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# Special Report for HR Professionals

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## FEDERAL WORKFORCE TRENDS: A BAROMETER FOR ENTIRE ECONOMY?

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On August 26, 2013, the Washington Post reported on a wave of upcoming retirements by senior federal employees. The wave is the result of aging baby boomers, those who held on to their jobs during the economic downturn, increasingly deciding to retire.

The number of Executive Branch employees retiring this fiscal year is on track to be nearly twice the total who retired in 2009 according to reports published by the government. Furthermore, it appears that this rate is very likely to accelerate. In 2000, approximately 94,000 federal employees were 60 years of age or older. Today, that number is over 262,000.

At first glance, it may appear that this is a positive trend as it will certainly reduce the size of the federal workforce which could result in significant budgetary savings. There is a significant risk, however.

Among those planning to retire are many employees with specific knowledge, skills, and experience that cannot easily be replaced. Every leader knows the impact of losing even one person with strategic and difficult-to-replace historical knowledge can have.

For example, many of those leaving the federal workforce include those with highly advanced skills and expertise. One example is nuclear physicists at the Energy Department. Such individuals can be very difficult to replace.

With most federal hiring on hold, even if hiring managers want to hire they are unlikely to be able to fill important vacancies. While reorganizing government might help address staffing shortages, it can only address so much.

Some agencies will find the future particularly challenging. By 2016, approximately 42 percent of the Department of Housing and Urban Development will be eligible to retire. For the Small Business Administration 44 percent will be eligible to retire in 2 years.

So what does this have to do with the private sector? Besides the obvious possibility of increasing wait times for document processing or service delivery from understaffed federal agencies, what is happening in the public sector is mirrored in the private sector.

For years many demographers have been sounding an alarm about the aging of the workforce and the need for succession planning. With the economic disasters of 2008 our attention was distracted. The issue became how to maintain or create jobs just to survive. There was little talk of people

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voluntarily leaving the workforce. People were happy simply to keep the job they had.

Today, with the stock market rising and retirement accounts achieving reasonable returns in most cases, the story is somewhat different. Those who may have been hesitating may now choose to make the transition into the next phase of their lives.

Here is where all employers may soon find themselves facing increasing difficulties.

Consider the issues:

- An aging workforce resulting in large numbers of retirements.
- Many of those retiring possess skills or knowledge that can only be gained after both extensive training *and* years of experience.
- While in many ways, the tools and perhaps the nature of jobs is changing, the fundamental underpinnings of our national economy and national security are stable. If anything, the modern world requires *both* a knowledge of new technology AND a mastery of the historical tools and techniques.
- Many of today's newer workers, while having excellent skills with the newer convenience technology, have lower levels of foundational technical skills in math and science than previous generations.
- Finally, with relatively few exceptions worldwide demographics tell us that there will simply be fewer workers available for technical and skilled jobs because of a less-than-replacement birthrate in western countries.

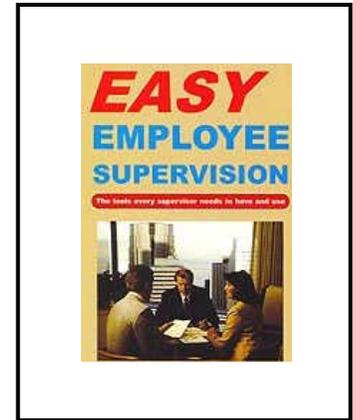
These factors, when taken together, suggest that challenging times lie ahead and that organizations would do well to prepare. What should they be doing? We recommend considering the following:

1. Don't rely heavily on external talent to fill high level vacancies. Rather, create, implement, and monitor the effectiveness of programs to develop the best internal talent to fill leadership vacancies.
2. Create formal programs to cross-train employees in critical jobs or at critical levels in the organization.
3. Constantly review the structure of the organization as well as the products created or services provided to ensure that they align with the mission of the organization. This will help reduce "bloat" and allow the company to be nimble and allocate resources where they can be most effective.
4. Create a culture that values retention.

We recommend that organizations view the future as a battlefield where the nature of the conflict is a battle for talent. To the extent that your workforce is comprised of talented individuals who have solid basic skills, are motivated and engaged and know that they have a future in the company, the organization will be strategically set to be a leader in their field well into the future.

## Easy Employee Supervision

Here are the basics that any supervisor or manager should know and master. They don't change from year to year, regardless of the latest fad. Treating people in decent ways, with clear expectations and consequences for results will prevail in the long run.



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## POTPOURRI

### ■ OFCCP Issues New Section 503 Disability Regulations

Announced August 27, 2013, the rule clarifies contractor requirements for data collection and establishes a 7% utilization goal for individuals with disabilities. Contractors are required to invite applicants to voluntarily self-identify at the pre-offer stage as well as on a regular basis.

Source:

<http://www.dol.gov/ofccp/regs/compliance/section503.htm>\*

### ■ Web Chat With OFCCP Illustrates Plans and Priorities

The OFCCP engaged in a web chat on their strategic plan to "break down barriers to fair and diverse workplaces and to narrow wage and income inequality and protect workers' rights".

Source: <http://www.dol.gov/chat/chat-strat-goal-3-20130724.htm>\*

### ■ OFCCP Publishes New Federal Contract Compliance Manual

On August 23 the OFCCP published its new Federal Contract Compliance Manual (FCCM) which has been anticipated by many for the last several months. Their compliance staff were trained with respect to the new manual earlier this summer. It is possible that contractors will begin to see some changes related to the implementation of the new manual.

Source:

<http://www.dol.gov/ofccp/regs/compliance/fccm/fccmanul.htm>

*\* If clicking the link does not work, please copy the link into your browser and click enter.*

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## OFCCP ANNOUNCES FINAL RULE ON VEVRAA

On August 27, 2013, the OFCCP announced a Final Rule that makes changes to the regulations implementing the Vietnam Era Veteran's Readjustment Assistant Act (VEVRAA). The final rule will be published in the Federal Register soon and will then become effective 180 days after publication.

The final rule strengthens the affirmative action provisions of VEVRAA and will improve job opportunities to veterans. Highlights of the Final Rule include:

- Rescinds 41 CFR Part 60-250 in its entirety because it is out-of-date.
- Federal contractors will be required to set annual benchmarks for hiring protected veterans.
- Contractors will be required to collect, maintain, and report statistics related to comparisons of the veterans who apply and those who are hired. These data must be retained for 3 years.
- Contractors must include specific language in their equal opportunity clause.
- Clarifies requirements for posting job openings with State and local job services
- Requires contractors to make data available for OFCCP inspection upon request.

Source: <http://www.dol.gov/ofccp/regs/compliance/vevraa.htm>

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