



## The Ripple Effect of Baby Boomer Retirements

BY NEIL E. REICHENBERG

According to the Pew Research Center, approximately 10,000 Americans per day will turn 65 between 2011 and 2030. These baby boomers comprise 26 percent of the U.S. population. The Center for State and Local Government Excellence (SLGE) recently found that nearly 30 percent of state and local government employees have delayed retirement. Still, since no one has figured out how to delay aging, the number of retirements will increase. According to the SLGE 2014 Workforce Trends survey, 49 percent of the responding state and local governments reported higher levels of retirement in 2013 than in 2012.

The International Public Management Association for Human Resources (IPMA-HR) recently issued a report on talent management. Four out of 10 responding organizations indicated that they could lose 20 percent or more of their employees to retirement within the next five years. The Government Accountability Office predicted in January 2014 that the percentage of retirement-eligible federal employees will double to 31 percent in the next three years. The Bureau of Labor Statistics also reported statistics highlighting the relatively advanced age of public-sector employees (see Exhibit 1).

These demographics demonstrate a growing need for the public sector to focus on succession planning as part of an overall workforce planning effort. Despite the need for

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succession planning, only 27 percent of the respondents to the IPMA-HR talent management survey indicated that their organizations have plans in place. The top barriers to succession planning the survey respondents identified are management being more focused on day-to-day business, lack of sufficient time to make succession planning a priority, lack of resources, fears within the organization that succession planning will result in favoritism and pre-selection, and a lack of commitment from top leadership.

Among those who indicated that their organizations have succession plans in place, the key components included:

- Developing employees.
- Identifying key positions where retirements are likely to occur.
- Identifying high-potential employees.
- Projecting retirement eligibility.
- Identifying skill gaps.
- Establishing knowledge-transfer programs.
- Developing mentoring programs.
- Aligning the succession plan with the organization's business plan.
- Collecting performance feedback.
- Establishing job-shadowing programs.

Contrary to the trend reported in the survey, some governmental organizations make succession planning part of an overall strategic workforce planning effort rather than an isolated project. These efforts range from the employee development, which creates an internal pipeline of talent that is ready to move into positions as retirements and vacancies occur, to ensuring that knowledge transfer occurs when long-time employees leave the organization. There is no one-size-fits-all solution, and the balance of this article will highlight the efforts of several governmental organizations. (For further information on succession planning, see "Planning for Employee Turnover" in this issue of *Government Finance Review*.)

### Exhibit 1: Public-Sector Employees Skew Older

Percentage of employees who are at least 50 years of age:

- Federal government, 43%
- State government, 38%
- Local government, 37%
- Private sector, 28%

Percentage of employees who are younger than 30:

- Federal government, 8%
- State government, 15%
- Local government, 12%
- Private sector, 23%





### CITY OF GRAND FORKS, NORTH DAKOTA

The City of Grand Forks, North Dakota, has been addressing succession planning for several years. Of their 460 full-time employees, 42 were eligible to retire as of December 2013, with an additional 95 employees eligible from 2014 to 2020. The vast majority of them are in supervisory and department head positions.

The city's HR department developed a guide for department heads titled *The Keys to Workforce Planning and Development*. It outlines departmental roles and responsibilities; how to make the right planning decisions; how to prepare for planning, data collection and analysis; and how to develop workforce plans. The HR department works as a strategic partner with the other departments. To assist with retention, HR has developed a new employee orientation program, flexible work schedules, job sharing, and a policy of timely examinations; it also conducts exit interviews to obtain information about why employees leave.

The HR department also developed the City of Grand Forks Leadership Academy, which was endorsed by the other department heads. The program, which was launched in January 2013, had more applications than anticipated for the initial class, and 24 students graduated at the end of May that year. Instructors were from the University of North Dakota and Lake Region State College.

Despite the need for succession planning, only 27 percent of the respondents to a talent management survey indicated that their organizations have plans in place.

The academy has completed two sessions, with the classes meeting every Tuesday from 8 a.m. to 12 p.m. for 12 weeks. A third class began in September 2014.

The mayor, city council, and the civil service commissioners have expressed strong support for these measures. The mayor noted that the last thing the city cuts from its budget is training dollars because training for the future is critical at all levels within the city.



### CITY OF EL PASO, TEXAS

The City of El Paso, Texas, created a succession planning whitepaper. It also surveyed employees to find out when they anticipated retiring, and the city instituted workforce planning to capture the data for each department. This initiative has assisted the city in getting directors to think strategically when replacing crucial talent. It has also made them aware that they need to train internal staff and have an overlap of employment to transfer knowledge.

The city has mandatory supervisory training that all employees in supervisory positions must attend in order to pass their probationary period. Professional- and executive-level employees can attend a leadership/executive-level training course that was developed in conjunction with the University of Texas at El Paso.

The university provides the instructors for a 45-hour training program that focuses on:

- Effective leadership of high-performance organizations.
- Organizational behavior and personal leadership styles.
- Organizational communication and effectiveness.
- Team-based organizing and conflict management in high-performance organizations.
- Strategic planning and the strategic design of programs to better serve customers.



### CITY OF COLLEGE STATION, TEXAS

The City of College Station, Texas, recognized that approximately 40 to 50 percent of its staff would be eligible to retire within the next five years. The city will need to make a transition to an entirely new group of leaders, a change that must be planned properly to avoid significant gaps — not only in leadership, but in historical data. Public safety employees make up the biggest share of those who are eligible to retire. The HR department has started to address this challenge by implementing an emerging leaders program to provide support and education for key competencies.

### COCONINO COUNTY, ARIZONA

Over the past three years, Coconino County, Arizona, has been anticipating a growing number of retirements, particularly in supervisory and managerial-level positions, where incumbents have invested many years of service. The county has implemented four major succession initiatives

that are now part of regular business at Coconino County: the Preparing for Promotion program, Quick Takes, the Knowledge Retention Program, and a series of Mature Worker Initiatives.

**Preparing for Promotion.** The Preparing for Promotion program is a series of three classes designed to help employees be more competitive in the internal recruitment process for promotional opportunities. The classes include information on how to complete an application, how to maximize a promotional opportunity, how applications are screened, why supplemental questions are important, how to identify career ladders, how to be competitive on a telephone interview, and how to prepare for an in-person interview. Participants complete a personal inventory sheet to identify professional strengths and weaknesses, and they participate in a role-playing exercise for interview practice. Through this program, the county encourages participants to achieve their career goals within the organization, rather than focusing on external opportunities for advancement.

**Quick Takes.** Quick Takes is a series of one-hour classes focusing on training in key areas such as customer service and effective performance at work. The program is designed to provide valuable information to busy employees at all levels of the organization in compact sessions that almost everyone can fit into their schedules. Topics include time management, leadership, team building, and employee relations. In addition to these classes, starting in 2014, the series was expanded to include a leadership series of classes that contain six trainings for current leaders and those who aspire to have leadership roles in the future.





**Knowledge Retention.** The Knowledge Retention Program includes a succession planning interview and a survey. HR conducts in-person succession planning interviews with long-term employees within the last year of their employment. The questions are geared toward helping employees look back on their careers and document the highlights. The interview includes questions in five categories: resources, department history, long-term goals, the position, and bridging the gap. The county uses an electronic knowledge-retention survey to capture critical knowledge and resources that incoming employees can use to better understand the department's history and culture.

**Mature Worker Initiatives.** Mature Worker Initiatives includes county-developed programs that value employees in all stages of their careers, including retirement planning classes. There is also a mentoring program for employees at the level of supervisor or above that allows employees with greater longevity to share their knowledge with new employees. In August 2012, the county was certified as a Mature

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Worker Friendly Employer through the State of Arizona Mature Workforce Initiative and the Arizona Governor's Advisory Council on Aging. Because of county programs designed to prepare employees for retirement and to promote a healthy lifestyle, the county was included in AARP's 2013 list of Best Employers for Workers over 50.

These and other initiatives have resulted in improved performance measures. The turnover rate decreased by 1.8 percent during the last two years, and the percentage of job openings filled with qualified internal candidates

ranged from 36 to 44 percent during the past three years. The county has received recognition for these initiatives from the State of Arizona, AARP, and the American Psychological Association.

## MULTNOMAH COUNTY, OREGON

Multnomah County, Oregon, has developed several ways of dealing with an aging, retiring workforce. It conducts countywide retirement analyses and work unit-specific analyses, creates tailored succession plans, and provides planning tools and templates for workforce development and succession planning tools. The county also provides leadership training opportunities, growth assignments, performance reviews, and classes to increase the county's bench strength for internal promotions. Promoting knowledge management and social capital transfer, continuity across disparate departments and lines of work, and equity and empowerment values are also important.

An interdepartmental succession planning liaison team coordinates this work, provides expertise, and analyzes policies to determine whether they help or hinder the process. The team is made up of members from HR, leadership, management, and line staff.

## CITY OF HOUSTON, TEXAS

The City of Houston, Texas, established a Grow Your Own Workforce program to expose students to the wide variety of career opportunities available — an effort to develop a workforce for the future. The city has a Grow Your Own Workforce section on its website that provides information



about the jobs available in city government. City departments participate by offering internships and co-op opportunities, guest speakers, tours, an adopt-a-school program, and a Find Your Path Career Day expo. The objective is to get students to consider and prepare for a job with the city, making the Houston school system a pipeline for future employees.

The city hosted its third annual Find Your Path Career Day Expo in October 2014. Approximately 5,000 high school juniors and seniors found out about a wide variety of career opportunities available in the public and private sectors. (This year's expo will also be open to middle school students based on a state mandate requiring middle school students, to declare an area of interest upon entering high school.) The exhibitors were organized into four categories — business and industry; science, technology, engineering, and mathematics (popularly known as STEM); arts and humanities; and public service. In the public service zones, city departments and other agencies showcased their operations by providing interesting exhibits, displays, and equipment to “show and tell” the type of work they do and their career possibilities. Representatives from more than 60 colleges and universities attended the event.

The collective objective of the Expo partners is to expand the students' awareness of career possibilities and motivate them to perform well, graduate from high school, and pursue higher education or training. Not only does this initiative proactively address the need for qualified personnel, it also targets Houston's critical need to ensure that students today are prepared to meet the city's employment needs tomorrow. Cultivating a more educated workforce promotes economic growth at all levels.

In the 2014 academic year, the City of Houston launched a pilot of the Houston Pathfinders Immersion Initiative, the latest component of Grow Your Own Workforce. Pathfinders is the result of a partnership with the Houston Independent School District and the Barbara Jordan High School for Careers. It covers an entire school year, providing 20 students with a comprehensive look at municipal operations. During the fall semester, the students visit and tour city departments, where they learn about services provided, operations, and career opportunities. Students are then trained in interviewing and writing resumes, and they go through an interview process. Finally, the students will be matched with a department for a for-credit spring internship. The program has been extremely well received by the school, the students, and the city departments, and it will be expanded next year.

In summer 2014, the City of Houston opened its doors to more than 450 young people, aged 16 to 21, to participate in its Summer Jobs Program. This program, the result of a \$1.5 million commitment from the city council to establish a youth summer employment initiative, targeted low- to moderate-income youth, providing them with internships at more than 140 worksites across the city.



## SAN MATEO COUNTY, CALIFORNIA

San Mateo County, California, has developed several resources that are available through the county's website: Transition Planning Guide for San Mateo Critical Positions; Process for Creating and Identifying a Succession Plan for Retiring Managers; Leadership Transition Questionnaire; and Leadership Transition Management Phases.

The county believes that creating a succession plan will help ensure a smooth and successful transition for senior

leadership positions and other critical roles. The benefits of creating a succession plan include:

- Ensuring “institutional memory.”
- Providing for a smooth leadership transition by filling positions in a timely manner.
- Presenting opportunities for organizational and personal growth.
- Assisting in the development of staff for promotional opportunities.

The county has developed a transition planning guide for critical positions. It discusses the roles and responsibilities of leaders, the human resources department, and employees who are leaving the county workforce.

The county requests that employees provide at least three years’ notice of their planned retirement. This gives the organization time to prepare for the departure by training others to take on the employee’s work, documenting the operation of the department, and reorganizing or restructuring the operations of the department. As an incentive for providing advance notice, the county allows employees to negotiate terms such as a flexible work schedule and a reduced workload to provide them with time for the succession and transition plan items.

Retirees are a valuable resource, as well; they have knowledge of the organization, the workforce, and the culture, and they can handle assignments quickly as a result. The county encourages the rehiring of retirees for temporary projects such as mentoring, coaching, and assisting with transitions.

## STATE OF SOUTH CAROLINA

The State of South Carolina has undertaken a comprehensive workforce planning effort that includes succession planning.<sup>1</sup> Its four-step workforce planning effort includes assessing the current workforce; identifying future needs, gaps and surpluses; developing plans for the transition; and evaluating the progress resulting from the efforts.

The central HR department prepared a number of resources to assist state agencies and departments with their workforce planning efforts, and state agencies were asked to appoint an individual to promote workforce planning. One resource is the Workforce Planning Agency Data Resources Toolkit, which contains material that help the organization anticipate



the workplace challenges of the future, provide work environments that attract and retain the best workers, and make the best use of the state’s valuable human resources. The toolkit covers what information is needed to track recruitment activities, monitor potential retention factors (including exit interviews), and assess and monitor the workplace climate. It also includes a sample employee satisfaction survey.

## CONCLUSIONS

The need for all levels of government to engage in workforce and succession planning has never been greater. An aging workforce coupled with the ongoing impact of the economic recession has created significant human capital challenges for the public sector. With the increasing number of retirements, governments need to ensure that they can attract, retain, and develop a workforce that can meet the challenges of an increasingly complex environment. Data has shown that the majority of governmental organizations are not undertaking workforce and succession planning. Senior management needs to determine what efforts will be most effective in their organizations and then encourage, support, and provide resources for these efforts. ■

### Note

1. The state’s efforts are highlighted in a book, *Public Personnel Management: Current Concerns, Future Challenges*, 5th edition, edited by Norma M. Riccucci (Pearson, 2011).

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