

Public Sector Advisors



Local Government Trends and Compensation Issues

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Overview

- Current Human Resources Trends in Local Government
- Classification and Compensation
- Personnel Policies
- Pay for Performance and Employee Evaluations
- Succession Planning

Recent Trends in Local Government

The 'Money' Factor

- Diminished or static resources; reduced staffing levels
- Raises or increases not given in YEARS – some local governments have gone 5 years without a raise
- Furloughs/Salary Reductions
- Reductions and major revisions to fringe benefits – VRS contribution shifting to employees
- Increased costs for health care

Recent Trends in Local Government

(cont.)

The 'People' Factor

- Maturing work force
- Increased pace and tension in the work place
- “Getting More Done With Less”
- Increasing levels of accountability - financially and programmatically
- A negative public – defined as “government is bad” at all levels – Federal, State and local

Challenges in the Foreseeable Future

- Workers will start retiring
- Some local governments will rebound financially more quickly than others
- Employees will start looking for better pay and a better environment
- Fewer younger people moving into the local government workforce

Challenges in the Foreseeable Future

(cont.)

- Continued increased pace of the work place driven by technology
- Continued public scrutiny
- Continued unfunded mandates

What's Happening in the Public Sector Recruiting World?

- Pools of qualified applicants have been shrinking even for the best jobs in the most desirable areas nationally and internationally
- Candidate pools have declined from an average of 80 to 100 applicants per search to less than 50 per search dependent upon the organization – these are much less in some rural organizations
- Many applicant pools are 'broad' but not 'deep'
- Rural areas typically suffer over urban areas for a variety of reasons

Why Are Candidate Pools Shrinking?

- Many public sector professionals are approaching retirement age
 - 46.3% of ICMA members are greater than 45 years of age
 - 53% of all federal employees are eligible for retirement
- Fewer people find public service attractive - generational differences
- Increased public scrutiny of all public sector jobs
- Many individuals have issues related to portability (mortgage, school age children, spouses employment, retirement programs, etc.)

Why Are Candidate Pools Shrinking?

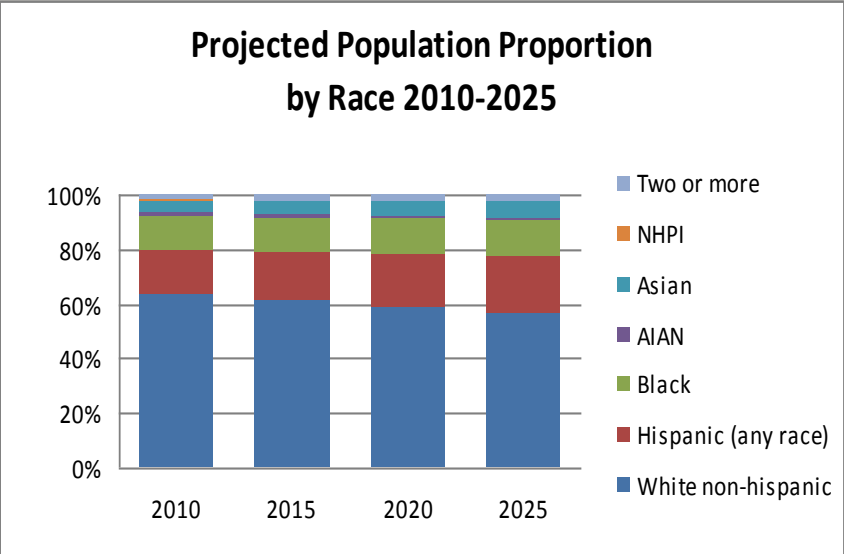
(cont.)

- The economy has forced many planners and public sector professionals into other professions
- Increased media sensationalizing issues (anything for a headline)
- Increased regulatory and statutory environment without the funds to support the mandates causing fiscal stress on organizations

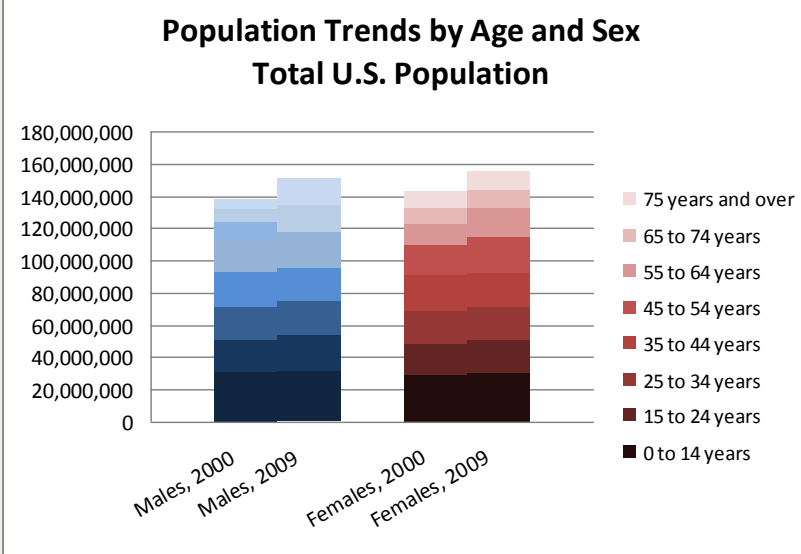
Why Are Candidate Pools Shrinking? *(cont.)*

- Many public administration schools are shifting their focus to a federal oriented curriculum or are dropping programs
- Active outreach for potential students is shrinking

How are Candidate Pools Changing?



U.S. Census Bureau 2008



Source: U.S. Census Bureau, 2009 American Community Survey

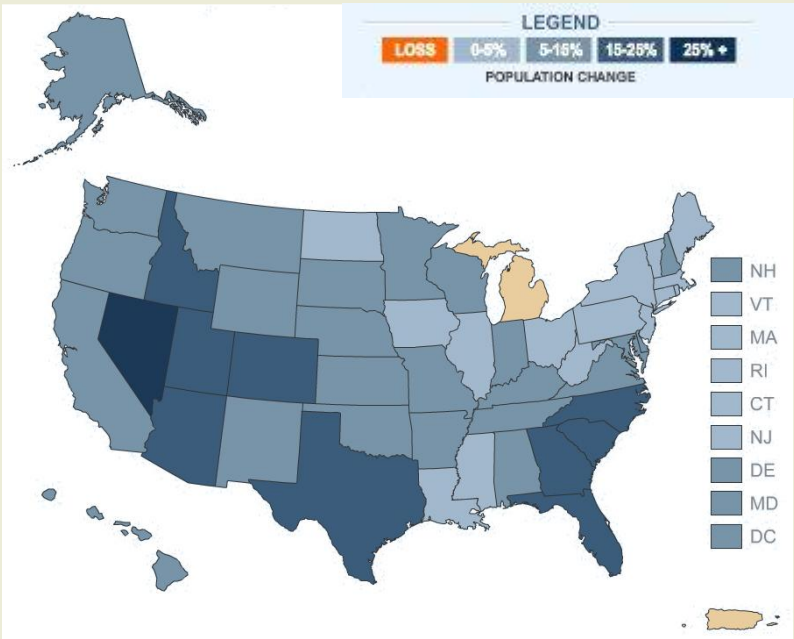
How are Candidate Pools Changing?

(cont.)

U. S. Population by Race			
PERCENT OF POPULATION		Change 2000 - 2010	
White alone	72.4%	5.7%	↑
Black or African American alone	12.6%	12.3%	↑
American Indian and Alaska Native alone	0.9%	18.4%	↑
Asian alone	4.8%	43.3%	↑
Native Hawaiian and Other Pacific Islander alone	0.2%	35.4%	↑
Some Other Race alone	6.2%	24.4%	↑
Two or More Races	2.9%	32.0%	↑

PERCENT OF POPULATION		Change 2000 - 2010	
Hispanic or Latino	16.3%	43.0%	↑
Not Hispanic or Latino	83.7%	4.9%	↑

Population 308,745,538







U.S. Census Bureau 2010

U.S. Census Bureau 2010

How are Candidate Pools Changing?

(cont.)

U.S. Regional Population Growth

PERCENT OF POPULATION	Change 2000 - 2010
Northeast 	3.2% ↑
South 	14.3% ↑
West 	13.8% ↑
Midwest 	4.8% ↑

U.S. Census Bureau 2010

Where Employees Are Drawn From

Age Group	Population	% of Total U.S. Population
25 to 34 years	40,443,203	13.4%
35 to 44 years	42,748,574	14.2%
45 to 54 years	43,646,772	14.5%

How Those Challenges are Being Viewed as Opportunities

- Opportunities to focus on strategic plan, goals, objectives; redefining the core mission
- Opportunities for succession planning and career growth
- Opportunities to redefine the work force and organizational structure
- Opportunities to pay people for performance; develop a pay philosophy

How Those Challenges are Being Viewed as Opportunities *(cont.)*

- Opportunities to ensure job responsibilities are clearly defined given the “addition” of new duties over the past few years
- Opportunities to evaluate programs, functions and services
- Opportunities to evaluate policies and procedures

What's Occurring in Local Government

- Strategic plans are being adopted to clearly define the objectives and goals of the government; determining the core mission
- Recognition that uniform, but flexible, personnel systems need to be established to ensure that employees clearly understand their role in the organization
- Recognition that good employees need to be retained and recruitment for new employees is competitive

What's Occurring in Local Government *(cont.)*

Local Governments are:

1. Updating their classification systems or developing classification systems for the first time
2. Reviewing compensation levels and market competitiveness for the City/Town/County
3. Developing more formal employee performance evaluation systems

What's Occurring in Local Government

(cont.)

4. Updating and creating new policy manuals to provide effective personnel policies
5. Planning for future retirements

Identifying What Employees Do

Update job descriptions/develop a formal classification plan to:

- provide a general description of the position
- outline broad essential functions
- update educational requirements
- detail licensures and registrations required (lobbying registration, brokers license, insurance licenses, etc.)

Identifying What Employees Do *(cont.)*

- include special requirements (non-competes)
- meet federal requirements (ADA/FLSA)
- integrate strategic plan components and identifying core competencies

Determining Appropriate and Competitive Levels of Compensation

- Compensation Plans are developed to ensure competitiveness in the market place
- Public/Private comparisons required
- Should be not too high or too low
- Provides for fairness, equity and uniformity within the organization

Updating Personnel Policy Manuals

- Definition of Employment
- Employee Practices and Procedures
- Leave
- Benefits
- Hours of Work
- Wages and Salaries
- Employee Conduct
- Conflict Resolution

Developing Performance Evaluation Systems/Pay Systems

- Aimed at individual/group performance
- Goal driven
- Geared to continuous improvement
- With policies, guides employees in career development
- Individually based on each employees job

Developing Performance Evaluation Systems *(cont.)*

- Provides a tool to allocate limited financial resources in an equitable manner
- Recognizes individual performance and ties the recognition to pay

Developing a Succession Plan

- Identification of “mission-critical positions”
- Development of succession plans for those positions and the overall organization
- Determine where gaps exist between the current workforce and the competencies that are necessary in the future
- Development of employee career development plans; career ladder plans which complement a succession plan

What Does This All Mean?

- Local government operations have dramatically changed in the last five years so your tools, systems and how you do a variety of things has, and will continue, to change dramatically
- Employees are the local governments most valuable resource and they should be treated fairly and equitably utilizing a variety of human resources tools

What Does This All Mean? *(cont.)*

- Plans should be developed to ensure employees' jobs reflect what they are doing, that employees are paid fairly, that policies are in place to protect the local government and the employee
- Plans should be developed to ensure continuity of operations; succession planning; not much different from emergency management planning

Future Impacts of These Changes

- Defining core missions of governments
- Better work environment for existing employees (fair and equitable pay structures)
- Better transparency in and outside of the organization
- Opportunities for career development and growth
- Opportunities to recruit more effectively
- More efficient and more effective government
- Maybe a better political environment?

Questions and Discussion

