

# Bridging the Knowledge and Skills Gap: Tapping Federal Retirees

*By Jay Liebowitz*

## **Responding to the Knowledge and Skills Gap**

Determining and closing knowledge and skills gaps are important steps toward meeting and strengthening an agency's mission and goals. The July 1, 2004, human capital goals set forth by Kay Coles James, director of the Office of Personnel Management (OPM), directed federal agencies to identify and to reduce current and future skills gaps in mission-critical occupations and to assure continuity of leadership and knowledge through succession planning and professional development. To help identify these knowledge and skills gaps, a new position has been created throughout the federal government, the "Chief Human Capital Officer" (CHCO). A key component of the CHCO's responsibility is to develop ways to bridge knowledge and skills gaps throughout the federal government.

The 2002 Federal Human Capital Survey, with over 100,000 respondents, found that more than one out of every three federal employees said they are considering leaving government. In response to these statistics and other similar findings, federal agencies have been developing human capital plans over the last several years (OPM, 2002).

The federal government now needs to fill its skill needs and knowledge gaps via a variety of human resource tools. A critical yet overlooked source for filling the gaps is a relatively untapped pool of talent: federal retirees. Knowledge held by federal retirees could be shared and leveraged in a number of key ways to help the federal government address its human capital concerns. Knowledge retention programs, mentoring activities, and knowledge sharing forums with retirees and current government employees are examples of activities that could help the government deal with the anticipated knowledge drain.

Many retirees would like to continue to work in some capacity. For example, a *Los Angeles Times* poll of 1,589 adults nationwide found that 44 percent of those questioned said they plan to work part-time after reaching retirement age, and 14 percent indicated they'll work full-time (Johnson, 2001).

In the 2002 Study Report titled "Staying Ahead of the Curve," 69 percent of the respondents said they plan to work into their so-called retirement years (Montenegro, Fisher, and Remez, 2002). According to a June 2003 article "Companies Prepare for Aging Workforce," the number of workers age 55 and over is expected to increase by 47 percent over the next seven years (NACS, 2003).

In view of these findings, both business and government are missing key opportunities to bring their retirees back into the workforce to address potential knowledge gaps. Older workers provide great experience and are usually willing to share their insights with their colleagues to help bridge possible knowledge gaps. With the rapid graying of the federal government workforce, the government is vulnerable to knowledge drains as an increasing number of federal civil servants become eligible to retire.

In addition, organizations must now also be prepared to respond to new or unanticipated demands. One approach to responding to such demands is the creation of a more flexible workforce. Flexibility may mean an "on demand" or "on call" segment of an organization's workforce that can be brought in at special times to address specific problems or issues. Creating flexibility in a government agency will entail thinking of human capital beyond just current federal civil servants and contractors.

The federal government, as well as the private sector, now needs to be proactive in addressing these demographic trends in terms of their human capital strategy. The General Accounting Office (GAO) has estimated that 30 percent of the government's program managers could retire by 2006, and that retirements could shrink the ranks of engineers, contracting officers, and computer specialists by 8 percent to 14 percent over the same period. Having a more flexible workforce may be an effective approach to resolving some of these issues. A key yet underutilized component of this flexible workforce could be retirees.



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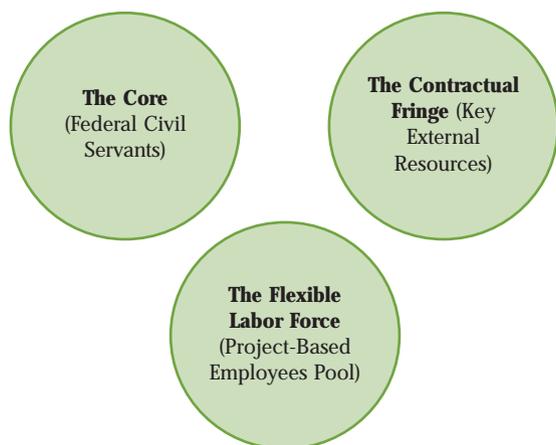
Management theorist Charles Handy’s framework, shown in Figure 1, identifies three types of organizational workers needed in the “new government/corporation” (Handy, 1990):

1. A core group of managers and skilled workers who lead the organization and provide its stability and continuity
2. The contractual fringe: key external resources, individuals, and organizations that relate to the organization on a contractual or outsourcing basis
3. The flexible labor force: a project-based employee pool, people loosely connected to the organization on a job-by-job basis

It is reasonable to imagine older workers in groups two and three.

This article focuses on the use of federal retirees to respond to some of the current human capital challenges facing the federal government today, including the need to bridge the knowledge and skills gaps and to create a more flexible workforce. Recommendations will be made for enlisting federal retirees as an important part of the human capital solution.

**Figure 1: Components of the “New” Organization**



Source: Charles Handy, *The Age of Unreason*

First, we examine various ways federal retirees could be tapped to address the knowledge and skills gaps in the government by using retirees as either employees or a resource.

**Action 1: Tapping Federal Retirees as Employees**  
**Option 1: As Reemployed Annuitants**

The government, like industry, needs to have a variety of human resource tools to reduce skills gaps and avoid a human capital crisis. Federal agencies can use reemployed annuitants to fill the gaps. According to estimates, between 40 and 60 percent of the Defense Department’s total civilian workforce will be eligible to retire in the next three to five years. To help offset the coming retirement wave, the FY04 Defense Authorization Act allows Department of Defense civilian retirees to return without sacrificing pay. The Pentagon has overhauled the Defense civil service workforce to allow retirees who become employed in the department to collect a paycheck and their pension (currently, civil service retirees who go back to work in the government face a deduction in pay equal to the amount of their annuity). This legislation provides greater flexibility to bring back civil service annuitants into the workforce. Already, military retirees can collect their pensions and work as federal employees with no major penalty, and the new Department of Defense bill will encourage more civilian retirees to work with Defense.

In the aftermath of September 11, OPM Director James reminded agencies that they can bring back retired federal employees and former federal employees who left the government under buyout programs to deal with emergency personnel needs. Agencies can waive the dual compensation penalty if they are having extreme problems filling critical positions or if faced with an emergency. OPM oversees such waivers, and retired law enforcement officers are already being brought back as reemployed annuitants to help train air marshals. Additionally, intelligence and language specialists have returned to the Department of Defense, a few hundred retirees from the Central Intelligence Agency have been called back to jobs, and the Immigration and Naturalization Service is using retirees for border patrol agents.

**Option 2: As Part-Time Employees through Reemployed Part-Time and Phased Retirement Programs**

Another option is the use of retirees as part-time employees, either through part-time or phased retirement programs. According to the Retiree Resources Work Group Report, commissioned by the New York State Department of Civil Service, 40 New York State agencies reemploy retirees for various purposes, ranging from seasonal jobs to special projects to subject experts (New York State Department of Civil Service, 2002). Most retirees are hired on a part-time basis and work until the monetary cap is reached.

Other state governments are passing legislation to help their retirees in terms of returning to work. The New York State Senate passed a bill that increases the earnings limit retired state workers can make before losing their pension benefits, raising it from \$25,000 to \$30,000 per year. In 2002, the State of Washington enacted a new law allowing government retirees to return to their jobs and collect both a paycheck and pension. The law was created primarily as a way to help schools fill teacher shortages by bringing back skilled retirees. A new bill modifying the retire-rehire law will limit the time a person may be rehired to about five full years. The State of Washington has also recently assembled a retiree database that links retirees to knowledge areas.

Phased retirement seems to be an increasingly favored approach when discussing the role of retirees in the workplace. According to one definition, phased retirement is simply scaling back gradually on a worker's hours and responsibilities until he or she does in fact retire. Others believe that phased retirement is bringing back a retiree on a part-time basis. In a 1998 survey by the Society for Human Resource Management and AARP, more than 60 percent of the respondents said they are hiring retirees as consultants and temporary workers. A Watson Wyatt study in 2000 found that 16 percent of the 586 employers surveyed offer formal phased retirement programs, with 28 percent strongly interested in adopting similar programs over the next two to three years. The academic sector has been far ahead of the private sector in phased retirement, with about 80 percent of the nation's colleges and universities offering early or phased retirement programs. For example, the State of Florida allows faculty to "retire" and then be reemployed as part-time, temporary employees.

The General Accounting Office is exploring the use of a phased retirement program to address knowledge loss in their organization. Under this program, a plan would allow the hiring back of selected individuals on a part-time basis for one year with the potential for renewal. Already, the Comptroller General of the United States—the head of

GAO—has approved the rehiring of some retirees, on a case-by-case basis, while waiving the annuity offset.

One possible constraint in bringing back retirees into the federal workforce is the impact of unions. More than half of the federal government is covered by union bargaining units, which allow unions to negotiate various conditions of employment, although generally not compensation or other matters deemed to be the sole prerogative of management. One retiree interviewed indicated that his former union looked unfavorably on rehiring retirees for fear of taking jobs away from current employees.

In Canada, "casual employment" is a favorite technique for hiring for a continuous period of not more than 90 calendar days, and for a total of no more than 125 working days a year. Casual employment provides flexibility and allows managers to bring in people to respond to various situations quickly (i.e., to be adaptable and responsive to new business orientation). Casual employment appears to be a good option when managers want to obtain specialized skills or bring back expertise for a limited amount of time. Retirees are also being hired through part-time work, under the Exclusion Approval Order allowing individuals to work less than a third of the normal number of hours of work, to help the organization retain its corporate memory. Participants from Agriculture Canada recommend using part-time employment as a transition to retirement.

**Option 3: As Limited-Term Appointments**

Besides using federal retirees as reemployed annuitants or part-time employees, another option is the use of a limited-term appointment arrangement. Limited-term appointments are typically one- to four-year appointments, with attractive salaries and full benefits as a full-time civil servant. The individual in the limited-term appointment works full-time during the length of the appointment. Such limited-term appointments are often used to attract key individuals to areas of critical need to the organization. For example, the National Aeronautics and Space Administration (NASA) Goddard Space Flight Center used a four-year limited-term appointment to attract a knowledge management officer.

**Action 2: Tapping Federal Retirees as a Resource**

A second set of potential actions includes recognizing federal retirees as a valuable resource for an organization's institutional memory.

**Option 1: As Mentors**

Mentoring is a beneficial approach for engaging federal retirees to help transfer their knowledge to younger employees to fill knowledge and skills gaps. Mentoring could be used as part



*Command and control for Hubble is done at the Space Telescope Operations Control Center at NASA's Goddard Space Flight Center in Greenbelt, Md.*

of succession planning for the organization. In this way, mentoring could be utilized while senior employees are still at work, having them share their lessons learned with junior employees. Additionally, mentoring could involve bringing back retirees to serve in a mentoring relationship with current employees. Older workers can be phased into transitional jobs as they near retirement age; more-junior employees can move up into those positions and be mentored by their more-experienced senior colleagues. In Prince George's County, Maryland, and Fairfax County, Virginia, schools are tapping retirees as mentors and substitute teachers.

Ray Blunt's two studies for the IBM Center for The Business of Government, recently republished in a single volume, "Growing Leaders for Public Service," recommends forming a volunteer cadre of retired members of the Senior Executive Service to consult on a part-time basis to government organizations as coaches, teachers, and mentors of successor generations (Blunt, 2003).

### **Option 2: As Emeriti**

Retirees could also be used through an emeritus program to allow them to continue to contribute their knowledge and experience toward reducing skills gaps in organizations. A typical emeritus program allows retirees to keep an office in the organization and to come in on a periodic basis to work and share their knowledge with the organization.

The emeritus program at the NASA Goddard Space Flight Center allows retired employees to continue as valued contributors to Goddard's activities and typically volunteer their services. The provisions of the program include the following:

- Requires a mutual agreement between Goddard and the employee prior to retirement.
- Is limited to three years, with the possibility of renewal.

- Authorizes services as documented in written tasks by the Goddard official serving as the point of contact under the agreement.
- Provides the participant office/lab space, access to computer facilities, telephones, e-mail, and phone listings.
- Does not prohibit participants from conducting activities outside of the agreement, such as submitting proposals for funding.

The recently retired chief information officer at Goddard was involved in the emeritus program. This individual had a wealth of knowledge and, through this program, was able to share his experiences and insights with others.

### **Option 3: As Participants in Knowledge Sharing Forums and Knowledge Capture Activities**

Another viable option is to involve retirees in knowledge sharing and knowledge capture activities. For example, Transport Canada created a knowledge management initiative to capture and share knowledge before it was lost. Both current employees, as well as retirees, participated in this knowledge capture and transfer effort.

NASA, through its Academy of Program and Project Leadership's (APPL) Knowledge Sharing Initiative, has been successfully conducting knowledge sharing workshops, master project managers forums, and other workshops to capture, share, and transfer project management knowledge from experienced project managers (both senior level and retiree) to up-and-coming project leaders. Storytelling is the typical medium that is used in these knowledge sharing forums and workshops. For example, a one-day "transfer wisdom" workshop is hosted by individual NASA centers in which project management and team members engage in small-group discussions of stories written by top NASA project managers (current and retired agency leaders), facilitated by APPL team members. The goal is to transform the project managers into reflective practitioners through the sharing of experiences and stories by current senior and retired NASA managers. The APPL Initiative uses retired NASA project managers to help mentor rising project leaders. Their "Leaders as Teachers and Mentors" program has an expert database of current and retired practitioners who make themselves available for consultation in their areas of expertise.

The Environmental Protection Agency and the Electric Power Research Institute have also been involved in projects to capture undocumented knowledge and facilitate its transfer from older employees to their successors before it's lost due to retirements. For example, the Tennessee Valley Authority estimates that up to 40 percent of its workforce will retire within the next five years. In areas of "at-risk" knowledge loss, spe-

cific plans are created to retain the knowledge/skill in that area. Such plans might include assigning a new employee to shadow the prospective retiree, cross-training someone who is currently in a different job, documenting a procedure or process, or setting up a brown bag lunch twice a week where systems engineers can problem-solve and discuss their work.

### Federal Retiree Attitudes Toward Selected Retiree Programs

To better understand the viewpoint of federal retirees, a survey was circulated to members of the NASA Goddard

#### Programs for Using Federal Retirees

**Phased Retirement:** retirement-age employees continue in their old jobs but with scaled back hours, typically 20 to 29 hours per week

**Retiree Job Bank:** retirees work up to a certain number of hours each year without adversely affecting their pensions

**Emeritus Program:** retirees keep an office and e-mail address at their organization and come in periodically

**Part-Time Retired Annuitant/Project Team Consultant:** retirees are part of a project team on a limited basis to share expertise with the team in solving a specific problem

**Mentoring Program:** retirees serve as a mentor in a formal mentoring program in their organization

**Knowledge Sharing Forums:** retirees meet in a small group, once a month, with up-and-coming individuals to share stories, lessons learned, and insights

**Rehearsal Retirement/Boomerang Job:** after employees retire for a few months or a year, they then bounce back to their organization and work limited hours

**Job Sharing:** two or more retirees share a job

**Facilitator of an Online Community of Practice:** retirees act as moderators of an online community in their area of expertise

**Knowledge Capture/Retention Program:** retirees are interviewed via video, with their interviews accessible over the web in their organization

Retirees and Alumni Association and to members of the National Institute of Standards and Technology (NIST) Retirees and Alumni Association. The survey asked retirees their opinion about various retiree programs, which are listed in the box at left below.

From the survey responses, 91 percent agree that they would be interested in working part-time with their former employer. Sixty-three percent indicated that they would work in some limited capacity for their former organization, even for altruistic reasons. Fifty-six percent of the respondents were interested in mentoring. In terms of knowledge capture activities by video or audio taping, 35 percent were interested in being involved.

The survey respondents favored, in order, the phased retirement program, the retiree job bank, the emeritus program, part-time retired annuitant/project team consultant, and mentoring program. The respondents were less interested in knowledge sharing forums, rehearsal retirement/boomerang job, job sharing, facilitator of an online community of practice, and a knowledge capture/retention program.

In terms of the top five programs most favored by the respondents for their participation as a retiree, the only programs now being offered in government are the emeritus program and the part-time retired annuitant/project team consultant opportunity. The other top retiree-favored programs—phased retirement, retiree job bank, and the mentoring program—are generally not yet available.

In terms of the major benefits for hiring back retirees on a part-time basis, former federal retirees who responded to the survey cited experience, savvy, depth and breadth of knowledge, historical perspective/lessons learned, available expertise, training replacements, institutional memory, flexibility to hire expertise for short-term jobs (to overcome personnel ceilings), and willingness to ask the hard questions without being intimidated.

### Recommendations

Based on best practices identified during research for this article, several key recommendations are offered in relation to the use of federal retirees.

**Recommendation 1: Congress should pass legislation, similar to the recent Department of Defense bill, giving all agencies the authority to reemploy annuitants and should develop formal phased retirement programs for federal workers.**

In studying the industry best practices for bringing retirees back into the workforce, phased retirement programs are

the preferred method. For federal government agencies and departments, legislation needs to be written to create similar types of phased retirement programs for federal retirees to address knowledge and skills gaps. A phased retirement program is preferred by those federal retirees who responded to the survey presented in this article. The practice of allowing Department of Defense civilian retirees to reenter the workforce without being penalized through their pension benefits will probably set a new standard for other federal government agencies and departments to follow.

**Recommendation 2: Federal retirees should be brought back into the workforce for knowledge sharing and knowledge management roles, such as mentoring, knowledge retention, and application of key knowledge to critical problems.**

Knowledge management should be one of the key pillars of an organization's human capital strategy (Liebowitz). In order to create a results-oriented, citizen-centered, market-driven government, a knowledge sharing culture within and between government agencies needs to be built and nurtured. Functional silos need to be dismantled, and barriers that prevent knowledge sharing need to be overcome. The recognition and reward system in the government should be restructured to encourage learning and knowledge sharing proficiencies, and knowledge management processes should be seamlessly interwoven within the daily working activities of the employees so as not to overburden anyone. Additionally, federal retirees should be brought back into the workforce in various roles to help achieve some of the knowledge management functions and to better leverage knowledge internally and externally. These roles include increasing the use of federal retirees as a knowledge resource. For example, most government mentoring programs are limited to current employees. Agencies and departments should broaden mentoring programs to allow federal retirees to serve as mentors and assist in knowledge capture, retention, and sharing activities.

**Recommendation 3: Each federal agency and department should have an association of retirees and alumni to allow quick access to a talented knowledge base for filling skills and knowledge gaps.**

One of the preferred techniques in industry best practices, as was cited in the survey responses, is the use of a retiree job bank. Currently, very few federal agencies have an association of retirees and alumni that could easily serve as a "retiree job bank" from which they could draw. The Goddard Space Flight Center, Social Security Administration, and the National Institute of Standards and Technology are examples of agencies with retiree and alumni associations. These associations can serve as a ready source of talent, perhaps as

part-time retired annuitants, for locating and matching retirees to specific needs in the government organization.

**Recommendation 4: The federal government must have a more flexible workforce to meet expected human capital concerns, and the federal retirees should be an integral part of this flexible workforce.**

As noted earlier, Charles Handy argues that the workforce of the "new corporation" consists of the core group of managers and skilled workers who lead the organization, the contractual fringe, and the flexible labor force. In many ways, this model can easily be applied to the "new government," and government already appears to be moving in this direction. Bringing back federal retirees into the organization could help contribute to the talent in these groups, primarily providing key external resources and a project-based employee pool. From the various studies reviewed for this article, it's clear that many retirees want to stay connected and still contribute to their former organizations, albeit in reduced and more creative ways. The federal retirees have been a relatively untapped pool of knowledge. Ironically, this talent pool could be a "fountain of youth" for federal agencies seeking new ways of achieving a government agency's human capital strategy. ■

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