



Recruiting and Retaining Public Sector Workers

Views from state personnel executives

State human resources officers face the challenge of recruiting and retaining workers with the right skills to provide government services effectively and efficiently. This need has been heightened by the economic recession and recovery, an aging workforce, and changing preferences concerning benefits and job mobility among younger workers. To better understand recruitment and retention issues, The Pew Charitable Trusts and the Laura and John Arnold Foundation contracted with the State Government Workforce Project, a joint venture of the National Association of State Personnel Executives and several other public sector workforce experts, to conduct a survey and a series of interviews in the summer of 2013 with state human resources officers. The project discovered several issues that are consistent across the country, including concerns about designing a compensation package that attracts younger workers, planning for a large upcoming retirement wave, and recruiting workers for hard-to-fill positions. This research is intended to help inform thinking by policymakers about recruitment and retention as they address the dilemma of ensuring that pension systems are sustainable while helping workers to achieve a secure retirement.

Survey and interview respondents were either directors of human resources or their designees.¹ The questions covered issues including recruitment and retention goals, the importance of employee benefits, and the effect of retirement benefits on recruitment and retention. The project received responses from 45 states. Of those, officials from 40 states completed an interview, 32 completed a survey, and 27 completed both. This brief presents findings from interviews.



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Clyde Saiki, former interim chief human resources officer for the Oregon Department of Human Services

The impact of the recession on recruitment

A number of personnel executives reported that the economic downturn—and accompanying high unemployment rates—made it easier for state government to attract workers. Some state human resources

officers said the number of applicants per position increased, and the quality of the applicant pool improved. But several personnel executives said they expected that their recruitment pool might shrink as the private sector returns to prerecession employment levels. “Over the last three or four years, we’ve had great candidate pools, but I feel that this was related to the economy rather than our pension benefits,” said Clyde Saiki, the former interim chief human resources officer for the Oregon Department of Human Services. “We didn’t have any problem filling positions. Now it’s getting to the point where some of the pools are not as robust [because] the economy has improved.”²

The impact of the recession on retirements and expectations for the future

Several personnel executives believed that since the 2008 recession, many workers have been delayed their retirements. C. Neal Alexander Jr., director of the North Carolina Office of State Personnel, predicted that an improved economy will affect the rate of retirement. “In North Carolina, people can walk out the door any time if they have 30 years of service, but because of the poor economic times, they haven’t been able to grow their savings as much as they’d like and salary increases have not kept up with the market,” he said. “Sustained growth in the stock market, growth in salaries, will change that.”

A number of states expect to be hit with a large wave of retirements in the coming years.³ For example, in Hawaii a third of the state’s executive branch workforce (excluding employees of the Department of Education and the University of Hawaii) are eligible to retire in the five-year period that began July 1, 2012.⁴ In Colorado, the average age of workers is 46.7 years, and nearly 36 percent of the state’s workforce will be eligible for retirement in the next five years. State officials said that they need to do a better job of succession planning to make sure they have qualified applicants to take over these positions.⁵



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Rebecca Hunter, commissioner for the Tennessee Department of Human Services

Long-term employees

Some state personnel directors noted that current employees often stayed after they had lost enthusiasm for their jobs in order to maximize their retirement benefits. During the interviews, each respondent was asked if the current retirement benefits have an effect on low-performing workers. While most said they were unable to answer the question, of the 11 who did, nine said lackluster workers stayed on for pensions and two said they did not. “One of the greatest challenges in business and government is to keep employees consistently engaged and high performing,” said Rebecca Hunter, commissioner for the Tennessee Department of Human Services. “It is a disservice to the taxpayers if we cannot meet the expectations that come with that challenge. Our goal is to manage employees to success or help them find the role in which they can be successful.”⁶

“ We are finding that the younger generation who grew up on technology wants more flexibility in their careers such as flexible hours and the option to telecommute. Pay is always a factor as well, but flexibility and telecommuting appear to be gaining in job satisfaction above retirement benefits.”

Lee-Ann Easton, *administrator of the Nevada Division of Human Resource Management*

According to Pew’s 2013 national survey of state and local workers, employees themselves found a similar pattern. According to Pew’s 2014 brief, “Preparing for Retirement: Top Findings From a Survey of Public Workers on Retirement Benefits,” 80 percent said they think some government employees who want to leave their jobs keep working until retirement age so they won’t lose benefits.⁷

Younger workers

Some state human resources departments indicated that they may need to consider new strategies to attract younger workers. At least five state personnel executives said retirement benefits do not play a big role in attracting young people to government jobs. Several respondents suggested younger workers do not value retirement benefits as much as older workers or do not expect to stay employed by a state long enough to feel their effect.

Sara Walker, director of the West Virginia Division of Personnel, explained, “People who have been with the state are invested in being state employees and being able to retire from the system. They understand what’s waiting for them. But the generation that’s coming in—I don’t know that the pension plan would retain them because they’re mobile. They’re going to move. We’ll have to figure out how to have continuity of services with a generation that is a revolving door.”⁸

Similarly, Eugene Moser, former director of the New Mexico State Personnel Office, said, “What we’re seeing is that the younger population tends to move between jobs much faster than my generation did.”⁹ Echoing those sentiments, Lee-Ann Easton, administrator of the Nevada Division of Human Resource Management, said younger workers have different work-related priorities: “We are finding that the younger generation who grew up on technology wants more flexibility in their careers such as flexible hours and the option to telecommute. Pay is always a factor as well, but flexibility and telecommuting appear to be gaining in job satisfaction above retirement benefits.”¹⁰

Survey respondents listed pension benefits as less important to younger workers than to workers in general. State directors ranked pensions as the most important employee benefit for workers as a whole. But for those under 30, pensions were third most important. Pew’s earlier survey of state and local workers mirrored these results. Only 33 percent of workers younger than 30 said retirement plans were extremely important to them compared with 51 percent of workers 50 and older.¹¹

A few human resources directors suggested that offering a defined contribution or hybrid retirement plan might help recruit workers who value a more portable benefit.¹² Vermont is considering adding a defined contribution plan as a choice for workers, and Christine Hetzel, director of operations for Vermont’s Department of Human Resources, says the new plan option would improve recruitment. “Having a choice of more than one plan would be helpful,” she said. “Defined contribution plans are going to appeal to younger workers.”¹³

The impact of retiree health care

Retiree health care was mentioned by several state personnel executives as having an unexpected impact on retirement. Some officials in states with less generous retiree health care plans said many workers delayed retirement until they were eligible for Medicare because they could not afford the high cost of health care. “People are working longer because they can’t afford health insurance,” said Oregon’s Clyde Saiki. “If there was more support for health insurance, they’d choose to retire sooner rather than later. I’ve heard people who are eligible to retire say that the reason they are still working is because of the cost of health insurance.”¹⁴

Hard-to-fill positions

Officials reported difficulty recruiting and retaining several hard-to-fill positions, including science and math teachers, information technology specialists, finance experts, nurses, and doctors. For example, officials in Georgia noted difficulty in retaining health aides and corrections workers beyond a year or two, while Alabama personnel executives listed a shortage of engineers and scientists.¹⁵ Missouri human resource officials cited difficulties recruiting registered nurses and workers for facilities such as prisons and psychiatric institutions, which offer low salaries and difficult working environments.¹⁶

In the project survey, human resource executives were asked whether they had met their recruitment goals for general employees and for employees in hard-to-fill positions. While only 3 percent of respondents said they had not met their recruitment goals for all public sector workers, almost 7 percent said they had not met their recruitment goals for hard-to-fill positions.

Conclusion

State human resources officers face many challenges recruiting and retaining workers with appropriate skills. Retirement benefits often play an important role in attracting workers to state employment and in current employee workforce decisions, including when to leave state employment or retire. As policymakers work to improve or sustain their state retirement system’s fiscal health, they may also need to consider the role that retirement benefit design plays in ensuring a top state workforce. These findings also highlight the need for additional research in several areas, including the effect of alternative plan design on worker recruitment and retention and the best way to attract employees to hard-to-fill positions.

Acknowledgments

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Endnotes

- 1 The human resources executives interviewed for this research project were at the state level. Their experiences may not be relevant to local public workers, including teachers and most public safety workers.
- 2 Clyde Saiki, email, April 2, 2014.
- 3 Liz Farmer, "The Public Employee 'Silver Tsunami' Looms for Governments," *Governing* magazine, <http://www.governing.com/topics/mgmt/gov-governments-silver-tsunami.html>.
- 4 Barbara Krieg, email, April 10, 2014.
- 5 Karl Paulson, pers. comm., March 20, 2014.
- 6 Rebecca Hunter, email, April 30, 2014.
- 7 The Pew Charitable Trusts, "Preparing for Retirement: Top Findings from a Survey of Public Workers on Retirement Benefits," <http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2014/06/preparing-for-retirement-top-findings-from-a-survey-of-public-workers-on-retirement-benefits>.
- 8 Sara Walker, email, April 3, 2014.
- 9 Eugene Moser, pers. comm., April 21, 2014.
- 10 Lee-Ann Easton, email, April 1, 2014.
- 11 The Pew Charitable Trusts, "Preparing for Retirement."
- 12 National Association of State Retirement Administrators, "Hybrid," accessed July 2, 2014, <http://www.nasra.org/hybrid>; and Center for Retirement Research at Boston College, "Defined Contribution Plans in the Public Sector: An Update," accessed July 2, 2014, http://crr.bc.edu/wp-content/uploads/2014/04/SLP_37.pdf.
- 13 Christine Hetzel, email, April 11, 2014.
- 14 Saiki, email.
- 15 Candy Sarvis, email, April 9, 2014; and Jackie Graham, email, March 21, 2014.
- 16 Nancy Johnston, email, March 31, 2014.

For further information, please visit:

pewtrusts.org/en/projects/public-sector-retirement-systems



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