

C+ Tennessee

A cascade of retirements is heading toward most of the states. But few are likely to be as hard hit—and are as thoroughly unprepared—as Tennessee. Forty percent of the state's workforce will be up for retirement within the next five years, and there is no comprehensive plan to fill those jobs. While some agencies are scrambling to promote employees and groom managers, the state as a whole resembles a bureaucratic ostrich, its head firmly planted in the sand. Even if it tried to engage in forward thinking, Tennessee would have a tough time. The state's antiquated human resources information technology makes it extremely difficult for managers to access the data they need to engage in substantive workforce planning.

It's not that there aren't squadrons of applicants. In fact, partially because Tennessee accepts applications for any position at any time—regardless of its needs—the state has more résumés than it can handle. Over the past five years, the number of applications for state employment has more than doubled, thanks in part to an online application process.

But Human Resources simply can't process applications at the rate it needs to. What's more, Tennessee is still a strict "merit-hiring" state, so agencies must select new hires from a list that ranks applicants based on their education, experience and performance on assessment tests. Other factors are ignored. As a result, agencies are limited to a tiny pool of applicants, who may or may not have the appropriate qualifications for a job. "I'm convinced we're missing hiring some of the best and the brightest," says Nat Johnson, the deputy commissioner of personnel.

But that's far from the only problem. Low state salaries, which Johnson describes as "woefully behind the market," mean that the state runs the risk of training employees—only to have them search for higher-paying jobs later on. "That's the kind of stuff," Johnson says, "that manifests itself eight, 10, 12 years down the road."

Tennessee has started to do a few things right in the human resources field. When it comes to jobs the state has special difficulty filling, such as those of mental health workers and support staff at correctional facilities, the central personnel office has begun offering marathon hiring

sessions on weekends, bringing everyone involved in the hiring process to a central location. Job-seekers can apply, take a test, interview and get hired all in the same day. Tennessee's executive training program, a three-week, off-site leadership institute in its 20th year of operation, is one of the strongest in the country.

There's no question, though, that Tennessee's workforce problems are taking a toll on its overall management capacity. At the root of these problems—including low pay and antiquated technology—is its impractical revenue structure. With no personal income tax and little taxation of services, the state is largely dependent on shaky sales tax revenue that cannot keep pace with expenditures. In recent years, the state has had to balance its budget by using one-time windfalls and transferring dedi-

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cated monies to the general fund. In 2003, the governor tapped 9 percent of the state's highway revenues for general expenditures.

At the same time, Tennessee has made some recent efforts to get more out of the money it does have by heightening its focus on planning and performance. In 2002, the legislature approved a bill requiring all agencies to develop strategic plans and submit performance-based budgets, although the process won't be fully phased in until 2012. A year ago, the state began implementing its first-ever multi-modal statewide transportation plan, which incorporates a three-year project plan into a 10-year outlook for policy revisions and investments and a 25-year transportation vision. This is a vast improvement over the previous system, which only aspired to meet the federally mandated five-year minimum for highway planning.

For additional data and analysis, go to: <http://results.gpponline.org/tennessee>

● Strength ○ Mid-level ● Weakness

Money B-

Long-Term Outlook	○
Budget Process	○
Structural Balance	●
Contracting/Purchasing	○
Financial Controls/Reporting	○

People C-

Strategic Workforce Planning	●
Hiring	●
Retaining Employees	○
Training and Development	○
Managing Employee Performance	●

Infrastructure B-

Capital Planning	○
Project Monitoring	○
Maintenance	●
Internal Coordination	●
Intergovernmental Coordination	○

Information C+

Strategic Direction	○
Budgeting for Performance	○
Managing for Performance	●
Program Evaluation	○
Electronic Government	●

Population (rank): 5,689,283 (16)

Average per capita income (rank): \$28,455 (36)

Total state spending (rank): \$20,029,048,000 (21)

Spending per capita (rank): \$3,459 (46)

Governor: Phil Bredesen (D)

First elected: 11/2002

Senate: 33 members: 16 D, 17 R

Term limits: None

House: 99 members: 53 D, 46 R

Term limits: None