

**Recruiting, Hiring and Retaining Talent in State Government:  
Promising Practices and Emerging Trends**

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This report was researched and written by Sally Coleman Selden, professor of management at Lynchburg College, with financial support from the Pew Center on the States' Government Performance Project. All data, unless otherwise noted, are drawn from Pew's most recent 50-state management report card, [\*Grading the States 2008\*](#).

## **Introduction**

Even in tough economic times—perhaps especially in such times—recruiting, hiring and retaining an effective workforce is a critical element of human resource management. Even when they must spend most of their time determining how to make cutbacks, human resources (HR) professionals are acutely aware that finding and keeping the right employees in the right positions is the only way they can provide a high level of service to their citizens in the long run. And state government HR professionals know that they sometimes have a difficult time competing with the private sector for the best possible employees.

This report showcases successful strategies for recruiting, hiring, and retaining that some states, using long-term human capital plans, have implemented. We selected best practices that hold promise for all states, as well as some that are relatively easy to execute, even in times of economic stress. The lessons are particularly applicable for those managers who must justify any new human capital policies or practices to their governors, their legislatures, and their citizens.

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# EXECUTIVE SUMMARY

## RECRUITING, HIRING AND RETENTION TRENDS

No matter what their economic situations, all states must attract and keep workers critical to their strategic missions. And, in today's economic climate, they may have to do so with fewer employees overall, making hiring and retention practices even more critical. Between fiscal year (FY) 2003 and FY 2006, the average state's total full-time equivalent workforce fell slightly. During the same time, the average number of open state positions dropped 10.7 percent, while applications for jobs increased 41.6 percent. Simultaneously, overall turnover among new hires increased to a national average of 22.7 percent, ranging from less than three percent to a staggering 54 percent. Moreover, the voluntary turnover rate for all employees in state executive branches rose to more than 7 percent in FY 2006, and was higher than 15 percent in some states, increasing both direct and indirect costs for states. Larger personnel losses could be particularly troublesome in states with a large percentage of employees approaching retirement.

## CENTRALIZED vs. DECENTRALIZED HIRING

In terms of hiring, both centralized and decentralized approaches have advantages. Centralizing recruiting and retention ensures consistency of service delivery, removes politicization, and uses resources more effectively. Decentralized processes allow individual agencies the discretion and flexibility to meet their individual staffing needs. **Georgia** and **Kansas** are among the states attempting to balance those needs. Their efforts include technical and collaborative approaches, ranging from encouraging agencies to share tables at recruiting fairs, to providing online recruiting assistance for agencies, to convening statewide councils on recruitment, which promote sharing of successful strategies.

## PROGRAMS THAT AID RECRUITING AND HIRING

The GPP was particularly interested in programs and practices that enabled states to fill positions quickly with highly qualified candidates, including the use of state hiring Web sites, internships and college recruitment.

### State Hiring Web Sites

The GPP examined hiring Web sites in all 50 states for content and usability, assessing the type, breadth and presentation of information, as well as the navigability and interactivity of the site itself. States that provided a user-friendly experience received significantly more applications, while states that presented useful and relevant content on their hiring sites generally had significantly lower voluntary turnover rates among new hires. The hiring Web sites maintained by **Indiana**, **Vermont**, **Virginia** and **Washington** were the overall national leaders in online recruiting.

## Internships and College Recruitment

The GPP found that 43 percent of states operate centralized college recruitment programs. **Alabama** has targeted a number of schools for recruitment, establishing good relationships with faculty and placement offices. **Indiana** hosts statewide and regional information sessions for college students, recruits actively on campuses and accesses online student resumes. **Kansas** has a particularly strong loan forgiveness program in its transportation department, aimed at recruiting new engineering graduates.

A high percentage—81 percent—of states use paid internships as part of their recruiting strategies. The most successful programs integrate interns into agencies, give them meaningful work and provide them with significant direction and feedback. **Indiana** has a long-standing summer program that provides hundreds of paid summer internships to college students.

## PROMISING PRACTICES AND EMERGING TRENDS IN RECRUITING AND HIRING

### Branding

Branding involves far more than a consistent use of color scheme and logo. Branding entails a clear strategy to promote an understanding of why a state is a desirable employer, and successful branding provides enough flexibility to employ different strategies for different target audiences.

**North Carolina's** employee value propositions (EVPs) offer one example. The EVPs demonstrate an agency's plans for the future, an employee's opportunity for growth and a sense of workplace community. **Maryland** brands itself as place where employees do meaningful work, where employees' skills are valued and where employees have a positive effect on society.

### Onboarding

Onboarding, the process by which new employees are integrated into their jobs, has become important to states. A complete onboarding experience may last as long as a year, and gives employees all the tools needed to succeed, including assigned mentors, for example.

**Arizona's** planned *Onboard Arizona* system makes noteworthy use of technology. Prospective employees receive employment offers online and can fill out necessary forms electronically, promoting ease of use and enabling agencies to reduce paperwork. **Indiana's** new-employee Web site assists new hires with many facets of starting their jobs, including signing up for benefits, acquiring ID numbers and registering for required training. The state's intranet offers tips to managers on conducting the all-important new-hire orientation procedure.

### Web-Based Networking

Following the lead of private businesses, states are beginning to explore the possibilities offered by networking sites such as Facebook and LinkedIn. Such efforts will undoubtedly gain even more traction as states recruit younger employees, for whom those sites are familiar and trusted. **South Dakota**, for example, has established a Facebook profile to tout the benefits of working for the state.

## **PROMISING PRACTICES IN RETENTION**

### **Salary and Benefits**

Salaries clearly influence employees' decisions to keep or leave their jobs, but few states offer as clear an example as that of **Arkansas**. The state experienced a dramatic decrease in first-year turnover of public school teachers (from nearly 20 percent down to 7.1 percent) when it increased starting salaries from \$22,660 to \$27,500. **Michigan** also has targeted specific positions for increases, offering not only a special pay increase for all nurses, but also recruitment and retention bonuses for nurses in the Department of Corrections.

Strong benefits packages also are powerful incentives. And providing employees with regular total compensation statements can effectively communicate the total value of their remuneration to employees and can reduce turnover rates.

### **Recognition**

Sometimes the best reward is recognition. Several states have instituted programs that allow them to showcase exemplary employees to their citizens, and to explicitly demonstrate how stellar employee performance connects to a state's overall strategic plan. **Pennsylvania** gives annual awards in eight categories, ranging from humanitarianism to safety, and celebrates the winners at a dinner with the governor. In addition, individual agencies are encouraged to set up and operate their own recognition programs. **Michigan** agencies focus on highlighting employees who exemplify the state's core values of inclusion, integrity, excellence and teamwork.

### **Work/Life Balance and Wellness Programs**

Programs that enable employees to balance their personal needs with those of the state can actually save money. Flex-time, compressed work weeks, or telecommuting, for example, can result in increased productivity, decreased energy costs, and happier employees. And such programs are increasing: 31 percent of state employees now have access to flexible work hours, up from 19 percent in 2004.

Wellness programs are increasingly popular among states: 73.8 percent of all states offer some form of wellness program to all of their employees. Such programs can be an effective retention strategy, particularly for older workers, and some evidence shows that the programs increase

productivity, lower health insurance costs for employers and reduce the amount of sick leave employees take. Participants in **Pennsylvania's** *Get Healthy* program can receive reductions in their monetary contributions to their health care costs. **Michigan** administers its *Working on Wellness* initiative through its civil service commission. Officials provide program information statewide, as well as support for departments that wish to start their own programs.

### **Career and Leadership Development**

Employee development is crucial to retention—even during a recession, high-performing employees can be lured away by employers who offer better developmental opportunities. To address that issue, **Michigan** has a formal development program for all state employees with supervisory roles. It matches managers with leadership development opportunities specific to each employee's needs. **Pennsylvania** uses mentoring and rotational training programs, as well as dual career tracks, which allow employees to receive promotions even if they do not wish to become managers. **Iowa's** central human resources office provides a succession planning guide and other tools that help managers determine what competencies are needed in a particular job and to devise development plans for potential candidates.

## **MEASURING THE PERFORMANCE OF RECRUITING, HIRING AND RETENTION EFFORTS**

Regardless of whether they use a centralized or decentralized approach, states will need to expand their traditional recruiting and retention strategies to appeal to a technologically savvy public, one increasingly concerned about workplace culture. To find and keep essential employees, states will therefore need to measure not only time-to-hire, but such metrics as acceptance rates, job satisfaction and voluntary turnover. They also will need to establish measures that capture the level of satisfaction with recruiting and retaining processes.

Above all, states must consider recruiting, hiring and retaining employees as integral parts of their human capital planning, and they must link HR policies and programs closely to their long-term goals.

# RECRUITING AND HIRING TALENT IN STATE GOVERNMENT

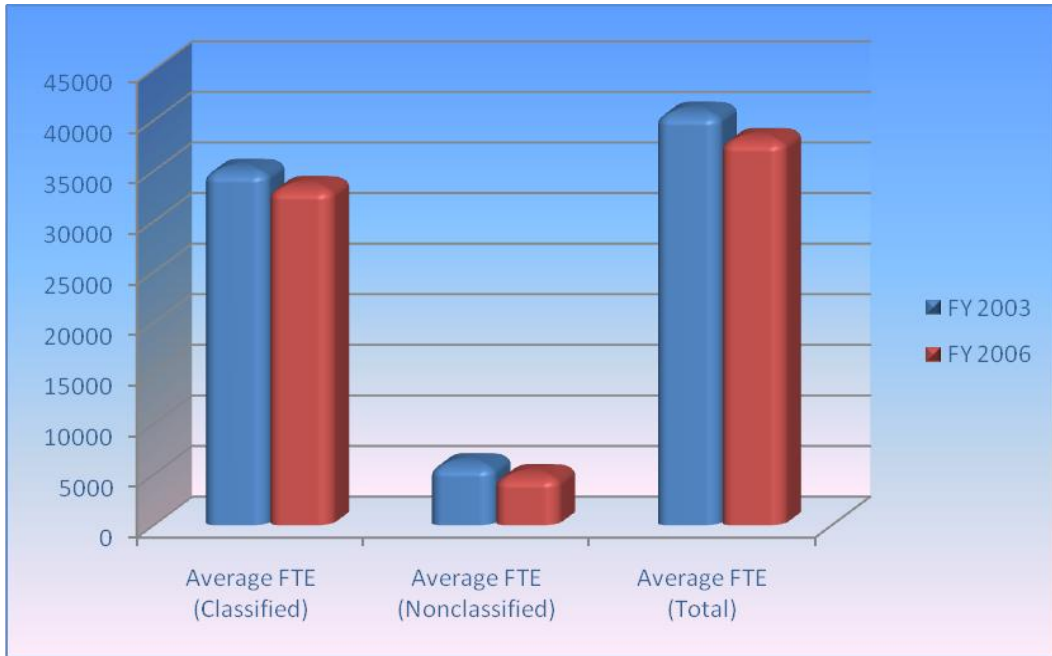
Competition from the private sector, coupled with looming retirements of older workers, means that recruiting employees will continue to be a vital HR function in the public sector. Unfortunately, the Government Performance Project's (GPP) 2007 People survey found that recruitment presents difficulties for HR managers in state governments. Using the criteria of the timeliness of the hiring process, the performance of newly hired employees, and the ability of the state to fill strategically important positions, the GPP found that only **Hawaii, Indiana, Maryland** and **South Dakota** performed strongly.<sup>1</sup>

Drawing on metrics collected from HR management offices in 2007, the following discussion first presents state recruiting and hiring trends. It then examines the effects of programs designed to recruit and hire new employees. Finally, it highlights emerging practices, such as branding and the use of social networking sites, that may be effective.

## RECRUITING AND HIRING TRENDS

The GPP looked at several data points in its evaluation of each state's human capital management for FY 2003 and FY 2006, some of which are presented in Figures 1 and 2.<sup>2</sup> Overall, Figure 1 shows that the average state's total full-time equivalent workforce fell slightly between FY 2003 and FY 2006. Some state workforces grew significantly—**Tennessee** and **Washington**, for example, each had more than 10 percent growth; while others contracted—**Indiana** and **South Carolina** shrunk by more than 10 percent.

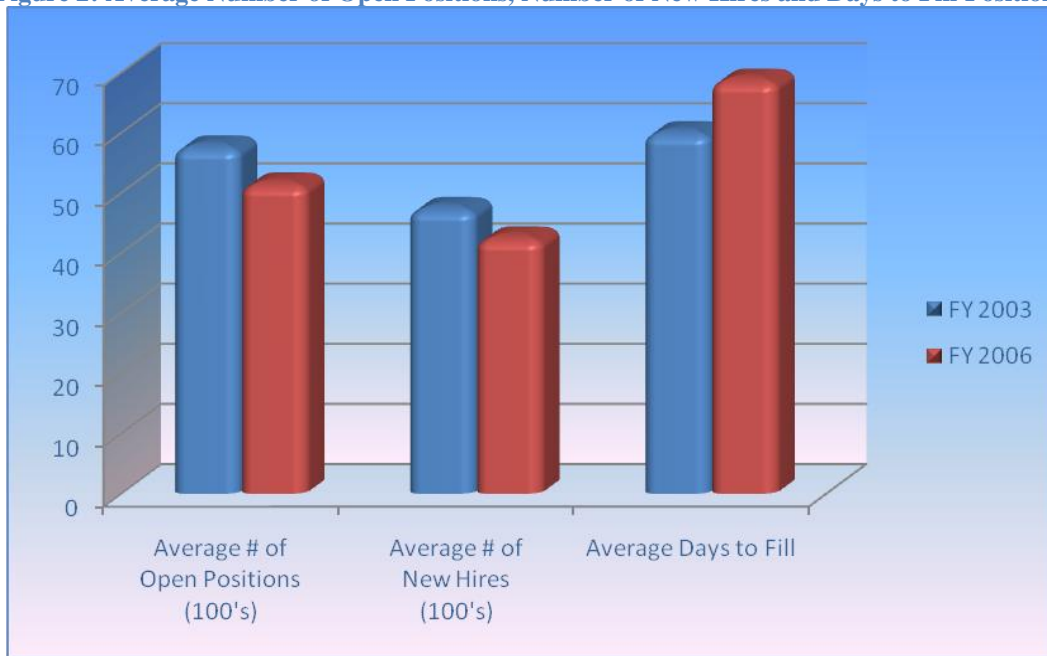
**Figure 1: Average Number of Full-Time Equivalent Employees (Classified and Non-classified)**



Note: The GPP defines classified employees as persons in the state government who are in the classified civil service with formal (legal) civil service protections covered by the merit system. Non-classified employees are Persons in the state government who are not in the classified service.

Consistent with the finding that states are employing fewer people, the average number of employees hired by states fell by 10.3 percent between FY 2003 and FY 2006, and the average number of open state positions dropped 10.7 percent, as shown in Figure 2. On the other hand, during that same period, the number of applications received across a matched set of state governments increased dramatically, climbing 41.6 percent during a three-year period. With the slowing of the economy, states are likely to eliminate more positions and further contract their workforces. Simultaneously, applications are likely to rise, given growing unemployment rates, which could mean that states will be able to recruit more highly talented persons for any open positions.

Figure 2: Average Number of Open Positions, Number of New Hires and Days to Fill Positions



Regardless of the state of the economy, however, government agencies will have to fill positions critical to their missions, and they will want to minimize turnover in those jobs. And turnover is a real problem in most states. The average overall turnover rate of new hires increased between FY 2003 and FY 2006 from 20.4 percent to 22.7 percent. In FY 2006, total new hire turnover ranged from under 3 percent to a staggering 54 percent (see Appendix A).

The loss of new hires could be particularly troubling for states with larger shares of their workforces preparing for retirement. Retirement eligibility for classified employees at the five-year time horizon varied from just under 7 percent to more than 55 percent, with 23 states reporting a figure in excess of 25 percent (see Appendix B).

Examining new hire turnover and retirement eligibility metrics together underscores the importance of improving hiring processes. Table 1 illustrates that several states with a high level of impending retirements also are losing a high proportion of newly hired employees. Of the 32 states reporting both metrics, one quarter—**Delaware, Kansas, Louisiana, Mississippi, Oklahoma, Utah, Vermont** and **West Virginia**—are set to lose more than 25 percent of their workforce *and* have an overall turnover rate greater than 25 percent among new hires. If they leave critical positions open, and if they lose new employees, states will not be able to provide high-quality services to their citizens. In addition, such situations can become excessively burdensome for an existing workforce, potentially affecting both productivity and morale. Moreover, the costs associated with hiring and training new employees again and again present financial burdens for state agencies.

**Table 1: New Hire Turnover vs. Five-Year Retirement Eligibility**

		New Hire Turnover		
		Low (< 10%)	Medium	High (> 25%)
Employees Eligible for Retirement within Five Years	Low (< 15%)	2 states	0 states	0 states
	Medium	1 state	6 states	4 states
	High (> 25%)	3 states	8 states	8 states

Note: A total of 32 states reported both new hire turnover and retirement eligibility data.

### **CENTRALIZED vs. DECENTRALIZED HIRING**

As noted earlier, the 2007 GPP People survey asked states to report a variety of metrics about their recruitment and selection processes. While most of the 42 reporting states were able to report demographics such as average age, and number of women and minorities hired (perhaps due only to reporting requirements), a surprisingly low percentage (76 percent) of states were able to report voluntary turnover among new hires, the percentage of job offers that were accepted (31 percent of states reported), and the average cost per new hire (19 percent of states reported).<sup>3</sup> The low reporting figures are likely due to the generally decentralized nature of the hiring process: states frequently commented that those data were tracked at the agency level and never aggregated statewide.

The centralization vs. decentralization discussion is a continuous debate, and pertains to all areas of human capital management. Centralized approaches have certain advantages: consistency of service delivery, protection against politically influenced decision making and the ability to use scarce resources more efficiently. On the other hand, decentralized processes offer the advantage of giving individual agencies the discretion and flexibility to customize their HR processes to best serve their strategic needs.<sup>4</sup> Nowhere is that more important than in recruiting and selecting agency employees. Thus the key issue for states is determining a balance of centralized services that can realize efficiencies of scale and ensure consistent administration of policies, and decentralized practices that will allow individual agencies the freedom to customize their recruitment messages to their greatest strategic advantage. **Georgia** and **Kansas** are striving to reach that balance.

HR leaders in **Georgia** realized that different state agencies often registered for the same job fairs and colleges, duplicating registration fees. A new listserv shares information about such events with all agency recruiters, so that they can combine costs and enable the state to present a larger, unified presence. In addition, the state has a recruitment council that meets monthly, and the workforce services division of the state personnel office helps state agencies with recruiting and hiring efforts, including designing and administering competency-based screening procedures.

**Kansas** recently decentralized its recruitment and hiring practices to give agencies more flexibility. Not only has that given agencies the ability to develop their own processes for recruitment and hiring, but the process has become quicker as well. On average, the state is able to fill open positions in only 44 days, well below the national average of 68 days. Kansas also has several interagency teams that collaborate on enterprise-wide issues, such as diversity and veterans' issues, and that share innovations that have been effective at the agency level.

## **PROGRAMS THAT AID RECRUITING AND HIRING**

The GPP was particularly interested in programs and practices that enabled states to fill positions quickly with highly qualified candidates. Some of the most promising initiatives include high-quality hiring Web sites, internships, and centralized college recruiting efforts.

### **State Hiring Web Sites**

According to the Pew Internet and American Life Project, the percentage of American adults who have used the Internet to search for job information has jumped from 20 percent in 2000–2001 to nearly 40 percent in 2008–2009.<sup>5</sup> In addition to the convenience it offers job seekers, online recruiting significantly lowers employer costs and gives an organization full control of what is placed on their web site. This autonomy gives a state more control over the contact point between the state and the job seeker, an important indicator of a job seeker's attraction to employment prospects.<sup>6</sup>

All 50 state governments have an online presence geared toward recruiting state employees, although the implementation of those Web sites varies widely. In an effort to quantify the effectiveness of state e-recruitment efforts, the GPP research team developed a rubric to evaluate each of the 50 Web sites.<sup>7</sup> That rubric was based on academic studies of e-recruitment, and had two distinct criteria: *Content* and *Usability*. In the *Content* category, the GPP evaluated Web sites in terms of *type of information* (e.g., compensation, career advancement opportunities), *breadth of information* (i.e., the ability of the site to convey significant depth and variety of information) and *presentation of information* (i.e., the aesthetic presentation and vividness of the Web site). Within the *Usability* category, the two crucial criteria were *navigability* (i.e., the structure and organization of the Web site's interface) and *interactivity* (i.e., the process by which the Web site establishes a relationship between the state and the job seeker). In addition,

an *Extras* category recognized unique and exceptional practices that did not fit neatly into either of the two primary categories.

The GPP found that states that provide a user-friendly experience on their hiring Web sites attracted significantly more applicants. Sites that are easy to navigate, provide multiple ways to search for positions and allow for online submission of applications clearly garner a higher number of candidates. Benefits of such sites also went beyond the hiring process—states offering useful and relevant content online had significantly lower voluntary turnover rates among new hires. Hiring Web sites should provide robust information about state employment; give prospective employees the ability to receive automatic updates about new job openings that fit their interests or skill sets; and allow online submission of applications. States that scored well in the *Content* section of the study were more likely to have a branding program. This correlation conforms to a common-sense approach to e-recruitment. If a state has implemented a branding program, it likely has placed an emphasis on how it delivers its recruiting message. Such emphasis almost always translates into better content delivery on hiring Web sites.

A summary of the scores from the July 2007 study appears in Table 2, and shows that **Vermont, Indiana, Washington** and **Virginia** had the top state hiring Web sites in the nation in 2007.

**Washington**, with the third highest overall score, did an exceptional job of painting a panorama of workplace culture and lifestyle. Three pages that discuss state employment culture are linked from the homepage: the first explains the importance of public service, the second details the variety of career choices available within state employment, and the third page thoroughly describes the benefits of residing in Washington. That comprehensive approach gives a job seeker a complete picture of the essential elements of state employment. Similarly, **Vermont's** culture page outlines the importance of civil service, the variety of opportunities available, the quality of its workforce, the total compensation packages, and the general quality of life in Vermont, all of which serve to attract job seekers.

**California, Florida, Georgia, Minnesota, Nevada, New York, Tennessee, Texas** and **Washington** all have exceptional search engines for job listings. They offer a variety of search options: by location or region, by agency, by job type, and by compensation level. Such choices give a job seeker more search flexibility and customization. **Iowa** offers a remarkable search option: a candidate can enter textual qualifications/competencies and receive relevant job opportunities. In an employment landscape driven by skills, qualifications, and competencies, this type of feature is invaluable.

Some states offer an “e-mail a friend” option. Besides enabling people to help their job-seeking colleagues, it allows agencies to reach potential applicants who might not otherwise apply—or even be aware of positions in state government.

**Table 2. State E-recruitment Evaluation Scores (July 2007)**

State	Total	Content	Usability	Extra
Alabama	48.8	43.0	45.0	5.0
Alaska	59.6	35.0	79.0	7.0
Arizona	63.0	46.0	68.5	8.0
Arkansas	39.2	31.0	39.0	5.0
California	49.8	47.0	49.0	2.0
Colorado	27.4	25.0	26.0	2.0
Connecticut	56.6	71.0	35.0	0.0
Delaware	62.8	41.0	73.0	9.0
Florida	54.9	34.5	73.0	5.0
Georgia	63.8	36.0	88.0	7.0
Hawaii	65.6	69.0	48.0	5.0
Idaho	61.3	43.0	85.0	1.5
Illinois	38.8	45.0	19.5	4.0
Indiana	84.2	70.0	88.0	7.0
Iowa	67.9	55.5	64.0	9.0
Kansas	55.8	55.0	52.0	2.0
Kentucky	67.0	79.0	44.0	2.0
Louisiana	34.6	27.0	41.0	2.0
Maine	56.8	47.0	59.0	5.0
Maryland	55.0	57.0	42.0	4.0
Massachusetts	42.4	32.0	53.0	2.0
Michigan	59.2	50.0	58.0	6.0
Minnesota	60.2	54.0	47.0	9.0
Mississippi	25.6	24.0	28.0	0.0
Missouri	35.0	31.0	36.0	2.0
Montana	30.8	30.0	32.0	0.0
Nebraska	42.5	50.5	23.0	3.0
Nevada	69.0	48.0	83.0	7.0
New Hampshire	38.5	32.5	37.5	4.0
New Jersey	28.8	28.0	30.0	0.0
New Mexico	49.4	40.0	56.0	3.0
New York	63.4	57.0	73.0	0.0
North Carolina	53.6	48.0	57.0	2.0
North Dakota	32.8	40.0	17.0	2.0
Ohio	56.8	38.0	67.5	7.0
Oklahoma	33.6	32.0	26.0	4.0
Oregon	53.3	47.5	52.0	4.0
Pennsylvania (Civil)	43.4	46.0	27.0	5.0
Pennsylvania (Non-Civil)	30.8	32.0	29.0	0.0
Rhode Island	29.3	29.5	24.0	2.0
South Carolina	30.8	32.0	24.0	2.0
South Dakota	50.6	41.0	55.0	4.0
Tennessee	54.6	43.0	57.0	6.0
Texas	46.6	33.0	57.0	4.0
Utah	48.0	36.0	51.0	6.0
Vermont	89.4	88.0	74.0	7.0
Virginia	77.8	76.0	63.0	7.0
Washington	80.8	75.0	72.0	7.0
West Virginia	51.8	45.0	42.0	8.0
Wisconsin	68.0	55.0	65.0	9.0
Wyoming	43.4	32.0	48.0	5.0

Source: Government Performance Project survey conducted by the Pew Center on the States, 2007. To see an in-depth profile of each state, please visit [www.pewcenteronthestates.org/gpp](http://www.pewcenteronthestates.org/gpp).

### **Internships and Centralized College Recruitment**

Both college graduates and currently enrolled students offer a readily available pool of talent. Even in an economic downturn, college recruiting is one of the most competitive arenas of the job market. As part of a robust college recruitment program, an internship program can provide a potential pool of employees that is already familiar with an organization. The GPP found that 43 percent of states operate a centralized college recruitment program, and 81 percent use paid college internships as part of their recruiting efforts.

States that engage in college recruitment must first define what is important to them and their agencies. Identifying ideal candidates and what schools they are likely to attend, while considering the needs of the organization, including which units need new talent and/or intern support, is the first step in a successful college recruitment program. It is equally important to

know what the target audience of qualified applicants considers important. Along with the usual questions about compensation and career development opportunities, today's students also are concerned about workplace values, culture and accountability.<sup>8</sup> Details about what new hires will encounter on the job, and how many other young people will be working for an organization, also is critical information for students.<sup>9</sup> A well-designed Web site can help address such concerns.

An internship program provides the time and on-the-job experience needed for employers and students to evaluate the long-term potential "fit" between employer and employee. And employers that offer high-quality internships convert a high percentage of interns into permanent employees. Many of the elements important to a successful college recruitment program apply to internships as well, including the identification of the needs of the organization and the candidates. And, of course, internship programs must provide students with meaningful work and the opportunity to experience the culture of an agency. Many agencies find it helpful to develop a good rapport with universities where a state recruits. Career services offices can arrange interviews with students who might be a good fit; faculty members often can suggest appropriate candidates as well.<sup>10</sup>

As part of an effort to promote a diverse workforce within **Alabama's** state government, the personnel department makes semiannual visits to universities, colleges, technical schools and high schools all over the state. Students receive information about open positions, the state application process and instructions for using the state's online recruitment system. The state also provides colleges and universities with quarterly reports about the job classifications of their graduates who work in state governments.

**Indiana** engages in intensive recruiting on college campuses. It hosts information sessions, posts jobs on college Web sites, takes part in on-campus interviewing and accesses databases of student resumes. During the first quarter of 2007, for example, representatives of the state's employment division attended or hosted 26 events, both at Indiana colleges and universities and at institutions in surrounding states. For nearly 20 years, the Governor's Public Service Summer Internship program has annually placed several hundred students in full-time, paid positions throughout state government. Those jobs provide students the opportunity to work side-by-side with state agency officials and often lead to full-time employment after graduation.

The state of **Kansas** has a strong feeder program in its Department of Transportation (DOT). It offers tuition scholarships of \$3,000 per year to juniors at engineering schools. After graduation, students "re-pay" the loans by working for the Kansas DOT: one year for each \$3,000 they received. The state also has programs for high school students—a long-term apprenticeship program at the DOT leads directly into a career as an equipment operator, and the state's division of child protective services offers internships for high school students.

## PROMISING PRACTICES AND EMERGING TRENDS IN RECRUITING AND HIRING

The GPP also examined ways in which states are examining and implementing new techniques in branding, onboarding and Web-based networking.

### Branding

States are just beginning to realize the strategic importance of branding. More than simply the use of a consistent logo and color scheme, branding promotes a clear understanding of why a particular state is a desirable employer. Branding manages a state's image by both defining the benefits of working in the public sector, and marketing those benefits to potential recruits.<sup>11</sup> The GPP's 2007 People survey illustrated recurring branding themes among states: that state employees "make a difference" through the work that they do, that states offer a variety of career opportunities and that states pay well and offer comprehensive benefits.

Included in **Indiana's** recruitment plan is a branding campaign designed to increase the visibility of its employment opportunities. The brand promotes the state as an employer "Driven by People," emphasizing the value of human capital as a critical asset, and signaling the state's preference for employees who will help the state achieve its goals. The brand is intended to attract employees seeking challenging opportunities, and the rewards that go along with achieving such goals. The state hired a recruitment marketing firm to assist in developing the brand, and integrating it fully with the recruitment initiatives and marketing materials that were already in place.

**Maryland**, too, is a leader in branding. For more than a decade, its HR professionals have worked diligently to identify state government as a place where employees do challenging work, are crucial to achieving the state's mission, and make real differences in the lives of others. (For more details on those efforts, see *Human Capital Trends and Innovations*, page 17).<sup>12</sup>

Branding can be part of a larger personnel effort as well, encompassing both recruitment and retention. In **North Carolina**, for example, employment value propositions (EVPs) are an element of the state's Performance Solutions initiative. EVPs, which communicate an agency's vision and goals, inform employees about what they will receive from an agency in exchange for meeting its expectations.<sup>13</sup>

To assist in that effort, North Carolina's HR professionals are helping agencies to examine the attributes of each agency and how those attributes are consistent with the state's strategic goals; the capacity of agencies to deliver those attributes, along with the costs of improving that delivery; and how well competitors deliver the same attributes. They also are working to ensure that agency communication is candid, accurate, and consistent, and that current employees, a highly trusted source of information, are being included in recruitment efforts. The state believes

EVPs will showcase North Carolina to potential employees by answering the question of why they should work for the state.

Furthermore, North Carolina HR personnel believe that what attracts employees to jobs will keep them in those jobs, and they expect the EVP element of the branding strategy to help with retention as well.

## **Onboarding**

Onboarding is the process by which new hires are integrated into their jobs. Positive initial employment experiences not only help new employees to become productive quickly, but they also help with retention. Technology has enabled improved onboarding processes by reducing paperwork, allowing for better tracking of applications, and automating evaluation and compliance procedures. Technology even helps with such tedious tasks as obtaining parking permits and selecting benefit programs.

**Arizona** plans to implement *Onboard Arizona* in Fiscal Year 2011. The system automates the employee onboarding process by enabling the online creation of a job offer and electronic routing of that offer for agency approval; providing a Web site for a prospective employee to review and validate employment information; producing customizable, pre-filled new-hire forms; automatically transferring new-hire information into the HR information system; and assigning an employee identification number on the first day of work. The system is intended to reduce Arizona's administrative time and cost to hire a new employee, and to improve the quality of that employee's initial days of employment.

The **Indiana** personnel department has created a Web site to assist new hires with the onboarding process. The site features links to new employee forms, checklists of employment eligibility documents, and lists topics and activities to be addressed during the first days of employment. The site also provides benefits information, including retirement and child-care options. The state intranet provides resources for hiring managers about conducting background and reference checks, employment and education verification, and procedures for new-hire orientation. All of these resources help to present an efficient and uniform experience for new hires in Indiana state government.

## **Web-Based Networking**

As state governments increasingly look to younger generations as a source of potential employees, it makes sense to update their recruitment efforts to reflect a younger target audience. Social networking, with which younger generations are quite comfortable, has become a way for employers to leverage technology to spread recruitment messages. According to a recent survey performed by Robert Half International, almost two-thirds of executives surveyed consider

professional networking Web sites such as LinkedIn to be useful recruitment tools, and one-third mention social networking sites, such as Facebook, as a valuable recruitment venue.<sup>14</sup>

Following that lead, **South Dakota** has established a [Facebook presence](#). The state provides basic information about employment, internship listings and housing resources for summer interns, contact information, and a discussion board where current employees can post testimonials about working for the state and site users can provide feedback. Although the site is still in the early stages, membership is growing steadily and the state is positioning itself in the vanguard of new hiring practices.

## **MEASURING THE PERFORMANCE OF RECRUITMENT EFFORTS**

Recruitment efforts should concentrate on appealing to a new generation of public servants, a generation that is far more technologically savvy than its predecessors. Gone are the days when job seekers relied on word-of-mouth and ads in print media. States, then, must improve the content and usability of their hiring Web sites and explore other ways to use technology effectively. Such changes can provide an incredible opportunity to revamp their outdated approaches to recruiting and hiring, and to fill positions critical to their missions.

Whether recruitment efforts in a state are centralized or decentralized, effective performance measures can help determine whether the desired outcomes are being achieved, and such measures can provide insight into any challenges being encountered.<sup>15</sup> In addition to metrics, such as time to hire, agencies also should be able to determine how much it costs to hire and how effective state recruiting efforts are. Measures such as acceptance rates and voluntary turnover among new hires can help to spot trends and identify problems. For example, if top candidates are not accepting offers at a satisfactory rate, what can be done to get those individuals to sign on? If agencies are losing strong talent within just weeks of hiring, how can they fix that? A thorough quantitative analysis of recruitment activities can give agencies and central HR units the information they need to continuously adapt and improve the process.<sup>16</sup>

Deciding which measures are most important is the key to such an effort, and an effective strategic workforce plan is the place to start. Without a strategic plan guiding the way, a state is likely to collect the wrong information, and thus be less able to evaluate whether its recruitment strategies are effective. In the end, hard data are more effective than anecdotal evidence in evaluating the success or failure of recruitment efforts, and are essential to making a state's hiring function an integral part of its strategic plan to deliver services to its citizens.<sup>17]</sup>

## RETAINING TALENT IN STATE GOVERNMENT

Retaining a skilled workforce is a crucial task for any organization. The negative impact of turnover is not only reflected in increased operational costs, but also in the fact that workers who leave take with them knowledge, skills and abilities critical to reaching the organization's strategic goals. In addition, excessive turnover causes losses in productivity, and can contribute to low morale among remaining employees.<sup>18</sup> Thus, like all organizations, state governments must be diligent in reducing such direct and indirect costs by finding ways to retain their human capital.

Pew's 2008 *Grading the States* report found that the average voluntary turnover rate for classified executive branch employees rose from 6.3 percent in FY 2003 to 7.4 percent in FY 2006.<sup>19</sup> (The FY 2006 numbers ranged widely among states: from 1.9 percent to 15.8 percent.) The states with the lowest classified voluntary turnover rates that year were **Connecticut** (2.4 percent), **Illinois** (1.9 percent), **Iowa** (2.5 percent), **Michigan** (2.0 percent), **Ohio** (2.0 percent) and **Pennsylvania** (2.1 percent).

The following section examines the direct and indirect costs of employee turnover, and why such costs are important. It then discusses the need to discover the specific reasons for voluntary separation, which vary from agency to agency. Next, the section details retention strategies—compensation, recognition, work/life balance and wellness programs, and career and leadership development—showcasing successful state initiatives, as well as those of other public and private entities. Finally, the report presents a framework that agency HR leaders may find useful in creating retention programs for their states.

(*Grading the States* also specifically examined hiring and retention efforts in state corrections agencies. A report on those results can be accessed at [http://www.pewtrusts.org/our\\_work\\_report\\_detail.aspx?id=39562](http://www.pewtrusts.org/our_work_report_detail.aspx?id=39562) )

### THE HIGH COST OF TURNOVER

The United States economy suffers an estimated annual cost of \$5 *trillion* due to overall employee turnover.<sup>20</sup> Specific calculations of the turnover costs of an individual job vary widely depending on the position in question. For example, turnover costs for an hourly employee in the hotel industry average just under \$6,000,<sup>21</sup> while estimates of the total cost to replace a *single* registered nurse range from \$62,000 to \$67,100.<sup>22</sup> The U.S. Department of Labor estimates that the average cost to organizations of one departing employee is equal to approximately one-third of that employee's salary; for managers and professional employees, that figure skyrockets to anywhere from one to two times the annual salary.<sup>23</sup>

Most state agencies are well aware of the direct costs of turnover, which largely comprise the expenses associated with acquiring a new employee,<sup>24</sup> including:

- Employment advertising
- Recruitment and screening of applicants
- Applicant testing, assessment and background checks
- Interviews
- Travel and relocation
- Orientation and training
- Exit interviews for departing employees

However, indirect costs also arise from a loss of knowledge and experience:

- Lost productivity
- Time-to-productivity measures for new hires
- Erosion of service to the public
- Employee morale

Thus, determining the cost of employee turnover must include both direct and indirect costs.<sup>25</sup> HR managers can use Harvard's [Employee Turnover Calculator](#) to determine many of those costs. The form can help identify the direct and indirect costs associated with hiring and training one new employee, and such calculations can help justify the expense associated with a retention program.

Perhaps the most significant indirect cost associated with employee turnover is lost intellectual capital. In a knowledge economy, workers increasingly possess specialized knowledge and skills that help an organization to achieve its strategic goals. When employees leave, an organization loses those assets, which may have been costly to acquire and will likely be difficult to replace. Computer programmers, network engineers, certified public accountants, mid- and top-level managers, strategic planning professionals, HR specialists, and lawyers are among those who possess significant intellectual capital.<sup>26</sup>

## **IDENTIFYING RETENTION DRIVERS**

To develop an effective overall retention plan, an organization must determine the specific reasons why some workers choose to leave. Employers often can determine those causes by compiling and comparing the results of exit interviews and surveys across employee groups (e.g., position title, Equal Employment Opportunity [EEO] status, or tenure), department, division or other classification.<sup>27</sup> Exit interviews are useful because they generally have a high response rate, but the data may not be completely reliable; departing employees may reticent to be candid in an

effort to preserve a good reference, for example.<sup>28</sup> Anonymous surveys conducted after an employee has left may provide more honest responses. Another solution is the use of outside vendors to gather exit data, which ensures both confidentiality and anonymity. Online survey systems are yet another possible approach. Such vendors may analyze the survey data as well.<sup>29</sup> Information from current employees can provide valuable information about the reasons why people quit their jobs, and such information can enable organizations to address those issues before the separations actually occur. Employee responses can be analyzed to “determine if they are correlated with performance, pay, tenure with the organization, and/or job satisfaction.”<sup>30</sup>

### **An Example from Pennsylvania**

Introduced in January 2007, **Pennsylvania’s *Employee Mobility Program*** is an automated, Web-enabled survey tool distributed to all new hires, transferring employees, and exiting employees to capture the reasons for selection, transfer, or departure. Data obtained through the program can identify trends and target issues that can be used to design recruitment and retention strategies. The program was created and implemented through HR policy—not by legislation or executive order.

The U.S. Government Accountability Office (GAO) reports that the Department of Homeland Security (DHS) and most of its component agencies use exit surveys as their primary recruitment and retention tools. The data obtained from the surveys are used in concert with attrition data to better understand the issues that affect turnover. DHS considers those data an important part of its workforce planning process, because such information helps departments maximize investments in recruitment and training. The overall turnover rate at DHS declined from 8.4 percent in 2005 to 7.1 percent in 2006.<sup>1</sup>

## **RETENTION STRATEGIES**

Once a state understands the costs of turnover and identifies the specific issues that cause employees to leave, it can develop and implement a strategic plan to address the causal factors and mitigate the associated costs. Efforts in the following four areas can effectively curtail the rate of voluntary separation from an agency:

- Compensation
- Recognition
- Work/life balance and wellness
- Career and leadership development

The following sections present examples of how strategies in these four areas are being implemented at the statewide level in **Michigan** and **Pennsylvania** (two states that had low

voluntary separation rates according to Pew’s 2008 *Grading the States* report<sup>31</sup>), as well as examples from other private- and public-sector organizations that have successfully increased retention.

### Compensation

In analyzing the survey data submitted for the 2008 *Grading the States* report, Pew researchers found that the variable most highly correlated with lower voluntary turnover rates among classified executive branch employees was the value of total annual employee compensation (indexed against cost of living data).<sup>32</sup> Indexed total compensation for classified employees varied widely across states, ranging from \$44,500 to \$72,100, with an average of approximately \$55,400; half of the 37 reporting states fell between \$49,800 and \$60,200. Table 3 shows the indexed total compensation for classified employees in the 37 states that reported both salary and benefits figures for Pew’s survey.

**Table 1: Indexed Total Compensation (Classified Employees)**

State	Indexed Total Compensation	State	Indexed Total Compensation
Alabama	\$58,900	Nevada	\$60,300
Arizona	\$46,200	New Hampshire	\$49,300
Arkansas	\$45,000	New Jersey	\$56,400
California	\$57,900	New Mexico	\$50,700
Colorado	\$64,000	North Carolina	\$52,000
Connecticut	\$72,100	North Dakota	\$44,500
Delaware	\$56,500	Oklahoma	\$52,800
Georgia	\$59,400	Oregon	\$60,000
Idaho	\$60,400	Pennsylvania	\$65,200
Indiana	\$55,200	South Carolina	\$47,600
Iowa	\$66,400	Tennessee	\$54,000
Kansas	\$46,500	Utah	\$58,900
Louisiana	\$52,700	Vermont	\$51,700
Maryland	\$46,800	Virginia	\$58,700
Michigan	\$66,100	Washington	\$49,800
Minnesota	\$60,200	West Virginia	\$45,000
Mississippi	\$45,100	Wisconsin	\$66,500
Missouri	\$51,000	Wyoming	\$52,200
Nebraska	\$63,100		

Source: These data were collected by GPP in 2007. To see an in-depth profile of each state, please visit our Web site at [www.pewcenteronthestates.org/gpp](http://www.pewcenteronthestates.org/gpp).

Other research also indicates that remuneration is a strong retention driver. Harvard Business School notes that fair compensation is one of the top five reasons people stay with a company.<sup>33</sup>

A 2006 Society for Human Resource Management survey indicated that competitive salary and bonuses were the top two strategies offered by employers to retain employees.<sup>34</sup> In addition, a study by Watson Wyatt Worldwide indicated that dissatisfaction with pay was the top reason for considering leaving current employment, with 58 percent of respondents citing that reason.<sup>35</sup>

Determining what qualifies as fair compensation is, of course, key. Market salary data analysis is the best way to determine whether current pay rates are below, at, or above market rates. Once market rates are determined, individual positions or classes of positions can be targeted for increases geared toward retaining employees. In the 21 states that reported the percentage of their classified employees currently being paid at or above prevailing market rates, the average was just over 31 percent, with half of the states falling between 20 and 43 percent.

Benefits also are a significant component of total compensation. Strong benefits packages that include domestic partner benefits, long-term care or medical care for dependent parents can be valuable retention levers. Flexible benefits schemes that allow employees to choose their benefits package based on their needs can be useful as well. Offering annual or on-demand total compensation statements to employees is an effective way to communicate the total value of their remuneration; organizations that do so can expect to see lower turnover rates as a result.<sup>36</sup>

### *Examples*

At \$52,100, the state of **Michigan** ranked second in indexed salary for classified employees in Pew's 2007 survey, and the state ranked fourth overall in indexed total compensation for classified employees, at \$66,100. The state pays 95 percent of the cost of the average employee's health insurance coverage. The state's total benefits package includes dental, vision, life, and long-term care insurance for all non-temporary employees, along with family leave above what is required by the federal Family and Medical Leave Act. Voluntary supplemental benefits, including automobile and homeowner's insurance, also are offered at reduced rates. The state has used targeted pay increases for hard-to-retain positions, including a special pay increase of up to \$1.50 per hour for licensed nurses statewide, and a recruitment and retention bonus that can be paid to registered nurses at the hospital operated by the Department of Corrections.

**Arkansas** saw a dramatic decrease in turnover among public school teachers after implementing a salary increase. At the conclusion of the 2001–02 school year, nearly 20 percent of the state's 2,262 first-year teachers left their positions. For the 2004–05 school year, minimum starting-teacher salary was raised from \$22,660 to \$27,500, and by the 2006–07 school year, the turnover rate among first-year teachers dropped to only 7.1 percent.<sup>37</sup>

### **Recognition**

Recognizing the contributions that employees make to an organization can take many forms. While some recognition programs include the awarding of bonuses or prizes, often the simple act of granting attention is the best—and fastest and cheapest—way to give employees a sense of fulfillment. “Taking the time to give your people undivided attention can do more for retention

and engagement than gift cards and other goodies.”<sup>38</sup> The most meaningful recognition programs are those that tie recognition to the goals and culture of the organization.

### *Examples*

**Michigan** agencies are responsible for operating their own recognition programs, which typically focus on highlighting employees who exemplify the state’s core values of inclusion, integrity, excellence and teamwork. Examples of such programs include the following:

- *Department of History, Arts and Libraries: HAL Heroes program*—Allows all staff members to present an on-the-spot award when they observe a colleague modeling the core values. Recipients are publicly recognized on the agency’s Web site.
- *Civil Service Commission: Director’s Employee Recognition Award*—Honors employees who consistently go outside the normal parameters of their job responsibilities to provide excellent service to other state employees. Recipients are chosen from nominations in each of three categories: administrative, professional, and management and supervision.
- *Department of Human Services: Star Award program*—Pays tribute to both individual employees and work teams who go above and beyond to help coworkers, clients and the public better access the benefits administered by the department. Honorees are recognized at an annual awards ceremony held at the department’s headquarters.

In 2007, **Pennsylvania** introduced the *Governor’s Awards for Excellence*. The awards are presented annually to recognize exemplary employee accomplishments that demonstrate initiative, leadership, increased efficiency and a strong commitment to service. Awards are given in eight categories: community service; cost savings, cost prevention or revenue enhancement; customer service; heroism; humanitarianism; initiative and innovation; leadership; and safety. Recipients are awarded a commendation by the governor and honored at an annual ceremony at the governor’s residence. In addition, agencies are urged to operate their own recognition programs to acknowledge great results and to encourage positive performance.

Another exemplary recognition initiative, MetLife Auto & Home’s *Best of the Best* program, was conceived by top-level executives, but is managed and administered by a committee made up of front-line workers who have volunteered for the job. The program operates at three levels: an on-the-spot program provides immediate recognition from managers and supervisors on a daily basis; an informal Web-based system allows peers, supervisors and subordinates to nominate others for a monthly award; and an annual formal recognition program highlights the accomplishments of 33 winners (1 percent of the workforce) at a ceremony held by the company president. The decentralized nature of the program allows it to tie recognition to the culture of each individual office. The company has benefitted from steadily increasing employee satisfaction and retention rates, as well as increased customer satisfaction.<sup>39</sup>

### **Work/Life Balance and Wellness**

Offering benefits that enable employees to achieve equilibrium between the needs of work and home goes a long way toward keeping people around.<sup>40</sup> Putting employees first pays off with a

more productive workforce that is more focused on making contributions to the organization.<sup>41</sup> Flexible work hours, job sharing, telecommuting, on-site day care and fitness centers, and flexible leave policies can help employees to balance job and family. Pew's 2008 *Grading the States* survey found that the use of flexible work hours, telecommuting and compressed workweeks is on the rise in state governments. In particular, the number of states where all employees have access to flexible work hours increased from 19 percent to 31 percent between 2004 and 2007.

Wellness programs are a specific aspect of work/life balance efforts that also can result in cost savings and increased employee productivity. A 2008 study revealed that 49 percent of companies in the United States that employ at least 500 workers offer some type of wellness program, and the great majority of these feel that the programs are highly valued by their employees.<sup>42</sup> Such programs can be an effective retention strategy, especially for older workers, whose health care costs are significantly higher than those of younger employees.<sup>43</sup> Increased worker productivity and lower health insurance costs for employers are further benefits of wellness programs.<sup>44</sup> Some evidence suggests that wellness programs may reduce the amount of sick leave taken by employees; a recent study indicated that workers who regularly participate in their employer's wellness programs take fewer than half as many sick days as those who do not participate.<sup>45</sup> Pew found that 73.8 percent of reporting states offer some sort of wellness program to all executive branch employees.

### ***Examples***

**Michigan** now allows many employees and their supervisors to create mutually agreeable flexible scheduling and telecommuting. A committee made up of representatives of the executive branch, the civil service, key departments and labor organizations recently developed a uniform telecommuting guideline for use by Michigan state departments, based on a review of policies from the federal government and other states. The Civil Service Commission also has created an Employee Health and Wellness office, which administers the *Working on Wellness* program. The [program Web site](#) provides a wealth of wellness-related information, as well as support for departments that wish to plan a health fair or start wellness groups within their agencies. Discounts and additional wellness resources also are available through the various health plans offered to state employees.

The Pennsylvania Employees Benefit Trust Fund established the [Get Healthy](#) wellness program in 2005. Program participants that complete an annual health assessment receive a waiver that reduces the employee contribution toward health insurance by one-third. In 2008, the program added [Web-based services](#) through HealthAtoZ.com, where participants have access to personalized health management programs, interactive tools and a secure online personal health record.

In the months following a merger, relocation services provider Cendant Mobility was experiencing a discouraging 30 percent annual turnover rate. In response, it allowed flexible work scheduling, and the company formed a wellness program that includes on-site health screenings, mammograms and flu shots, as well as a variety of educational programs ranging from elder care to smoking cessation. Turnover fell to 9 percent, and the company estimated that it saved \$8.6 million for every percentage point that it dropped (a total of nearly \$200 million in cost savings). The company was awarded the 2004 Optimas Award for Competitive Advantage for developing a recruitment and retention approach that demonstrated solid business results.<sup>46</sup>

### **Career and Leadership Development**

Employee development is an important component for effective employee retention, particularly in an economic downturn. High-performing employees can be lured away during a recession; organizations that offer development opportunities, such as rotational training, will experience better retention rates.<sup>47</sup> Developing leadership competencies is equally important; Harvard Business School maintains that the employee-supervisor dynamic is a crucial element in employee retention. Employees are more likely to remain with an organization when they have a mutually respectful relationship with a supervisor who is supportive of them. “A bad manager can neutralize every retention scheme you put in place.”<sup>48</sup>

### ***Examples***

**Michigan’s** Office of Great Workplace Development (OGWD) was established in 2003 as part of an effort to align the state government’s culture with the state’s newly identified shared values of excellence, integrity, inclusion and teamwork. One of OGWD’s initiatives is the annual MI 360 leadership survey, which is administered to all state employees with supervisory roles. The survey contains 36 ratable behavior statements that are linked to one of the four shared values, as well as to one of five leadership competencies. The process is intended to match supervisors and managers with leadership development specific to their needs. The state makes use of transitional classifications, which provide career mobility for employees in certain professional occupations. In addition, the state supports lateral moves: qualified employees who wish to pursue a new professional career do not have to start that track at the traditional entry level, but can maintain their pay level and employee performance rights. Dual career paths also are important in allowing career advancement for capable employees who do not have the skills or desire to move into management positions. Employees can manage their development plans, review job postings and link to career planning information through the employee self-service HR Web portal at the Department of Civil Service.

Several Pennsylvania agencies have started mentoring and rotational training programs, while others are pursuing the use of dual career tracks. In 1993, the commonwealth instituted a development program for women who exhibit leadership potential and demonstrate the ability to succeed in positions of greater responsibility. The initiative has been very successful, enrolling more than 60 participants in 2008.

Career mobility has proven to be an effective retention driver for managers at Marriott International. A study of the company’s internal labor market revealed that the more jobs people perform for Marriott, the more likely they are to remain with the company. Mobility helps develop their knowledge and skills, increases motivation to be high performers, and “cultivates an emotional attachment that’s critical to the success of the enterprise.”<sup>49</sup>

When Paul Russell, director of leadership and development at Google, was once asked how to hold onto to promising employees, he said, “Help your people map out their goals. Ask them to apply those aspirations to what they do every day. You’ll build their sense of affiliation and make them feel they belong. And they’ll believe that they don’t have to leave to accomplish their ambitions.”<sup>50</sup>

### Iowa’s Robust Set of Retention Strategies

The state of **Iowa** reported a 2.5 percent voluntary turnover rate in FY 2006, one of the lowest in Pew’s 2007 survey. The following is an outline of the actions that the state has taken to identify retention drivers and to address each of the areas discussed in this report.

#### ***Identifying Retention Drivers***

**Iowa** produces a comprehensive set of workforce data in its annual *Just the Facts* workforce almanac, from which the state draws to formulate its retention strategies. In addition, the state continually administers departure surveys, which seek to determine why employees leave state employment. The project has now collected seven years of data, allowing the state to track trends in former employees’ perceptions about issues such as compensation and benefits, employee autonomy, coworkers and supervisors, diversity, and organizational communication. The survey questionnaire is administered in two parts, one just prior to separation and another approximately 60 days after an employee leaves state service. The timing allows for reflection and encourages candid responses. The state’s training agency offers a variety of tools and instruments for assessing employee satisfaction and employee engagement, including electronic surveys and behavioral profiling instruments, which offer insight into how individuals and teams interact.

#### ***Compensation***

With an average salary of \$66,400, **Iowa** ranked third in indexed total compensation for classified employees. The state also offers comprehensive benefits packages, including domestic partner benefits regardless of gender; dental, vision, life and long-term care insurance; and flexible spending accounts for all employees in the executive branch. Supplemental insurance benefits also are available to state employees, including car insurance, legal insurance and identity theft coverage. **Iowa** has made great strides to become highly competitive with the regional labor market, which the state says has minimized the need for additional compensation strategies. Salary ranges (the width of the band from minimum to maximum pay grades) have been expanded from 25 percent to 40 percent, and the state reports that between 1999 and 2006 the average annual base salary of state employees has increased 35.6 percent,<sup>51</sup> nearly twice the rate of inflation.<sup>52</sup>

#### ***Recognition***

The Governor’s Golden Dome Awards comprise **Iowa’s** statewide employee recognition program. Ceremonies, held each year in October, recognize award recipients in the following categories:

- *Governor’s Excellence Award*—recognizes employees for exemplary service to their agencies

- *Badge of Courage Award*—recognizes employees who have risked personal health or well being, or performed other acts of heroism
- *The Lt. Governor’s Employee Volunteer Award*—recognizes the contributions of employees who volunteer personal time or services to nonprofit or charitable organizations
- *Team of the Year Award*—recognizes outstanding team contributions, supported by measurable results
- *Length of Service Award*—recognizes employees with at least 25 years of service (in five-year increments)

In addition, each agency has a coordinator responsible for fostering agency-level recognition programs that contribute to productivity and organizational effectiveness.

#### ***Work/Life Balance and Wellness***

Iowa offers telecommuting and flexible work schedules to all its employees at the discretion of each department’s leaders. The state’s manual for managers and supervisors includes a template for a telecommuting agreement that explicitly lays out the conditions and performance expectations for the employee. The state also offers a robust employee assistance program that features critical-incident stress debriefing, legal consultation, life coaching services, financial consultation and short-term counseling. Employees can take advantage of online and classroom-based wellness-related courses, including classes about stress management, balancing work and family, and recognizing and avoiding burnout. Many fitness centers throughout the state offer discounted memberships to state employees. The state periodically holds wellness events, such as health screenings and lunch-and-learn sessions, and the employee benefits Web site provides various wellness tools and information on programs for weight management and smoking cessation.

#### ***Career and Leadership Development***

As a supplement to its workforce plan, Iowa’s central Human Resource Enterprise (HRE) provides a succession planning guide, along with other tools to help managers determine what competencies are needed in a particular job and to help create development plans for potential candidates. HRE also works with individual agencies to ensure that new leadership skills align with the goals and culture of the agency. The personnel development arm offers a series of specialized programs and seminars for leaders at every level. The three-year applied management certificate, recommended for all supervisors and managers, consists of core courses in ethics, communication, conflict resolution, customer focus, and leadership skills, as well as eight courses on HR policies. The state also has designed and developed a certified public manager program in conjunction with Drake University. Since 2001, more than 300 state supervisors have completed the 17-month program in budgeting, ethics, and project development. Individual departments select participants based on job performance.

## **A FRAMEWORK FOR ESTABLISHING A RETENTION PROGRAM**

No one retention strategy fits the bill for every agency, but by calculating the costs of turnover, then identifying its drivers, taking steps to improve retention, and monitoring strategies, states can help develop programs to curb voluntary separations and to lessen their impact on agencies.<sup>53</sup>

### **Measure Turnover and Calculate Its Costs**

Increasingly tight state budgets make it difficult to put solid retention efforts into place. Such difficulties make it all the more important to measure all the costs—direct and indirect, tangible and intangible—associated with turnover. With such information, HR professionals can educate agency leaders about how retention efforts can save money in the long term. The indirect costs

that result from turnover, including workflow interruptions, decreased productivity, and the effect on the morale of the remaining workforce, should not be ignored when determining the impact of turnover on the operating costs of an agency.

### **Identify the Drivers That Lead to Turnover**

Regular tracking of turnover can help to identify its causes and clarify the best strategies for retaining employees. The more often turnover data are analyzed, the more quickly managers can discover trends and anomalies so that root causes and subsequent action steps can be determined. Using those data in concert with information drawn from instruments such as employee attitude surveys, informal feedback, and exit surveys will allow HR professionals to devise the most effective approaches to retaining employees.<sup>54</sup>

### **Outline Action Steps to Address Turnover Drivers**

Once the reasons for employee turnover have been determined, a state should develop a retention program that specifically tackles those issues. In addition to the compensation, recognition, work/life balance, and development strategies presented above, strategies such as promoting diversity, fostering an environment that embraces unique work styles, and encouraging a collegial, pleasant workplace may be appropriate steps to take. Agencies should ensure that their performance management system is working, and that it is being used to identify top performers—employees who are the most marketable, and thus may be more likely to leave should an opportunity arise.

### **Monitor and Evaluate Retention Strategies**

After a retention program has been put in place, agencies should calculate the return on their investments by continuing to measure turnover rates and reasons and by tracking improvement in retention. If the chosen strategies are not producing results, agencies should use their data to re-examine and revise their plans. Moreover, because reasons for leaving jobs can change over time, agencies should regularly re-identify factors that drive retention, even if existing programs appear successful. By remaining diligent in monitoring attrition and revising retention strategies, states can better keep hold of their most valuable asset—their human capital.

## **CONCLUSION**

This report lays out an ambitious agenda for recruiting, hiring and retaining employees: one that requires a significant commitment to state workers. In the long run, though, states that undertake the necessary initiatives to implement effective employment and retention programs will have a more competent, more dexterous workforce; they will deliver exceptional service to their citizens; and they will consistently meet their long-term strategic goals.



## APPENDIX A: Total New-Hire Turnover by State

State	Percentage of Total New Hire Turnover (classified)
<b>Alabama</b>	20.4
<b>Arizona</b>	41.9
<b>Arkansas</b>	2.7
<b>California</b>	1.5
<b>Connecticut</b>	15.7
<b>Delaware</b>	31.0
<b>Idaho</b>	21.7
<b>Illinois</b>	5.8
<b>Indiana</b>	20.2
<b>Iowa</b>	12.3
<b>Kansas</b>	27.6
<b>Louisiana</b>	38.5
<b>Maine</b>	8.5
<b>Maryland</b>	4.2
<b>Michigan</b>	5.1
<b>Minnesota</b>	14.9
<b>Mississippi</b>	47.3
<b>Missouri</b>	24.9
<b>Montana</b>	19.7
<b>Nebraska</b>	16.6
<b>New Jersey</b>	10.0
<b>New Mexico</b>	42.4
<b>North Carolina</b>	9.9
<b>North Dakota</b>	15.0
<b>Ohio</b>	9.2
<b>Oklahoma</b>	85.8
<b>Oregon</b>	13.0
<b>Pennsylvania</b>	8.4
<b>South Carolina</b>	31.8
<b>Tennessee</b>	21.0
<b>Utah</b>	32.6
<b>Vermont</b>	27.3
<b>Virginia</b>	31.7
<b>Washington</b>	12.0
<b>West Virginia</b>	35.6
<b>Wisconsin</b>	2.3
<b>Wyoming</b>	18.8
<b>N</b>	37
<b>Mean</b>	<b>21.3</b>

Source: Data from a Government Performance Project survey conducted by the Pew Center on the States in 2007. For states that did not fully respond to the survey, interviews and public documents were used to assess human capital processes. To see an in-depth profile of each state, please visit [www.pewcenteronthestates.org/gpp](http://www.pewcenteronthestates.org/gpp).

### APPENDIX B: Five-Year Retirement Eligibility by State

State	Percentage of State Employees Who Are Eligible to Retire within Five Years (Classified Employees Only)
Alabama	31.3
Arizona	21.0
Arkansas	13.6
California	34.0
Colorado	17.1
Connecticut	36.9
Delaware	28.0
Idaho	15.4
Illinois	26.5
Indiana	42.6
Iowa	24.0
Kansas	27.0
Louisiana	26.2
Maine	26.8
Maryland	31.6
Massachusetts	54.8
Michigan	29.3
Minnesota	18.7
Mississippi	29.8
Missouri	26.0
Montana	22.0
Nebraska	42.9
New Hampshire	6.9
New Jersey	25.9
New Mexico	18.4
North Carolina	14.2
North Dakota	23.9
Ohio	17.0
Oklahoma	30.6
Oregon	20.1
Pennsylvania	21.5
South Carolina	23.7
Tennessee	34.7
Utah	26.0
Vermont	26.1
Virginia	21.2
Washington	33.9
West Virginia	27.7

<b>Wisconsin</b>	12.7
<b>Wyoming</b>	27.7
<b>N</b>	40
<b>Mean</b>	<b>25.9</b>

Source: Data from a Government Performance Project survey conducted by the Pew Center on the States in 2007. To see an in-depth profile of each state, please visit [www.pewcenteronthestates.org/gpp](http://www.pewcenteronthestates.org/gpp).

# Endnotes

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- <sup>1</sup> Society for Human Resource Management (2005). *Cost of Turnover*. Accessed Feb. 25, 2009, at [http://moss07.shrm.org/Research/Articles/Articles/Pages/ROI\\_20Series\\_20Cost\\_20of\\_20Turnover.aspx](http://moss07.shrm.org/Research/Articles/Articles/Pages/ROI_20Series_20Cost_20of_20Turnover.aspx)
- <sup>2</sup> Forty-two states responded to the GPP survey in 2004, with Colorado, Florida, Maryland, Massachusetts, Nevada, North Dakota, South Dakota, and Texas not responding to the online survey. The same number of states responded to the GPP survey in 2007, with Alaska, Florida, Hawaii, Kentucky, New York, Rhode Island, South Dakota, and Texas not responding to the online survey.
- <sup>3</sup> These figures are for classified positions only; the percentages for nonclassified positions were significantly lower.
- <sup>4</sup> Cogburn, J. 2005. The Benefits of Human Resource Centralization: Insights from a Survey of Human Resource Directors in a Decentralized State. *Public Administration Review* 65(4): 424–35.
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- <sup>8</sup> Rothberg, S. 2006. [How to Create a Successful College Recruiting Program](http://www.CollegeRecruiter.com). Accessed Dec. 4, 2008, at [www.CollegeRecruiter.com](http://www.CollegeRecruiter.com).
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- <sup>11</sup> Davidson, D., Lepeak, S., and Newman, E. 2007. [Recruiting and Staffing in the Public Sector: Results from the IPMA-HR Research Series](http://www.ipma-hr.org/pdf/WhitePaper.pdf). Accessed Dec. 1, 2008, at <http://www.ipma-hr.org/pdf/WhitePaper.pdf>
- <sup>12</sup> The Pew Center on the States. 2009. *People Forward: Human Capital Trends and Innovations*. Available online at [http://www.pewcenteronthestates.org/uploadedFiles/GPP\\_People\\_Forward\\_report\\_web.pdf](http://www.pewcenteronthestates.org/uploadedFiles/GPP_People_Forward_report_web.pdf)
- <sup>13</sup> Hager, B. K. 2007. Linking the Employment Value Proposition to Employee Engagement and Business Outcomes. *Organizational Development Journal* 25(2): 121–32.
- <sup>14</sup> Institute of Management and Administration. 2008. How Online Networks Can Help to Enhance Recruiting Activities. *HR Focus* 85(8), p. 9.
- <sup>15</sup> Davidson, D., Lepeak, S., and Newman, E. 2007. *Recruiting and Staffing*.
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- <sup>19</sup> Forty-one states provided turnover data for the 2007 survey, which was the basis for Pew's 2008 *Grading the States* report.
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- <sup>23</sup> Harvard Business School Press. 2002. Keeping the Best: Essential Retention Strategies. In *Hiring and Keeping the Best People*. Boston, MA: Author.
- <sup>24</sup> The list was compiled from a variety of sources, including: *Employee Turnover: Analyzing Employee Movement Out of the Organization* (Society for Human Resource Management [SHRM] White Paper 1993), *Cost of Turnover* (SHRM Briefly Stated ROI Series 2005), and Keeping and Hiring the Best: Essential Retention Strategies in *Hiring and Keeping the Best People* (Harvard Business School Press 2002).
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- <sup>31</sup> Examples from Michigan and Pennsylvania (and in a later section of this report, Iowa) were used for this report because those states provided the most robust responses to the qualitative survey questions in Pew's 2007 survey.
- <sup>32</sup> Salary and benefits figures provided by the states were indexed against cost of living data provided by the Council for Community and Economic Research (C2ER) for the second quarter of 2007, in order to roughly match the reporting period of the GPP survey. The Georgia figure is for nonclassified employees only.
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- <sup>52</sup> The U.S. Bureau of Labor Statistics Consumer Price Index Database indicated an increase of 18.6 percent in annual CPI for Class A size Midwest city.
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- <sup>54</sup> The North Carolina Office of State Personnel [Performance Solutions](http://www.ncosps.com/PerformanceSolutions) Web site provides a set of tools to identify retention drivers. The tools include a retention driver assessment tool and templates for employee exit

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interviews, engagement surveys and retention surveys. Available online at <http://www.performancesolutions.nc.gov/>

## **ABOUT THE AUTHOR**

Sally Coleman Selden led the academic team that assessed all 50 states' human resource management systems. Selden is a professor of management at Lynchburg College and holds the Senior Professional in Human Resources certification. She is a fellow in the National Academy of Public Administration and author of *Human Capital: Tools and Strategies for the Public Sector* (Congressional Quarterly Press 2008). She is the author of more than 55 articles, books, or book chapters. Selden serves on the editorial boards of the *Journal of Public Administration Research and Theory* and the *Journal of Public Affairs Education*. She also serves on the Academic Advisory Board of the Partnership for Public Service and on the Human Resource Management Executive Committee of the American Society for Public Administration. She received her PhD from the University of Georgia and her MPA and BA from the University of Virginia.

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