is part of the solution to worker shortages.

Organizations may face a critical loss of experienced employees in critical positions

The AARP Oregon Poll of Employers in the State on Age 50+ employees found that nearly half of organizations surveyed report that they will likely face a shortage of qualified workers within the next five years.

Already industries such as health care, education, utilities and manufacturing are facing worker shortages. The seven industries in Oregon with the oldest workers are:

- ∞ Utilities
- ∞ Education
- ∞ Nonprofits
- ∞ Retail
- ∞ Healthcare
- ∞ Government
- ∞ Manufacturing

In the 3-million-member federal workforce, for example, 6 out of 10 employees could retire over the next decade, prompting a recent congressional proposal to lure retirees back to work with new financial incentives. In other cases, certain companies are showing a willingness to make work schedules more flexible, an approach much desired by older employees. In one City of Portland bureau alone, nearly 40% of the workforce could retire within five years.

In Oregon the Public Employee Retirement System (PERS) affects nearly one in 10 employees. The average age at retirement: 59.

"Older Workers: Myth or Fact?"

1. By the year 2020, 1 in 5 American workers will be over 55.
True. According to the Bureau of Labor, even in this decade, the percentage of older workers will rise by 10 percent.

2. Training older employees is a wasted investment, because they will only be on the job a few more years.
False. For example, if a 55-year-old employee is given technical training, the technology will likely be outmoded long before the employee retires. And with people retiring later and later, equipping mature employees with skill upgrades makes sense.

3. Older workers aren't as productive as younger workers.
False. Productivity tends to rise as workers grow older, due to their increased experience, dependability and judgment.

4. Older workers take off more sick days.
False. According to a recent study, workers over 45 call in sick an average of 3.1 days per year, compared to workers aged 17-44, who take an average of 3.8 days. In addition, mature employees are less likely to be injured on the job.

5. Older workers don't learn new skills as quickly as their younger counterparts.
False. The old cliché of "you can't teach an old dog new tricks" is just that—a stereotype. Though a small percentage of older adults do experience significant loss of cognitive function, most older adults are able to apply their greater experience and wisdom to learn new skills quickly.

(© 2006 Caresource Healthcare Communications)

Developing a strategy to recruit or retain older workers may help many organizations overcome projected worker shortages.

Older workers could be part of comprehensive workforce solutions to new recruitment. In fact with PERS employees leaving at an average age of 59, that may be a well-trained applicant pool willing to work seasonally, part time or full time. Nationally, one in five workers will be 55 or older by 2012. However, in the Portland area, 16.7% of workers are already 55 or older, higher than the national average of about 13%. It's not surprising that the largest demographic group in our nation's history would impact the workforce, but it might be surprising that many organizations aren't ready for what that could mean to them.

The AARP Oregon business survey found that two-thirds of the Oregon businesses anticipate labor shortages, but only 36 percent are preparing for a lack of qualified workers.

An Ernst & Young survey--"Aging Workforce Survey: Challenges and Responses--An Ongoing Review", demonstrated that US employers are unprepared for the looming brain drain caused by boomers leaving the workforce. The report concluded that not looking ahead to employment pattern changes leaves organizations "open to economic and productivity challenges if strategic plans are not put in place over the next five years."

Many older workers want to continue working beyond "normal" retirement age

There still remains a lingering theory that older Americans either don't need or don't want to work. This too is untrue. According to AARP, 3.5 million people aged 55 and older were below the poverty line in 1985—with the rate being higher for those older than 65. That translates into nearly one-fifth of the older population. Indeed, for many older workers, there's great financial need to gain employment.

Factoid
In 1950, 43% of workers were 55 or older vs 16.7% today

The AARP report "Preparation for Retirement: The Haves and the Have Nots" (http://www.aarp.org/research/financial/retirementsaving/retirement_prep.html) reports that three in ten households have not saved anything for retirement while just over two in ten have saved up to $25,000. Plus, many want to work. They like the idea of dipping a foot back into the labor pool, or even remaining there for the long haul. Recent studies by Merrill Lynch and AARP found that nearly 80 percent of boomers intend to keep working and earning in retirement. But here is the catch: they may want to try a new career to a position that is interesting, challenging and meaningful.

So the first step is an important one: Acknowledge and dispel the myths about older workers. Take the quiz, adapted from Caresource Health Communications.

Boomers are customers, too

It's not just the workers that are getting older - customers are too. Some retail executives believe older employees are more tuned in to the needs of aging customers. In the book

business, for example, more than half of the consumers are older than 45, a finding that prompted Borders Group Inc. to intensify efforts to employ middle-age workers. Today, 16% of its 32,000 employees are over 50 -- up from 6% several years ago. "It really makes sense—from an employment perspective—for us to target individuals who are over 50, because so much of our consumer population is over 50," said Suzann Trevisan, director of organizational development for Borders Group in Ann Arbor, Mich.

Borders may be a national chain, but locally New Seasons Market takes a similar approach. According to recruiter Bill Tolbert, older workers bring a lot of know-how, maturity and stability into the retail environment. He works with store managers to make sure that the workforce includes people of all ages.

Older workers are highly motivated

According to a Towers Perrin 2003 talent survey, workers were asked to indicate how motivated they feel in their work. Looking across all industries, motivation is highest among new employees – those who have been with the organization less than six months. After the honeymoon period ends, it appears that employees who make it past 20 years tend to uptick. Motivation, on average tends to be at or approaching the career high at 10-15 years of services and remains at that level through 20 or more years of service. (http://www.aarp.org/money/careers/employerresourcecenter/trends/business_case_for_workers_age_50_key_findings.html)

Companies need to factor in recruitment costs as part of the cost of employees.

A recent Forbes article reported that "A typical American holds more than eight different jobs between the ages of 18 and 32 alone. Recent research shows that 85% of American workers expect to be employed by a new company within 12 months." http://www.forbes.com/leadership/2007/04/24/employees-turnover-careers-lead-careers-cz_bk_0425turnover.html

Older workers can provide stability, loyalty and longevity and help reduce the churn of employees who move from one organization to another. The Forbes article states that,, "Companies are bound to suffer dire consequences. As staff leave, retraining is necessary. This strains company resources and hinders growth. Replacing a full-time, private-sector worker costs, at a bare minimum, 25% of his or her total annual compensation."

Accommodating older workers and people with disabilities

External Environment

An office worker with perfect eyesight found herself squinting at the computer screen more and more. Then her husband broke the news: "You need reading glasses." A variety of physical changes can take place for workers as they age. Nimble organizations will learn how to plan for an aging workforce, help employees successfully confront personal challenges from child care to elder care, and offer programs or incentives for

employees to successfully manage chronic disease – which accounts for the vast majority of health care costs in the workforce.

From the business perspective, proactively addressing safety and health issues benefits the company two-fold – directly, through reduced costs, and indirectly, through improved morale and increased productivity of its workforce.

Does an aging workforce equate to additional workers at risk of illness or injury?

Research suggests that, compared with younger workers, older workers injury rates are not as high. The Bureau of Labor Statistics states that "cost implications of severe injuries to older workers are especially troublesome for the future". The cost implications lie not in the quantity of injuries, but in the level of severity of the injury. (http://www.aarp.org/research/work/issues/aresearch-import-383-IB49.html)

Disability and Leaves of Absence

An older workforce may increase the risk for serious illness and disabilities. This may be particularly true in the United States where levels of chronic disease are higher than in many other industrialized countries. (*2004-2005 Workplace Forecast: a Strategic Outlook*, June 2004, SHRM (Society for Human Resource Management) The SHRM *2004-2005 Strategic Workplace Forecast* indicates that as the number of individuals with disabilities increases, both policy-makers and employers will need to step up efforts to bridge the gap between individuals with disabilities and an increasingly technology-driven workplace.

What role will technology play in helping older workers remain productive?

In many cases, technology already exists that can prevent injuries from occurring. Available technology can also enable individuals with disabilities to participate fully in the workplace. The real barrier is a lack of awareness of these technologies on the part of employers.

Examples of technology available today include from (*The Convergence of the Aging Workforce and Accessible Technology',* 2003, Microsoft Corporation and AgeLight,):

- *Accessibility features* that allow individuals to adjust software settings to accommodate unique vision, mobility, language, and learning needs. For example, keyboard filters that help compensate for erratic motion, tremors, and slow response time. Also, visual notifications vs. sound notifications or *vice versa*, and many others.
- *Assistive technology or accessibility aids* are technology products developed to work with computer operating systems and software that accommodate an individual's disability/ multiple disabilities. Aids include items such as speech recognition systems, alternative keyboards, sip-and-puff systems, Braille embossers and many more.

As enabling technology develops, the expectations of what constitutes reasonable accommodation will be higher, and employers will need to keep up with these changes or

risk discrimination claims. (*2004-2005 Workplace Forecast: a Strategic Outlook '*, June 2004, Society for Human Resource Management (SHRM)

Physical and Emotional Changes Associated with Aging

When you look at a child, there is not a lot of variability in what normal is for a given age group. However, finding the norm for adults is not as simple – especially for older adults. According to the University of Maine Cooperative Extension, "genetics, lifestyle, stress, exercise, and access to health care all influence the aging process. Aging is a highly individual experience and people age at different rates." (*Dispelling the Myths of Aging, 2004,* University of Maine Cooperative Extension)

Dr. William Ferguson, occupational health physician at the State of Oregon Governor's Occupational Health & Safety Conference explains some of the impacts of aging:

> The "problems of aging can include decreased hearing, decreased vision, decreased balance, poor conditioning, poor nutrition and obesity. Diseases of aging can include heart disease, diabetes, arthritis, lung disease, cancer, and various musculoskeletal diseases such as osteoarthritis, neck, back and upper extremity issues. Impairment of musculoskeletal diseases increases linearly with age, with osteoarthritis being the most common disease in the world."

Physical changes can reduce workplace risks as follows:

- Some preventive and accommodating actions include:
  - eliminating heavy lifts
  - promoting workplace fitness programs such as stretching, strengthening, and body mechanics practice
  - ensure that tools and equipment can be operated with decreased strength capacities, for example, transitioning to battery operated tools and using materials-handling equipment
  - color coding ramps and surfaces to prevent falls
  - using sound-absorbing materials to offset the effects of hearing loss.

- *Office Work Environment.* Companies have made great strides in implementing ergonomic best practices in the office work environment. However changes in physical capacities of the workforce also affect how offices are designed and how computers are used to complete our work.

- *Driving.* Normal aging processes may affect driving safety, including hearing impairment, vision changes, tolerance for glare, slower reaction time, difficulty adjusting between dark and light, longer focusing time for close up objects, and reduced capacity to detect moving objects, especially in the peripheral view.

  Older drivers adapt their driving patterns to compensate for weaknesses and physical changes,

such as reducing driving at night or in rush hour traffic.

- *Training environments.* When setting up training environments, place speakers so the audience can see and hear. Provide appropriate lighting especially for visuals, group work, and manual task practice. Place visuals and screens in front of audience, not to the side. Check to ensure that acoustics levels are appropriate for the type of presentation and group size. Eliminate disturbances such as fans and noise from surrounding areas to allow for better audibility.

Mental and Emotional Changes May Also Occur with Aging
Although transitions and losses occur throughout life, employees may face significant emotional events at mid-life including transitions, grief, and care-giving challenges.

During mid-life the frame of reference changes from "time since birth" to "time left to live." This shift in thought may inspire serious contemplation and consideration of "what's next." At the same time, employees may struggle with issues such as loss of a loved one, caregiving issues, declining health, children leaving home, and other psycho-social issue, in.

Honoring the process of grief and supporting those working through difficult times will ultimately provide benefits to both the employee and to the company.

Caregiving is an unpaid second job for many older workers

Many older workers have a second job: providing child and or elder care for a loved one. SHRM research indicates that due to demographic waves, "The number of employees with eldercare responsibilities is expected to grow and the level of importance of both childcare and eldercare benefits could grow exponentially if a large proportion of the workforce is caught up in the so-called 'sandwich generation' – those employees who have both childcare and eldercare responsibilities at the same time." *2004-2005 Workplace Forecast: A Strategic Outlook*, SHRM.

The HR groups continues, "Single-parent households will be especially hard hit by "sandwich caregiving" situations because there are fewer adults within the family that can share care-giving responsibilities."

Wellness in the Workplace-- the Next Evolution

The Oregon Business Plan report for 2008 noted that the cost of health care is making it more expensive for Oregon to compete in a global market, and dampens recovery and job growth. What actions can be taken to improve value, quality and cost? Employers can foster a culture to support healthy lifestyle decisions. Local companies such as Regence Blue Cross and Evraz Oregon Steel have seen excellent results with employee wellness programs.

Wellness efforts reduce the high costs of disease. Many diseases are preventable or better managed with the practice of a healthy lifestyle. Oregon's state public health office says that in a business with 30 employees, six of them are likely to have arthritis; three probably have asthma; and on average, 18 are at a weight that puts them at risk for diabetes or heart disease, and six or more smoke.

According to 2002 Department of Health and Human Services report, worksite health promotion savings range from $1.49 to $4.91 for every dollar spent. The report also stated that employers who incorporate physical activity programs have:

∞ Reduced healthcare costs by 20 to 55 percent
∞ Reduced short-term sick leave by six to 32 percent
∞ Increased productivity by two to 52 percent

The Oregon Business Plan recommends that employers:

∞ Encourage a culture of wellness and personal responsibility
∞ Design benefit plans to improve health, including coverage of preventive services, management of chronic disease conditions, protection from catastrophic costs and incentives for wellness.

Policy considerations

When boomers began to enter the workforce en masse during the 1970s, federal labor law shifted to accommodate a labor market growth rate of 30%. Now that the growth rate is expected to slow to about 3%, changes in labor law to accommodate boomers once again may provide help for workers and projected workforce shortages for employers.

The Senate Special Committee on Aging, chaired by Herb Kohl with Gordon Smith as ranking member, is working to introduce an older worker bill this spring that may have the following provisions:

∞ **Prohibition of Benefits Reductions due to Phased Retirement**

∞ **Allowance of Delayed Retirement Social Security Credits Until Age 72**

∞ **Reduce the Retirement Earnings Test Penalty for those below the Normal Retirement Age (NRA)**
∞ **Create a National Resource Center on Aging and the Workforce**
∞ **Remove the penalty under the Civil Service Retirement System for part-time services**

∞ **Improve the Workforce Investment Act (WIA) for older workers.**

∞ **Expand eligibility of the Work Opportunity Tax Credit (WOTC) to include older workers.**

Workgroup Recommendations for Employers

1. Starting with top management, commit the organization to full utilization of workers 50 and older. Reward employees who embrace this change and do not tolerate indifference or lack of support.

2. Conduct a workforce audit in light of your organization's strategic direction. Analyze your organization's short- and long-term human resources needs. Review workforce data to identify where new talent will come from, and identify future gaps. Find out how close your employees are to considering a retirement.

3. Create flexible work options for as many workers as is legally possible. Toss out the "one size fits all" arrangement in work and benefits.

4. Establish a corporate culture that honors diversity among cultures – and age! Incorporate ageism and multigenerational issues into diversity training.

5. Proactively develop knowledge transfer strategies through traditional mentoring programs, but also through two-way multigenerational mentoring.

6. Support training programs for workers of all ages giving action to the term "lifelong learning."

7. Offer life planning and financial education to pre-retirees through workshops or ongoing learning.

8. Allow flex-time for employees to become engaged in community projects.

9. Develop outcome-based management strategies that will give managers the tools they need to adapt to flexible work options such as telecommuting.

10. Encourage the Portland Society of Human Resource Association to foster discussion and best practices for employing older adults.
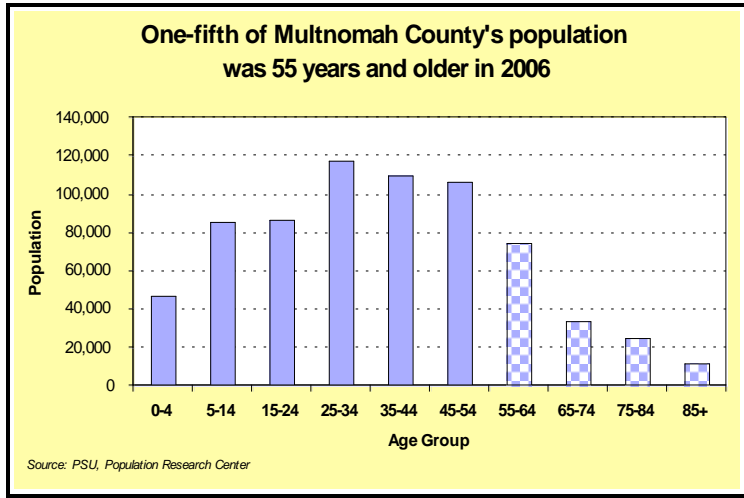
Conclusion

It is appropriate to construct a new paradigm for older workers – a paradigm that includes a range of options for older workers to remain in the labor force, return to the labor force, and cycle in and out of the labor force. Workplace flexibility is the 21st century response to a one-size-fits-all way of working. It is also time to update our concept of older workers so that we view them not only as workforce "exiters" but also as workforce "stayers" and, in some situations, workforce "entrants." Having access to all of these options increases the likelihood that older workers will be able to locate a job that "fits" their priorities and preferences and can offer financial as well as mental health benefits.

http://agingandwork.bc.edu/documents/IB05_OneSizeDoesntFit_001.pdf
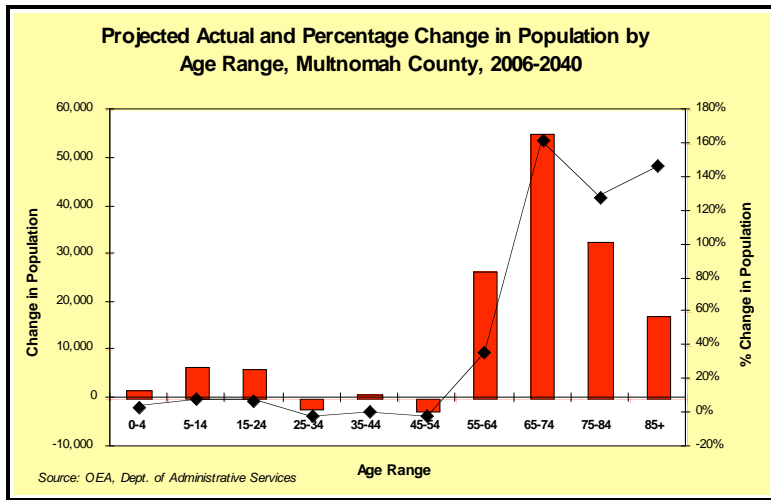
SUPPLMENTAL DEMOGRAPHICS REPORT

Graph 1: Population by Age Group

One-fifth of Multnomah County's population was 55 years and older in 2006

Source: PSU, Population Research Center

CURRENT AND PROJECTED POPULATION

Multnomah County boasts approximately one-fifth of the state's population and civilian labor force. The county's population totaled 681,454 in 2006 – growing by 3.2 percent from 2000 to 2006 and adding nearly 21,000 residents. Those age 55 and older population comprise one-fifth of the county's population -- about 145,580 residents in 2006 (Graph 1).

Graph 2: High Growth Expected for Older Population

Projected Actual and Percentage Change in Population by Age Range, Multnomah County, 2006-2040

Source: OEA, Dept. of Administrative Services

By year 2040, the county's 55 and older population is expected to grow by almost 131,000 residents or by 90 percent and make up one-third of the county's population base (Graph 2). The 55-74 age groups will add 81,500 residents.

Alternately, the younger age groups are expected to show minimal or negative population growth during the next three decades at growth rates from 7.7 to -2.6 percent.

Graph 3: Regional and Statewide Population Growth

Projected % Population Growth by Age Group, Portland PMSA and Oregon, 2006-2040

Source: Oregon Economic Analysis, DAS
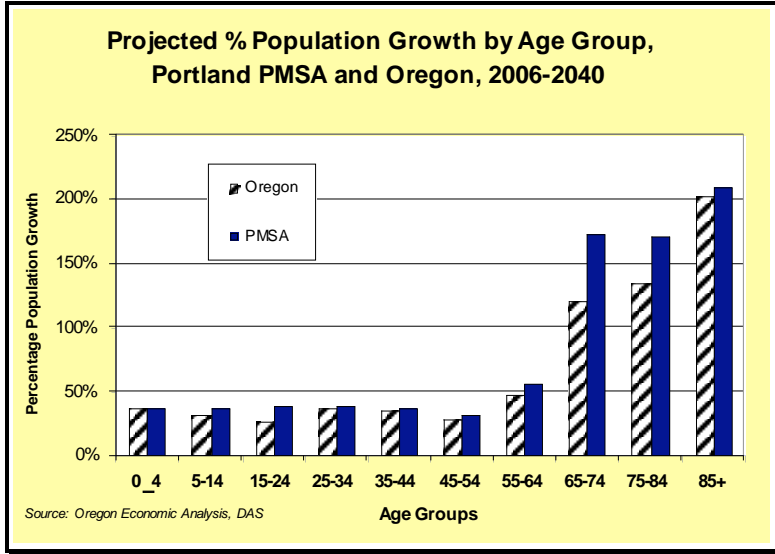
Similar population growth patterns are expected across the state and in the Portland (Portland Metropolitan Service Area) PMSA (Graph 3). From 2006 to 2040, the state's 55 and older population is expected to grow by 126 percent adding 841,000 to the population base. During the next 34 years, the younger age cohorts show a much slower growth rate at between 27 to 39 percent in both geographic areas.

EDUCATIONAL ATTAINMENT AND EARNINGS

When compared to Oregon and the Portland PMSA, Multnomah County had a higher percentage of population, 25 years and over, with a bachelor's degree or higher in 2006. This trend also holds true for the older age groups. Over one-third (35.7%) of the 45-64 year olds and more than one-fourth (26.1) of those 65 years and older had a bachelor's degree or higher in Multnomah County.

Table 1: Comparing Education Levels

Educational Attainment by Age Group, 2006			
	Multnomah County	Portland PMSA (OR-WA)	Oregon
Population 25 years and over			
High school graduate or higher	88.0%	89.1%	87.6%
Bachelor's degree or higher	35.5%	31.9%	27.5%
Population 45 to 64 years			
High school graduate or higher	90.5%	92.2%	91.0%
Bachelor's degree or higher	35.7%	34.2%	29.6%
Population 65 years and over			
High school graduate or higher	81.1%	83.0%	81.7%
Bachelor's degree or higher	26.1%	23.4%	21.4%

Source: 2006 American Community Survey, U.S. Census

The median earnings in 2006 for the Portland PMSA and Multnomah County workers, age 25 and older, were $33,572 and $31,258, respectively (Graph 4).

There is a direct correlation to education and earnings. In Multnomah County, high school graduates or equivalent had median earnings $9,363 higher than those who didn't graduate. Completing some college or earning an associate's degree boosted earnings by another $4,836. For those with a bachelor's degree or higher, an additional $9,136 was earned and $10,969 more for those with a graduate or professional degree.

Graph 4: Educational earnings

2006 Median earnings by Educational Attainment
(Population 25 years and over with earnings)

- Multnomah County
- Portland-Vancouver-Beaverton, OR-WA Metro Area

Categories: All persons; Less than high school graduate; High school graduate (includes equivalency); Some college or associate's degree; Bachelor's degree; Graduate or professional degree

Source: 2006 American Community Survey, U.S. Census

INDUSTRY EMPLOYMENT BY OLDER WORKERS

Table 2 shows current employment, percentage current employment, and change in industry employment during the last 15 years for workers 55 and older in Multnomah County. The county made up over half (52.7%) of the Portland PMSA's employment for those 55 and older in 2006 with older workers making up 16.3 percent of the county's total industry employment. The sectors employing the largest number of older workers included:
   ∞   health care and social assistance
   ∞   manufacturing
   ∞   educational services
   ∞   retail trade
   ∞   administrative and support
   ∞   wholesale trade.

Table 2: High Numbers of Older Workers in Many Industries

Industry Employment for Older Workers (55+) - Multnomah County, 2006

(Ranked by Industry Employment)	Industry Employment, Age 55+	% Sub-Sector Industry Employment Age 55+	Growth in Industry Employment, Age 55+ (1991-2006)	Average Quarterly Turnover Rate, 2006
All Industry Sectors	**74,476**		**38,041**	**7.0**
Health Care and Social Assistance	11,023	19.6%	6,716	5.8
Manufacturing	7,032	17.6%	2,527	5.9
Educational Services	6,806	20.2%	3,375	4.3
Retail Trade	6,093	12.8%	2,795	7.9
Admin and Support and Waste Mngt & Remediation Svcs	4,826	14.8%	2,713	13.4
Wholesale Trade	4,752	17.5%	2,315	4.8
Professional, Scientific, and Technical Services	4,163	15.3%	2,454	5.0
Transportation and Warehousing	3,956	17.5%	1,802	6.7
Other Services (except Public Administration)	3,674	19.3%	1,505	8.6
Finance and Insurance	3,604	15.5%	1,954	6.0
Accommodation and Food Services	3,556	9.0%	1,735	10.5
Public Administration	3,187	20.4%	1,976	5.6
Management of Companies and Enterprises	2,952	18.2%	1,876	4.3
Construction	2,671	13.3%	1,280	10.7
Real Estate and Rental and Leasing	2,384	21.8%	886	6.5
Information	1,625	13.4%	961	5.3
Arts, Entertainment, and Recreation	1,026	14.5%	502	9.6
Agriculture, Forestry, Fishing and Hunting	640	20.4%	494	17.7
Utilities	470	23.7%	164	1.2
Mining	35	21.2%	12	4.0

Source: U.S. Census, LEHD

LABOR FORCE PARTICIPATION RATE

The labor force participation rate provides interesting insight into changes over time in the labor market. From 1984 to 2006, Oregon's overall labor force participation rate, for the civilian population 16 years and older, remained fairly steady at 66.0 to 65.5 percent with no growth. On the other hand, older labor force rate increased from 9.6 to 14.5 percent for those 65 and older and 51.9 to 62.9 percent for those 55-64. As more and more of the baby boom generation moves into traditional retirement years, this rate may continue to increase if boomers stay in the labor force longer than the previous generation.

EMPLOYER TURNOVER

Older works often have higher retention and lower turnover than younger workers. The average quarterly industry turnover rate (for older workers in Multnomah County during 2006 was 7.05 – lower than the 17.5 average for ages 14-54. These numbers are not percentage, but a measure of job churning (new hires, termination and number of stable employees). The turnover rate may indicate the ease of replacing employees and low job skills or a measure of job stability and other

factors. Workers in low turnover industries are more likely to have stable employment and may spend less time retraining for new jobs.

TRANSPORTATION TO WORK

According to the 2006 American Community Survey, the largest portion of Multnomah County's workforce drove alone in a car, truck or van to get to work – 61 percent of 16-54 year olds and 69 percent of 55 years and older (Graph 8). The next largest portion of older workers either carpooled (8.4%) or worked from home (8.2%). Proportionally, less older workers took public transportation to work than the younger workforce (7.7% to 11.9%). Other means of transportation for older workers included walking to work (4.8%) and using a taxicab, motorcycle, bicycle, or other (1.9%).

Graph 8: Majority of Older Workers Drive Alone to Work

Means of Transportation to Work by Age Group, Multnomah County, 2006

Source: 2006 American Community Survey, U.S. Census
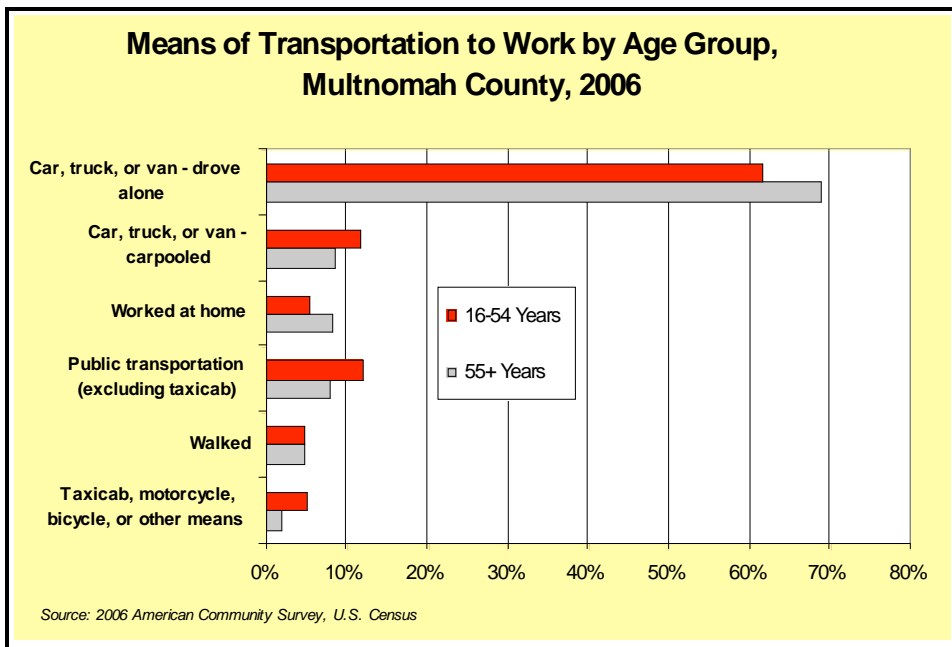
Members of the Vital Aging Taskforce Workgroup on Employment included:

Arleen Barnett, Portland General Electric
Jay Bloom, Multnomah County
June Chrisman, Providence Health Systems
Richard Clarke, Portland Public Schools
Leeanne Doolittle, Northwest Natural Gas
Jost Lottes, Portland State University, Institute on Aging
Andrew McGough, Worksystems, Inc
Rik MacKay, Worksystems, Inc.
Neal Naigus, Portland Community College
Steven Pascal-Joiner, Action Without Borders, Idealist
Joan Pasco, East County Onestop
Sue Posner, Metropolitan Family Services
Lynn Schemmer-Valleau, Volunteers of America
Grady Tarbutton, Multnomah County Aging and Disability Services
Bill Tolbert, New Seasons Market
Lynn Wallis, Oregon Employment Department
Linda Wiener, Wiener Training Group