



State Worker Shortage Looms

State Governments Feel Impact of Aging Work Force Earlier Than Private Sector

By Leslie Scott

America's aging work force is proving problematic for state governments these days. In fact, all levels of government are facing the effects of an approaching "retirement implosion" that is following the aging baby boomers into their golden years. This "implosion" will hit government agencies sooner than the private sector, leaving government on the leading edge of strategic policy development in work force planning.

A state official's reaction to the exiting of employees might be "this is great news." After all, most states are still trying to downsize their payrolls in order to respond to revenue declines and increased expenses, primarily in health care. However, officials should be careful about what they wish for, because when this large cadre of experienced public service baby boomers starts exiting state work forces, there will be few replacements for them.

So, just how significant is the issue? According to a 2002 study by CSG and the National Association of State Personnel Executives, 30 percent of the states' work force will be retirement eligible by 2006. Another 2002 study, this time by the Center for Organizational Research, identifies multiple factors that have made government one of the first sectors to bear the brunt of an aging work force:

- past employment patterns (periods of growth and downsizing, hiring freezes, early retirement incentives or buy-outs);
- the declining appeal of public service;



- competition with the private sector for talent;
- lower retirement-eligibility criteria than most other sectors offer;
- regulations that hamper retention of older employees or rehiring retirees; and
- cutbacks in training that have depleted the talent pipeline.

Moreover, states will continue to need the “best and brightest” to manage state governments when we consider what state governments will be facing. With fewer available resources due to rising costs and the additional skills required to support the greater reliance on the latest technology, most states can expect to come up short of critical personnel in the very near future.

Examples of this can already be found across state governments, most particularly in health care, corrections, transportation (engineers) and human services, according to the 2002 CSG/NASPE study. A 2002 study from the Nelson A. Rockefeller Institute of Government further confirms that nationally, 50 percent of government jobs are in occupations requiring specialized training, education or job skills; compared with just 29 percent in the private sector. The study concludes that jobs unique to government or that are highly competitive in the private sector, such as health care, are going to feel the greatest effects.

Another study, conducted by CSG, NASPE, and the Association of State and Territorial Health Officials in 2004, places the average age of public health employees at almost 47 years, mainly due to the predominance of baby boomers in the public health work force. This is higher than the average age for all state employees, which is 44 years.

There is no question hiring freezes and early retirement brought on by the recent fiscal crises in state government have compounded the problem, affecting states’ ability to attract and retain a younger group of employees. Younger generations of employees, often referred to as Generations X and Y, are smaller and very different from the previous generations. Career and personal development, as well as a work-life balance, are what these generations are looking for from an employer in addition to competitive cash compensation. Offering these flexibilities, as well as publicizing them, is going to be critical to the success of state government in becoming an employer of choice instead of an employer of last resort.

The basic goal is developing a continuous planning process that develops the right number of people in the right jobs at the right time.

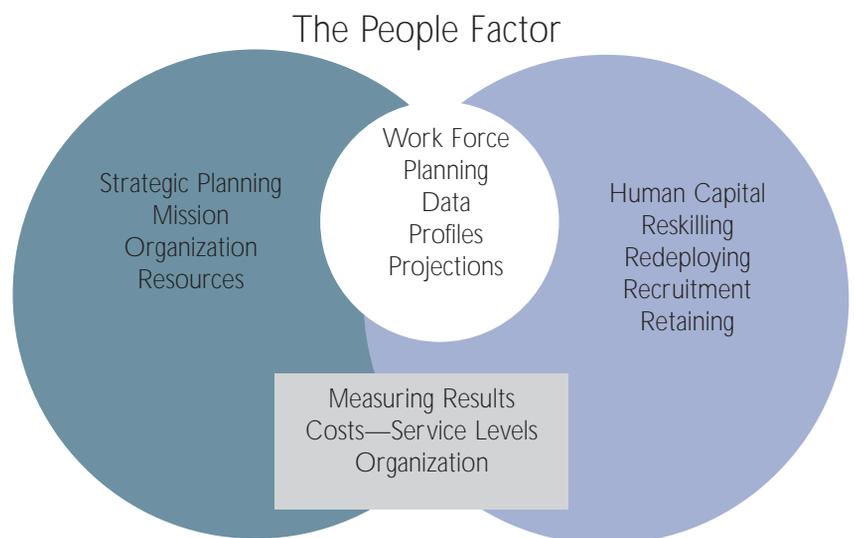
What Should States Be Doing Now?

This is a critical issue facing state government, but it is one that can be solved. It takes consensus, commitment and capacity to make the difference. There are several basic steps that states can take now to address the potential key worker shortage:

- Analyze what work force needs will be in 2006 and beyond.
- Work with human resource directors to identify the number of people needed and what critical skills and experience will be needed.
- Begin developing retention and recruitment campaigns. Create timetables for implementation and survey projected retirees on what would keep them “on board.”
- Target critical technical and managerial needs and devise training programs that develop younger work force members.
- Build executive and legislative consensus on how best to create a comprehensive state “sales pitch” to existing and new public service professionals.

In addition, there are several general tools and approaches that states can implement very quickly:

- **Rehiring retirees.** Some states are rehiring retirees, typically with restrictions such as a waiting period to return to work after official retirement, not returning to the same position, or simply returning part time. Often negatively referred to as “double dipping,” there are many human resource managers who think the positives outweigh any possible negatives—such as not losing valuable institutional knowledge, being able to fill a hard-to-fill positions and not having to pay benefits, such as health insurance and retirement. Currently more than half the states responding to the NASPE work force planning survey have the ability to rehire retirees.



Source: Texas State Auditor's Office Guide to Work Force Planning

- **Knowledge transfer.** When retirees walk out the door so does the institutional knowledge critical to ongoing success. Whether it is a formal or informal program, knowledge transfer is critical to the ongoing success of any employer. This transfer can take many forms such as job shadowing or process documentation.
- **Employee exit surveys.** These surveys given at the end of an employee's position with state government can give managers an idea why employees are leaving, allowing them to identify and address negative environment and compensation trends.
- **Competency assessments.** Competencies are observable and measurable behaviors of an employee or potential employee. A competency assessment aids in employee development, recruitment and selection purposes as well as identifying new skills and knowledge required in each position.
- **Leadership and career development.** States can help employees enhance their employment through leadership and development. This is done by identifying high-potential employees; developing employees through coaching and mentoring; rotating people into different projects and special assignments.

Some Model Approaches

Whatever the approaches used to solve this potential human capital drain, the basic goal is developing a continuous planning process that develops the right number of people in the right jobs at the right time.

This process, more simply known as work force planning, is not an exact science, but most plans follow a basic structure, such as this one from South Carolina's process:

- assess the current work force;
- identify future needs, gaps, and surpluses;
- develop plans for transition; and
- monitor progress of efforts.

A recent NASPE work force planning survey reveals states are in different stages of their work force planning processes. Some have been doing it for close to 10 years, some have just begun, and some are yet to get started. Fortunately, there are some excellent programs already working in states like Georgia, Maine, New York, Pennsylvania and Virginia.

Georgia—Recruitment and Retention with Total Rewards

Georgia's recent work force planning efforts focus on total rewards. Total rewards refer to not only cash compensation, but also other compensation factors an employee considers: bonus-

es and variable pay, benefits and work/life factors. Total rewards assigns a numeric weighting value to all factors in order to create a complete compensation picture that can be compared with private sector companies or organizations.

Maine—Leadership Development

Maine's primary work force planning effort is called the Maine Management Service Program. This program is a multi-phased initiative for 700 managers excluded from collective bargaining, who are in policy-making positions. The broad purposes of the MMS are to accelerate leadership development opportunities; develop and focus on leadership competencies; provide MMS members with more latitude in managing their programs; and set up reward and accountability structures for each of their positions. The difference from the traditional set up lies in the greater flexibility and responsibility managers will have to manage their own careers; job assignments can be tailored to better use current skills or to develop new skills.

New York—Detailed Assistance and Interagency Cooperation

New York's Department of Civil Service provides planning guides and staff assistance to agencies developing work force plans. Also, eight interagency workgroups were formed in 2002 to compile and share information on a number of topics related to work force planning, including recruitment and selection, retiree

State Work Force Planning Guides

Georgia

www.gms.state.ga.us/agency/services/wfplanning/index.asp

Maine

www.maine.gov/bhr/mms/index.htm

Pennsylvania

www.hrm.state.pa.us

Virginia

www.dhrm.state.va.us/workforceplanning.html

South Carolina

www.state.sc.us/ohr/recruitment/r&wplanning.htm

Texas

www.hr.state.tx.us/Workforce/workforceplanning.html

Washington

hr.dop.wa.gov/workforceplanning/wfpguide.htm

resources, retention, competencies, staff development, mentoring, management mobility and knowledge management.

Pennsylvania—At-Risk Occupations

Pennsylvania’s approach to solving their possible work force crisis focuses on the occupations that are most at risk of being affected by retirements. By evaluating age and retirement by occupation, and using an occupation-specific “retirement probability factor,” they are able to focus on hard-to-fill or hard-to-train-for positions, tailoring recruitment and retention efforts to the specific occupations identified.

Virginia—Marketing and Branding

The Commonwealth of Virginia requires each agency to develop a work force plan with results charted each year. Agency heads are held accountable for the success and progress of their efforts. While each agency is responsible for its own plan, the commonwealth’s Department for Human Resource Management provides centralized support and coordinated efforts for the agencies. One of the department’s current activities is a marketing and branding campaign to make the commonwealth an employer of choice. First steps of the campaign have included an employee survey to identify the positives of state government employment, and work with a public university’s graduate marketing and government programs to develop a marketing and branding campaign. In addition,

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Resources

The National Association of State Personnel Executives Index for Work Force Planning.
www.NASPE.net

The Linkage Learning Network (2003). The aging and retiring government work force: How serious is the challenge? What can jurisdictions do? Lexington, MA: Center for Organizational Research.

Abbey, C.W. & Boyd, D.J. (2002, July). The aging government work force. Albany, NY: The Nelson A. Rockefeller Institute of Government.

Carroll, J.B. & Moss, D.A. (2002, October). State employee worker shortage: The impending crisis. Lexington, KY: The Council of State Governments.

International Personnel Management Association (2002). Work force planning guide for public sector human resource professionals. Alexandria VA.

tion, Monster Government Solutions, a subsidiary of monster.com, is donating time and resources for experimental recruitment efforts and applicant tracking for hard-to-fill positions such as nurses, scientists and engineers. Virginia’s efforts are being closely monitored by other states hoping to follow this model approach.

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Source: State Employee Worker Shortage, the Impending Crisis (October 2002)