

Employment Outlook and Succession Planning

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Jeffrey Ling, PhD
Evergreen Solutions, LLC
jeff@consultevergreen.com

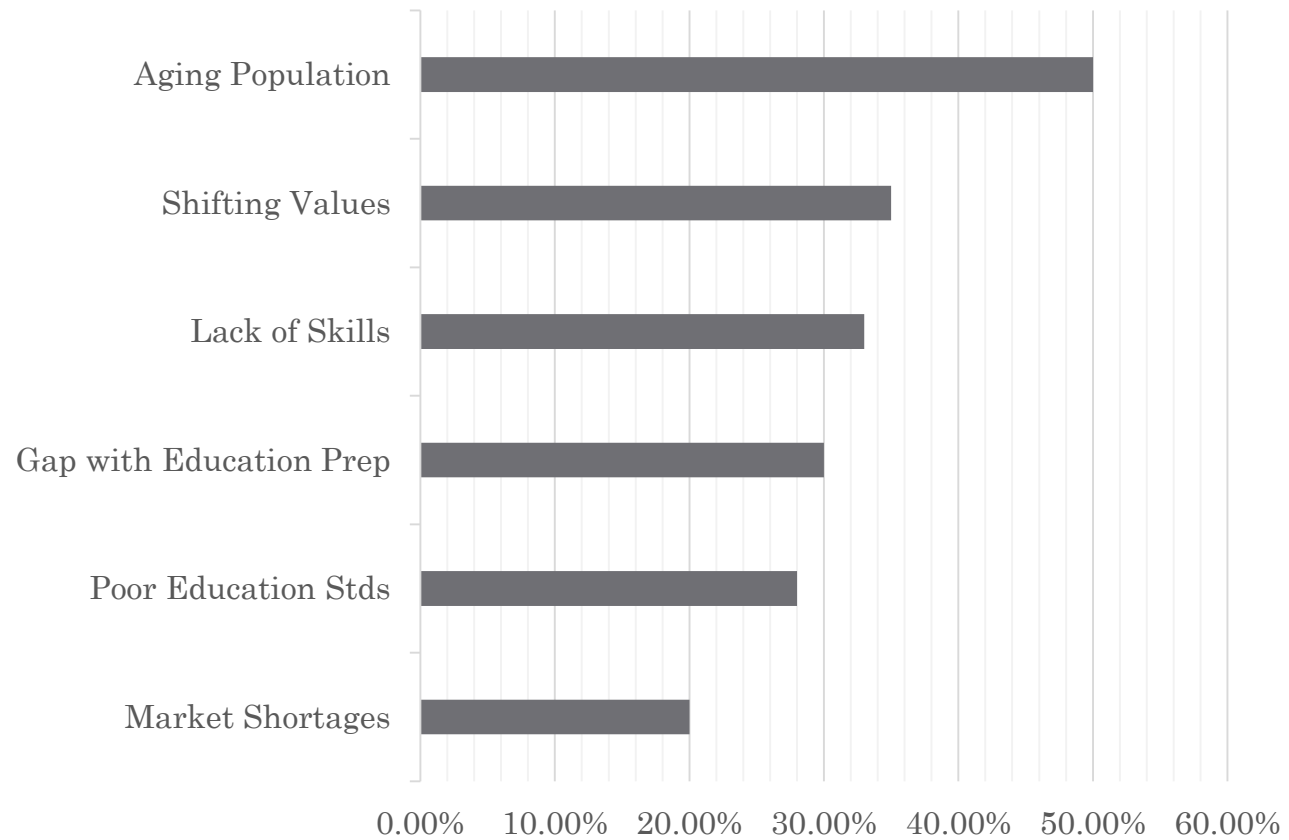
Presentation

- Our Challenge
- Supply and Demand
- Labor Market Trends
- Compensation Trends

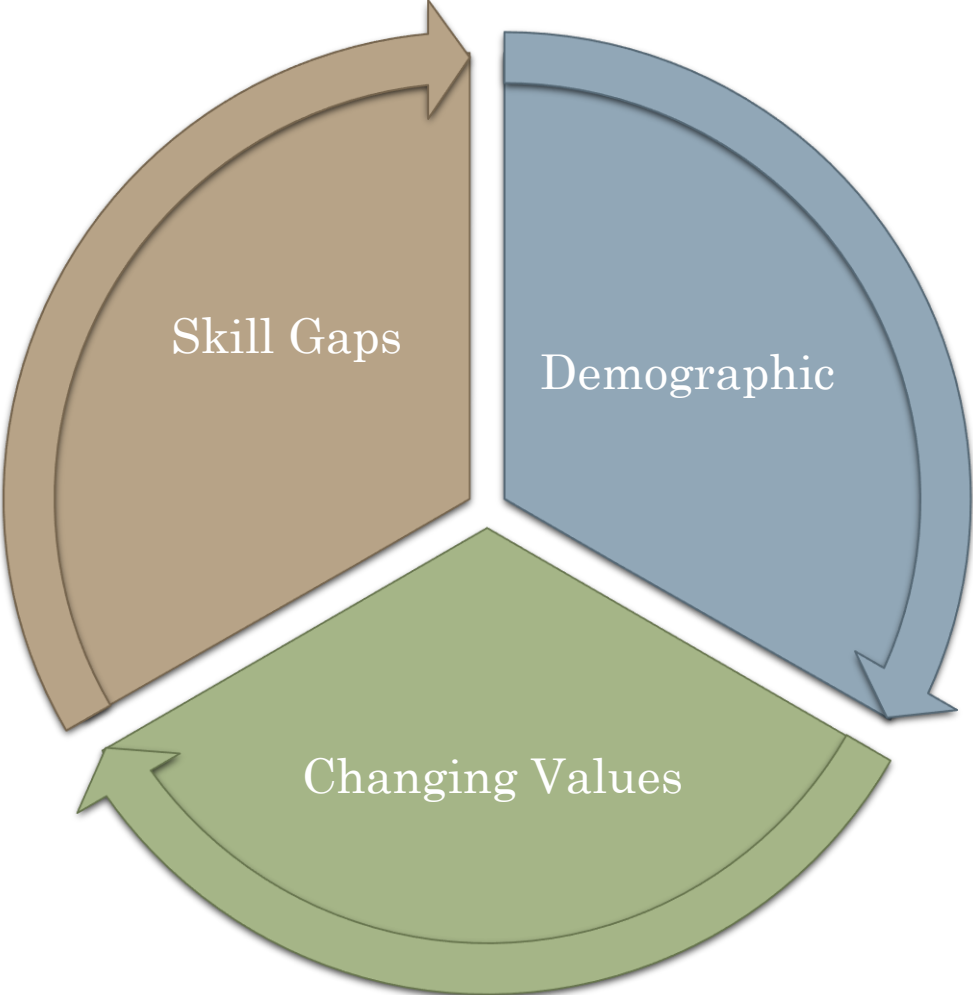
Our Challenge



“Worry” Trends



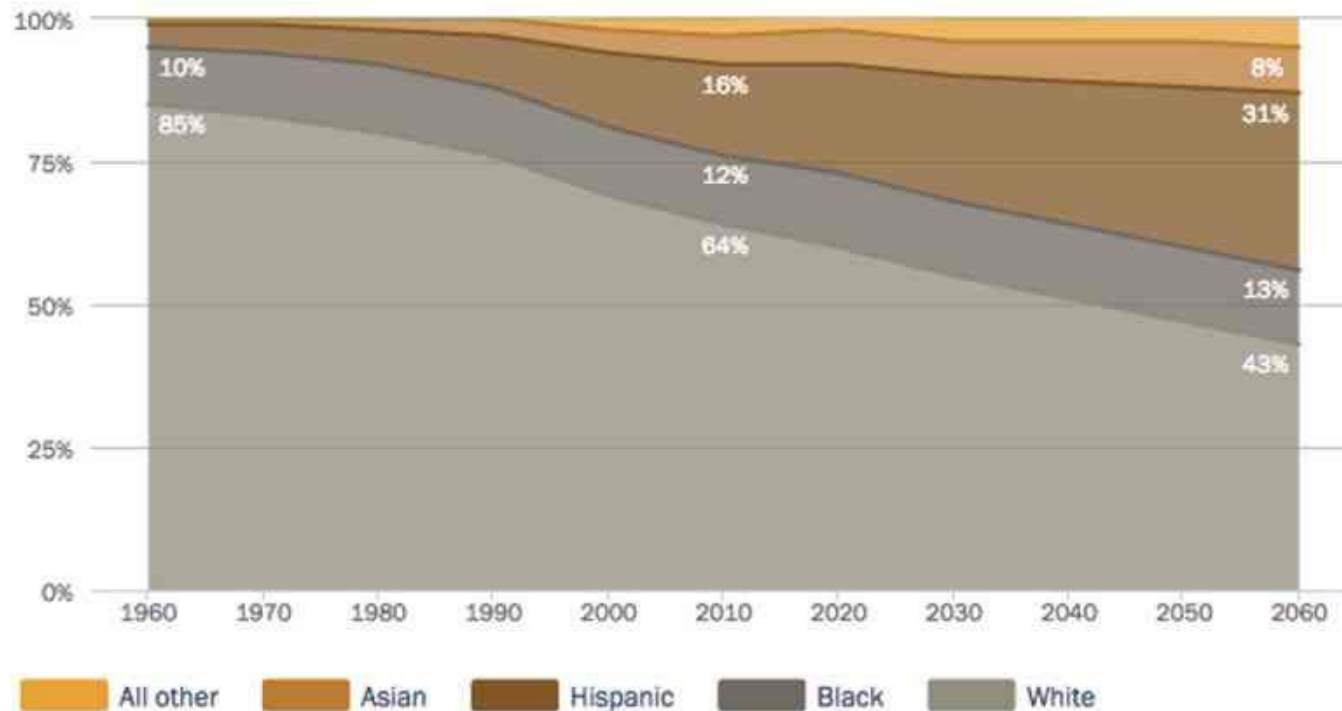
Reality



Demographic Change

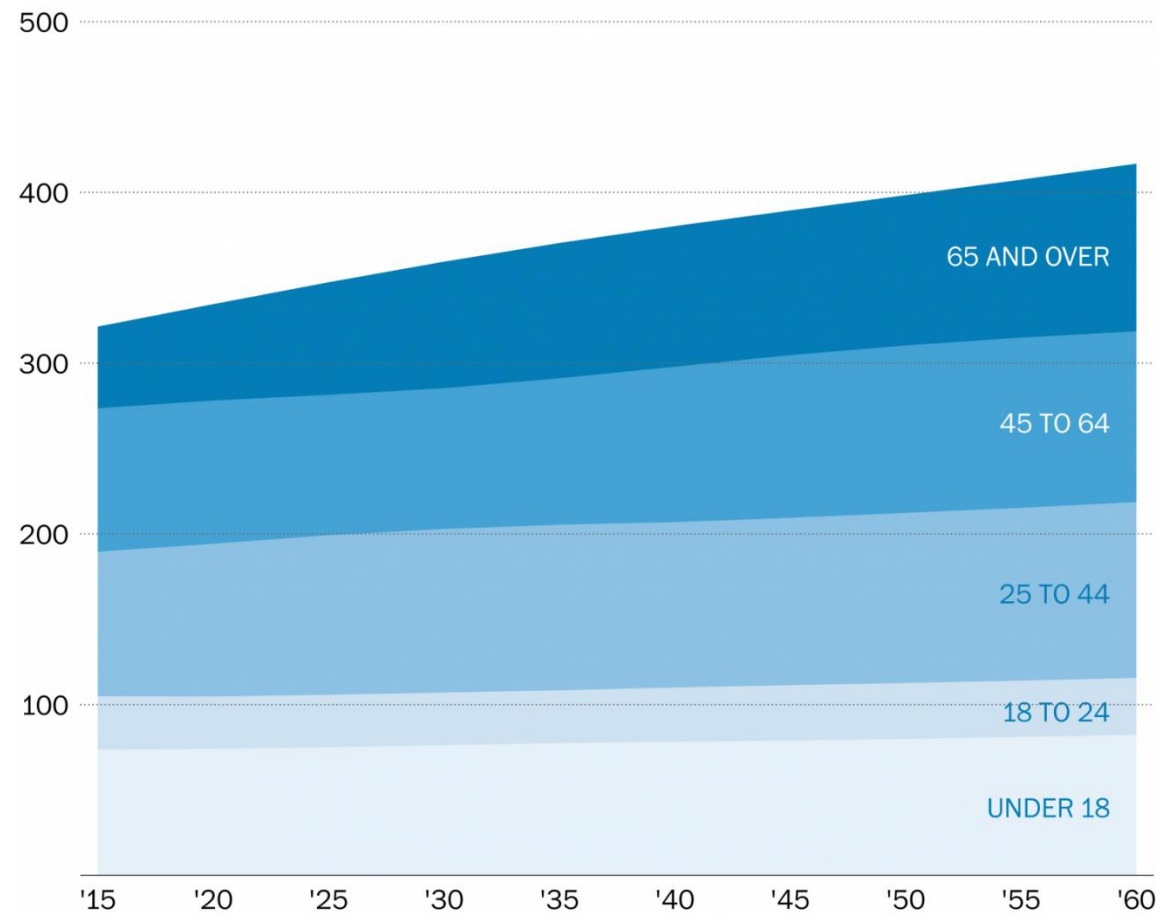
Changing Face of America

Percent of total U.S. population by race and ethnicity, 1960-2060

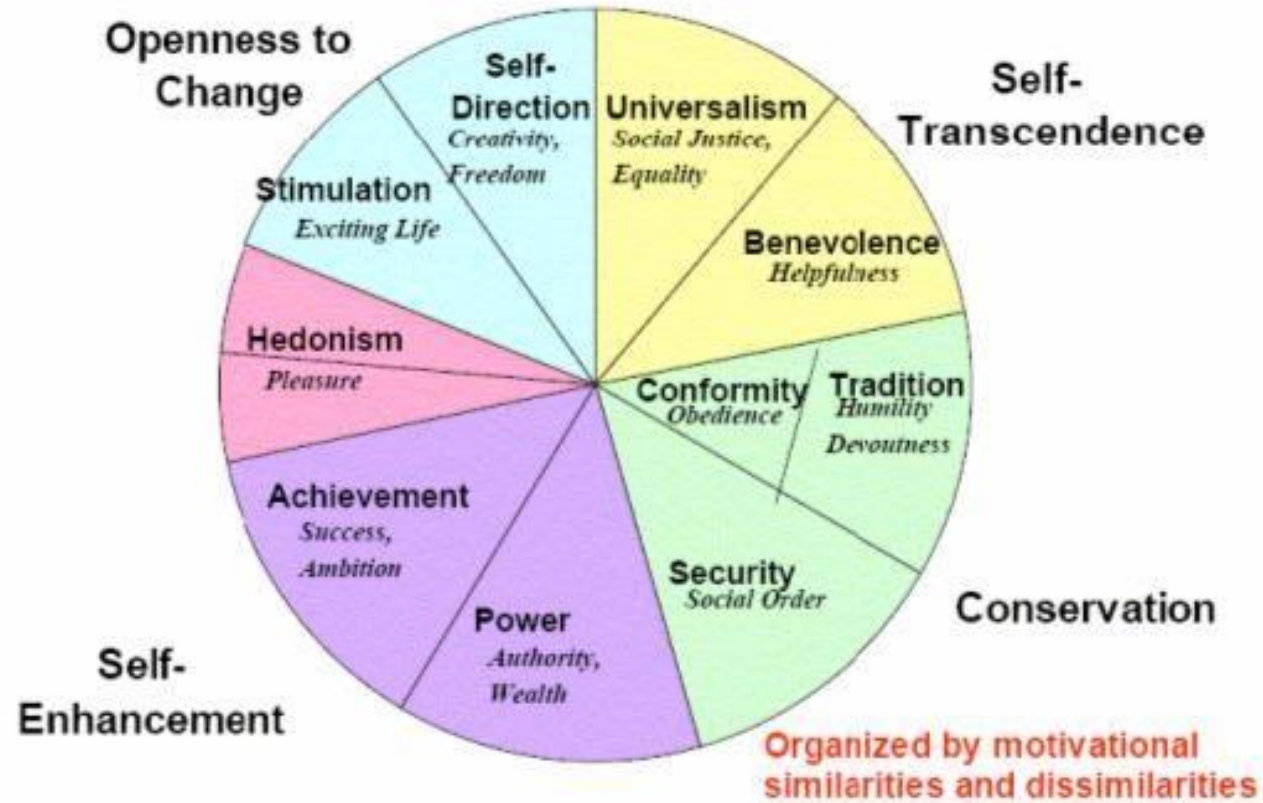


Generation Size

Population by age



Values



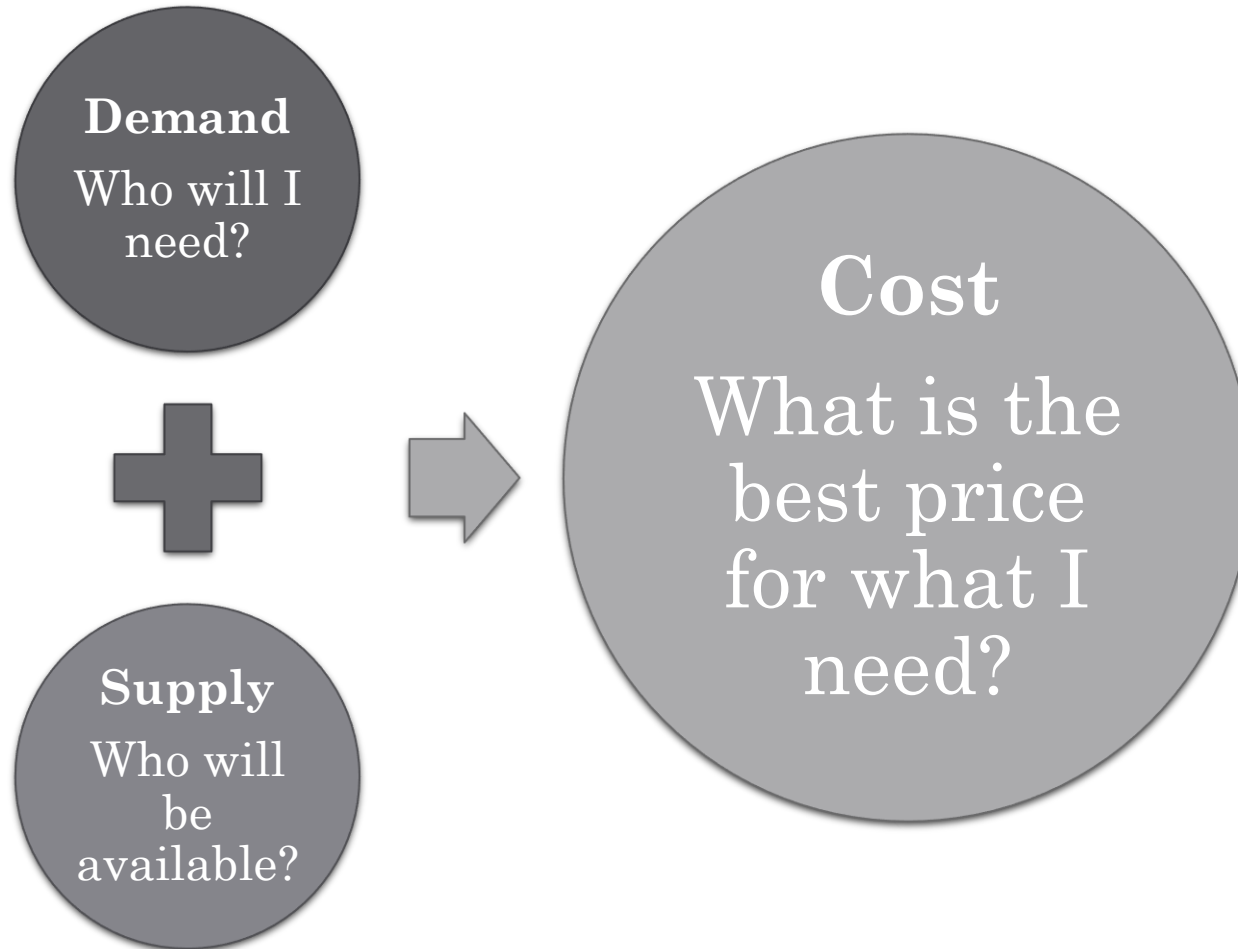
Changing Values

VALUES IN...	BUILDERS	BOOMERS	XERS	N-GEN
MOTHER	Homemaker	Working Mother	Single Mother	Single Mother/ Father
FAMILY	Close Family	Dispersed Family	Latchkey Kids	Looser Family Structure
MARRIAGE	Married Once	Divorced/ Remarried	Single Parent	Undetermined
HAIR	Short Hair	Long Hair	Any Style Hair	Bleached/ Spiked
CLOTHES	Formal	Casual	Bizarre	Anything Goes
MUSIC	Big Band/ Swing	Rock 'n' Roll	Alternative, Rap	Very Diverse
MONEY	Save It Now	Buy It Now	Want It Now	Get It Now (online)
PURCHASING	Purchase w/ Cash	Purchase w/ credit card	Struggling to Purchase	Purchase Online
MARKETING	Ford Marketing Concept	GE Marketing Concept	Ignored Market	Interactive Global Market
HIGH-TECH	Slide Rule	Calculator	Computer	Internet
WORK STYLE	Team Work	Personal Fulfillment	Tentative/ Divided Loyalty	Networking
WAR	Win a War	Why a War?	Watch A War	Winless War
MORALS	Puritan Ethics	Sensual	Cautious	Tolerant

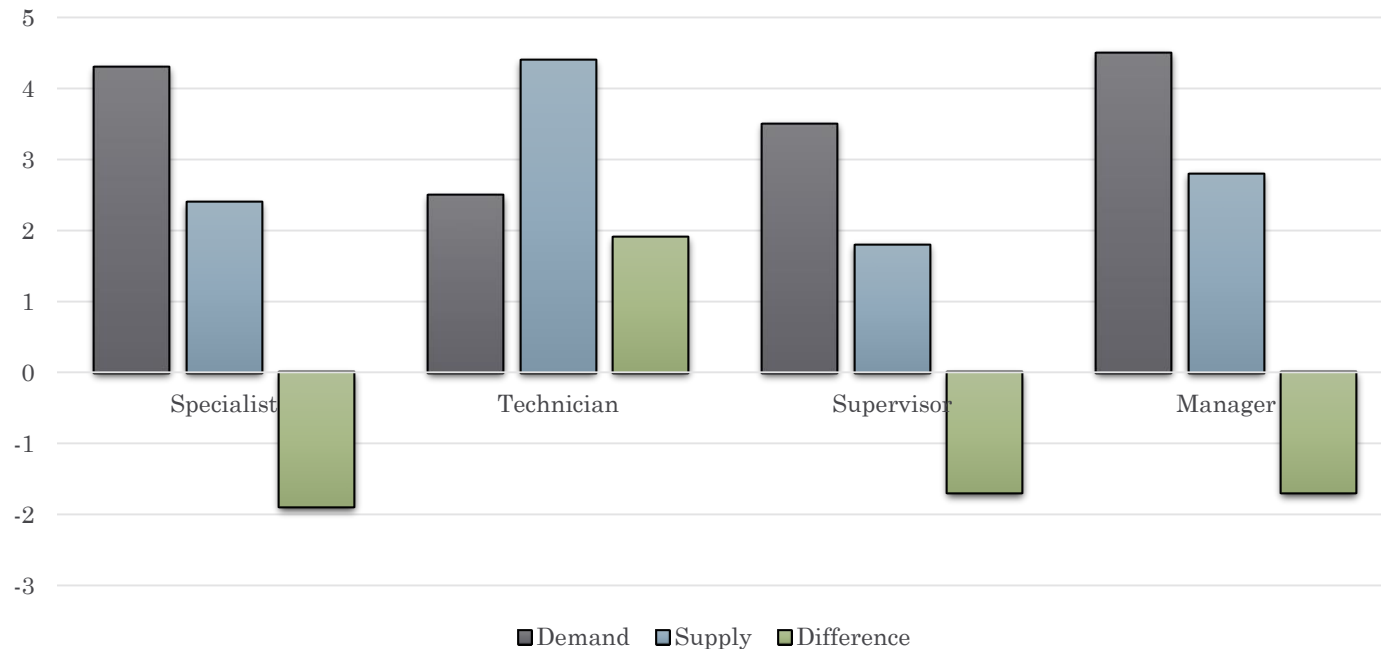
Skill Gap

- Significant gap between an organization's current capabilities and the skills it needs to achieve its goals.
- According to ASTD, 84 percent of organizations are dealing with a skills gap.
- Middle- and high-skills jobs comprise the largest gaps. Middle skills describe highly specialized mechanical, technical, and production careers that may require industry or government certification but not necessarily a bachelor's degree.
- Biggest concern areas: leadership and executive skills, management and supervisory, and industry specific skills.

Why Does it Matter to Us?

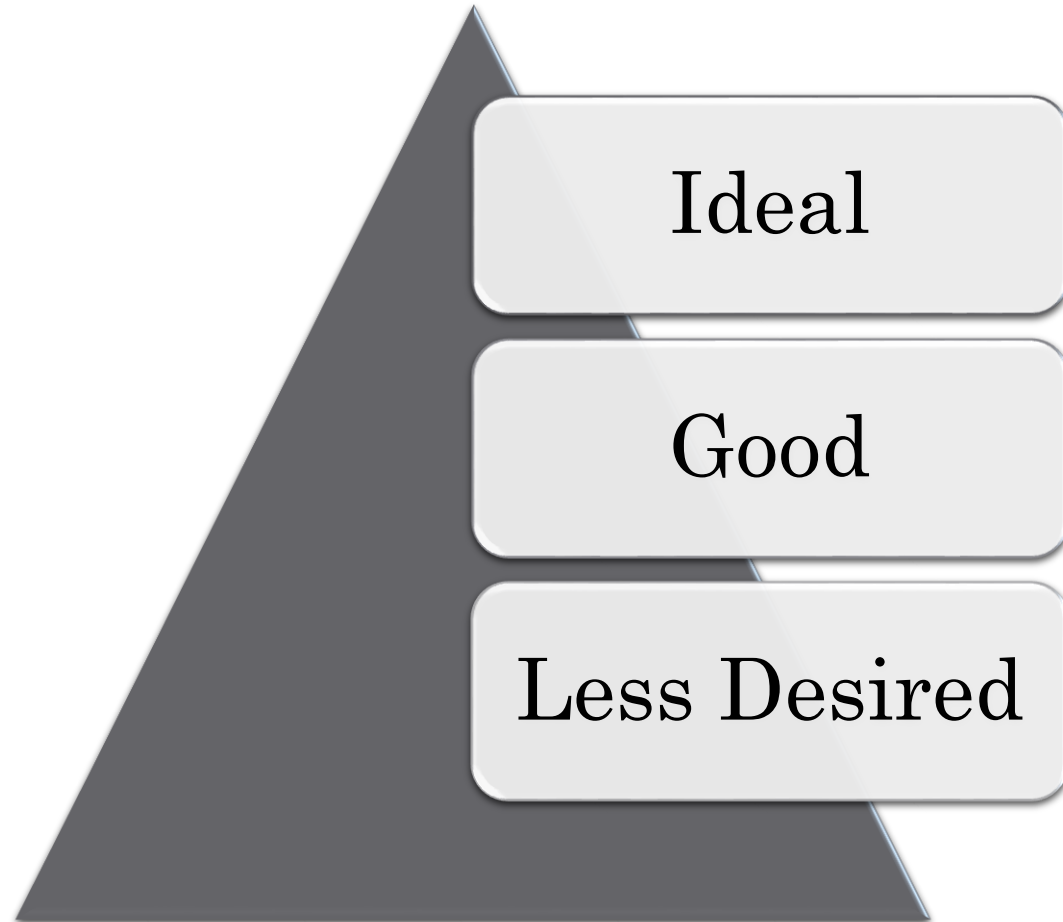


Supply and Demand



- The market value of labor relates to supply and demand
- Both are important to us
- Both vary by job, job family, and location

Market Dynamics



Labor Market Trends

- The labor force is projected to grow 0.5 percent per year from 2012 to 2022, compared with an annual growth rate of 0.7 percent during the 2002-12 decade.
- Due to the aging baby-boom generation, workers ages 55 and older are expected to make up over *one-quarter* of the labor force in 2022.
- Projected declines in the labor force participation rates for both men and women are expected to slow labor force growth.
- Slower labor force growth is expected to limit potential economic growth. Gross domestic product (GDP) is projected to increase by 2.6 percent annually from 2012 to 2022, slower than the 3 percent or higher rate often posted from the mid-1990s through mid-2000s.

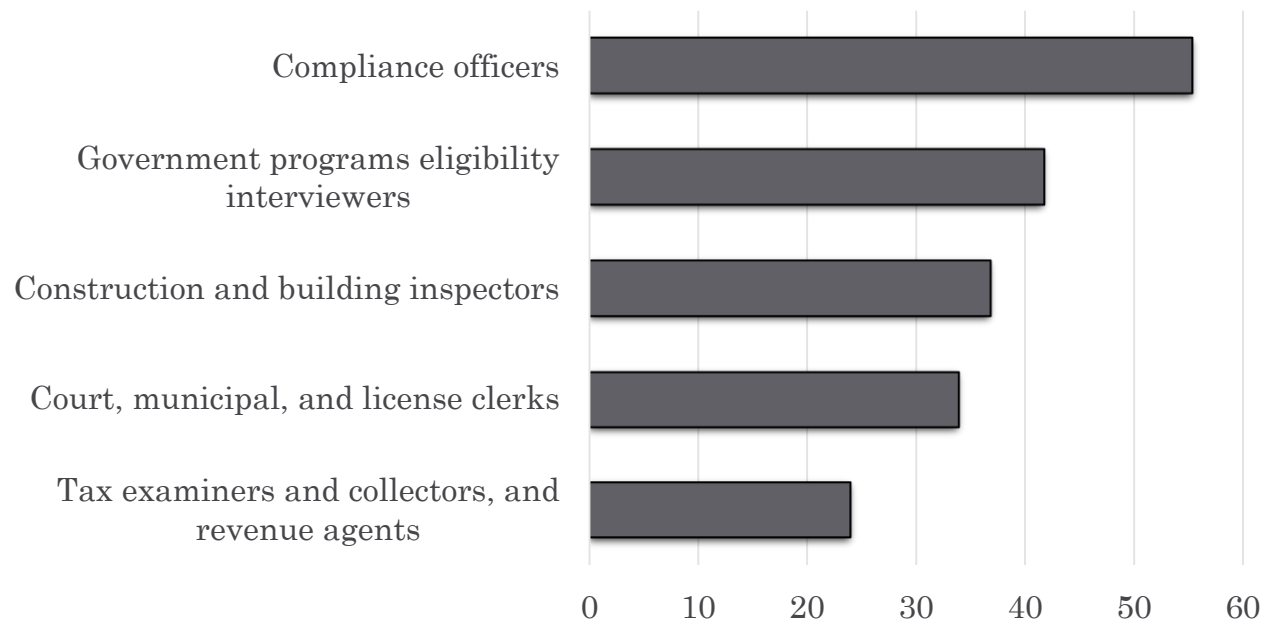
Industry Specifics

- According to BLS, about half of all job openings between 2012 and 2022 are projected to be in occupations assigned to **four industry clusters**: hospitality and tourism, business management and administration, marketing, and health science.
- The health care, social assistance, and construction occupations will see big gains.
- Many of the job openings over the 2012–22 decade are projected to come from the need to **replace workers** who leave the occupation.
- However, for the occupations assigned to the health science, human services, and information technology clusters, BLS expects more job openings to come from **newly created jobs**.

• *BLS, Employment Projections, 2012-2022 (2013).*

Growing Public Occupations

Public Jobs with the Most Projected Job Openings, 2012-2022



Sources: National Association of State Directors of Career Technical Education Consortium (Career Cluster); Bureau of Labor Statistics, Employment Projections program (projected job openings).

Industry Concerns

Growing Industries

- Health Sciences
- Human Services
- Information Technology

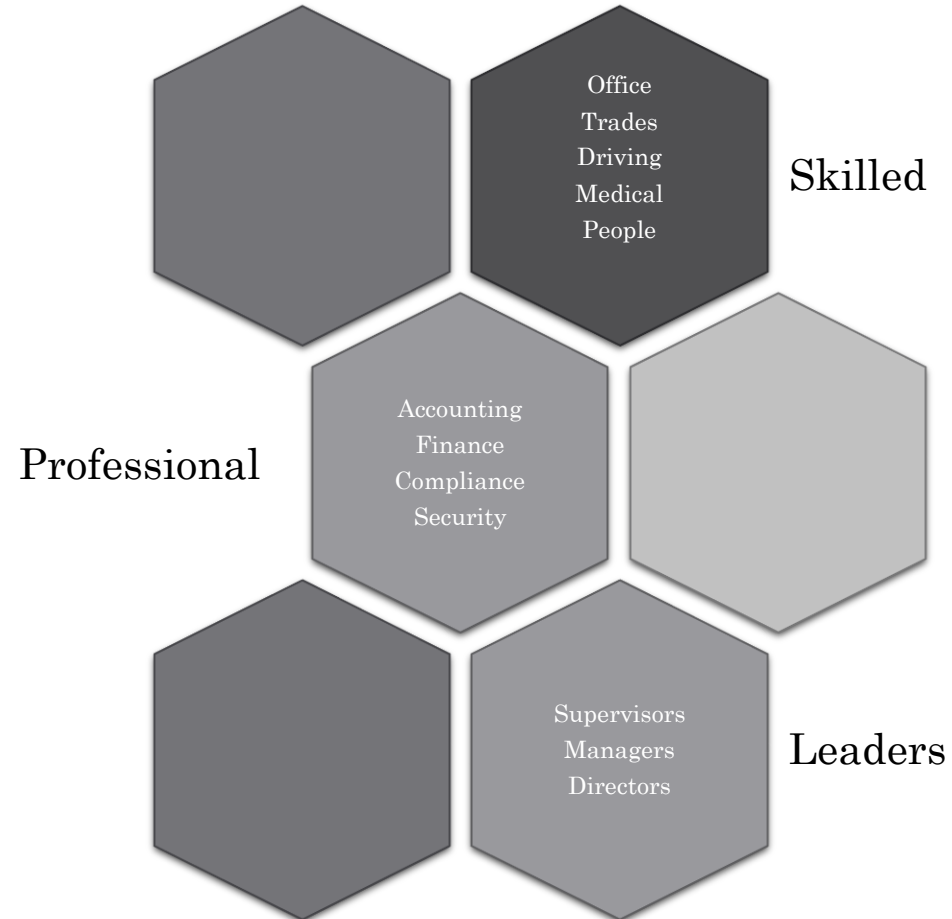
Occupations

- Health care
- Trades/Maintenance
- Office clerk
- Customer Service
- Accounting
- Developers and Analysts
- Truck Drivers
- Personal Care Aide
- Engineers
- Planners
- Security

Competition

- Hospitality and Tourism
- Business Management and Administration
- Marketing
- Health Care

High Competition Occupations

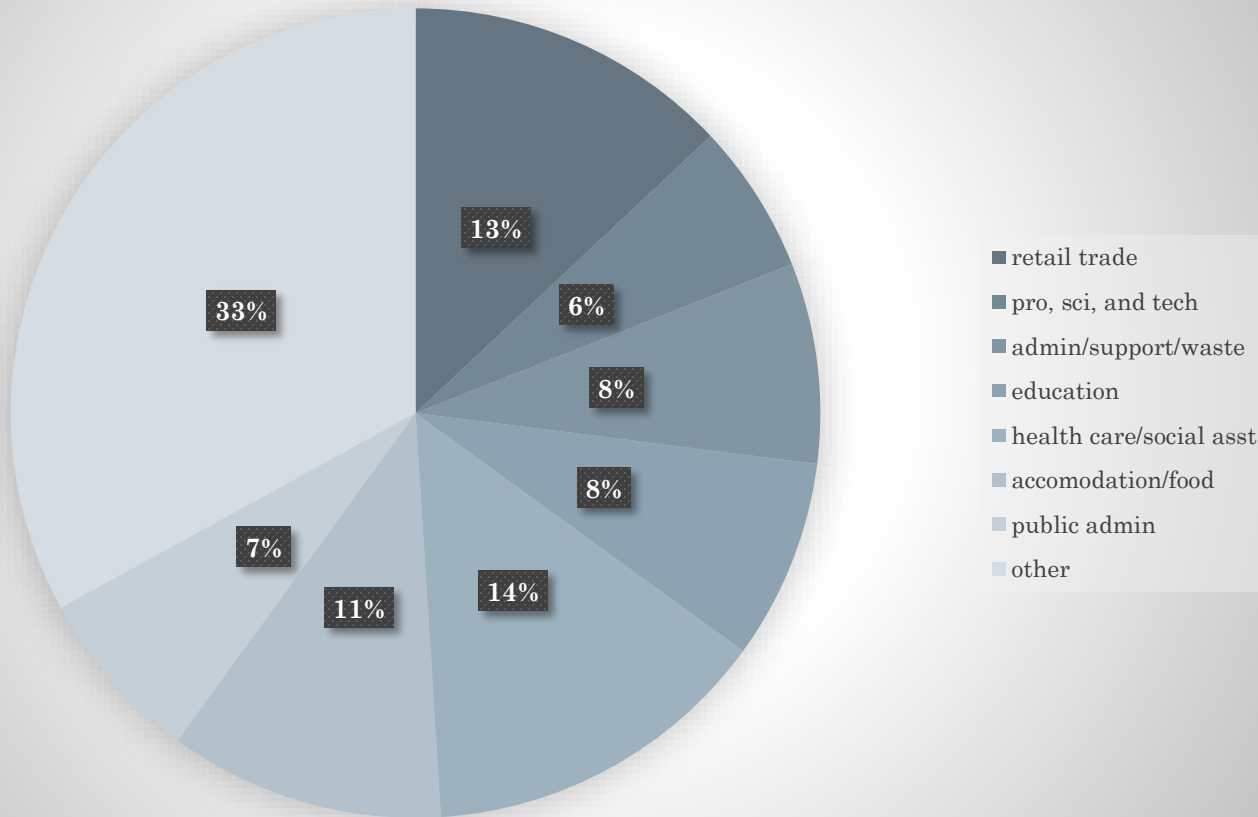


Florida Situation

- Florida continues to recover from the recession.
- Demographic trends are more critical here than other places.
- Succession will play a role in most public occupation.
- Consider: market influence, concentrations, and pay.

Employment Concentrations in Florida

Employment by Industry



- High concentration on services
- Govt (state, local, and fed): 7%
- *Local Govt: 4%*
- Govt and edu: 15%
- Health: 14%

Florida Specialized and Growth Markets

- CleanTech (Energy, Efficiency, Environment)
- Life Sciences (Biotechnology, Medical Device Manufacturing, Pharmaceuticals, Health Care)
- Information Technology (Modeling, Simulation and Training, Photonics/Optics, Digital Media, Software and Computer Systems Design and Integration, Computers, Microelectronics and Precision Device, Telecommunications)
- Aviation / Aerospace
- Homeland Security / Defense
- Financial / Professional Services

Competition by Level

Cluster	Skilled	Professional	Leaders	Jobs
Clean Tech	X	X		Engineering, environmental, facilities
Life Sciences	X			Environmental, nursing
Information Tech	X	X	X	All levels of IT
Aviation	X	X		Mechanical, management
Security/Defense	X	X		Police, fire, security
Financial/Pro Services	X	X	X	Accountants, finance, analysts

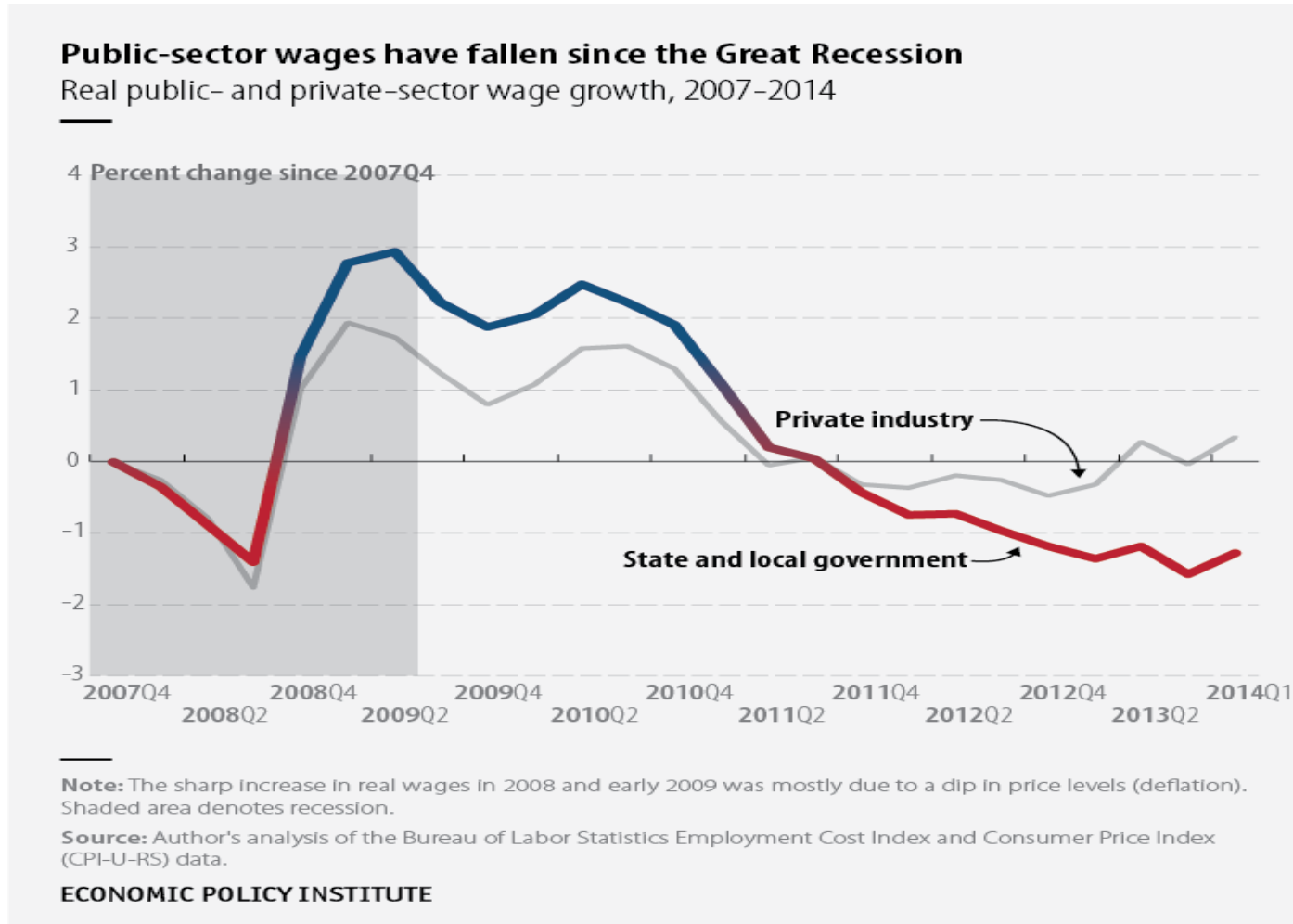
Government Specialized Competition

- IT professionals
- Engineering professionals
- Skilled trades
- Nurses and other medical staff
- Engineering, technical, operations or maintenance technicians
- Drivers
- Managers

What's Going on with Florida Local Government Pay?

- Approximately 300,000 local government employees in Florida out of 7.5m workers (4 percent).
- Median cash salary of **\$44,170** or **\$21.23** per hour in 2014. The median wage is the 50th percentile wage estimate--50 percent of workers earn less than the median and 50 percent of workers earn more.
- **Half** of the people in this job earn between **\$31,720 (\$15.25 per hour)** and **\$61,735 (\$29.68 per hour)**(i.e., between the 25th and 75th percentiles).
- Mean annual, cash compensation is \$49,293.

Public and Private Wages



Market Characteristics

- Regions vary by employment concentration, pay levels, and cost of living.
- Public administration possesses a different composition than other industries – more mid-level jobs.
- Variation in pay differentials resemble an upside down funnel.

Markets Adjustment Options

Option	Likelihood
Cost of living (market adjustment)	90%
Merit or performance	60%
Combined	65%
Catch Up Adjustment	8%

General Compensation Trends

- Consolidation of pay plans and more uniformity in ranges
- Reducing classifications
- Less grades for less classifications and simplicity
- Wider ranges (average around 58 percent)
- Greater use of pay for performance systems

Specific Compensation Trends

- Some are moving ranges as well as incumbents the same increment, but that is less common than pre-2008.
- Most will move their ranges to their desired market placement as a separate action from what they are funding for merit and cost of living. Among those moving ranges as a separate action, they are averaging between 1.5 and 2.5 percent.
- A smaller group is moving their maximum higher and widening their range, but not adjusting their minimum. This is primarily in locations concerned with compression or desiring a multi-phased adjustment process.
- A very small group is considering “making employees whole” vis-à-vis the market changes since 2008. However, we anticipate that these efforts will fail to gain political support during the budget process.

Final Thoughts

Demographic Change

- Older workforce
- More generational issues
- Different employee needs
- Change in lifestyle emphasis

Slower Labor Market Growth

- Harder to recruit
- Less viable candidates
- More competition for competent
- Some skills shortages

Slower Economic Growth

- Competing resource priorities
- Slowing tax growth
- More concern with stability