

# Johnson County Government, Kansas Workforce Trends & Analysis

FY 2008



March 2007

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## **Executive Summary**

By systematically and routinely analyzing current and historical employee data to provide insight regarding future workforce needs; monitoring and understanding social, economic, and political trends; then aligning that information with the current and projected goals and objectives of the organization, the County can develop strategies and tactics to have the right people with the right competencies in the right jobs at the right time – now and in the future.

The FY 2008 Workforce Trends & Analysis report provides a more comprehensive explanation of the business reasons for the County Manager's FY 2008 budget recommendations relating to the investment in the workforce. The report also includes national trends, including reasons for the tightening labor market, and strategies that organizations use to recruit, retain, develop, and engage top talent.

As part of the short-term and long-term direction and initiatives for Johnson County Government that are necessary to begin to strategically position our workforce for the future, the following recommendations are provided for consideration throughout the FY 2008 budget process:

1. Support market-competitive pay by approving funding for market-based pay rate adjustments for employees.
2. Support merit pay by increasing the Compensation Pool from 3% up to 3.5%.
3. Support a market-competitive pay structure by approving the Proposed FY 2008 Pay Table (Proposed FY 2008 Pay Table will be provided in April).
4. Enhance competitive total compensation by increasing the County's contribution to the supplemental retirement program to 3%.

## **Introduction to Workforce Trends & Analysis**

Johnson County Government is a progressive and innovative organization that provides high quality and cost-effective services to the residents of the County through its dedicated and knowledgeable workforce. The County seeks to recruit, retain, recognize, and reward employees with a commitment to public service and a desire to make a difference in the community.

Since 2001, the Department of Human Resources (HR) has presented a workforce planning report to the Board of County Commissioners (BOCC) as part of the budget process. This year, as the County prepares for the FY 2008 Budget, HR is presenting Workforce Trends & Analysis. Just as previous workforce planning reports have focused on the County's ongoing investment in its human capital as the primary means of achieving organizational goals and objectives, this report addresses the need to strengthen the investment in the County's workforce to ensure ongoing excellence in serving the public. The intent of the Workforce Trends & Analysis is to provide a more focused view of specific current national trends in the labor market as they relate to Johnson County Government.

By systematically and routinely analyzing workforce data to assess employees' attributes, monitoring and understanding social, economic, and political trends, then aligning that information with the current and projected needs and goals of the organization, the organization is able to have the right people with the right competencies in the right jobs at the right time – now and in the future.

# Workforce Trends

Employers of all types are continuing to face a multitude of conflicting business challenges.

- ❖ “The federal government is facing a recruiting and retention crisis. We must act now to address this problem if we hope to have a workforce capable of addressing America’s future challenges...Fifty percent of the federal workforce will be eligible to retire in the next five years [by 2007].

Compounding the problem is the intense demand for talent from the private sector that is driving up salaries and fueling a growing pay gap between public and private careers. Achieving competitive pay is something we need to address through...performance-based pay systems....

To attract the best and the brightest...we must offer more than competitive pay and benefits. We must offer a “work experience” that is second to none, that draws people to serve. We must create a work environment that recognizes and respects that our workforce has priorities that stretch beyond the office. Accordingly, we must promote a work environment that is flexible...The paramount goal of our efforts should be to create a work culture of performance, challenge, meaning, and dignity.”<sup>1</sup>

- ❖ According to the U.S. Bureau of Labor Statistics, more than 25% of the working population will reach retirement age by 2010, resulting in a potential worker shortage of nearly 10 million.<sup>2</sup>
- ❖ A recent study shows that 85% of HR executives state that the "single greatest challenge in workforce management is creating or maintaining their companies' ability to compete for talent."

Talent management is also driven by the anticipated skills shortage in the coming years...organizations are already competing for talent. For example, customer service, health care, computer support and technology repair are areas where there is an anticipated acute talent shortage. In addition, as noted in SHRM's *2005 Future of the U.S. Labor Pool Survey Report*, the anticipated loss of talent in the next decade will vary by organization size, sector and industry. For example, large organizations—as compared with small and medium companies—are more concerned about loss of talent from the retirement of the baby boom generation, and **public and government organizations are more concerned about the loss of potential talent than private companies.** (emphasis added)<sup>3</sup>

- ❖ In a survey of about 1,100 U.S. employees, **71% of top performers listed pay** among the top three reasons they would consider leaving their employer. (emphasis added) Watson Wyatt focused on top performers because those are the employees whose retention companies value most.<sup>4</sup>
- ❖ Compensation is now being listed as the most important factor in employee job satisfaction.<sup>5</sup>

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<sup>1</sup> Paul H. O'Neill, Secretary of the Treasury, 2001

<sup>2</sup> “The Aging Workforce: The reality of the Impact of Older Workers and Eldercare in the Workplace,” Society for Human Resource Management – Research Quarterly, 2003

<sup>3</sup> “Talent Management: Driver for Organizational Success,” Society for Human Resource Management – Research Quarterly, 2006

<sup>4</sup> “Opportunity Knocks, and It Pays a Lot Better,” The Wall Street Journal, 2006

<sup>5</sup> Society for Human Resources 2006 Job Satisfaction Survey

## What Does This Mean to All Employers?

### *Tightening Labor Market*

- As the economy begins to improve, employees are more willing to take risks and seek other employment opportunities. Especially those who may have chosen job stability over higher pay and benefits in the past few years now feel that they have the flexibility to consider other options. Turnover rates are beginning to climb as unemployment rates have decreased to under 5%.
- Baby boomers are reaching retirement age at an accelerating rate, further increasing turnover rates.
- The skilled immigrant population is not large enough to offset the impact of baby boomers retiring. The unskilled immigrant populations would require significant education and training before they would be able to effectively compete for many of these positions.
- Recruitment is becoming more difficult at all levels; not only is the size of applicant pools being diminished, but also the potential quality of those pools. Especially for higher level positions, individuals who would have been considered highly experienced and desirable potential candidates ten years ago are either retired, close to retiring, or at an age that the incentive to leave their current retirement plan must be extremely attractive.

### *Changing Focus of Business*

- To accommodate changes in strategic direction and priorities, new business ventures, increasing service needs, and other business demands, the composition of the workforce needs to be carefully considered.
- Organizations may need to redeploy, readjust, resize, and reshape the workforce. They need to identify which employees have not just the potential – but the actual ability – to meet future needs.

## What Does This Mean to Johnson County Government?

As an employer, the County will be most successful if it can establish priorities that provide direction to strategically position the workforce to meet those future needs. Some program or service areas may require tactics to encourage retention while others may encourage attrition so resources can be redeployed. However, some of the same tactics could be used to address workforce issues at both ends of the spectrum; for example, phased retirement could be used to either retain employees or facilitate their retirement.

Throughout the organization, as departments and agencies are faced with increasing numbers of positions to fill, they need to determine:

- Should the positions be filled?
- In what capacity? At what level?
- Could business processes be improved or redesigned while the position is vacant? If so, what is the impact on the larger service unit?
- What are the options if a viable candidate cannot be located in a realistic period?
- Are internal employees capable of performing these duties? Will they bring a new perspective to the position?

Just as it is important to understand the implications of regional and national workforce trends, it is even more critical to examine Johnson County Government's workforce data<sup>6</sup>. The following information focuses on four areas with the County: Market-Competitive Pay, Employee Retention, Turnover, and Retirements.

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<sup>6</sup> Data in this report is based on data reported from Oracle as of December 31, 2006, unless otherwise noted. Park and Recreation positions are excluded unless otherwise noted, as Park & Recreation positions are not maintained in Oracle. Effective FY 2002, data excludes the Nursing Center, as the Nursing Center became a 501(c) (3) organization in December 2002. Data prior to FY 2002 includes the Nursing Center.

# Market-Competitive Pay (Tercile Placement Project)

Distribution of Employees by Grade and Tercile for FY 2005, FY 2006, and FY 2007

## Year 1 of Tercile - 2005

Grade	10	11	12	13	14	15	16	17	18	19	20	21	22	Total
Number of Increases	0	8	152	327	200	178	133	121	61	58	21	6	1	1266
Average Percent Increase	0.0%	3.4%	4.0%	3.1%	2.5%	3.3%	3.3%	3.4%	3.9%	3.6%	5.1%	2.5%	0.2%	3.4%

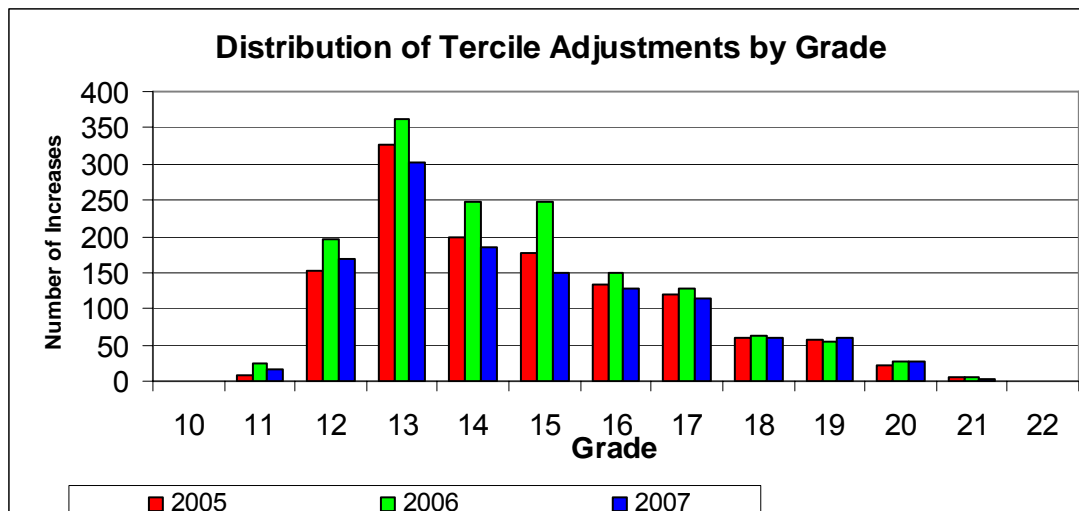
## Year 2 of Tercile - 2006

Grade	10	11	12	13	14	15	16	17	18	19	20	21	22	Total
Number of Increases	1	25	196	363	247	247	149	128	63	54	26	6	1	1506
Average Percent Increase	7.0%	3.1%	4.1%	4.6%	3.8%	3.5%	3.8%	3.8%	3.6%	3.1%	3.2%	2.7%	0.6%	3.9%

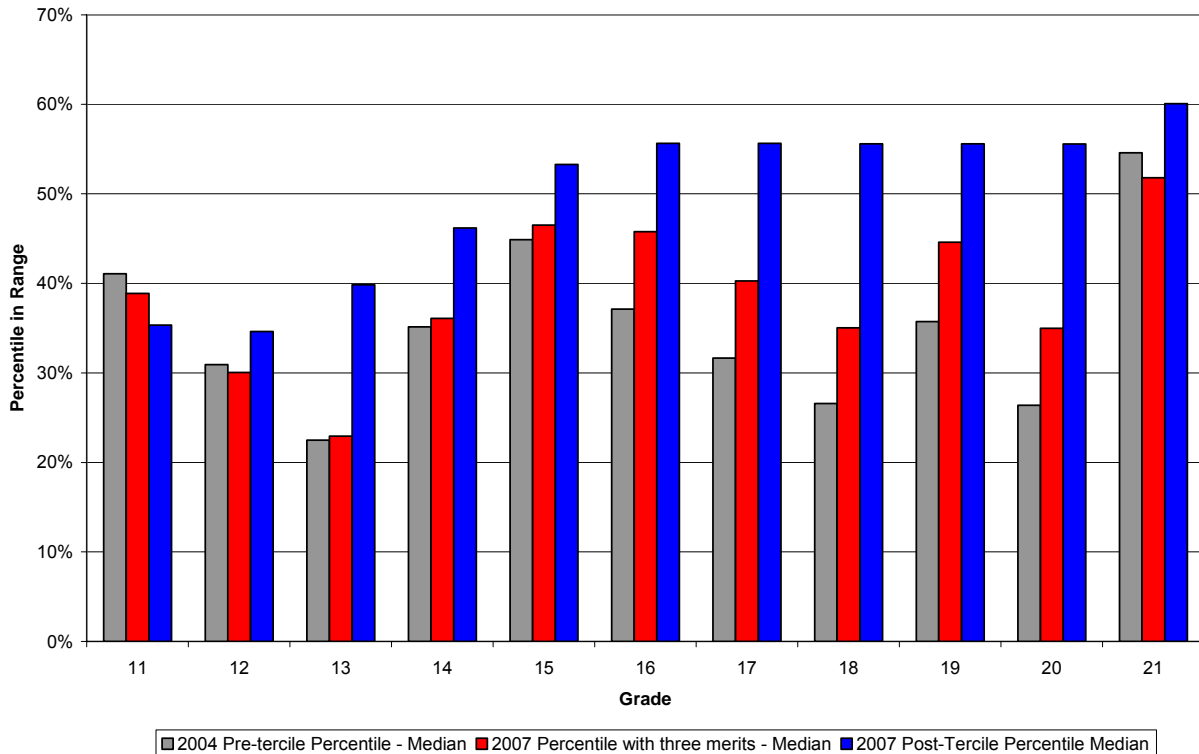
## Year 3 of Tercile - 2007

Grade	10	11	12	13	14	15	16	17	18	19	20	21	22	Total
Number of Increases	1	17	169	301	186	151	128	113	61	61	26	3	0	1217
Average Percent Increase	7.0%	4.6%	4.3%	4.3%	3.9%	3.6%	4.3%	4.2%	4.7%	3.6%	4.2%	1.4%	---	4.2%

A graph of the distribution of tercile increases by grade for F Y2005 and FY 2006 is as follows:



## Tercile Project – 2004 to 2007 Results



### **Comments:**

The above chart shows the improvement in market position for Full-Time Regular (FTR) employees with 36 or more months in their position as of December 31, 2006.

The data “behind” this graph is on the following page and shows that all FTR employees had movement in their pay grades in excess of merit increases, with the exception of Grade 11. The post-tercile percentile median for grade 11 (blue column) is less than the 2004 pre-tercile rate due to the range movement for grade 11 from 2004 to 2007 of 10.6% (average movement of 3.4% compounded for 3 years). Given that there are 17 FTR employees in this group, this data should be interpreted cautiously.

### 2005 to 2007 Tercile Project Results

Grade	2004 Pre-tercile Percentile - Median	2007 Percentile with three merits - Median	2007 Post-Tercile Percentile Median	'Net' Movement
11	41%	39%	35%	-4%
12	31%	30%	35%	5%
13	22%	23%	40%	17%
14	35%	36%	46%	10%
15	45%	47%	53%	7%
16	37%	46%	56%	10%
17	32%	40%	56%	15%
18	27%	35%	56%	21%
19	36%	45%	56%	11%
20	26%	35%	56%	21%
21	55%	52%	60%	8%

## Average Pay Table Movement for FY2004 to FY2007

The chart below represents actual pay table movement for 2004 through 2006.

Grade	Change from 2004 to 2005	Change from 2005 to 2006	Change from 2006 to 2007	Average Movement from 2004 to 2007	Total Movement from 2004 to 2007
10	6.1%	3.3%	1.5%	3.6%	11.2%
11	5.5%	3.5%	1.3%	3.4%	10.6%
12	4.8%	3.7%	1.0%	3.2%	9.8%
13	4.1%	4.0%	0.7%	2.9%	9.0%
14	3.8%	4.1%	0.6%	2.8%	8.7%
15	3.5%	4.2%	0.5%	2.7%	8.4%
16	0.0%	3.4%	1.0%	1.5%	4.4%
17	0.0%	2.6%	1.7%	1.4%	4.3%
18	0.0%	2.0%	3.0%	1.7%	5.0%
19	0.0%	1.3%	2.9%	1.4%	4.2%
20	0.0%	0.7%	3.5%	1.4%	4.2%
21	3.6%	4.4%	2.5%	3.5%	10.8%
22	4.1%	4.3%	2.4%	3.6%	11.2%
23	5.0%	4.3%	2.4%	3.9%	12.2%
24	5.2%	4.3%	2.3%	3.9%	12.2%
25	5.8%	4.2%	2.2%	4.1%	12.7%
26	6.5%	4.2%	2.1%	4.3%	13.3%
27	7.1%	4.2%	2.0%	4.4%	13.8%
28	7.8%	4.1%	2.0%	4.6%	14.4%
Average	3.84%	3.50%	1.87%	3.07%	

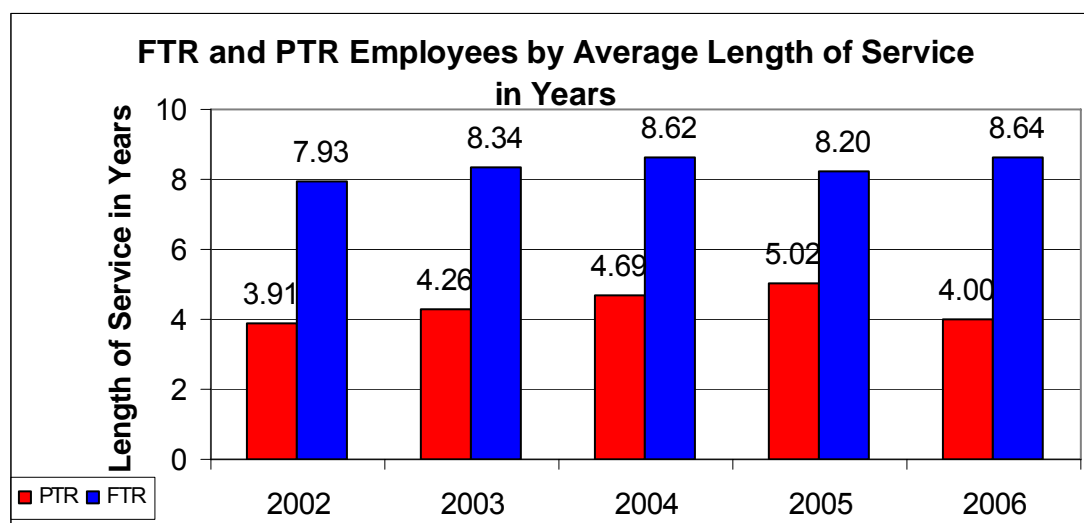
### **Comments:**

The average merit increase in 2006 was 3.09%.

# Employee Retention

## FTR and PTR Employees by Average Length of Service (LOS) in Years

Category	2002	2003	2004	2005	2006	+/- 2004 to 2005
FTR	7.93	8.34	8.62	8.20	8.64	5.35%
PTR	3.91	4.26	4.69	5.02	4.00	-20.30%



### Comments:

Full Time Regular (FTR) employees show an increase in their length of service from 2004 to 2006.

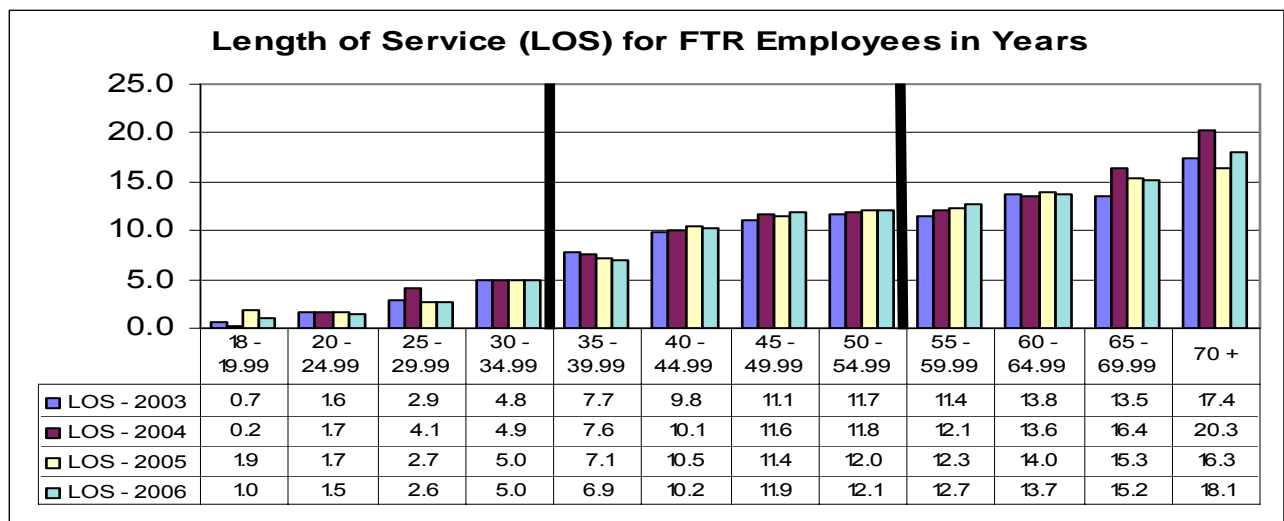
- From 2005 to 2006, FTR employees' length of service increased from 8.20 years to 8.64 years, an increase of 5.4%
- From 2002 to 2006, FTR employees' service increased from 7.93 years to 8.64 years, an increase of 9%

Part Time Regular (PTR) employees continue to show gains in their length of service, in comparing 2002 to 2006, but decreased from 2005 to 2006:

- From 2005 to 2006, PTR employees' service decreased 20.3%, from 5.02 to 4.0 years
- From 2002 to 2006, PTR employees' service increased 2.3%, from 3.91 to 4.0 years

## Average Length of Service by Age Range

Age Range	Average LOS as of 12/31/ 2003 (Years) for FTR Employees	Average LOS as of 12/31/ 2004 (Years) for FTR Employees	Average LOS as of 12/31/ 2005 (Years) for FTR Employees	Average LOS as of 12/31/ 2006 (Years) for FTR Employees
18 - 19.99	0.7	0.2	1.9	1.0
20 - 24.99	1.6	1.7	1.7	1.5
25 - 29.99	2.9	4.1	2.7	2.6
30 - 34.99	4.8	4.9	5.0	5.0
35 - 39.99	7.7	7.6	7.1	6.9
40 - 44.99	9.8	10.1	10.5	10.2
45 - 49.99	11.1	11.6	11.4	11.9
50 - 54.99	11.7	11.8	12.0	12.1
55 - 59.99	11.4	12.1	12.3	12.7
60 - 64.99	13.8	13.6	14.0	13.7
65 - 69.99	13.5	16.4	15.3	15.2
70 +	17.4	20.3	16.3	18.1



### Comments:

The total number of employees over the age of 55 is 603. Their average length of service is 15 years. Within this group, employees aged 70 and above showed an increase in their LOS from 16.3 to 18.1 years from 2005 to 2006.

# Turnover

Turnover is the ratio of the number of terminations of employment to the average number of employed workers for a one year period of time. Turnover is calculated as follows:

$$\frac{\text{Total \# of Terminations}}{(\text{Begin Count} + \text{End Count})/2} \times 100 = x\% \text{ turnover} \quad \leftarrow \text{Average \# of employees}$$

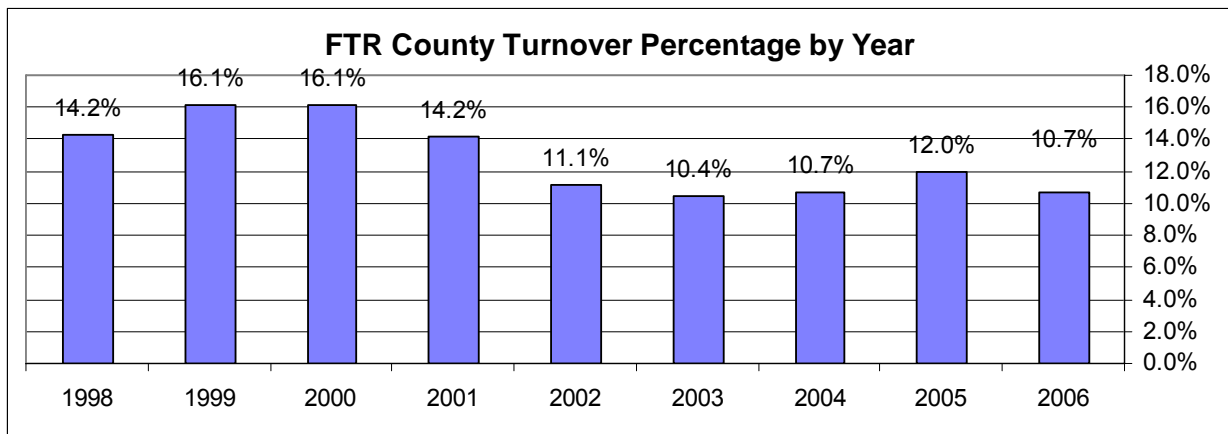
Terminations of employment may be voluntary, involuntary, retirement, for medical reasons, due to death, or due to a reduction in force. Voluntary terminations of employment include resignations from County employment; however, internal transfers from one County Department/Agency to another Department/Agency are not included in this number. Involuntary terminations of employment may be due to personal conduct or unsatisfactory work performance. Some positions may experience more than one termination of employment during the reporting period.

County turnover is calculated based on FTR employees. Other categories are excluded so the variable nature of these positions does not overly influence this data.

## FTR Countywide Turnover (1998 – 2006)

Year	Starting # Employees	Ending # Employees	Terms	Turnover (1)	+/- Previous Year
1998	2381	2566	352	14.2%	6.8%
1999	2566	2634	419	16.1%	13.3%
2000	2634	2676	428	16.1%	0.0%
2001	2676	2799	388	14.2%	-12.1%
2002	2722	2745	304	11.1%	-21.5%
2003	2762	2813	290	10.4%	-6.5%
2004	2816	3255	325	10.7%	3.0%
2005	2552	2892	326	12.0%	11.9%
2006	2382	2441	322	10.7%	-10.8%

(1) Does not include internal transfers of employees from one Department/Agency to another.



## FTR Turnover by Strategic Program and Department/Agency

Strategic Program	Department/Agency	Departmental Turnover %	% of Overall County Turnover
	Library	7.7%	4.3%
	Museum	28.6%	0.6%
<b>Culture</b>	<b>Turnover by Strategic Area</b>	<b>8.5%</b>	
	Planning	20.0%	0.9%
<b>Economic Development</b>	<b>Turnover by Strategic Area</b>	<b>20.0%</b>	
	AIMS	26.1%	0.9%
	Appraiser's Office	10.1%	2.8%
	Budget	8.7%	0.9%
	BOCC	14.3%	0.3%
	County Manager's Office	14.3%	0.9%
	Elections	6.3%	0.3%
	Facilities	16.3%	4.9%
	Human Resources	14.3%	0.6%
	Human Services and Aging	8.5%	2.1%
	ITS	11.3%	2.1%
	Legal Services	0.0%	0.0%
	Financial Management	2.6%	0.3%
	Records and Tax Administration	7.2%	1.2%
	Treasurer's Office and Motor Vehicle	9.5%	2.1%
<b>General</b>	<b>Turnover by Strategic Area</b>	<b>10.6%</b>	
	Environmental	4.8%	0.6%
	JCDS	12.5%	10.7%
	Mental Health	9.4%	9.8%
	Public Health	16.5%	5.2%
<b>Health &amp; Welfare</b>	<b>Turnover by Strategic Area</b>	<b>11.2%</b>	
	Corrections	14.9%	12.3%
	District Attorney's Office	13.6%	3.1%
	District Court Administration	14.3%	0.6%
	District Court Trustee	5.6%	0.6%
	Emergency Communications	20.3%	2.1%
	Emergency Management	0.0%	0.0%
	Med-Act	8.4%	3.4%
	JIMS	0.0%	0.0%
	Law Library	25.0%	0.3%
	Sheriff's Office	6.7%	11.7%
<b>Public Safety &amp; Judiciary</b>	<b>Turnover by Strategic Area</b>	<b>9.7%</b>	
	Airport	18.2%	0.9%
	Wastewater	13.3%	8.6%
	Public Works	16.8%	4.6%
	Transit	0.0%	0.0%
<b>Public Works &amp; Transportation</b>	<b>Turnover by Strategic Area</b>	<b>14.2%</b>	
<b>Total</b>		<b>10.7%</b>	

## 2006 Turnover Summary

Strategic Program	2006 Terminations	Strategic Program Turnover %	% of Overall County Turnover
Culture	16	8.5%	5.0%
Economic Development	3	20.0%	0.9%
General	63	10.6%	19.6%
Health & Welfare	85	11.2%	26.4%
Public Safety & Judiciary	109	9.7%	33.9%
Public Works & Transportation	46	14.2%	14.3%
<b>Total</b>	<b>322</b>	<b>10.7%</b>	<b>100.0%</b>

## Terminations of Employment

### FTR Terminations of Employment by Termination Type (1998 – 2006)

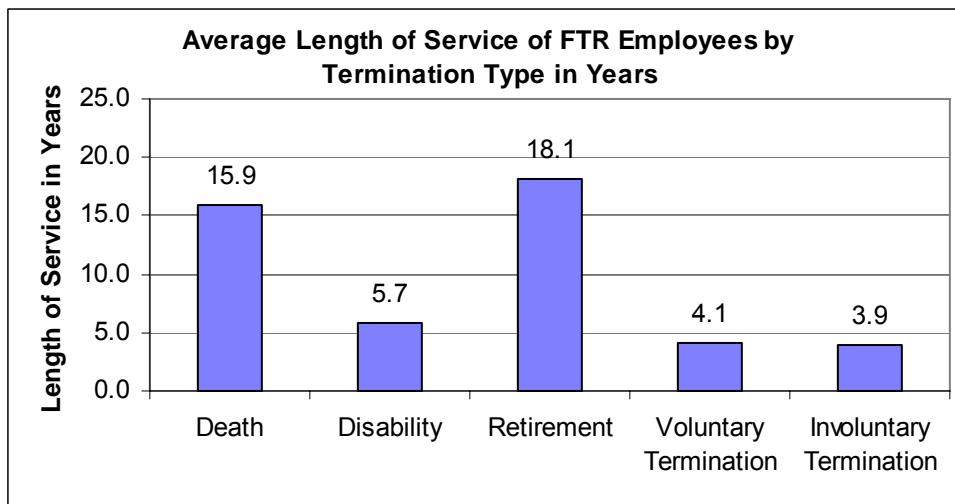
Termination Type	1998	1999	2000	2001	2002	2003	2004	2005	2006
Voluntary	274	341	345	297	236	235	254	259	235
Involuntary	43	47	53	53	26	27	39	36	46
Retirement	22	22	24	23	29	15	23	26	34
Medical	5	4	4	8	4	7	3	3	2
Deceased	2	1	2	6	5	6	6	3	5
Reduction in Force	6	4	0	1	4	0	0	0	0
Other	0	0	0	0	0	0	0	3	0
<b>Totals</b>	<b>352</b>	<b>419</b>	<b>428</b>	<b>388</b>	<b>304</b>	<b>290</b>	<b>325</b>	<b>330</b>	<b>322</b>

### Voluntary Terminations – 1998 to 2006

Year	Number of Voluntary Terminations	Average FTR Workforce Size	Percentage
2006	235	3369	7.0%
2005	259	2474	10.5%
2004	254	2600	9.8%
2003	235	2655	8.9%
2002	236	2738	8.6%
2001	297	2734	10.9%
2000	345	2788	12.4%
1999	341	3036	11.2%
1998	274	2772	9.9%

## FTR Employees by Average Length of Service (LOS) at the Time of Termination

Year	Average Length of Service (LOS) in Years
2006	5.80
2005	5.25
2004	5.15
2003	4.10
2002	4.99
2001	4.18
2000	3.70
1999	3.75
1998	4.39



### **Comments:**

The percentage of voluntary terminations has decreased in 2006 to historically low levels.

# Retirement

Johnson County Government employees participate in either the Kansas Public Employers Retirement System (KPERs) or the Kansas Police and Fire Retirement System (KP&F), depending on the type of position they hold while employed with the County. Employees in safety-related positions, including Emergency Communication Center Controllers, Sheriff's Office public safety-related positions, and select positions in Med-Act, participate in KP&F. All other County employees participate in KPERs.

Retirement criteria are as follows for each of the plans:

KPERs		KP&F	
Early	Full	Early	Full
Age 55 + 10 years of service	<ul style="list-style-type: none"> <li>Age 62 + 10 years of service</li> <li>Age 65 + 1 year of service</li> <li>85 points (age + length of service = 85)</li> </ul>	Age 50 + 20 years of service	<ul style="list-style-type: none"> <li>Age 50 + 25 years of service</li> <li>Age 55 + 20 years of service</li> <li>Age 60 + 15 years of service</li> </ul>

For the purpose of calculating years of service, the years of service must be “**credited.**” Employees do not contribute to KPERs during their first year of employment, so the first year of service is not credited unless the employee buys back that year.

To calculate the early retirement demographics, an assumption has been made that the employee did **not** buy back the first year of service and did **not** have any years of credited service from previous employment.

For this report, retirement projections have been computed using the dates at which KPERs employees would be eligible for the Rule of 85 under KPERs, and the earliest dates under which KP&F employees would be eligible under the full retirement provisions.

- Full retirement for KP&F employees has been computed at the earlier of age 50 & 25 years of service *OR* at age 55 & 20 years of service.
- Full retirement for KPERs employees is computed at the earlier of the Rule of 85, *OR* at age 62 with 10 years of service.

The assumption behind these charts is that employees would opt for full retirement at the earliest possible date, regardless of other factors, such as coverage under a group health insurance plan. As such, these graphs should be interpreted as “worse case scenarios” – if employees eligible for full or early retirement were to actually retire, their exit from active employment could impact delivery of County services.

**Current data for KP&F employees was not available at the time this report was prepared, so it was not included.**

**Full Time Regular Employees - Actual and Projected Retirement Dates under KPERs**

Grade	2006 and prior	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total eligible to retire by 2017	Percent of employees eligible to retire by 2017 as a % of total in grade	Total eligible to retire after 2017	Percent of employees eligible to retire after 2017 as a % of total in grade
28		1											1	100%	0	0%
26				1									1	50%	1	50%
25													0	0%	1	100%
23	1								1	1	1		3	60%	4	40%
22					1								1	80%	1	20%
21					1			1		1	2		5	54%	7	46%
<b>Grades 21-28</b>													11	44%	14	56%
20	1	1	1			1	2	2	1	1	1	2	12	36%	21	64%
19	3	2	3	2	2	1	5	4	3	5		3	30	45%	47	61%
18	3		1		4	4	2	5	2	2	4	1	25	26%	85	77%
17	10	2	3	1	3	2	1	4	2	5	5	9	37	29%	124	77%
16	8	4	2	6	7	4	11	6	12	4	9	10	75	34%	135	64%
<b>Grades 16-20</b>													179	30%	412	70%
15	7	1	11	10	12	11	8	14	14	16	20	10	127	31%	293	70%
14	8	7	4	2	6	11	9	4	10	19	14	8	94	30%	259	73%
13	9	4	4	7	12	8	10	11	12	15	24	22	129	29%	329	72%
12	2	1	1	5	3	5	3		11	14	9	8	60	92%	229	79%
11			1					1			1		3	57%	4	57%
10													0	0%	0	0%
<b>Grades 10-15</b>													413	27%	1114	73%
<b>Total</b>	<b>52</b>	<b>22</b>	<b>31</b>	<b>33</b>	<b>51</b>	<b>47</b>	<b>51</b>	<b>52</b>	<b>68</b>	<b>83</b>	<b>90</b>	<b>73</b>	<b>603</b>		<b>1540</b>	
<b>Percent eligible to retire by 2017</b>	<b>9%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>	<b>11%</b>	<b>14%</b>	<b>15%</b>	<b>12%</b>		<b>28%</b>		<b>72%</b>

## **Comments**

Of the 28% of KPERS employees eligible to retire in the next ten years, 9% can retire immediately.

Starting in 2010, the percentage of employees eligible to retire will increase markedly over prior years and will increase again in 2014.

The large number of employees already eligible to retire under KPERS and the large number of anticipated retirements points to the need for succession planning on a Countywide basis.

# Strategically Positioning the County's Workforce for the Future

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*"Strategic positioning implies moving from where you are now and strategically relocating yourself, but doing so relative to others. You re-position because you recognize that where you are is an unsustainable place, given where you need to go and given a changing landscape...Strategic positioning means examining new options – even some that are not yet part of your wildest imagination. Strategic positioning means openness." - Honorable Noel Monteith*  
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## Recommendations

### 1. Market Competitive Total Compensation

#### *FY 2008*

- Support merit pay by increasing the Compensation Pool from 3% up to 3.5%.
- Support market-competitive pay by approving funding for market-based pay rate adjustments for employees.
- Support a market-competitive pay structure by approving the Proposed FY 2008 Pay Table (Proposed FY 2008 Pay Table will be provided in April).
- Enhance competitive total compensation by increasing the County's contribution to the supplemental retirement program to 3%.

#### *Long-Term*

- Develop integrated compensation and performance management philosophies.
  - Combine realistic market parameters with recognition and differentiation of performance levels through merit pay.
  - Develop a new approach/system that is easy for employees to understand and simple for the organization to administer.
- Identify and recommend policy changes that would enable the County to be more competitive in offering and negotiating benefits during the search process.
  - Allow negotiation of flexible benefits within a defined "menu" of options, such as vacation, retirement contributions, higher level health care match, more life insurance.

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<sup>7</sup> Honorable Noel Monteith, Minister of State, Ministry of Education, Youth & Culture, Jamaica, 2005

## 2. Talent Management

### *Immediate*

- Conduct the second Employee Engagement Survey in Fall 2007.
  - Benchmark scores against initial organizational scores.
  - While recognizing that organizational culture and attitudes take time to change, celebrate accomplishments and continue to make progress towards stated goals.

### *Long-Term*

- Develop proactive and competitive talent management strategies focusing on attracting, selecting, engaging, developing and retaining employees.
  - Develop an integrated and proactive strategic approach to talent management.
  - Manage critical information, such as more refined monitoring of turnover and knowing what factors contribute to retention.
  - Develop a succession planning system that focuses on skills that are scarce in the labor market, and emphasizes position fit above general skill development.<sup>8</sup>
    - Develop explicit and systematic “knowledge management” processes for capturing the vital knowledge of employees in key positions prior to their transitions, thereby turning personal knowledge into organizational knowledge that can be widely shared throughout the County and appropriately applied.
    - Develop a pipeline of talent throughout the organization that is equipped and ready to assume higher levels of responsibility as key positions become available.
- Develop a continuous approach to workforce planning.
  - Work with County leadership to conduct:
    - a systematic forward-looking assessment of organizational and department/agency direction, workload, and capability requirements;
    - a forecast of staffing requirements to meet the anticipated workloads, and
    - a linking of staffing policy from recruitment to retirement which is designed to achieve the desired workforce profile.
  - Provide more precise projections regarding upcoming retirements. HR’s current model uses conservative retirement estimates since the organization does not maintain historical retirement eligibility data.
    - Partner with ING to obtain a comprehensive and accurate assessment of the workforce, including data on when employees are eligible to retire and when they actually retire, so projections can be further refined.

## 3. Employee Performance Management

The BOCC provided funding in the FY2007 budget to begin implementation of an updated Employee Performance Management System. The purpose of performance management is to enhance the achievement of organizational goals and outcomes for the government. By integrating people, planning, and performance with organizational objectives, individual and organizational capability is developed and leads to higher performance.

Given the commitment by the Board to this project, it is essential that Johnson County Government employees understand and receive a clear message that the implementation of a new Employee Performance Management System is not for the purpose of reducing the workforce, eliminating positions, cutting salaries, etc.

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<sup>8</sup> *Corporate Leadership Council (2003)*. High-Impact Succession Management: From Succession Planning to Strategic Executive Talent Management, Retrieved from [www.executiveboard.com](http://www.executiveboard.com)

### **3. Employee Performance Management (continued)**

#### *Immediate*

- The first phase of this project will primarily focus on re-engineering and improving all aspects of the employee performance appraisal process.
- The end product of Phase I will be a comprehensive, organization-wide Employee Performance Management System that aligns with and supports the achievement of the County's mission, values, and strategic goals while maintaining service delivery excellence and public value.
- It will include methods and tools for establishing both performance (outcomes/results) and behavioral expectations, and provide a platform from which to develop a comprehensive succession planning program.
- County values will also be revisited and reaffirmed or updated during the course of this project.

#### *Long-Term*

Create a competency-based platform from which to create:

- targeted recruitment initiatives;
- individual development plans;
- leadership development programs;
- emerging leader development programs;
- succession planning processes; and
- career path opportunities.

### **4. Work/Life Balance**

Explore options that would provide more flexibility to employees in balancing work and life priorities. These may include:

- Ability to retain health insurance and other benefits while reducing hours to part-time status.
  - Assess the impact if employees were able to retain full-time benefits coverage if they were to work between 20 and 39 hours per week.
- Assess the need for eldercare assistance, such as resources, flexible schedules, and ongoing programs to address the needs of family caregivers.
  - Identify and promote resources that currently exist, such as the ability to offset the cost of dependent care for both childcare and eldercare through the County's flexible spending accounts.
- Work with the Benefits Advisory Committee, Health Care Fund Committee, and Wellness Committee (sponsored by OFM) to develop, assess, and refine recommendations.

## Conclusion

In 2004, the Board identified the importance of the County's workforce to deliver the best possible mandatory and discretionary services to the members of this community. With an eye to the future, the Board solidified its commitment to the workforce by funding the Tercile Project as a means to stabilize and strengthen the County's compensation system. The Board has demonstrated its ability to anticipate the growing needs of the community and recognize the increasing criticality of this organization's staff to service delivery.

By continuing its strong leadership in the face of difficult decisions, the Board is asked to consider the recommendations in this report, which will enable Johnson County Government to ensure its ongoing and well-deserved reputation as a Community of Choice.

As the entire organization continues to balance service demands and workforce needs, the County Manager's Office and Department of Human Resources will continue to examine the most strategic and effective approaches to strengthening the organization's investment in its workforce.