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MANAGING CIVIL SERVICE WORKFORCE DIVERSITY
IN THE 21ST CENTURY

BY

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MANAGING CIVIL SERVICE WORKFORCE DIVERSITY IN THE 21ST CENTURY

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ABSTRACT

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The demographic composition of the national workforce has undergone significant change over the last three decades. Today's workforce is increasingly comprised of more women, minorities, and older workers. These trends are expected to continue well into the 21st Century. The impact of changing national workforce demographics will be particularly felt in the public sector because the federal workforce is already disproportionately comprised of older workers and minorities when compared to the civilian labor force. It's important to identify changing civilian workforce demographics within the federal government and explore the implications of these changes on managing the future workplace. What conclusions can we draw from these projected trends? How will the needs, preferences and expectations of the future federal workforce differ from today's civil servant? What can leaders do today to identify, understand, and manage the growing workforce diversity anticipated in the future? By understanding the implications of changing demographic patterns, the federal government can conduct workforce planning needed to remain a competitive employer, maximize workforce productivity, and enhance recruitment and retention efforts.
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Managing Civil Service Workforce Diversity in the 21st Century

As we enter the 21st century, changing workforce demographics continue to present profound challenges for American employers. The relatively homogenous workforce of the past has undergone unprecedented change and become increasingly more diverse over the last three decades. Today’s workforce is composed of more women, minorities and older workers. Females comprise almost half of the workforce and most are married with children. Immigration, high minority birthrates, and improvements in infant mortality have caused an explosion in the number of racial and ethnic minorities employed. Aging baby boomers and lower mortality rates have accelerated the graying of the workforce and will greatly increase the number of retirement eligible workers in the future. Fewer skilled workers will be available to fill the knowledge gap as they retire. Moreover, lower birthrates following the baby boom generation continues to lower the number of younger workers and contribute to a growing labor shortage.

Changing workforce demographics have not only changed the make-up of today’s workforce, but are expected to continue to shape the composition of the workforce of tomorrow. Undoubtedly, these trends will continue to impact America’s ability to compete in a global economy that has become increasingly reliant on technology and highly skilled workers. It is important to explore the implications of changing national workforce demographics for the federal workforce. How will the needs and preferences of the future federal workforce differ from today’s civil servants? What effect will changing workforce demographics have on federal employment policy and workplace procedures? Although changing workforce trends have been the subject of numerous research projects, these issues continue to evolve and therefore merit constant reexamination. This paper will examine the implications of national demographic trends on the federal workforce and explore the future management challenges they present.

Particular attention will be given to the rapid aging of the workforce because this change is expected to offer the most significant future challenges and lead to a loss of critical skills and institutional memory. The federal government can draw important conclusions from changing demographic patterns and conduct workforce planning needed to remain a competitive employer, maximize workforce productivity, and enhance recruitment and retention efforts.
The Changing National Workforce

Change is an enduring feature of the national workforce. Over the past three decades, the national workforce has almost doubled from 73.1 million in 1964\(^6\) to 141.3 million by December 2000.\(^7\) This rapid growth rate was accompanied with increased ethnic, racial, gender, and age diversity caused by a combination of changing demographics, increased immigration rates, and different views about the role of women in society. “Today’s workforce doesn’t think, look, or act like the workforce of the past.” Workers have different values, needs, expectations, and lifestyles compared to the workforce that existed 30 years ago.\(^8\) As the Hudson Institute’s Workforce 2000 report predicted in 1987, women, minorities, and older workers have become an integral part of the workplace, resulting in radical shifts in the make-up of the labor force.\(^9\) As workforce diversity increases and growth in the US labor force slows, attention to differences in the workplace will remain critical in attracting and retaining highly skilled, competent workers. Managers in both the private and public sectors must pursue strategies that attract and retain top talent and foster inclusion of all workers. Inadequate attention to differences in the workplace will severely cripple organizational effectiveness and productivity.\(^10\)

The most dramatic change in the workforce over the last 30 years has been the growing participation of women, especially those married with children.\(^11\) Today, nearly half of adult American women work outside the home and constitute over 46 percent of the national workforce, an increase of 21 percent since 1970.\(^12\) According to Anita Hattiangadi, of the Employment Policy Foundation, 70 percent of married women with young children were in the workforce in 1996.\(^13\) This fact alone has substantially increased the number of dual career families in the workplace, created a burgeoning demand to balance work and family responsibilities, and increased the demand for flexible work arrangements.\(^14\) Also of interest is the growing number of single mothers in the workforce. Based on Department of Labor statistics, 26 percent of working women were unwed mothers in 1998 compared to only 16 percent in 1975. This growth has occurred in part because “more women have turned to the labor force for income since welfare reform policies established time limits on public assistance.”\(^15\) Later marriage and delayed child births has also produced an increase in the number of childless single women in the workforce.\(^16\)
Ethnic America is growing. Multiculturalism and racial diversity is commonplace in today's workforce. Between 1980 and 1990 the percentage of racial minorities in the population almost doubled while White and non-Hispanic groups remained essentially the same. In 1998, one in four Americans was Black, Hispanic, Asian, or Native American. Minority workforce growth parallels changes in the population. For instance, in 1980, minorities composed 18 percent of the workforce compared to 25 percent in 1998.

As the Hudson Institute points out, immigration and higher than average fertility rates among minorities are the major forces driving ethnic diversity in the workplace. The majority of new immigrants arriving since 1970 came from Asia or Latin America as opposed to the past where most foreign-born nationals came from Europe. Although Blacks currently remain the largest working minority group, rapid growth in Hispanic and Asian workers is quickly narrowing the gap. In fact, the Hispanic workforce will exceed that of Blacks within the next five years while Asian representation in the workforce will continue to make substantial gains during the same period. Of particular interest, the recent wave of immigrants are typically less educated when compared to native-born Americans, adding to a already growing minority pool that lacks the skills to adequately adapt to today's high tech economy. For example, “41 percent of immigrants aged 25 or above who arrived between 1980 and 1990 lacked a high school diploma.”

The rapid aging of America and the national workforce is perhaps the most significant demographic change underway. “In the 1990s the population over the age of 55 grew to 55 million, with a life expectancy into the mid-seventies.” And by the end of the year 2000, over 60 million people were expected to be 55 or older. Just as important, an increasing number of these employees face the challenge and responsibilities of caring for aging parents or family members. Similarly, the median age of today's workforce continues to increase as the 76 million baby boomers, born between 1946-1964, grow older and health care improvements continue to reduce mortality rates. Older workers, between the ages of 45-55, currently account for more than 52 percent of the working population, typically have years of employment experience, and occupy positions of high responsibility. Based on US labor statistics, “the portion of people working between the ages of 45 and 54 has increased by almost 20 percent this decade” alone.
As the first baby boomers begin to reach age 65 and become eligible for retirement in 2010, the attrition rate of older workers will accelerate. This could cause an organizational “brain drain” and loss of institutional memory if left unattended. Concurrent with the rising number of retirement eligible workers, the rate of younger workers to replace them has dropped significantly due to plummeting birthrates among the generation that followed the baby boomers, causing slower workforce growth. Against this backdrop, some studies indicate that new jobs will outpace workforce growth in the future and most experts agree “that we are running headlong into a labor shortage in nearly all sectors of American business.” This problem has been exacerbated by corporate downsizing, which occurred over the last ten years and contributed to critical skill imbalances.

The Workforce of Tomorrow

The national workforce will continue to grow, while undergoing significant demographic changes, well into the 21st century. However, labor force growth will be slower than in the past 15 years because population growth is declining. The only certainty is that the American workforce will remain a mixture of diverse workers as women, minority, and aging baby boomer trends continue to shape the future. Over the next 20 years, some of the trends highlighted in today’s workforce will become more pronounced while others will slow as shown below. Furthermore, in the global economy, American markets will continue to shift from manufacturing to service jobs that will increasingly rely on technology and demand more highly skilled workers. However, tight labor markets caused by lower birth rates and fewer young workers to replace prospective retirees will make skilled workers in short supply. Even more significant, the future workplace will “demand brains rather than brawn.” Many youth, especially minorities and recent immigrants, will be less skilled and poorly prepared to meet the needs of the future high-tech workplace at a time when retirement eligible employees could be leaving the workplace in droves.

Female employment rates will continue to rise in the future while male rates are expected to fall. According to the Hudson Institute, “by 2020 men and women will each comprise about half the total workforce.” Moreover, the trend of more working mothers and dual career families is expected to remain high. Based on these projections, clearly organizations will be prompted to offer policies that support family care responsibilities and find new ways to recruit
even more women as the number of White males in the workplace drop and the supply of highly skilled workers are reduced.

The workforce of the future will become even more ethnically diverse, but at a slower pace. Despite this slow down, “the minority growth rates are expected to be greater than that of the total workforce.” Current research indicates that Blacks participation in the workforce is expected to remain constant at the current level, about 11 percent, into the year 2020. Similarly, the Department of Labor predicts that Hispanics are likely to be the largest minority group by 2010 and Asians will double their population. However, the Hispanic population growth will not be equally distributed across the country. In stead, growth will be most significant in the Western states, especially California.

The recent wave of immigrants, along with a high percentage of minority workers, tends to possess lower education skills than their White counterparts. This pattern is expected to continue in the future unless immigration laws are revised or significant gains in education are achieved. As a result, members of these groups will continue to have difficulty succeeding in high-tech workplaces. Moreover, “language issues are likely to gain added prominence in the workplace of the future as a growing share of the population lacks fluency in English.” Undoubtedly, lower levels of language competency and poorer educational preparation among minorities, especially recent immigrants, will have significant implications for the future workforce and America’s ability to remain competitive in the global economy.

The graying of the workforce will accelerate in the future because workers are expected to live longer, healthier lives. Aging baby boomers will begin reaching the traditional retirement age of 65 by 2010, and by 2020 almost 20 percent of the US population will be 65 or older. Human resources professionals and analysts are anticipating a wave of retirements in the next decade alone, while the pool of younger workers to replace retirees are expected to continue shrinking. However, financial pressures may prevent many older employees from retiring, “resulting in a continued presence of aging workers in the workplace.” With the social security system on the brink of bankruptcy, the Medicare Trust Fund scheduled to run out of funds by 2001, and many companies beginning to realize they cannot continue to pay pensions to retirees; retirement benefits of the future could be reduced or significantly different. As a result, many aging workers will desire or be forced to work longer in order to maintain their present lifestyles and “keep employer provided health insurance” benefits longer.
With the workforce only growing slowly over the next 20 years, competition for scarce young workers will remain fierce as employers sharpen their talent heads toward retirement. Private and public sector employers will find that recruitment, retention, and training of older workers will become essential to ease the growing scarcity of knowledge and skill. Moreover, the knowledge-based economy of the future will allow people to work longer because work is less exhausting. Likewise, well-educated older workers have a greater propensity to delay retirement. In addition, legislation that prevents decrement of social security entitlements for older employees who work beyond 65 is anticipated in the future. Older workers will present a number of management challenges and intergenerational issues for private and public sector leaders. Future managers will be faced with constant requirements to manage change. They will have to grapple with increased demands for flexible work schedules, higher benefit costs, incentives that encourage older workers to delay retirement plans, elderly care policies that support older workers with aging parents, changes in retirement policies, and succession planning.

Implications of Changing Demographics on the Federal Workforce

It's important to understand the implications of changing national demographic trends on the federal workforce. Through such an understanding, leaders can more effectively implement human resources policies that accommodate the changes anticipated in the workforce of tomorrow. In some respects, the federal government “may face more pressing challenges than its nonfederal counterpart in responding to the demographic changes.” Research shows that increasing numbers of older workers, women, and minorities are particularly evident in the public sector workforce. In short, the implications of changing national workforce demographics may be even more pervasive in the federal workforce; therefore, presenting a more urgent need to respond to these emerging changes.

On average, federal workers are much older than their civilian counterparts. “The median age of the full-time federal civilian employee is almost 46 years, much higher than the workforce at large.” According to Stephen Barr from the Washington Post, “about half of the federal workforce will be eligible to retire or take an ‘early out’ in the next five years,” while the retirement crunch on the private sector will be spread out over a longer period. Without appropriate action, a crippling labor shortage is inevitable within the federal workforce.
Recent Department of Defense (DOD) data reveals that the percentage of younger federal workers is dropping in contrast to the percentage of older workers. Only 6.4 percent of the DOD workforce was under the age of 31 as of September 1999. Renewed emphasis on downsizing and outsourcing in the federal government has contributed to more rapid aging of civil servants when compared to the private sector. Over the last ten years alone, DOD reduced its civilian workforce by about 400,000 positions while hiring fewer new, especially younger recruits to offset skill imbalances during the same period. Even more troubling, additional reductions are expected in the outyears. As a result, there is a "growing gap between the percentage of older and younger employees in DOD's civilian workforce." In short, the federal workforce is headed toward a talent crunch and loss of a significant amount of in-house knowledge and experience. For instance, at the end of fiscal year 1999, over 60 percent of the Army's total civilian workforce became eligible for retirement by 2010. "The outcome is a retirement eligible, more costly workforce with skill imbalances and no replacements."

According to Diane Diseny, deputy secretary of defense for civilian personnel policy, the average federal employee retires at age 61, but most federal workers under the old Civil Service Retirement System are eligible to retire at age 55 without reduced benefits. However, as mentioned earlier, older workers are expected to work longer in the future due to improved health care and the financial necessity to make ends meet. Furthermore, the knowledge-based economy of the future will place increased emphasis on service-oriented jobs, which will afford older people in these occupations an opportunity to work longer if they desire. As older workers become more pervasive in the workplace, numerous challenges are anticipated. Not only will healthcare benefits, retirement costs, and the percentage of disabled workers rise in the federal workforce; but also thousands of workers will be faced with balancing work and family responsibilities, particularly the care of children and elderly parents.

While an older federal workforce may become more stable and experienced, it could also become less mobile or adaptive to change. In addition, the demand for flexibility in benefits, pay, work schedules, recognition, and rewards will become commonplace. Alternatives to traditional full time work, such as part time or temporary schedules will be sought after more frequently. Some studies have also shown that older employees tend to have higher absenteeism rates and call in sick more frequently than younger workers. Moreover, given
civil service emphasis on seniority, promotion opportunities for younger workers will decline as older workers stay on longer. This may cause dissenion and a need to redesign traditional organizational structures. In addition, younger worker in management positions will be required to supervise older workers to a greater extent. This will be uncomfortable for younger managers and may lead to intergenerational conflicts. With the expected shortage of younger workers in many federal agencies, retaining older workers to help fill knowledge gaps or prevent skill imbalances will become essential. Therefore, the federal government must better understand the needs of older workers, devise policies and procedures that accommodate and motivate them, and reinvent the roles of older employees.

In the aggregate, women and minority groups are represented in the federal workforce in slightly greater proportion than in the civilian labor force. For instance, “women and minorities made up 57 percent of the federal workforce 1998, a slightly greater proportion than the civilian labor force.” What's more, women and minorities in the federal workforce have traditionally outpaced the same groups in the private sector. For example, women in the federal workforce grew faster than the nonfederal sector between 1976 and 1990. Female federal workers increased by over eight percent during this fourteen-year period compared to only a five-percent rise of women employed in the private sector. Even more striking, the number of men employed with the federal government decreased by 8 percent during the same period, in line with national trends. Similarly, between 1967 and 1996 minorities in the federal workforce rose from just under 14 percent to 28 percent, slightly higher than minorities employed in the national workforce.

In spite of ten years of downsizing, which saw 400,000 federal employees leave the rolls, “the percentage of female and minority workers in every race/national origin has steadily increased since 1990.” According to the U.S. Merit Systems Protection Board, gains have been most significant at the higher-grade levels. For example, “the percentage of women in SES [positions] doubled since 1990 from only 11.2 percent to over 23 percent today. During the same time period, the percentage of federal executives who were minorities also rose from 7.6 percent to 12.9 percent.”

According to Labor Secretary Alex Harmon, women composed almost 45 percent of the government workforce in 1999, slightly below the 46 percent of women in the national workforce. However, as more females entered the national workforce based on workforce
2020 projections, similar growth is expected in the federal workforce. The continued growth of this cohort will be accompanied with continued diversity of needs and expectations. Demand for family-friendly policies that support child and elderly care arrangements is likely to increase. Work and family life can no longer be viewed as separate entities. As the Office of Personnel Management indicates, women are the traditional caregivers to children and elderly persons. Agencies may be pressured to provide even more dependent care assistance programs, elderly care services, flexible work schedules and locations, flexible benefits programs, supportive leave policies, part-time work options, job sharing arrangements, telecommuting, and related practices to help women and men cope with personal circumstances. Furthermore, the proliferation of dual career families in the federal workforce will further exacerbate the need for supportive work environments and “dual career families will be less likely to relocate without significant incentive.”

Likewise, growth of minorities in the federal workforce will continue to bring varied aptitude, values, and different cultural perspectives. Blacks comprise almost 20 percent of the federal workforce compared to 11.9 percent of nonfederal workers. Asian and Hispanic participation in the federal workforce has also significantly increased over the last ten years, especially in professional jobs. However, Hispanics remain the only ethnic minority seriously underrepresented in the federal government. In 1999, “Hispanics made up only 6.4 percent of the federal workforce, roughly half of their total representation in the civilian workforce.” One reason for this disparity, according to the U.S. Merit Systems Protection Board, is because “Hispanics lack the educational credentials often required for federal positions.” In essence, the fastest growing cohort in the national workforce—Hispanics—remain significantly underrepresented in the federal workforce while the percentage of Blacks employed in the public sector is much higher than the national average.

Obviously, continued emphasis on training and policies that foster inclusion of all workers will remain paramount. However, shortfalls in minority educational achievements and language skills are likely to pose the most significant challenges for the federal workforce. For example, “Hispanics lag behind non-Hispanic workers in all categories of educational attainment” and many have low-level proficiency in English. Recent surveys of the Hispanic and Asian population shows that over half of these individuals believe that they do not speak English very well. While blacks have made significant educational gains over the last ten
years, they also tend to have far less education than whites and Asian Americans. In fact, "Asian workers are the only group to outstrip white workers in any educational category." Efforts to expand Hispanic representation in the federal workforce, in accordance with a recent presidential executive order, and affirmative action programs that remedy any proven past discrimination are likely to present the most formidable challenges in the future. In order to comply with this presidential directive, federal employers may be faced with the dilemma of hiring unqualified workers and providing remedial education programs and language training to enhance productivity of this cohort in a workforce that demands highly skilled workers. Additionally, an expansion of training and mentoring programs may be warranted to increase awareness of cultural diversity in the workforce and enhance utilization of the talents minorities offer. Moreover, according to recent data from the US Census Bureau, Hispanics and Blacks typically have much higher birth rates than whites or other minority groups, especially for unmarried women. For example, in 1997 Hispanics had 712 births per 1000 while Blacks had 601 births per 1000 during the same period. In contrast, Asians and Pacific Islanders had 170 births per 1000 in 1997. As the largest and fastest growing minority groups, Blacks and Hispanics workers will place increase demand on federal managers to provide family-friendly policies and child care assistance programs.

Finally, with slower labor force growth and the supply of highly skilled workers expected to shrink in the outyears—especially those skilled in technical occupations—keen competition for human resources will increase. Already, "the growth in labor demand has surpassed growth in labor supply since the 1980s." Lower birthrates among the baby bust generation or those born during the ten years after the baby boomers will cause further decline in the number of younger workers to fill entry-level positions as the retirement eligible population continues to grow. This trend will have several policy implications for recruitment, retention, and development of the future federal workforce. The federal workforce will find itself in fierce rivalry with the private sector to attract and retain entry level younger workers and other well-educated, capable personnel.

However, as Paul C. Light from the Brookings Institute indicates, "in the midst of a growing labor shortage, the federal government is becoming an employer of last resort" and is an unattractive employer for the nation's top college graduates. Outdated federal employment policies are slow in hiring, firing, and promoting. Moreover, workplace inflexibility in some
federal agencies causes difficulty in recruitment and retention. Furthermore, government careers tend to focus on position security as opposed to offering challenging career development opportunities. Therefore most government positions “are not configured to offer the work that young Americans want.” Repeated downsizing and outsourcing has made government work a daunting proposition and those interested in public service are increasingly opting to work for private contractors.  

Even more discouraging, the General Accounting Office argues that “the federal government generally does not do a very good job preparing for workforce changes or workforce planning.”  

In short, effective workforce planning, improved recruitment and retention initiatives, and increased workplace flexibility will be necessary in the future to make government work more attractive and tap into younger markets that don’t hold government work in high esteem.

Recommendations

The federal workforce faces a growing crisis that requires immediate attention. A plan of action is needed to minimize the potential adverse effects of emerging demographic trends and capitalize on the possible benefits that these changes offer. As previously illustrated, the aging of the federal workforce, slower labor force growth, more women and minority workers, and increased competition for younger recruits will present significant challenges. However, since changing workforce demographics will effect each federal agency differently depending on its geographical location and the type of workers it employs, we must began now to analyze each federal organization, anticipate the problems likely to be faced, and develop long-term strategies to remedy potential problems. The below listed recommendations offer a starting point to begin attacking future workforce challenges. While these suggestions are not all inclusive, they can serve as a springboard to focus our attention and generate additional thoughts on these critical issues.

**Develop and implement a human capital strategic plan.** Strategic human capital planning is a critical first step in providing a long-term approach for preparing the federal workforce to meet future challenges and mission requirements.  

A detail needs assessment of each federal agency is necessary to ascertain how emerging trends, especially the rapid aging of the workforce, will effect each agency and identify projected talent shortages and skills imbalances that will result as older workers began to depart the workforce. In addition, this assessment must review current workplace policies, programs, and procedures to identify
impediments to effective recruitment and retention efforts. This review should be used to initiate deliberate succession planning and modify outdated practices to attract and retain the right skills to offset anticipated skill imbalances, reduce the adverse effects of the retirement wave on mission accomplishment, and better shape the workforce based on future workload requirements.  

In short, innovative human resource management policies and workforce planning and structuring are needed to ensure workforce stability and the right civilian force mix in the future. Changes needed for the future can only be identified through an assessment of where we are today. In order to facilitate this assessment process, the Office of Personnel Management should develop a standardized tool that can be used by all federal activities and provide appropriate oversight to ensure a systematic analysis is completed. Moreover, resources must be allocated to train Human Resource analyst and line managers in human capital management including future workforce planning and effective succession strategies. This will ensure constant reexamination of federal agencies in the future to pinpoint organizational strengths and weaknesses and identify human capital needs. 

The importance of this initial step cannot be overemphasized, especially since human resource planning in federal agencies has traditionally not been done very well, as mentioned earlier. This point is best illustrated as we review the manner in which previous staff reductions and downsizing were conducted. Organizational streamlining over the last ten years has lacked a coherent strategic vision designed to preserve the appropriate in-house skills and capabilities need to meet future mission requirements. Moreover, early-outs and buyout offers have been largely aimed at older white males in order to preserve diversity gains. This has resulted in a lost of critical skills and institutional knowledge. Concurrently, stiff hiring controls have resulted in fewer new recruits to replace older workers. Similarly, outsourcing and privatization of key functions in the past has solely focused on cost savings and efficiencies and lacked a strategic approach that considers the impact on employee morale, disproportionate federal workforce aging, or the effect on future mission accomplishment.

Adopt a more logical approach to A-76 competitions to address the adverse effects of outsourcing on federal workforce demographics. While A-76 competitions and outsourcing are designed to expand competition, reduce operating costs, generate savings,
and improve efficiencies, there are several long-term implications that must be considered. The process lacks a coherent strategic vision, does not consider the impact of outsourcing on federal workforce demographics, awards contracts based on the lowest bid instead of best value, and focuses only on the privatization of non-inherently governmental jobs rather than considering how the entire organization can operate more efficiently.  

Since the drawdown began in 1989, thousands of functions previously performed by federal workers have been outsourced and hiring of new recruits has been significantly curtailed to offset budget cuts. This has substantially lowered the proportion of younger federal workers, created skills imbalances, or eliminated entire functions at a time when over 60 percent of the Army's civilian workforce alone will be eligible for retirement by 2010. This problem has been exacerbated through the piecemeal approach of A-76, which moves toward increased outsourcing in the future without a coherent long-term plan. Without an improved manpower strategy, further workforce erosion and instability is expected, critical skills and institutional memory will be lost, the negative impact of an aging federal workforce will be accelerated, and future recruitment and retention efforts will be impaired.

A more logical alternative to A-76 competitions is needed to address the effects of outsourcing on federal workforce demographics and determine how the entire organization can operate more efficiently. While A-76 studies foster competition with the commercial sector in order to achieve efficiencies, “the major stated goal of DOD’s A-76 initiatives is savings.” However, studies have shown that contract cost increase over time as workload is expanded. Therefore, restructuring efforts should not be limited to A-76 competitions and outsourcing to cut costs. The federal manager needs to have the flexibility to make decisions on whether to eliminate, consolidate, restructure, or outsource jobs as part of a total organization-restructuring plan. This approach puts the federal manager in a better position to reshape the entire organization, address changing federal workforce demographics, replenish skill shortages, and prevent loss of critical skills. In addition, this approach affords the federal manager an opportunity to better project future workload requirements and engage more constructively with the private sector to meet valid needs and requirements.

Develop a strategic approach to retain and recruit older workers. The most significant problem the federal workforce will face in the immediate future is a huge retirement of older workers with few younger employees to replace them. Without concerted action, the federal
government is faced with the dilemma of losing its most valued and qualified employees. Fortunately, most experts predict that many of these older workers would prefer to delay retirement or retire gradually instead of retiring abruptly. With this in mind, the federal government should focus on developing a “phased retirement program” that allows older workers to receive part of their pension and a smaller salary based on a reduced work schedule. This approach will prevent an inordinate number of workers from leaving the workforce at the same time. In addition, phased retirements “create a system for mentoring replacements and ensuring that knowledge gets transferred to a new generation” of employees.

In essence, older workers maturity and experience is needed to offset projected labor shortages and meet future mission objectives. Encouraging older employees to work longer and determining how experienced workers can be used most effectively will require a paradigm shift in current thinking and the development of more flexible polices and programs that make working longer an attractive option. Understanding older employees needs and providing more meaningful roles for these employees is the key to success. More alternatives to traditional full-time work such as part-time or temporary work, job-sharing, flextime, consulting and alternate career paths could be useful in motivating older workers to retreat from work gradually. Also, retention bonuses, retraining opportunities, and related incentives need to be explored as possible options to retain older workers, especially mission essential older employees. To overcome intergenerational issues between older and younger workers, “new models of how people work together, based more on merit and less on seniority” will need to be devised. Moreover, training programs geared to the management of older workers could benefit younger supervisors who find themselves in the unenviable position of supervising employees as old or older than their parents.

In addition to encouraging existing older workers to delay retirement plans to avoid critical knowledge gaps in the federal workforce, forward-looking human resource policies and practices are needed to spur recruitment of additional older workers. This will become particularly important as the public sector workforce increasingly experiences difficulty in recruiting qualified, skilled younger workers. The federal government must offer programs that motivate older employees in ways different from younger workers. Benefits packages, pension plans, and related entitlements must be adapted to appeal to older workers. Reward systems must be revised to reflect the needs and expectations of older workers.
Furthermore, family-friendly programs, policies, and resources should be continued and expanded to assist older workers in meeting elderly caregiving responsibilities for aging parents. Federal workforce leaders must devise innovative approaches to respond to these challenges and educate managers on the value of older workers as we face an impending labor shortage. While recruitment and retention of older workers could be more costly and result in higher pensions and health care costs, they provide a viable labor pool to offset the impending loss of institutional knowledge and skills gaps caused by an increase in retirement eligible federal workers. Without improved retention and recruitment of older employees, the alternative could be a federal workforce with major skills deficiencies and imbalances.

**Implement aggressive strategies to improve recruitment and retention of younger workers.** As mentioned earlier, many younger workers do not view employment with the federal government in high regard, especially graduates from top colleges. Outdated federal employment policies and an overly lengthy recruitment process, which undermine the public sector's ability to attract top talent, in part drive this pervasive view of federal employment. While the federal government has made much progress over the last several years in streamlining the hiring process, decentralizing hiring functions, and implementing less restrictive or burdensome employment procedures, additional attention is needed in this area. Managers must be given the flexibility and freedom in personnel matters needed to recruit and acquire the human resources necessary to accomplish the mission. As Paul C. Light, from the Brookings Institute notes, most government recruitment programs are designed for a workforce that hasn't existed in years.¹⁰⁴

One of the first steps in improving the attractiveness of federal work is to set federal pay and benefits in line with those of the private sector, especially in highly technical fields. While Federal Employees' Pay Comparability Act of 1990 (which authorizes locality pay, higher special pay rates, recruitment and retention bonuses, etc.) has helped to make federal pay more competitive with the private sector, there are still significant gaps.¹⁰⁵ Realizing that the federal government has legislative constraints on how much employees can be paid, perhaps it would be more advantageous to at least increase entry-level salaries as a means of attracting top college graduates.¹⁰⁶ While this approach may result in some new employees being paid higher salaries than current employees, in today's knowledge based workplace entry level pay for talented young workers with highly sought after technical skills should bare
no relationship to the recruits age, experience or rank. Moreover, current workers should receive increased compensation when they enhance their skills through formal training and education programs beyond that which is offered through government training programs. In order to ensure that higher salaries are offered and retained for both new and existing employees, deregulation of salary setting authority should be pursued. At a minimum, pay comparability studies should be launched in the technical fields to ascertain the degree of pay gaps between the public and private sectors and provide the information needed to make decisions about potential salary increases and comparable benefit packages.\textsuperscript{107}

But pay alone will not solve the recruitment dilemma or overcome the negative image of the federal workforce. To help attract young recruits to the federal government, a critical look at the nature of federal jobs is needed to determine where improvements are need to offer more opportunity for career growth, professional training, and advancement. Dead end jobs with insufficient pay and few rewards are simply not appealing to a mobile workforce that can select among multiple employers to find the positions that best meet their needs and expectations.\textsuperscript{108} In addition, a comprehensive marketing campaign is also needed to communicate public sector opportunities and options. Public relations effort should include enhanced partnerships with colleges and industry. More emphasis should be placed on college outreach programs, cooperative training programs, and government-industry exchange programs. Stronger partnerships with colleges and universities will help to expose prospective graduates to government opportunities and benefits. Likewise, partnering with industry will expose government employees “to new ideas in the business world” while providing the government with “an exchange in talent for the private sector.”\textsuperscript{109} Industry could benefit from such an exchange as well, especially in technical fields such as research, development, and acquisition. Through information sharing, industry can achieve efficiencies by capitalizing on lessons learned from the public sector and thereby better manage risks and achieve cost avoidance.

\textbf{Increase workforce flexibility programs and family-friendly policies.} The growth of women, minorities, single mothers, and dual earner families in the federal workforce makes expansion of family-friendly policies and programs critical. This concern will only be exacerbated as more Hispanics, the fastest growing minority, enter the federal workforce with their greater propensity to have children at younger ages and more frequently than the national average. Likewise, the increase in elderly parents relying on their children for support
will continue to increase the need for supportive family policies. Human resources policies that address employee needs to care for children and elderly dependents should constantly be adjusted to solve work and family conflicts. Increased commitment to programming that supports working parents, dual career families, and dependent care should be fully endorsed and visibly marketed. Since family care responsibilities may vary among employees in different federal agencies, local assessments should be conducted to shape and tailor programs to meet specific needs. Research shows that the outcome of this investment is improved recruitment, retention and productivity in both the private sector and the federal workplace.\textsuperscript{110}

While the federal civil service offers a broad range of family supportive policies and has made much progress in providing supportive work environments, we should not rest on our laurels. Programs such as flexible benefits, flexible work arrangements, on-site childcare centers or subsidies, dependent care programs, and referral services are present in many federal agencies.\textsuperscript{111} But they are also not available or only used minimally in other federal work sites.\textsuperscript{112} Furthermore, all family-friendly programs are limited or restrictive.\textsuperscript{113} For instance, while federal policies allow employees to take up to 12 weeks of paid accrued sick leave each year to care for a dependent with a “serious health condition” there is no similar legislation that allows time off to handle the mundane dependent care responsibilities when annual leave is depleted.\textsuperscript{114} Similarly, recent legislation authorized federal agencies to use appropriated funds to assist lower income families with the cost of childcare, however the program was limited to one year.\textsuperscript{115} Clearly, these initiatives have significant merit. Therefore, the sick-leave policy should be expanded to include any legitimate dependent care responsibility if the sick leave has been earned. Additionally, the authorization to fund child care for lower income families should be continued and expanded to others who demonstrate financial need.

Since accessibility to available child care is often insufficient to meet the needs of many federal employees,\textsuperscript{116} more effort should be placed on constructing new child care facilities in government owned space using public-private ventures or other innovative approaches to cut costs. Under this approach, the federal government leases land to a private company who then finances, builds, and operates new centers at its own risk of profit or loss with no cost to the government. Another option is to offer government subsidies to private centers in order to “buy down” the costs for federal employees. The intent here is to increase the availability of
affordable child care and augment existing government capabilities by taking advantage of existing commercial sources. For example, a pilot test conducted in FY95 in response to congressional interest in outsourcing allowed the Navy to “buy down” the cost for military families by offering government subsidies to private centers.\textsuperscript{117}

Also, “women express a strong preference for measures that allow them to trade overtime pay for paid time off.” Legislation of this type is currently under review by congress. Implementation of this initiative will remove a significant impediment in current law that works against workplace flexibility for both women and men.\textsuperscript{118} Therefore, we should lobby congress to approve this initiative. Lastly, with the increase in dual career families in the federal workforce, family mobility programs should be implemented to encourage families to relocate. The intent here would be to offer both working spouses viable employment as an incentive to motivate federal employees to consider relocation options and to keep the federal workforce mobile.

Expand diversity programs and ensure the recruitment process is fair and open to minority applicants. With the proliferation of minorities in the federal workforce, these groups will continue to demand attention. As mentioned earlier, minority workers in every race and national origin have steadily increased in the federal workforce since 1990 in spite of ten years of downsizing, according to the U.S. Merit Systems Protection Board. The federal government has long been a leader in recruiting and promoting minorities and women. This history may prove to be an advantage for federal agencies that seek to hire new minorities in the future as labor force growth slows and the number of young people entering the workforce declines. In order to capitalize on this strength, an expansion in diversity training programs may be warranted. However, diversity programs need to be integrated into broader long-term goals and missions of the organization—aimed at recruiting, hiring, training, promoting, and developing all workers—rather than one shot deals. Diversity must not just be supported, but valued. In addition, mentoring programs should be bolstered to fully benefit from the talents minorities offer and ensure they continue to be afforded opportunities for advancement.

Conclusion

The demographic composition of the national workforce is rapidly changing and evolving. The workforce of the future will be increasingly comprised of more women, minorities, and
older workers. The impact of these emerging trends will be particularly felt in the public sector because the federal workforce is already disproportionately comprised of these cohorts, with the exception of women. A long-term, coherent strategy is needed that is flexible enough to respond to the multiple needs and requirements of diverse workers. The survival of the federal workforce and the effectiveness of future recruitment and retention efforts will be driven by our ability to respond to these challenges.

With tighter labor markets expected in the future and fewer younger employees to replace retiring older workers, the need to recruit and retain older workers, women, and minorities will grow. Federal workforce policies and procedures will need to be adjusted to accommodate this reality and attract and keep qualified workers. New approaches to recruitment, retention, and development of current and future employees must be undertaken. Jobs, pay, benefits, and career advancement opportunities in the public sector will need to be restructured to make the federal government a more attractive employer that can viably compete with the private sector for scarce skilled workers. Federal employment opportunities will need to be effectively marketed and partnerships with colleges and industry should be expanded to increase access to untapped markets. While the only certainty ahead is continued change, a diversity strategy that responds to varied perspectives and preferences will provide the direction to meet the challenges the public sector faces and will keep the federal workforce on the cutting edge!

WORD COUNT: 7389
ENDNOTES


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