Maryland's Aging Workforce

Governor's Workforce Investment Board

Maryland's baby-boomers approach retirement age

Baby-boomers in Maryland:

- "Baby-Boomers" are people born during the post-war period of 1946 and 1964.

- An estimated 1.55 Million Maryland residents fall into this age group. (2006 U.S. Census Bureau Estimate)

- Leading-edge Baby Boomers (born between 1946 and 1955) account for 20% of Maryland's working age population (2006 U.S. Census Bureau Estimate)

Like the rest of the nation, Maryland's workforce is aging. Beginning in 2011, the first of Maryland's 1.55 million baby-boomers will reach the traditional retirement age of 65 years. Although it is likely that many boomers will work beyond age 65, they will retire at some point and will need to be replaced. Finding replacements among the following, generations of workers, is only one part of the challenge. Another part of the challenge is preventing "brain drain," a term which describes the loss of institutional knowledge that can occur when workers retire or leave without passing along their important knowledge. Consequently, Maryland, along with the rest of the U.S. is presented with some large challenges and a short time frame to take action.


Maryland's Population by Age, 2006
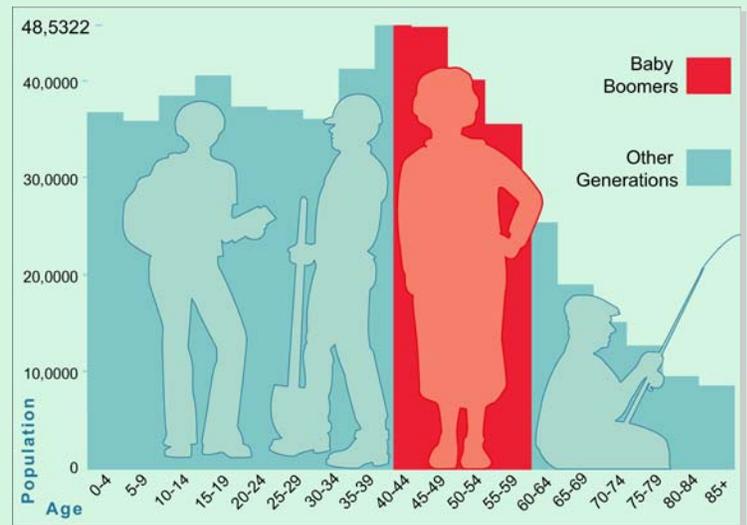
Shifting workforce demographics

Several factors are working to change the age composition of Maryland's workforce. Slowing population growth, people working longer in life, and the aging of the current population are all changing the age profile of Maryland's workforce. This is especially true in areas of the state, such as the Eastern Shore and Western Maryland, that are home to a higher proportion of older residents and workers.

Growth in Maryland's Workforce by Age: 2005—2015
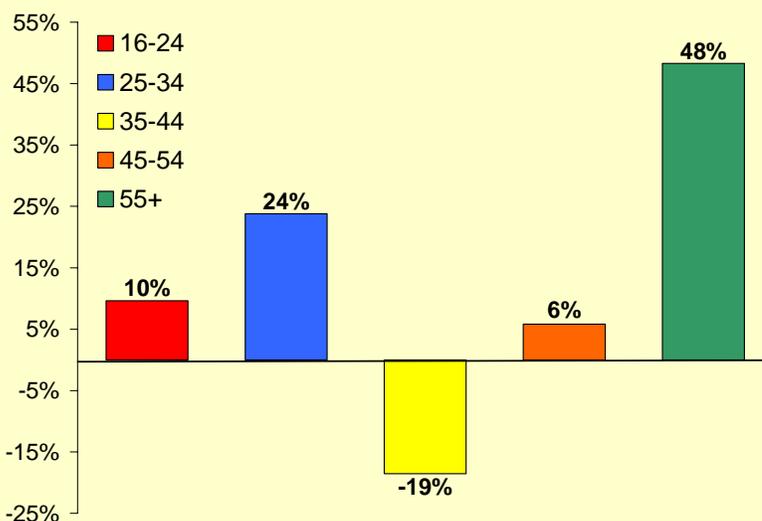
Labor force projections from the Maryland Department of Planning help to quantify some of the expected changes to the age composition of Maryland's workforce. Here are a few highlights:

- Maryland's workforce ages 16-54 is projected to grow by only 3% between 2005 and 2015, while the workforce ages 55 and older is projected to grow by 48%.

- The number of workers between the ages of 30 to 44, often seen as managers and up and coming leaders, is expected to decrease by 10% between 2005 and 2015.

- By 2020, one in four Maryland workers will be 55 or older, compared to less than one in five in 2005.

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The impact on Maryland's industries

Percent of Workers 45 and Older: for MD's Ten Largest Subsectors

Subsector	Percent
Educational Services	52%
Hospitals	45%
Ambulatory Health Care	42%
Nursing and Residential Care	41%
General Merchandise Stores	35%
Food and Beverage Stores	35%
Administrative and Support	34%
Specialty Trade Contractors	34%
Credit Intermediation & Related	33%
Food & Drinking Places	19%

Maryland's industries with the highest concentrations of baby-boomers include: public administration, manufacturing, utilities, education, health care, and transportation. (U.S. Census Bureau, Local Employment Dynamics)

GWIB's industry committees have identified an aging workforce as a major issue. For example, the Aerospace industry reported that 80% of the industry's workers are 50 or older, and 50% of the industry's workers are set to retire in the next 15 years.

The chart to the left shows the percentage of workers 45 and older for the ten largest subsectors in Maryland.

Most businesses aware, many not prepared

Most U.S. employers are aware of the coming crises of filling jobs and retaining knowledge, but many employers also acknowledge that they have not planned or implemented strategies in response. A recent survey found that less than one in ten employers has a formalized plan to retain retirement eligible workers. Likewise, only 5% of employers report that they have an active recruiting strategy to offset the retirement of baby boomers. (Northeast Human Resources Association, 2007)

Some companies are finding that employees are willing to stay on board past retirement age, when employees have some flexibility in their scheduling. In response, employers are working creatively with aging workers to accommodate both the needs of the employer and the employee. Strategies include offering employees varying degrees of choice with regards to: when and how many hours they work, working on projects rather than a set schedule, leaves of absence, different roles and responsibilities, and working from different locations. (Pitt-Catsouphes & Smyer, 2005) Among companies that have strategies for retaining workers, 74% offer flex-time, 26% offer job-sharing, 42% offer telecommuting, and 42% are using other strategies for retaining workers. (Northeast Human Resources Association, 2007)

"Transferring the legacy knowledge of our retirees is vital for the survival of our industry and in order to remain competitive globally."

Mr. Anoop Mehta,
Vice President and CFO,
Science Systems and Applications, Inc.

In order to alleviate the problem of knowledge loss, many employers are working to capture the employees' knowledge before they retire. Some popular methods include: conducting exit interviews with retiring employees, creating repositories of best practices, partnering older workers with younger workers, and identifying the most knowledgeable people in the organization. and working with them to retain their knowledge within the organization and pass it to other employees. (Patton, 2006)

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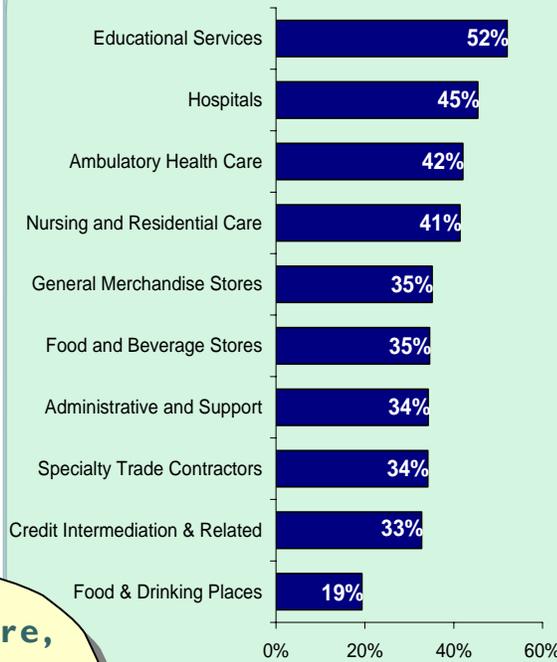
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