



**Planning for Our Future:
2009 STATE OF MICHIGAN
STRATEGIC
WORKFORCE PLAN**

2009

Governor

The Honorable Jennifer M. Granholm

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EXECUTIVE SUMMARY

Organizations in the public and private sectors are preparing for an exodus of employees as the baby boom generation begins to retire. The State of Michigan is among them. Governor Jennifer M. Granholm recognized that continuity of the services provided by Michigan government relies on comprehensive preparation for these retirements, and she directed cabinet members to engage their departments and agencies in strategic workforce planning.

As with many organizations across the country, the State of Michigan has an older workforce, a number of them career state employees. As of September 20, 2008, 52,069 employees worked in 18 principal state departments. Current projections indicate 11.6 percent – approximately 6,000 of them – are eligible to retire. That percentage will increase to 24.9 percent in 2011 and 33.5 percent in 2013. A growing number of state government leaders also are approaching retirement age. As of September 20, 2008, 25 percent of state employees in leadership roles would be eligible to retire by 2011 and 49 percent by 2013.

Many of these retirees will be replaced by members of the millennial generation, those born in the 20-year span beginning in 1982. These millennials, who have higher levels of education and greater career mobility, make up the largest generation in history.¹ The State of Michigan and employers across the nation are retooling their thinking to incorporate this generation into the workforce.

With the potential loss of state employees, the budgetary constraints of state government and a changing labor pool from which to attract and retain talent, the State of Michigan used strategic workforce planning to address workforce issues and changes. This process remains a critical tool that state government will incorporate into its business planning processes.

The State of Michigan's strategic workforce planning vision is "to equip all state agencies with a seamless approach to proactively address workforce turnover within the state classified service and to ensure efficiency and continuity in the delivery of services and programs to the citizens of Michigan."

Eighteen agencies submitted workforce plans for review and use in developing a statewide plan. Agency plans reported on workforce goals, gaps and gap-closing strategies, demographic data, economic conditions and common issues.

Because every agency offered different services, state departments were encouraged to develop workforce planning processes that met their organization's particular needs. Consequently, their findings were unique to their organizations. Many of their reports, however, spoke to common issues and

¹Judy Denny, *Millennials Rising: The Next Great Generation* by Neil Howe and William Strauss, book review, <http://fcg.nbc.gov/millen.shtml> (accessed August 24, 2009).

suggested similar tools and methods to address them. These areas included attrition savings, knowledge capture and transfer, marketing, recruitment, staffing, wage compression and workplace culture.

INTRODUCTION

In 1991, more than 15 million people worked for state and local governments, making up 13 percent of the country's work force. In its first report, the National Commission on the State and Local Public Service found:

These employees do much of the real work of domestic governance. We literally could not live without them. They provide our water, collect our trash, vaccinate our children, police our communities and administer traffic safety, airports and the vital systems we need to communicate. They do much of the teaching, training and counseling in our public schools, universities and community colleges. . . . They design and carry out programs to lift our most needy out of poverty and into jobs and housing. They operate the hospitals that are the last hope of the uninsured. They staff most of our prisons, as well as our court system. Not a day passes during which their work does not touch and shape our lives.²

Many of these employees are members of the baby boom generation – the unexpectedly large generation born from 1946 to 1964. According to U.S. Census Bureau data, baby boomers make up a third or more of the nation's workforce and fill many of its most skilled and senior jobs. "The retirement of baby boomers will have a huge impact on the workforce," said Louis Kincannon, director of the census bureau. "Businesses and planners need a better understanding of labor force trends, the loss of experienced workers, and the payout of retirement benefits."³

In October 2007, Kathleen Casey-Kirschling, who was the first baby born to this generation, became its first member to register for Social Security benefits. She is among the 80 million baby boomers entering their retirement years. "Casey-

¹The National Commission on the State and Local Public Service, *Hard Truths/Tough Choices: An Agenda for State and Local Reform* (New York: The Nelson A. Rockefeller Institute of Government, 1993), http://www.rockinst.org/pdf/government_reform/1991-hard_truths_tough_choices_an_agenda_for_state_and_local_reform.pdf (accessed August 24, 2009).

³U.S. Census Bureau, "Census Bureau Launches Older Worker Profiles for 31 States," press release, June 18, 2007, http://www.census.gov/Press-Release/www/releases/archives/aging_population/010216.html (accessed August 24, 2009).

Kirschling is the raindrop that's about to become a tidal wave," ABC News reported.⁴

Organizations in both the public and private sectors are getting ready for this wave of retirements; the State of Michigan is among them. Governor Jennifer M. Granholm recognized that continuity of services provided by Michigan government relied on comprehensive preparation for these retirements, and she directed cabinet members to engage their departments and agencies in strategic workforce planning processes.

This report discusses the State of Michigan's efforts to manage its changing workforce and integrate strategic workforce planning into strategic business planning processes.

THE CASE FOR WORKFORCE PLANNING

Widespread retirement of employees born during the baby boom years is expected to have significant impact on private and public sector employers. Recruiting and hiring new employees is time consuming, and training new staff is an investment. New staff members need time to learn work duties, understand office culture and gain institutional knowledge. Typically, senior employees are the keepers of this knowledge, which they have gained over years of work with the organization. When these employees retire and leave the workplace, some of the organization's history and knowledge leave with them. Organizations that work to capture that knowledge and develop the unique skills and competencies of the retirees in the staff members who remain ensure a smooth transition and continuity of service.

In its annual "Grading of the States" management report card, *Governing* magazine reported that many states were not preparing for this exodus. "Statewide workforce planning – extrapolating demographic trends among employees to make sure state government is prepared for the future – remains a far reach for many of the states. . . . The lack of workforce planning is particularly hazardous for states with an aging employee base and for those that have undergone major shifts in employee structure."⁵

As with many organizations across the country, the State of Michigan has an older workforce, many of them career state employees. As of September 20,

⁴ABC News, "First Bay Boomer Collects Social Security: Next Generation of Retirees May Bankrupt System," October 15, 2007, <http://abcnews.go.com/WN/LifeStages/story?id=3732745&page=1> (accessed August 24, 2009).

⁵Kathering Barrett and Richard Green, *Grading the States 1999: A Management Report Card*, *Governing*, <http://www.governing.com/gpp/1999/gp9hum.htm> (accessed August 24, 2009).

2008, 52,069 employees worked in 18 state departments and agencies. Of these employees:

- 58.3 percent were age 45 or older.
- 24.9 percent would be eligible to retire in three years.
- 33.5 percent would be eligible to retire in five years.⁶

Additionally, many of these eligible employees held leadership roles. Of these employees:

- 25 percent in leadership roles would be eligible to retire in three years.
- 49 percent in leadership roles would be eligible to retire in five years.⁷

With the potential loss of state employees, the budgetary constraints of state government and a changing labor pool from which to attract and retain talent, the State of Michigan pursued a strategic approach to address issues related to its workforce. This approach – strategic workforce planning – remains critical for departments in creating a more efficient government to serve the citizens of Michigan.

AN OVERVIEW OF ECONOMIC CONDITIONS AND WORKFORCE AVAILABILITY

Current economic conditions have affected Michigan's general workforce. Two surveys that measured Michigan's labor market indicated widespread weakness caused by auto industry restructuring and lack of U.S. economic growth.⁸

Michigan Future Inc., a nonprofit, nonpartisan organization, aims to provide new ideas to help Michigan's people, enterprises and communities succeed in the Information Age. In its report on employment and earnings in Michigan's boom years, the organization found: "Employment in Michigan boomed from the lows of the last recession in 1991 to the peak of the expansion in 2000. Michigan's economy in 2000 was at full employment."⁹

⁶Civil Service Commission Reports MHR-0348, MHR-0647 and MHR-0650.

⁷Civil Service Commission Reports MHR-0467, MHR-0606/0607/0608, MHR 0440, MHR-0443/0444/0447.

⁸Department of Labor and Economic Growth, *Michigan Economic and Workforce Indicators*, (Lansing, Mich.: Department of Labor and Economic Growth, Winter 2009), http://www.milmi.org/admin/uploadedPublications/1476_MI_Econ_Indicators_Winter_09.pdf (accessed August 24, 2009).

⁹Lou Glazer and Donald Grimes, *Michigan Workers in the Boom Years: Employment and Employment Earnings 1991-2000*, (Ann Arbor, Mich.: Michigan Future Inc., December 2002), <http://michiganfuture.org/Reports/MichBoomYears.pdf> (accessed August 24, 2009).

That economy, however, was grounded in the auto industry and its suppliers. In its studies, Michigan Future found that 10 percent of the American workforce was employed in manufacturing, compared with 11.3 percent in Michigan. In the last 60 months, Michigan lost an estimated 326,000 manufacturing jobs. As of June 2009, 15.2 percent of Michigan's citizens were unemployed. The state's job losses continued to outpace the rest of the country because of its reliance on the auto industry, which was experiencing historic restructuring globally.

State government also has experienced a loss of jobs, dropping from nearly 67,000 employees in 1990 to just more than 52,000 in 2007. From 2001 to 2007, the state workforce lost 10,000 employees, a 16.2 percent reduction.¹⁰

Among the reasons for Michigan's widespread loss of jobs is the high number of workers in manufacturing positions. The number of those jobs shrank as companies shifted production to locations that offered cheaper labor and replaced workers with technology-driven processes.

"What made Michigan prosperous in the past is no longer a path to prosperity," Michigan Future said in its second annual report. "The knowledge-based economy is now the path to prosperity for Michigan."¹¹

Michigan has approximately 10 million residents. Of these, 7.6 million are older than 18, and 1.2 million are 65 or over. The median age is 37.3.¹² Michigan economic and workforce indicators, however, showed the net retention of Michigan's young, highly educated population had declined. In 2007, nearly 35,000 young knowledge workers left the state. Three of every 10 people who moved from a Great Lakes state remained within the region. Nearly 40 percent of those who moved relocated to Illinois, with Michigan drawing just under 14 percent of regional talent.

The lack of job opportunities for employees in knowledge-based industries is causing young workers to seek employment outside Michigan. This factor, when combined with a need for increased skills in knowledge-based jobs, could cause recruitment issues for skilled positions in state government as the economy and private sector labor market improves. Conversely, Michigan's current economic

¹⁰Civil Service Salary and Benefit Comparisons, November 2008.

¹¹Lou Glazer and Don Grimes, *Michigan's Transition to a Knowledge-Based Economy: Second Annual Progress Report*, (Ann Arbor, Mich.: Michigan Future Inc., April 2009), <http://michiganfuture.org/Reports/progress%20report%202009.pdf> (accessed August 24, 2009).

¹²U.S. Census Bureau, http://factfinder.census.gov/servlet/ACSSAFFacts?_event=&geo_id=04000US26&geo (accessed August 24, 2009).

conditions and high levels of unemployment could boost the pool of applicants to replace retiring state workers.

The perceived positive reputation and image of government work may help attract young, talented candidates to state government positions. In a 2008 survey, 43,313 American undergraduate students selected from 46 options which industry they “ideally want to work when choosing [their] first employment after graduation.” The greatest number of respondents – 17 percent – selected government and public service as their first choice. Health care was identified as a first choice by 13 percent of respondents, education by 12 percent and advertising by 11 percent.¹³

A SNAPSHOT OF MICHIGAN’S STATE WORKFORCE

The State of Michigan employs a labor force of more than 50,000 employees who work in areas ranging from public safety to accounting and auditing to health care. The state’s payroll for classified employees is 11.1 percent of overall expenditures.¹⁴

State departments are represented in all 83 counties. The highest concentration of employees – 14,007 – works in the capital region of Eaton and Ingham counties. The second largest concentration – 9,320 employees – is located in the Southeast Michigan region, which encompasses Wayne, Oakland and Macomb counties. More than one-third of all state employees work in two occupational areas: 19.7 percent in security and law enforcement jobs and 17.9 percent in human service positions.¹⁵

State employees average 46.4 years of age with 14.2 years of service. More than half leave their public service jobs for retirement. From October 1, 2007, to September 30, 2008, 52.2 percent of employees who left state employment retired (Appendix H).

Current projections indicate 11.6 percent, or approximately 6,000, state employees are eligible to retire. That percentage will increase to 24.9 percent in 2011 and 33.5 percent in 2013. In total, more than 17,000 state workers will be

¹³ Partnership for Public Service and Universum USA, *Great Expectations: What Students Want in an Employer and How Federal Agencies Can Deliver It*, <http://ourpublicservice.org/OPS/publications/viewcontentdetails.php?id=13> (accessed September 21, 2009).

¹⁴ Civil Service Commission, *Annual State Workforce Report*, (Lansing, Mich.: Civil Service Commission, n.d.), http://www.michigan.gov/mdcs/0,1607,7-147-6879_9329_48076---,00.html (accessed August 24, 2009).

¹⁵ *Ibid.*, graph 5-1.

eligible to retire by 2013. Additionally, a growing number of state government leaders are reaching retirement age. As of September 20, 2008, 25 percent of state employees in leadership roles would be eligible to retire by 2011 and 49 percent by 2013. Additionally, 20.1 percent of the entire state workforce was between the ages of 50 and 54 with another 21.9 percent over the age of 55.

Michigan's state workforce tends to be more highly educated than the private sector workforce; 54.8 percent of state workers have earned college degrees, compared with 26.9 percent of workers in the private sector. State employees without a college degree tend to be compensated better than private-sector employees, while state employees with college degrees earn appreciably less than their counterparts in the private sector. The difference in earnings between Michigan state employees and private sector employees grows significantly as the level of educational attainment rises.¹⁶

A 2009 study by Michigan State University economist Charles Ballard found that state workers earn less and pay more for their benefits. "Retrenchment of the State Employee Workforce in Michigan" concluded that state employees earn less than their private sector counterparts on average in eight different categories of comparable educational attainment. State employees with bachelor's degrees earn about 72 cents for every dollar earned in the private sector by workers with bachelor's degrees. State workers with master's degrees earn 62 cents to the dollar, those with professional degrees earn 80 cents to the dollar, and employees with doctoral degrees earn 76 cents to the dollar.

The study also found that state employees saw a 2.4 percent cut in wages in 2008-09, and health benefits co-payments rose, with the monthly cost for family coverage more than doubling. Ballard's study was funded by the Service Employees International Union, which represents some of Michigan's state employees.¹⁷

In today's changing job market, more employees are hired for the knowledge and expertise they bring to their jobs. Consequently, state government and other public and private sector employers recognize that employees provide more than their labor. The Civil Service Commission's workforce planning team reinforced this concept. As a result of their study, the commission's team found that "technological and demographic changes are driving a major shift in the state's ability to attract and retain a qualified workforce, due in part because technology

¹⁶Civil Service Commission, *Salary and Benefits Comparisons*, November 2008.

¹⁷Ballard, Charles, "Retrenchment of the State Employee Workforce in Michigan," report commissioned by the Service Employees International Union, 2009, <http://seiu517m.org/admin/Assets/AssetContent/87657323-d468-4ff7-a068-4d93028fed5f/546bfa9e-94e2-495f-9d30-54cc81f55e47/4e4ece6d-84e9-4dde-a7df-f756194ac55d/1/stateemployeesstudy.pdf> (accessed September 22, 2009).

has reduced reliance on manual processes and a better-educated workforce is required.”¹⁸

Many of these workers with higher levels of education will be members of the millennial generation, those born in the 20-year span that began about 1982. These millennials make up the largest generation in history.

Generational scholars Neil Howe and William Strauss describe millennials as the most affluent, educated and diverse generation. They call them optimistic team players that follow rules and accept authority more easily than their parents did at the same age. Their parents – the baby boomers – made them feel wanted, protected and worthy, giving them a sense of special treatment and protection that followed them into young adulthood. These factors provided them with a collective sense of confidence and power.¹⁹

The State of Michigan and employers across the country are retooling their thinking to incorporate this generation into the workforce. Workforce planning materials provided to department and agency teams included information on this newest generation of employees:

As the millennial generation is exponentially infiltrating the job market, the possibilities for vast change and innovation in the workplace are abundant. In order to tap into the potential of the fresh minds of the millennial employees while accommodating their specific needs, employers must familiarize themselves with modern management techniques. Incorporating a new generation of workers with new ideas into an established workplace can prove challenging to an employer, but compromise is vital to the harmony of the company if employers intend to make full use of their millennial workers. Millennials represent the future of the workplace, therefore if an employer wants to maintain its success or wants the business to grow, he or she will need to address the specific concerns of its millennial employee population, and employ use of management techniques that cater to the needs of the millennial generation.²⁰

¹⁸Civil Service Commission, *2009 Strategic Workforce Plan*, (Lansing, Mich.: Civil Service Commission 2009), www.michigan.gov/mdcs/0,1607,7-147-6879_49011---,00.html (accessed August 24, 2009).

¹⁹Denny.

²⁰*Future Workforce – Generational Differences: Resource Guide for Workforce Planning*, http://www.michigan.gov/documents/mdcs/WFP_Generation_Resource_Guide_254790_7.pdf (accessed August 24, 2009).

Their higher level of education gives millennial workers more employment options, and current retirement programs offer them greater flexibility.

Through its Office of Retirement Services, the State of Michigan administers two retirement plans for state employees. Employees hired before March 31, 1997, are enrolled in a defined benefit plan, which has a set period for vesting and entitles them to a pension upon retirement. Employees hired after that date participate in a 401(k) defined contribution retirement savings plan.

As of 2008, 56.3 percent of eligible state employees were enrolled in the defined benefit plan, and the remaining 43.7 percent participate in the portable defined contribution plan. While a pension plan may dissuade employees from leaving their employers to pursue jobs with other organizations, the portability of the defined contribution plan may offer younger employees opportunities to accept new jobs, which increases their marketability.

Because more than half the state's employee turnover is the result of retirements, this information becomes significant. State government's 2007-2008 turnover rate was 6.2 percent. From 2004 to 2007, that rate ranged from 5.0 to 5.8 percent. Available data does not provide conclusive evidence that pension portability affects state employee turnover. With current economic conditions and other social factors, employee mobility and marketability may not have significant impact on increasing employee turnover in state government. Instead, that increase could be caused by the oldest baby boomers moving into retirement. Collection of more detailed data during exit interviews would provide more conclusive information.²¹

Michigan's economic conditions and the unique qualities of its workforce are important to its workforce planning efforts. State government needs to follow a strategic approach in hiring, recruiting and training employees. Alignment of state objectives with agency planning and budgeting processes ensures that agencies are operating strategically to shape Michigan's future workforce. The state's old practice of "lose one, fill one" is not effective, especially with limited and shrinking resources as well as improved and streamlined processes.

The retention and development of a state workforce, especially in leadership positions, must move beyond old paradigms and outdated processes. New generations of state employees are seeking careers that embrace current technology and offer them flexibility, mobility and challenging opportunities. Current and emerging leaders will need training to develop competencies in managing the divergent work styles of multiple generations.

²¹Civil Service Commission Reports MHR-0461 and MHR-0462.

State government is committed to shaping a workforce that responds to these needs. To be successful, Michigan government must attract, retain and develop a skilled state workforce. Michigan is noted for its post-secondary network of colleges and universities that provide students with the advanced skills needed in today's knowledge-based economy.²² State government must do all it can to retain this talent in Michigan and attract these knowledge workers to the state workforce and public service.

THE REASONS FOR WORKFORCE PLANNING

When Governor Granholm took office in 2003, she shared a bold vision for developing a cost-effective government that delivers the results people demand without wasting taxpayer dollars. She envisioned a government that ensures Michigan is a place where businesses want to invest, people want to live and families want to raise their children. She visited communities across Michigan to inform citizens of the state's budget situation and receive input on their most important priorities.

With this input and the results of research by six cross-disciplinary groups, she set six priority areas for Michigan. These areas and their associated goals, include:

- Education: Improve student achievement and double the number of college graduates
- The economy: Sustain and create business investment and jobs in Michigan
- Health and human services: Make Michigan's people healthier and our families stronger
- Hometown security: Protect our citizens and make Michigan's communities safer
- The environment: Enhance the quality of Michigan's natural environment
- Better government: Make government in Michigan more cost effective and efficient

The goal of better government aims to make state government open to the citizens of Michigan, responsive to their needs and fiscally responsible. To achieve this goal, state government realizes the need to provide its employees with a great workplace that respects their values and commitment to public service and challenges them to create a government that strives for and achieves excellence in all it does. Accomplishing these objectives requires a skilled workforce that is ready and available to serve Michigan's citizens.

²²Bureau of Labor Market Statistics and Strategic Initiatives, *Measuring the Global Competitiveness of Michigan's Workforce*, (Lansing, Mich.: Michigan Department of Labor and Economic Growth, September 2008), http://www.milmi.org/admin/uploadedPublications/1468_Global_comp.pdf (accessed August 24, 2009).

Throughout her tenure, Governor Granholm has been a strong advocate of state employees and public service. In a March 2008 letter to employees, she thanked them for the professionalism, perseverance and dedication they showed during trying budgetary times. She asked them to continue that innovative spirit in implementing Michigan's 2008 priorities, one of which focused on providing better government.

“Regardless of what each of us does in our daily work,” she wrote, “all of our work falls under better government – which means we must continue to improve our performance so we can produce the very best results for the citizens of Michigan.”²³

As part of her commitment to employees and the effort to provide citizens with better government, the Governor directed formation of the Great Workplace Action Team (GWAT), which represented all cabinet-level agencies. This team was charged with:

- creating a great place to do great work
- reducing bureaucracy
- incorporating the values of inclusion, excellence, integrity and teamwork
- sharing resources
- using data to drive decision making
- embracing innovative practices
- recognizing what works
- halting things that don't work²⁴

As one of its key initiatives, the team focused on establishing Michigan as an employer of choice. This initiative envisioned providing “valued services delivered with respect by engaged, empowered, flexible, innovative and accountable employees.” Members identified six theme areas and established teams to identify areas for improvement and to develop and implement plans. The theme areas included:

- Hiring and retention
- Strategic workforce planning
- Leadership development
- Employee development
- Marketing
- Workplace innovation²⁵

²³Granholm, Jennifer M. Governor Jennifer M. Granholm to state employees, 5 March 2008, http://www.michigan.gov/gov/0,1607,7-168-24295_24308-187001--,00.html (accessed September 22, 2009).

²⁴Great Workplace Action Team, *Employer of Choice 2008 Year End Status Report*.

²⁵Ibid.

Coordinated statewide strategic workforce planning grew from this effort. This critical process was necessary for the State of Michigan to ensure continuance of critical services, recruitment of skilled employees for the future and retention of institutional knowledge.

In its 1999 Grading the States report, *Governing* magazine wrote, “The single biggest component of any state budget is payroll, and the most important element in the execution of any statewide project is a well-trained workforce, ready to make things happen.” The report also said, “Statewide workforce planning – extrapolating demographic trends among employees to make sure state government is prepared for the future – remains a far reach for many of the states.”²⁶

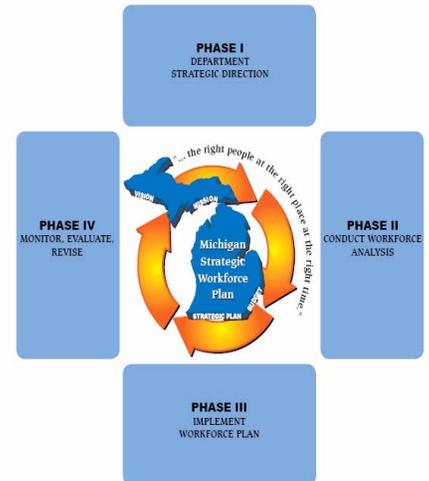
Recognizing the potential loss of talent, knowledge and experience to the state classified workforce in 2008, the Governor charged the Great Workplace Action Team, the Department of Management and Budget and the Civil Service Commission with developing a coordinated workforce plan to address future workforce needs. She directed cabinet members to engage departments and agencies in strategic workforce planning processes and Lisa Webb Sharpe, director of the Michigan Department of Management and Budget, to coordinate the effort at the cabinet level and lead development of the statewide plan (Appendix D).

WORKFORCE PLANNING ACTIONS AND PROCESS

The State of Michigan’s strategic workforce planning vision is “to equip all state agencies with a seamless approach to proactively address workforce turnover within the state classified service and to ensure efficiency and continuity in the delivery of services and programs to the citizens of Michigan.”

Discussions about workforce planning have been ongoing since 2005. That year, department and agency leaders participated in initial conversations with the Civil Service Commission to establish strategic workforce planning processes in preparation for future workforce changes. In 2007, the Civil Service Commission provided agencies with a “Strategic Workforce Plan and Succession Planning Manual” to use as a framework and

Michigan Strategic Workforce Plan



²⁶Bennett and Green.

resource.

In 2008, a coordinated strategic workforce planning process was developed through the Great Workforce Action Team efforts and the Employer of Choice initiative. A workforce planning team was formed, and its members identified four deliverables. The team would:

- benchmark best practices, measures and metrics for rolling out workforce planning.
- garner executive support for all departments to have a plan.
- provide training for facilitating the workforce planning process.
- provide a vehicle for ongoing dialogue and sharing of best practices among departments.

The team collected information from a wide range of resources. Members used this data to benchmark the best practices of other states and federal agencies. They conducted a nationwide survey through the National Association of State Personnel Executives (NASPE) to learn how other states assessed the effectiveness of their workforce planning models and strategies. Members also talked with Pew Center officials about their research into best practices and innovation, which *Governing* magazine uses in its comprehensive “Grading of the States” report, which helps leaders understand how to serve the public and its needs better.²⁷ It also assists state policymakers by sharing what works, learning from what doesn’t and helping states adapt ideas to their unique needs.²⁸

Pew researchers said future reviews would look for a stronger connection between human capital planning, workforce planning, business planning and budgeting. Researchers recommended that Michigan’s workforce planning team analyze the link between environmental scans of the labor market and key labor trends. They also suggested the planning team consider how the data drive the state’s decision-making process.

Departments were encouraged to review relevant data and develop workforce planning processes to meet their particular needs. To ensure that state government was prepared to meet future workforce challenges, the cabinet secretary directed leaders of each principal cabinet-level agency to develop a strategic workforce plan (Appendix E). Representatives of all agencies attended

²⁷The Pew Center on the States, *Grading the States 2008*, http://www.pewcenterontheStates.org/gpp_report_card.aspx (accessed August 24, 2009).

²⁸The Pew Center on the States, *Initiatives*, http://www.pewcenterontheStates.org/initiatives_detail.aspx (accessed August 24, 2009).

“Planning for the Future: 2008 Workforce Planning Summit,” which was held October 31, 2008. This summit provided an outlook for Michigan’s future; addressed, in part, Governor Granholm’s priority of creating a better government; and provided applicable tools and resources to use in conducting their own strategic workforce planning process. Sessions at the summit offered guidance and tools for developing effective processes.

To standardize the process, the State of Michigan adopted the following definitions:

Strategic workforce planning in state government is the process through which human resource planning is integrated with an organization’s strategic plan. It is a planned approach for department management to identify necessary organization changes, positions to target for succession planning, training and development, recruitment, redeployment and knowledge transfer.

Succession planning is a component of strategic workforce planning and focuses on the process of identifying the key leadership positions within each department and developing employees within state government to assume these positions. Succession planning attempts to respond to attrition by ensuring well-qualified employees are in place to assume critical positions in the shortest possible time from internal and external resources.

A presentation at a summit introductory session suggested that workforce planning processes unfold in four phases. Teams were encouraged to:

- review their department’s strategic direction.
- conduct a workforce analysis.
- implement a workforce plan.
- monitor, evaluate and revise the plan.

As first steps in the process, departments and agencies were encouraged to conduct several analyses and use their entire strategic plan in examining these areas. These analyses included:

- A program analysis that focused on:
 - mission-critical programs
 - changes to the mission/core services of the department, such as legislation and funding, among others

- Competency and staffing analyses that focused on:
 - mission-critical behavioral or technical skills
 - occupations that are difficult to recruit or retain²⁹

After the summit, a network of Workforce Planning Champions was established to serve as resources for agencies as they assessed their future workforce needs. Meetings were held, and milestone summaries were due in March, May and June 2009. The final plan, which was due June 1, 2009, was to include:

1. A department overview
2. Business drivers (mission, vision, strategic plan, goals and objectives, etc.)
3. An executive summary of findings and recommendations
4. A listing of priority classifications
5. A description of the process (team members, pilot, priority group, etc.)
6. A summary of the environmental scan (trends, issues and challenges)
7. Details of findings and recommendations. These details were to include:
 - an alignment summary (strategic plan, etc.).
 - data analysis information.
 - gap-closure recommendations.

Business partners throughout state government contributed their experience, knowledge, technology and systems. The Department of Management and Budget's Office of Retirement Services and the Civil Service Commission collaborated on projected retirement data, and the Department of Energy, Labor and Economic Growth's Labor Market Information and Strategic Initiatives areas provided relevant labor market information.

²⁹ MDCH#1-Workshop Introduction, http://www.michigan.gov/mdcs/0,1607,7-147-6879_49011_52126---,00.html (accessed August 24, 2009).

FINDINGS

Eighteen principal cabinet-level agencies³⁰ submitted workforce plans for review and use in developing a statewide plan. Agency plans reported on workforce goals, gaps and gap-closing strategies, demographic data, economic conditions and common issues. Following are descriptions of the processes agencies followed along with key findings. Workforce planning documents of each state department and agency are available at www.michigan.gov/mdcs/0,1607,7-147-6879_49011---,00.html.



The **Departments of Agriculture, Environmental Quality and Natural Resources** collaborated in a combined workforce plan. This collaboration was possible because of the departments' related business and future objectives, skill sets, workforce demographics and recruitment needs. Approximately 30 percent of the agencies' workforce, including 50 percent of supervisors and higher-level managers, will be eligible for retirement in the next five years.



The workforce planning process engaged interdepartmental leadership academy participants as an action learning project. One team created an automated Knowledge, Capture and Transfer tool that identified the employees and positions in which critical knowledge capture and transfer was necessary. The KCaT uses survey responses to score individuals. This score incorporates factors of the Tennessee Valley Authority model, a position risk factor and a retirement factor. Although the retirement factor is based on proximity to retirement eligibility, the position risk factor is based on an estimation of the difficulty or level of effort required to replace the employee when leaving the position. The base TVA score is supplemented by employee-specific responses to the KCaT survey tool.



To address ongoing needs, these agencies plan to continue validation of KCaT data, streamline job classifications used to allow flexibility and career mobility, and develop a student internship program with a focus on the math and science skill sets employees need.



Executive Team members in the **Department of Civil Rights** developed the department's workforce plan. An initial review of retirement projections showed 46.2 percent of the department's 13 Group-4 administrators and 35.7 percent of its 14 Group 3-employees at the 13 level were eligible to retire September 20, 2008. Overall, 21.4 percent of the workforce will be eligible for retirement in the next five years – 31.7 percent by 2011 and up to 38.9 percent by 2013.

³⁰Data used in strategic workforce planning represent all state employees. The findings section includes summaries of the department reports. The Department of State and the Office of the Attorney General did not submit formal plans.

Budget constraints and the implementation of Executive Order 2009-22 also affect the size of the department's workforce. Before May 2009, approximately 128 department employees worked in eight offices located in Benton Harbor, Detroit, Flint, Grand Rapids, Kalamazoo, Lansing, Marquette and Saginaw. Currently, 101 staff members work in the department's five offices in Detroit, Lansing, Flint, Grand Rapids and Marquette.

Initially, the department focused its workforce planning efforts on succession planning; however, team members expanded the scope of the project to include process improvements that would ensure achievement of the department's mission and critical functions. The department continues to address issues including knowledge transfer, talent management and workplace culture.



The **Civil Service Commission** workforce planning group focused on enterprise-wide initiatives. Operationally, the commission is a strong provider of accurate, timely human resources services. To serve its business partners better, the commission plans to strengthen its role as a strategic partner, leveraging its administrative talents with human resources expertise.

The average age of Civil Service Commission workers is 48.2, and the average years of service are 18.9. In both demographic areas, the commission's workforce is older and has more tenure than the statewide average. By 2013, 40.2 percent of the commission's workforce will be eligible to retire, including the chief deputy director, deputy director and senior executive assistant.

As the enterprise human resources office, the Civil Service Commission is able to transfer knowledge and leverage technology in some areas as the workforce shifts. To address these needs, the commission will use training and development, succession planning and knowledge transfer.



The **Department of Community Health** used a combination of strategies to develop its workforce plan. The workforce planning team chose a more global approach, using environmental scans, the Employee Vision and Values Survey and Tier I, Tier II and agency-wide MI 360 survey results to examine the department as a whole. Managerial employees also participated in sessions to assess anticipated changes.

Nearly 35 percent of the department's workforce will be eligible for retirement in five years. Recruitment of healthcare professionals, including nurses, continues to be a critical need for the Departments of Community Health and Corrections. Revamping of the DCH culture was viewed as a key strategy for establishing a work environment that would be more desirable to current and future employees.

Using social networking (Facebook, Linked-in, Twitter, etc.), working in partnership with professional associations and maintaining a Web presence supports ongoing recruitment and retention strategies.



The **Department of Corrections** has shifted its business focus to the Michigan Prisoner Re-entry Initiative, which emphasizes prisoner success in the community upon release while keeping neighborhoods safe. The department's workforce planning efforts focused on the future needs of the organization's Field Operations Administration area.

The workforce planning team identified several key internal and external environmental factors that have an impact on the workforce. The increased supervision of prisoners in the community, public and private partnerships, and advancement of technology for electronic monitoring have changed the competencies parole and probation officers need to be successful.

The department does not expect significant turnover in this area. In the next five years, only 14.3 percent of probation and parole officers will be eligible to retire. Future workforce strategies will focus on recruiting additional parole and probation officers – both internally and externally – to support future business needs as well as developing and retaining employees in these positions.



In its workforce planning process, the **Department of Education** chose to “re-imagine” ways to educate Michigan's students more effectively and efficiently with fewer financial resources. The department also wanted to reorganize in order to work differently with constituents. The general workforce plan identified key staff, which included high-level managers with specialized knowledge; established staff cross-training procedures to assure knowledge capture; and planned to recruit retired school employees to build an effective future workforce.



The **Department of Energy, Labor and Economic Growth** workforce plan looked at key positions and classifications. Planning team members highlighted the political, economic, sociocultural, internal and technological influences that affect business strategies. Members assessed key positions based on the need for specific positions in three years; the difficulty of replacing an incumbent based on function, responsibility, authority, priority or strategic objectives; and whether to fill a position at its current classification and level.

The average years of service for a DELEG employee is 14.8, which is near the statewide average. As of 2008, 15.2 percent of the DELEG workforce was

eligible to retire. By 2013, this number will reach 37.7 percent. DELEG used its key positions analysis to review these retirement projections.

The nature of the department's work is specialized, and DELEG has a history of excellent mentoring, job shadowing and training of internal staff for positions beyond the entry level. Additionally, the planning team noted that some positions would not be filled based on anticipated expiration of some regulations and other factors.

The department determined that locating qualified candidates for certain first-level supervisory positions was an issue. The pay differential between the supervisor and bargaining unit staff has not been high enough to encourage employees to seek promotion. This type of compensation compression and job classification issues will be addressed as part of the department's continued workforce planning efforts.



Members of the **Department of Human Services** reviewed current business practices and anticipated future needs to develop their workforce plan. The department's business drivers have created dramatic changes in the composition of the agency's workforce. The Children's Rights Lawsuit resulted in changes to the organizational structure and enhancement of degree requirement, among other items.

The current department retirement eligibility is 7.5 percent. By 2013, it will increase to 38.7 percent. The current turnover rate is 6.7 percent. Analysis of retirement projections for key classifications, such as the position of child welfare consultant, indicates 26.3 percent of the employees were eligible to retire. By 2010, that number would increase to 52.6 percent.

The department is piloting workforce planning strategies in areas where higher degree requirements affect recruitment, budgetary constraints influence staffing levels, and the economic climate affects demands for increased services. Strategies to address the future needs are ongoing.



The Michigan **Department of Information Technology** has been engaged in the workforce planning process for three years. The department faces significant challenges in managing an information technology talent pool that is decreasing in size but facing increasing demands. By 2013, 34 percent of the department's employees will be eligible to retire; 47 percent of the leadership also will be eligible. Department leaders recognize that the landscape for government technology changes rapidly. The department's ability to attract and retain the best technology talent is essential to serving agency partners and customers

successfully. Retention strategies include offering employees meaningful work, providing professional development opportunities and expanding career potential. Leaders also strive to nurture pride and commitment among its employees.

Identifying emerging technologies is critical to the department's future and its workforce. Training and retraining of employees is essential to provide the new technologies customers expect. Department strategies include developing an online virtual university, offering a variety of technical and behavioral development tools, and working with Lansing Community College to develop a pilot program to train employees in the most current programming languages.



Michigan Bureau of State Lottery workforce planning efforts identified the skills workers needed to meet future business objectives. The Michigan Lottery is committed to generating revenue for the state through the responsible management and sale of entertaining lottery products. Employee skill sets of marketing, technology and administration are essential.

The workforce for the Michigan lottery is relatively small with 166 employees. Currently, 11.4 percent of the bureau's workforce is eligible to retire. By 2013, 31.3 percent will be eligible. Employee turnover in leadership and critical positions has a significant impact to the organization.

Through succession planning, which incorporates mentoring programs and training sessions for potential management candidates, and enhancement of technical skills, the knowledge of the organization may be continuously developed and preserved. The need for additional staffing also was noted; however, budgetary constraints would need to be addressed.



The **Department of Management and Budget's** workforce planning process encouraged managers to re-examine strategies and service delivery methods and rethink the development and deployment of staff to achieve business objectives. Analyzing operations over the next five years laid out a strategic plan that would ensure DMB's core business services were uninterrupted during this period of unusually high retirement. The data show DMB employees are slightly older than average state worker and have longer tenure; 65 percent of the department's workforce is 45 or older. By 2012, more than a third of the department's employees will be eligible to retire.

All offices in DMB expect to see a steady increase in the number of retirees through 2013; however, these retirements are not expected to have a noticeable effect on the continuity of DMB services. Economic conditions and higher levels

of unemployment are expected to generate larger applicant pools for future openings. The department will continue its focus on service excellence and maintaining technologies to support core business functions. Knowledge transfer and employee development also will continue.



The **Department of Military and Veterans Affairs** assessed its agency-critical positions. Although the department's three-year retirement projection is only 8.3 percent, it jumps to 20 percent by 2011. Additionally, military deployments have a significant effect on the department's ability to carry out strategic goals and objectives. Federal employees, who are subject to deployment for six months at a time, supervise most department staff members. The department views knowledge capture and training as key strategies to ensure continuity of service and the ability to achieve agency goals and objectives.



Workforce planning in the **Office of the State Employer** sought to capture the critical knowledge and skill sets in current positions that would enable staff in these positions to carry out the office mission in the absence of any particular incumbent. Up to 85 percent of the office's current workforce will be eligible to retire within the next five years. Workforce planning efforts sought to identify the critical knowledge that should be transferred and eliminate dependence on specific individuals to meet future agency objectives.

Position description updates and other knowledge-transfer strategies (job shadowing, mentoring, cross training, job aids, etc.) will be implemented.



The **Michigan Economic Development Corporation** focused on identifying the "key employees" that have significant knowledge of their core businesses, processes and procedures, and functioned as sole sources of knowledge in their roles. Currently, 17.7 percent of all MEDC employees are eligible to retire – 32.6 percent of them by 2011 and 40.3 percent by 2013.

The MEDC is working to identify key training needed, implement job-shadowing opportunities and integrate other succession-planning efforts. Training will help introduce staff to future opportunities with the organization.



Michigan State Police workforce planning focused on the overall organizational performance of the department. May 31, 2010, is significant as this will mark the first phase of enlisted retirements in the Deferred Retirement Option Plan, which

affects eight mission-critical positions. The Michigan State Police anticipates 14 percent turnover in enlisted and civilian retirements by 2014.

The department will continue to focus on employee recognition, which has been the hallmark of the department; however, the department seeks additional strategies to maintain an engaged and highly motivated workforce. Future organizational realignments and an improved personnel selection process, including a new lieutenants and sergeants exam, also will be utilized.



Michigan Department of Transportation workforce planning efforts, which have been under way for more than 10 years, have provided a framework for budget allocations and staffing levels. The department's robust recruitment program has been used to attract entry-level engineers and civil technicians. It also encourages partnerships with educational institutions to facilitate awareness of state employment and on-the-job training. This proactive recruitment program has helped moderate the department's overall retirement projections. By 2013, only 27.8 percent of the workforce will be eligible to retire. Retirement projections for certain job titles and leadership positions, however, are high.

Workforce planning strategies aimed at attracting new talent are critical. These strategies address future needs for skilled employees and speak to the need for staff that can work with new intelligent transportation systems.



The **Department of Treasury** workforce demographics are similar to other state departments in that 43 percent of the workforce is 50 years old or older. Five-year retirement projections indicate that 30 percent of the department's employees will be eligible for retirement. The loss of institutional knowledge while developing a new business tax system for the State of Michigan required the department to develop knowledge transfer processes and succession planning strategies.

To address its ongoing needs, Treasury developed a list of the core competencies future leaders would need. The department's leadership development courses will offer training in these core areas. These competencies also will be incorporated into the performance management cycle and recruitment and selection processes.

RECOMMENDATIONS

Because every agency provides different services, state departments were encouraged to develop workforce planning processes to meet the particular needs of their organizations. Consequently, the findings and recommendations that resulted from the strategic workforce planning efforts address their unique workforces and issues. Comprehensive information about these findings and recommendations can be found in individual agency reports. Links to the full reports are available at www.michigan.gov/mdcs/0,1607,7-147-6879_49011---,00.html.

A number of these reports, however, offer recommendations that speak to common issues and suggest similar tools and strategies to address them. Several departments offered recommendations in the following major areas:

- **COST SAVINGS**

When used as part of a strategic plan, the reduction of staff size through attrition can result in cost savings. As employees retire, the positions they vacate are reviewed and reclassified, if necessary. Consolidating positions, streamlining processes or leaving positions vacant can help reduce costs.

- **KNOWLEDGE CAPTURE AND TRANSFER**

Capitalize on the KCat. The automated Knowledge Capture and Transfer tool – KcaT – helps identify staff members with key institutional knowledge, individuals who provide key customer services and employees who cannot be replaced quickly or easily. Departments agree this tool helps identify centers of institutional knowledge and enables leaders to arrange to transfer this critical information to other staff members. The KCaT uses survey responses and information from the Tennessee Valley Authority model to identify these individuals. Information from this process can also be integrated with automated human resource systems.

Communicate about key positions. Some departments recommended additional communication about high-priority positions that have been identified as having key importance. Making employees aware of the position descriptions and their related competencies can prepare them to compete for future vacancies. The Civil Service Commission previously completed career mapping of certain classifications in the Departments of Corrections, Human Services and State. Updating and expanding the career map information could help enhance the abilities of internal applicants. Displaying this information prominently via the employee portal would help prospective applicants learn about the positions.

Gather information through exit interviews. Recommendations included standardizing exit interviews statewide to collect more information about employee mobility. An automated system could serve as a valuable tool in determining whether retirement portability affects the state's recruitment and

retention efforts over the long term. The system also could be used to capture data from employees who leave state service to work for other employers.

- **MARKETING**

Communicate state government's brand. The state should promote its brand as the "employer of choice" and leverage the opportunities it offers in nearly every major career area. Efforts should position state government as an enterprise employer that can meet employees' career interests today and provide them with a career path for the future.

Market state services. Services performed by state employees and their potential for savings should be marketed to local governments, universities and other external customers. The creation of shared service centers can help reduce costs and streamline staffing and processes.

- **MEASUREMENT AND METRICS**

The workforce planning team will adopt standard metrics that will be used statewide to implement and monitor workforce plans. Departments may wish to supplement this list with their own metrics. Metrics should consider strategic goals, objectives and strategies communicated in the agency's workforce plans. Lists should be completed by December 31, 2009.

Future state workforce plans should measure and report the status of recommendations from this plan and the enterprise metrics and other key initiatives within state government, including the work of the Civil Service Commission, the Diversity Council and the Employer of Choice initiative.

- **RECRUITMENT**

Use technology to enhance brand recognition. Expanded use of technology, automated application and recruitment tools, social networking sites and placement on school and association Web sites should be a statewide focus.

Build stronger relationships with higher education. Establishing or strengthening formal relationships between state government and Michigan's colleges and universities will help agencies recruit new employees, keep Michigan talent in the state and capitalize on the state's investment in education.

- **STAFFING**

Explore alternative staffing options. Agencies should explore and develop alternate forms of staffing, including student internship and co-op programs and positions that are less than full time. Staffing options could also include rehiring retired employees for temporary appointments. Although state government's workforce will be smaller, development of model staffing

patterns that go beyond the traditional full-time equivalent paradigm will help create an efficient, effective workforce in the future.

Expose students to state employment. Coordination of internship/externship and co-op programs can attract the emerging workforce by offering exposure and creating attachment to state employment.

Explore staffing strategies. State government is challenged by its low turnover rate. Career mobility opportunities and involvement with challenging projects will help state government retain millennial employees hoping to advance their careers.

- **WAGE COMPRESSION**

Examine wage rates for key employee classifications. Entry-level wages and wages for state government employees without degrees generally match or exceed the market. As they continue with state employment, however, employees with college degrees tend to earn less than their counterparts in the private sector. Employee classifications that have recruitment and retention issues should be examined and salary and wage rates addressed.

Examine first-line supervisory wages. The level of first-line supervisory wages does not provide incentives for employees to seek promotion. Agencies such as DELEG and DMB noted that employees do not pursue supervisory positions because the wage increase, if any, is not an incentive given the increased responsibility and duties.

- **WORKPLACE CULTURE**

Support alternative schedules and programs. Workforce planning teams recommended continuing support for alternative work schedules, ride share boards and other work/life balance programs.

Use survey data to implement changes. Information collected from employees, such as data from the Vision and Value Tier I and Tier II Surveys, should be used to assess what matters most to the current workforce and to implement changes accordingly.

Provide leadership development opportunities. Employees should receive support for efforts to participate in leadership development opportunities, either inside or outside state government. Staff should be encouraged to participate in programs such as leadership academies or pursue professional development classes or advanced degrees.

KEY PERFORMANCE INDICATORS FOR WORKFORCE PLANNING

The State of Michigan's workforce planning effort is a critical tool for efficient and effective strategic planning. To be successful, departments must incorporate workforce planning into their business planning processes. Additionally, the effort requires effective measures to quantify outcomes consistently.

Individual State Agencies

Strategic workforce planning will become an integral component of each state agency. To accomplish this, agencies will:

- include strategic workforce planning in their agency strategic plans as they update them.
- demonstrate the support of executive leadership and include workforce planning as a performance measure in annual senior manager reviews by October 2010.

In its role as state government's overall human resources agency, the Civil Service Commission has adopted enterprisewide workforce planning metrics. The Office of the State Employer and the Diversity Council also have adopted enterprisewide metrics in response to priorities established by the executive office.

Civil Service Commission

The commission will accomplish the following objectives:

- improve employee satisfaction by 15 percent
- save \$1 million by standardizing the recruiting process
- increase the student placement rate by 10 percent

Office of the State Employer

The office will:

- increase awareness of alternative work schedules and telecommuting options, which are available to state employees. Currently, 36 percent of state employees utilize some form of alternative work schedule or participate in telecommuting.

State Equal Opportunity and Diversity Council

This council will implement these measures across state government:

- Participate in diversity recruitment and selection training for appropriate staff to enhance their ability to recruit, select and retain a high-quality, culturally diverse workforce by December 1, 2009
- Standardize diversity training within state government and direct each department and agency to provide employees with training to increase their

ability to effectively communicate, interact and solve problems in culturally diverse settings by December 31, 2010

Because the mission of each state government entity is unique, each agency is developing specific performance metrics that correspond to its individual plans. These measures and metrics will be monitored and evaluated as the state continues workforce planning efforts.

STRATEGIC WORKFORCE PLANNING: CONSIDERATIONS AND NEXT STEPS

The state's workforce is a valuable resource for the citizens of Michigan. Its knowledge, ingenuity and commitment to public service are paramount. The future of state government will depend on leveraging and integrating state employees, technology and funding to effectively serve citizens.

Declining state revenue and a projected \$2.8 billion budget deficit for Fiscal Year 2010 challenges the Governor, Legislature, state administrators and employees to reduce operating costs across the board. The Governor's directives to renegotiate contracts, cease spending for nonessential purchases, freeze hiring, reduce the fleet, and reduce energy use, among others, contribute to this effort. While this hard work has reduced costs, closing the deficit gap will require wide-ranging efforts.

In February 2009, the Governor asked Lieutenant Governor John Cherry Jr. to lead the effort to modernize state government. That effort centers on four areas: a government focused on core priorities, enhancing service to citizens, maximizing technology, and attracting the next generation of talent.³¹

As the Governor did upon taking office, Lieutenant Governor Cherry is traveling across the state, seeking public input on the role of government in seven core functions: public safety, education, public systems, well-being, sustainability, economic opportunity and prosperity, and efficiency and effectiveness. Citizen input will be instrumental in his plan to streamline state government, which he expects to announce early in 2010.

Any streamlining effort – whether through consolidations, program elimination or other measures – and continuing economic challenges will affect the ability to implement some of these workforce plans. For these reasons, Michigan's strategic workforce planning document must be fluid and capable of adapting to

³¹The Seven Core Functions of Government, <http://www.michigan.gov/lsgov/0,1607,7-169--216831--00.html> (accessed September 23, 2009).

future changes. These changes, however, will not thwart progress in this important effort.

State departments and agencies have been charged with integrating strategic workforce planning into their strategic business planning processes. Leadership will be accountable for providing the executive direction and support for that effort.

The recommendations that came from the workforce planning process provide the Civil Service Commission with a framework for specific enterprise initiatives to address the workforce of the future. This process includes the following elements:

- A strategic workforce planning component must be included in all future strategic plans and considered for inclusion into the performance measures of agency leaders.
- Agencies will continuously benchmark the best workforce planning processes and identify gap-closing strategies.
- Workforce planning processes will consider how diversity will affect the state government of the future.
- Meaningful statewide workforce measures and metrics should be developed.

The State of Michigan's strategic workforce planning efforts benefit from the consolidation of human resources operations, which was established by Executive Order 2007-30. This order aimed to improve the effectiveness of human resource operations and promote a unified strategic approach to human resource administration. This consolidation provided executive direction and support that will be instrumental in future statewide planning.

As agencies implement other Great Workplace Action Team recommendations in the areas of employee recruitment and retention, marketing, leadership, employee development and workplace innovation, the State of Michigan reinforces its position as an employer of choice. Already, these changes and the implementation of strategic workforce planning are producing results. In 2009, six state agencies were recognized in national competition for Sloan Awards for workplace flexibility.

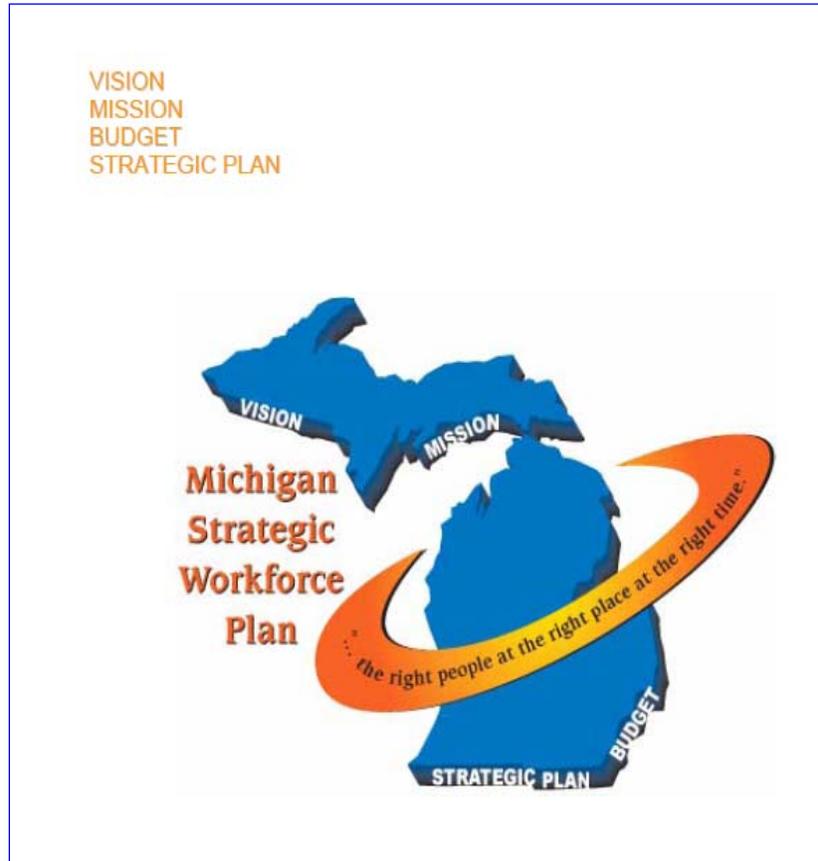
The State of Michigan's adoption of workforce planning efforts provides state government with an adaptable process to prepare for the departure of its long-standing employees, address the needs of its newest workers, and prepare for the generations of public servants yet to come.

APPENDIX

**APPENDIX A:
Abbreviations**

CSC	Civil Service Commission
DEQ	Department of Environmental Quality
DHS	Department of Human Services
DIT	Department of Information Technology
DELEG	Department of Energy, Labor and Economic Growth
DMB	Department of Management and Budget
DMVA	Department of Military and Veterans Affairs
DNR	Department of Natural Resources
Lottery	Michigan Bureau of State Lottery
MDA	Michigan Department of Agriculture
MDCH	Michigan Department of Community Health
MDCR	Michigan Department of Civil Rights
MDE	Michigan Department of Education
MDOC	Michigan Department of Corrections
MDOT	Michigan Department of Transportation
Treasury	Michigan Department of Treasury
MSP	Michigan State Police
ORS	Office of Retirement Services
OSE	Office of the State Employer

APPENDIX B:
State of Michigan Strategic Workforce Planning Manual



http://michigan.gov/documents/mdcs/StrategicWFP9-18-07_213429_7.pdf
(available online only)

APPENDIX C: State of Michigan Succession Planning Tool Kit

Succession Planning Tool Kit

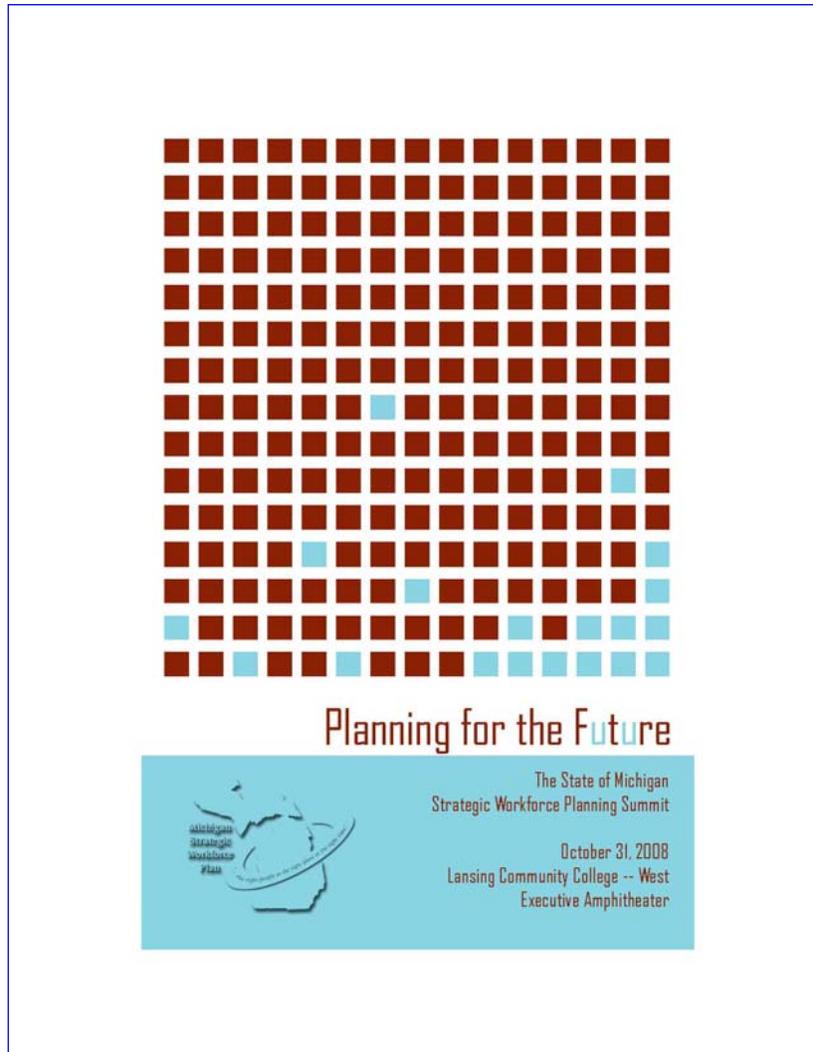
Succession planning is the process of identifying the key leadership positions within each department and developing employees within state government to assume these positions. It is a comprehensive plan to address both current and future leadership needs while maintaining the existing merit principles.



The logo for the Michigan Succession Plan is a circular graphic. At the center is a blue outline of the state of Michigan with the words "Michigan Succession Plan" written in white. A large grey key is positioned vertically over the map. Surrounding the map are four orange curved arrows forming a circle. The arrows are labeled: "VISION" at the top, "MISSION" on the right, "STRATEGIC PLAN" at the bottom, and "BUDGET" on the left. A quote, "... the right leadership at the right place at the right time with the right skills", is written in a curved path around the outer edge of the arrows.

http://michigan.gov/documents/mdcs/SuccessionPlanningCareerPipelineToolKit_213235_7.pdf
(available online only)

**APPENDIX D:
Workforce Planning Summit Reference Materials**



http://www.michigan.gov/mdcs/0,1607,7-147-6879_49011_52126---,00.html
(available online only)

**APPENDIX E:
Cabinet Secretary Directive**



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

MEMORANDUM

Date: September 15, 2008

To: Cabinet Members

From: Nathaniel Lake, Jr.
Cabinet Secretary

Re: State of Michigan Strategic Workforce Planning and Kickoff Summit

The aging population of baby boomers nationwide has caused many private sector corporations to give pause and plan for a critical exodus of workers in the next five years. The state of Michigan and state government are not exempt from this alarming trend and it is estimated that within one year 14 % of the state workforce (25% in leadership roles) will be eligible for retirement. The figures for eligibility in the next five years are staggering. A total of 37% of the general state workforce and 48% of leadership would be able to retire by 2012 if they chose to do so. Additionally, 40% of state employees participate in a DC plan, a very portable retirement savings tool, making the number of employees eligible to leave state service significantly higher.

Strategic workforce planning is necessary if the state of Michigan is to meet the challenge to ensure the continuance of critical services, to recruit skilled employees for the future, and to capture institutional knowledge.

We have already started work on this effort with our Employer of Choice (EOC) initiative through the Great Workplace Action Team (GWAT). Several of the EOC sub-teams are researching and will propose numerous recommendations that will support and contribute to strategic workforce planning.

As we move forward we have asked Lisa Webb Sharpe, Director of the Department of Management and Budget to provide cabinet level coordination and leadership to the development of our statewide planning. Lisa will work in conjunction with the Civil Service Commission to coordinate our efforts. Following is an outline of next steps in our planning process:

WORKFORCE PLANNING LEADERSHIP

A. The Director of the Department of Management and Budget, working with the Civil Service Commission, will provide statewide leadership to the development of strategic workforce plans by each principal department and autonomous agency. This will include:

1. Establishment of a statewide team to develop workforce planning activities.
2. Provision of a framework for planning purposes.
3. Identification of resources that may be helpful for knowledge transfer.

4. Identification of policy or rule changes that may facilitate successful staffing outcomes.

WORKFORCE PLANS

- A. Each principal department and autonomous agency shall develop a formal strategic workforce plan to include the following elements:
 1. Identification of a key leader in each department and autonomous agency to lead the department or agency's strategic workforce effort.
 2. Use and analysis of workforce data to include the impact of potential departures on its ability to deliver services, with a particular emphasis on critical services.
 3. An analysis of future business needs that will require changes in skill sets, service provision or staffing.
 4. A plan that identifies critical areas for specific actions to ensure the ability to continue statewide operations in a seamless fashion and implementation steps to achieve those actions, including critical knowledge transfer elements.
 5. Identified resources to ensure the plan is implemented in an appropriate fashion (e.g. inclusion of expectations in performance management plans, identification of specific program activities to ensure planning occurs, and any other monitoring and tracking systems needed, etc).
- B. Each department shall provide a strategic workforce plan to the Director of the Department of Management and Budget by June 1, 2009.

REPORTING

- A. The Director of the Department of Management and Budget, working with the Civil Service Commission, shall report on progress of planning efforts quarterly to the Executive Office.
- B. The Director of the Department of Management and Budget will provide a final report on statewide workforce planning to the Executive Office by August 1, 2009.
- C. The Director of the Department of Management and Budget will work with the Executive Office to provide coordination with other employer of choice initiatives.

WORKFORCE PLANNING KICKOFF SUMMIT

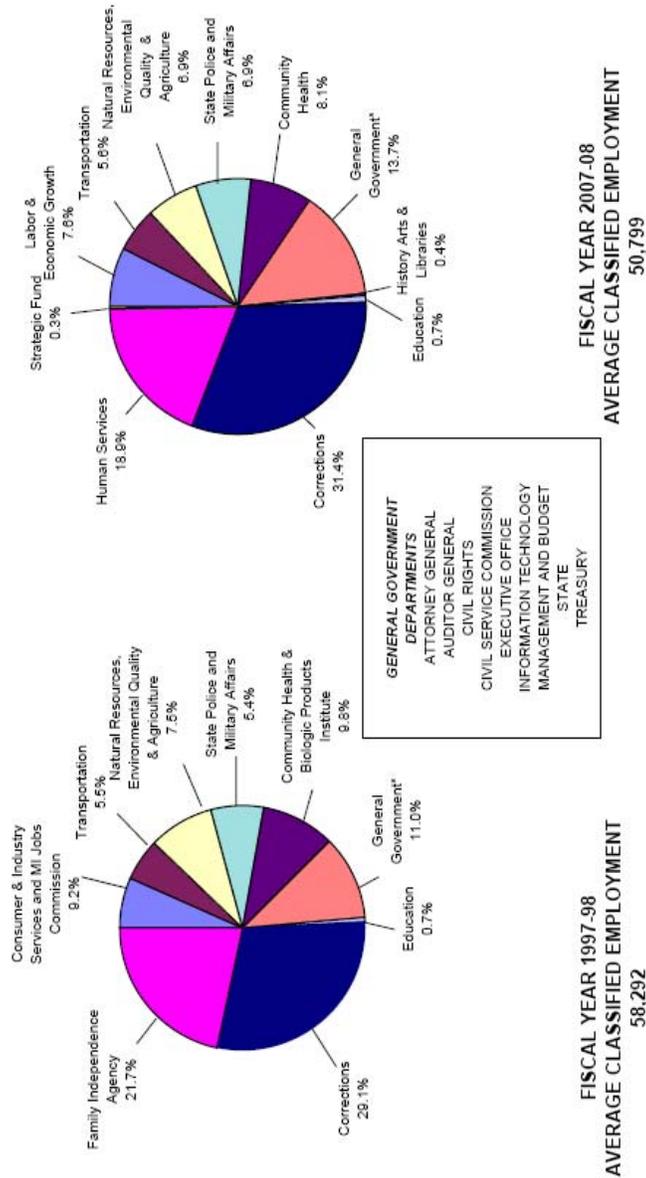
In order to share further information about this planning effort, the Great Workforce Action Team on Strategic Workforce Planning, will host a kickoff summit on Friday October 31 from 8:30 am to 12 noon at Lansing Community College West. Please plan to personally attend at least a portion of the day and send your chief deputy director, your human resource director, your organizational development officer (ODO) and the individual you will name to serve as your workforce planning champion as full participants in the day's activities. Further information will be provided closer to the event but we wanted to get this on your calendar now.

Please provide the name of your workforce planning champion to Connie Skates, skatesc1@michigan.gov by September 22nd so we can be sure to extend a personal kickoff invitation to them.

As always your cooperation and support in our effort to make Michigan a Great Place To Do Great Work and to achieve the Governor's priority of Better Government is valued and appreciated.

**APPENDIX F:
Breakdown of State Classified Employment Averages**

Graph 1-3
BREAKDOWN OF STATE CLASSIFIED EMPLOYMENT AVERAGES
Fiscal Years 1997-98 and 2007-08 Compared



Source: Averages were developed from monthly KA6020P01 (Classified Employees by Appointment Duration) reports for FY1997-98 and HWF09 for FY2007-08.

Note: The totals provided in this report reflect the consolidation of human resources staff into the Civil Service Commission under Executive Order 2007-30, effective August 26, 2007.

Statewide, average classified employment decreased by 7,493 positions (13%) from 1997-98 to 2007-08.

APPENDIX G: Sample of Departmental Environmental Scan

State agencies performed environmental scans in developing their workforce plans. These scans took into account the Michigan environment, either for the immediate impact on the citizen demands for goods and services today or for the needs of new industries and services in the future. Teams also analyzed the current state budget, the reductions in the number of state employees, closing of facilities, realignment of resources, hiring freezes and other budgetary restraints. is an issue for today and planning for the future.

An environmental scan from the workforce planning report produced by the Department of Energy, Labor, and Economic Growth follows:

Many factors, including political, economic, socio-cultural, internal and technological, currently influence the policies and practices of DELEG. In order to meet a key objective of our Mission/Vision of providing superior customer service, we must constantly assess/reassess these factors and the way in which we conduct business.

Political Factors

The various programs in DELEG are reactionary to the current economy and needs of Michigan citizens. Key current initiatives include No Worker Left Behind (NWLB), Green Jobs, and “Save the Dream”. Bureaus and agencies within DELEG with regulatory responsibility directly affect the daily lives of citizens, and, at times, can adversely affect critical initiatives. Enforcement of regulations is coordinated with all initiatives to ensure compliance, while enabling success of the initiatives.

Economic Factors

Consumer purchasing power and spending patterns, inflation, income levels, unemployment levels, and business/employment trends all influence the practices of DELEG. Some key statistics from the DELEG Bureau of Labor Market Information (LMI) include:

- From 2002-2006, household income was essentially unchanged.
- Contrary to what the media typically reports, data compiled indicates that population in Michigan actually increased .4 percent, and is projected to rise 4 percent through 2014, compared with 9 percent nationally for the same time period.
- Unemployment in Michigan continues to lead the nation, including 17 of the last 20 months. As we know all too well, job losses and layoffs in the auto industry, even temporary ones, skew the overall numbers for this state. The numbers for non-auto related employment are not nearly as dismal.

- Employment growth of approximately 7.7 percent is forecast through 2014, versus 13 percent nationally for the same time period.
- Job loss is essentially static. Statistics show that for every 10 people who lost a job in a company that closed or cut back, 9 people found jobs in new or expanding companies.
- Job growth through 2014 is projected to equal the national growth rate. Although more than half of the new jobs created are expected to only require completion of high school or less, occupations with the highest growth rate will require post secondary training (associate's or higher degree, or vocational training).

The employment picture in Michigan is projected to improve, however, the crisis affecting our automobile sector and associated supply chain creates considerable uncertainty regarding the timing and speed of our recovery. Our population is expected to edge up nearly 4 percent during the 2004-2014 forecast period. Michigan's economy will continue creating jobs for workers at all levels of education and training. The profile of employment growth rates by major occupational category in Michigan matches that of the nation as a whole, albeit to a lesser degree. And like national trends, occupations requiring post secondary training will, on average, have higher growth rates.

Socio-Cultural Factors

Michigan had a somewhat younger age distribution than the U.S. as a whole prior to the 2000 Census. However, since that time, Michigan has been aging slightly more rapidly than the rest of the country. As is the case for the U.S. as a whole, population growth in Michigan has been most rapid among Asians and Hispanics. This trend is projected to continue.

One important change in family structure that can be expected in future decades is a lower proportion of elderly people living with spouses. Newer generations of elderly people will have experienced lower rates of marriage, higher rates of divorce, lower birthrates, and higher rates of family dissolution than past generations. This will affect the need for assistance in daily life activities from caregivers outside of their families.

Career attitudes are also rapidly changing. It's no secret that we have reached the day when a high-wage career can no longer be realized with little more than a high school diploma.

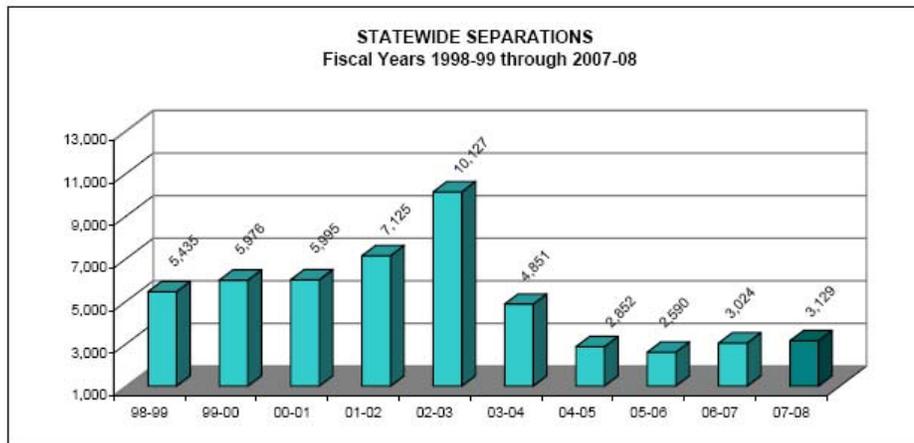
Jobs of the current and emerging economy require very different roles and skill sets. The current energy initiatives under the DELEG umbrella are an example of a direct response to this crisis, and are intended to put Michigan on the leading edge of this emerging technology. As many experts have stated, we must create a culture infused with a sense of greater educational aspiration, and raising the educational level of Michigan's young people is a vital step in creating economic success for our state.

APPENDIX H: Reasons for Separation from State Service

Table 3-2

STATEWIDE SEPARATIONS BY REASON
Fiscal Year 2007-08

SEPARATION REASON	TOTAL	PERCENT OF SEPARATIONS
<i>INVOLUNTARY SEPARATIONS</i>		
Death	61	1.9%
Dismissal	211	6.7%
Expired Appointment	98	3.1%
Total Involuntary Separations	370	11.8%
<i>VOLUNTARY SEPARATIONS</i>		
Resigned Classified Employment	765	24.4%
Layoff/Leave of Absence Rights Expired	114	3.6%
Waived Rights Leave of Absence	203	6.5%
Settlement	2	0.1%
Total Voluntary Separations	1,084	34.6%
<i>RETIREMENT</i>		
Retirement	1,490	47.6%
Disability Retirement	76	2.4%
Deferred Retirement	68	2.2%
Total Retirements	1,634	52.2%
<i>UNDEFINED SEPARATIONS</i>		
	41	1.3%
TOTAL SEPARATIONS	3,129	100.0%



Source: HWF10 for each fiscal year.

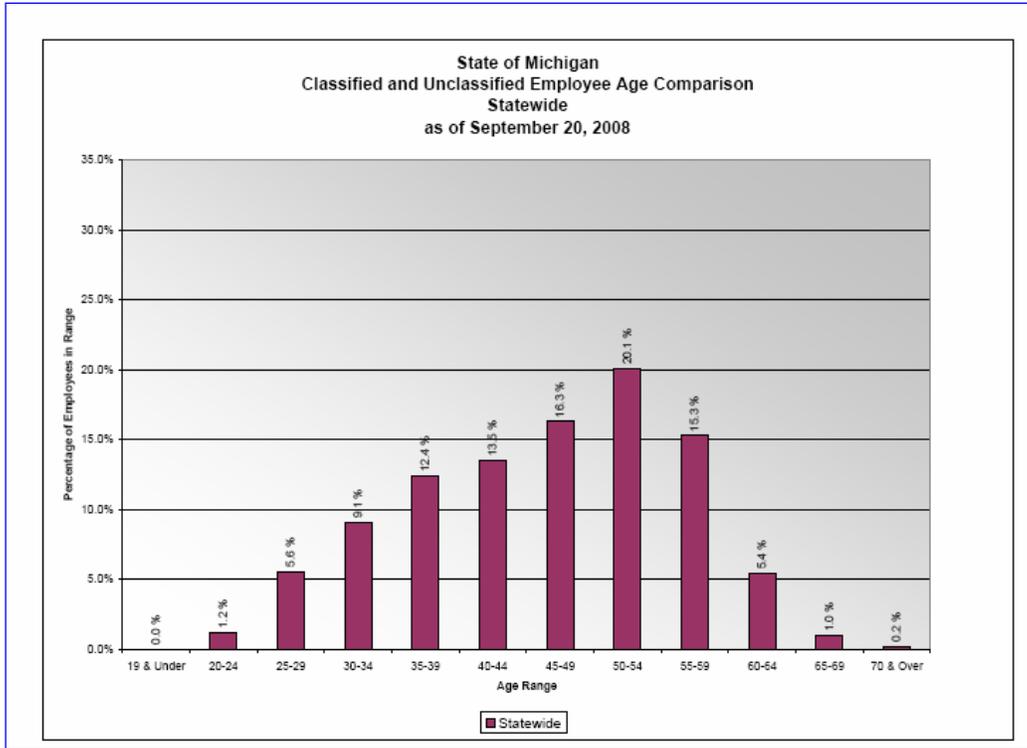
Comments: Starting in FY 2005 separations included separations of all classified employees who were full-time, part-time, permanent intermittent, limited term, seasonal, or non-career in primary positions only, except for the following non-career appointments: STUDENT_ASSISTANT-E, CONSTRUCTION AIDE (TRANS)-E, and STATE WORKER. These positions represented 96% of all non-career appointments at the end of FY 2008. An increase in separations occurred in fiscal years 2002 and 2003 due to early retirement programs.

**APPENDIX I:
Statistical Highlights**

Department	Number of Employees	Current (2008) % and Number Eligible		3 Years (2011) % and Number Eligible		5 Years (2013) % and Number Eligible	
		%	Number	%	Number	%	Number
Agriculture	499	11.4%	57	23.6%	118	30.9%	154
Attorney General	506	16.8%	85	27.7%	140	34.4%	174
Auditor General	139	6.5%	9	12.9%	18	18.0%	25
Civil Rights	126	21.4%	27	31.7%	40	38.9%	49
Civil Service Commission	535	15.9%	85	32.5%	174	40.2%	215
Community Health	4,116	13.0%	535	31.3%	1,287	41.6%	1,711
Corrections	16,374	8.9%	1,463	20.0%	3,280	28.9%	4,725
Education	403	13.6%	55	30.3%	122	39.0%	157
Environmental Quality	1,345	12.8%	172	26.1%	351	33.8%	454
Gaming	100	9.0%	9	16.0%	16	24.0%	24
History Arts and Libraries	200	15.0%	30	30.0%	60	37.5%	75
Human Services	10,014	14.5%	1,450	30.4%	3,046	38.7%	3,875
Information Technology	1,682	11.7%	196	26.4%	444	33.9%	571
Labor and Economic Growth	3,884	15.2%	589	28.8%	1,118	37.7%	1,465
Lottery	166	11.4%	19	21.7%	36	31.3%	52
Management and Budget	959	12.4%	119	30.9%	296	40.6%	389
Military Affairs	936	8.3%	78	20.0%	187	28.6%	268
Natural Resources	1,667	9.7%	162	20.7%	345	26.8%	447
State	1,515	11.1%	168	27.5%	417	37.8%	572
State Police	2,534	8.6%	217	18.4%	467	28.7%	727
Strategic Fund	181	17.7%	32	32.6%	59	40.3%	73
Transportation	2,927	10.1%	296	21.0%	616	27.8%	813
Treasury	1,261	12.9%	163	24.7%	312	33.4%	421
Statewide Totals	52,069	11.6%	6,016	24.9%	12,949	33.5%	17,436

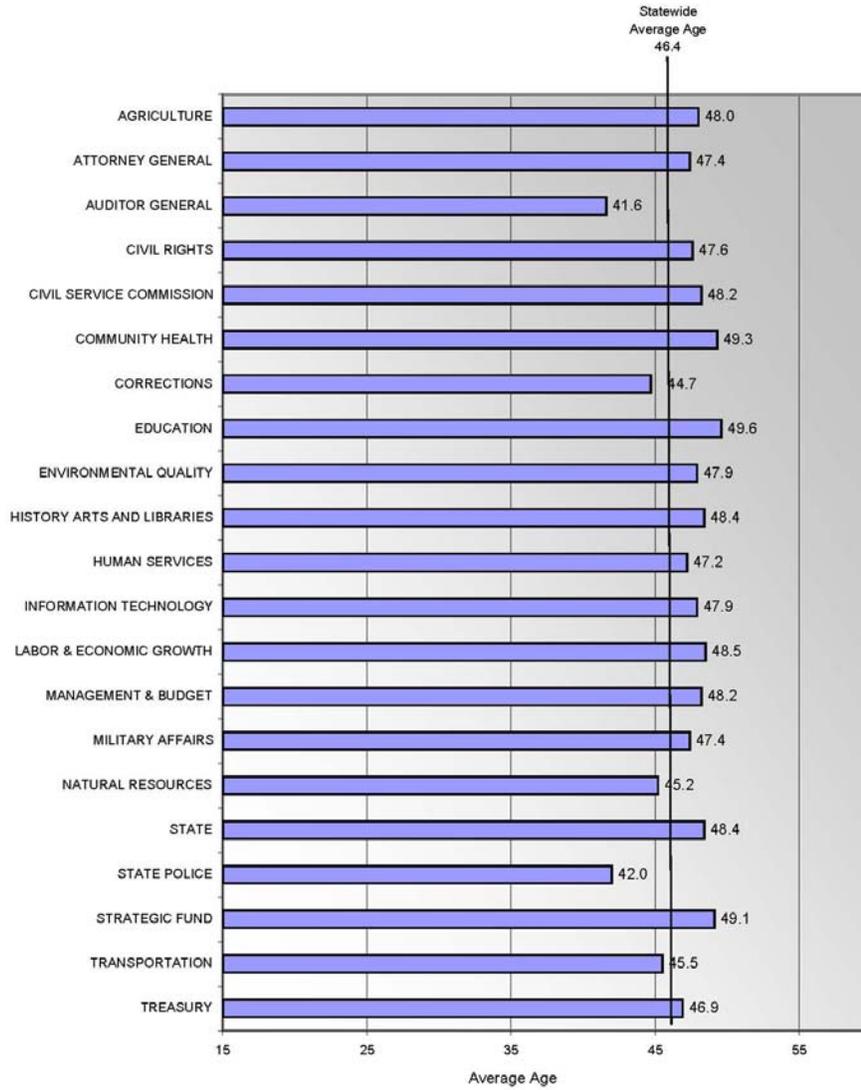
MHR-0647 - MHR-0650

APPENDIX J: Age Comparison of State Employees



APPENDIX K: Age Distribution of State Employees

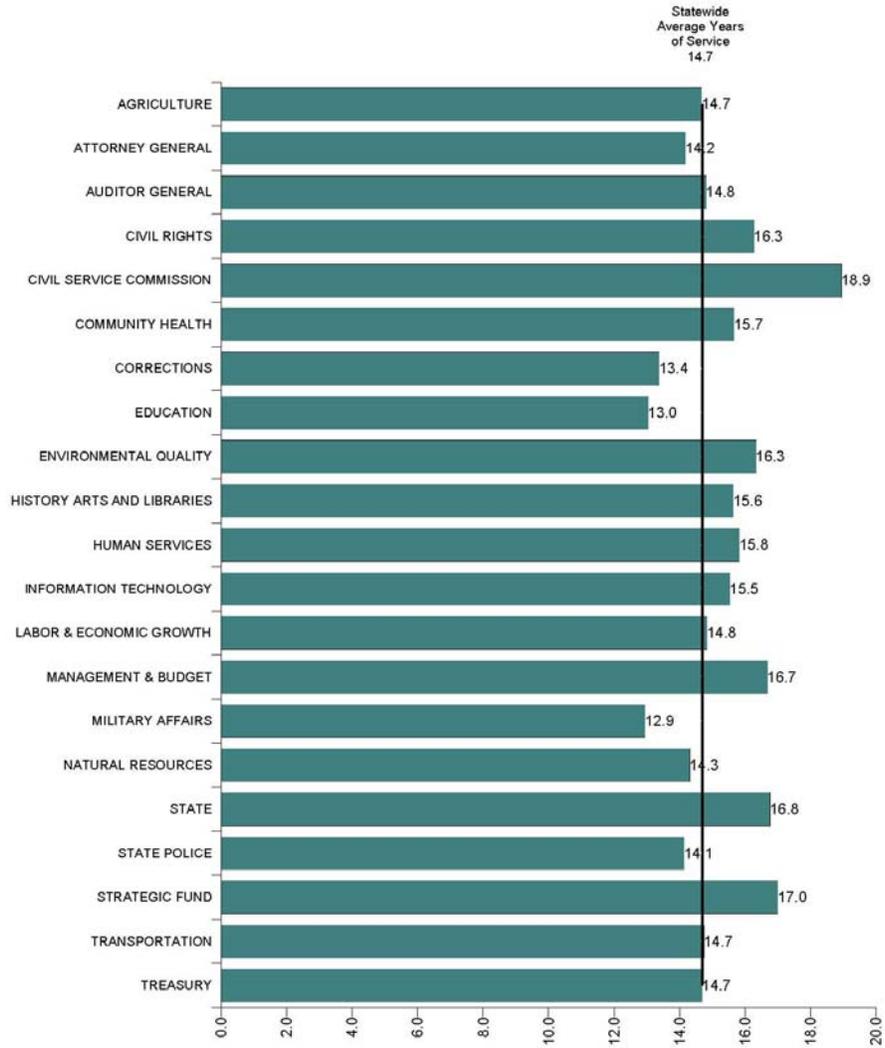
Average Age for Classified and Unclassified Employees by Department
as of September 20, 2008



MHR-0348

APPENDIX L: Years of Service by State Employees

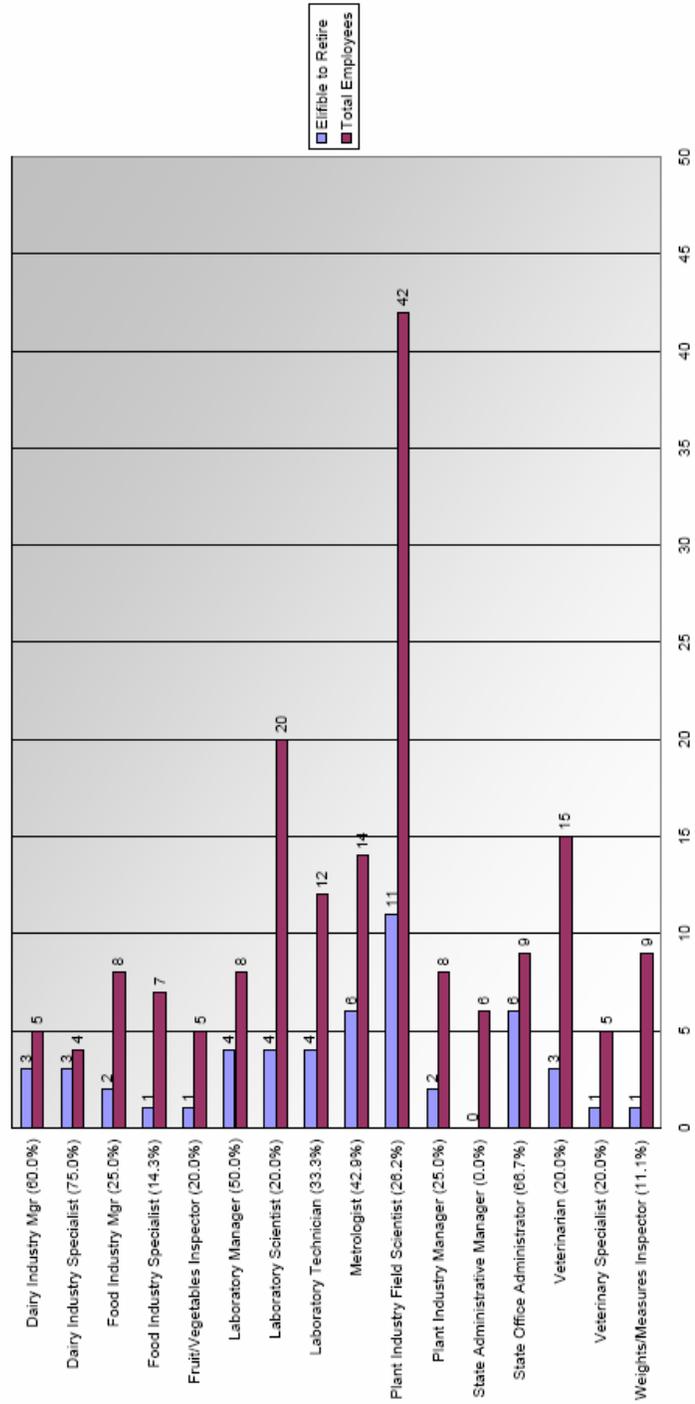
Average Years of Service by Department
for Classified and Unclassified Employees
as of: 09/20/2008



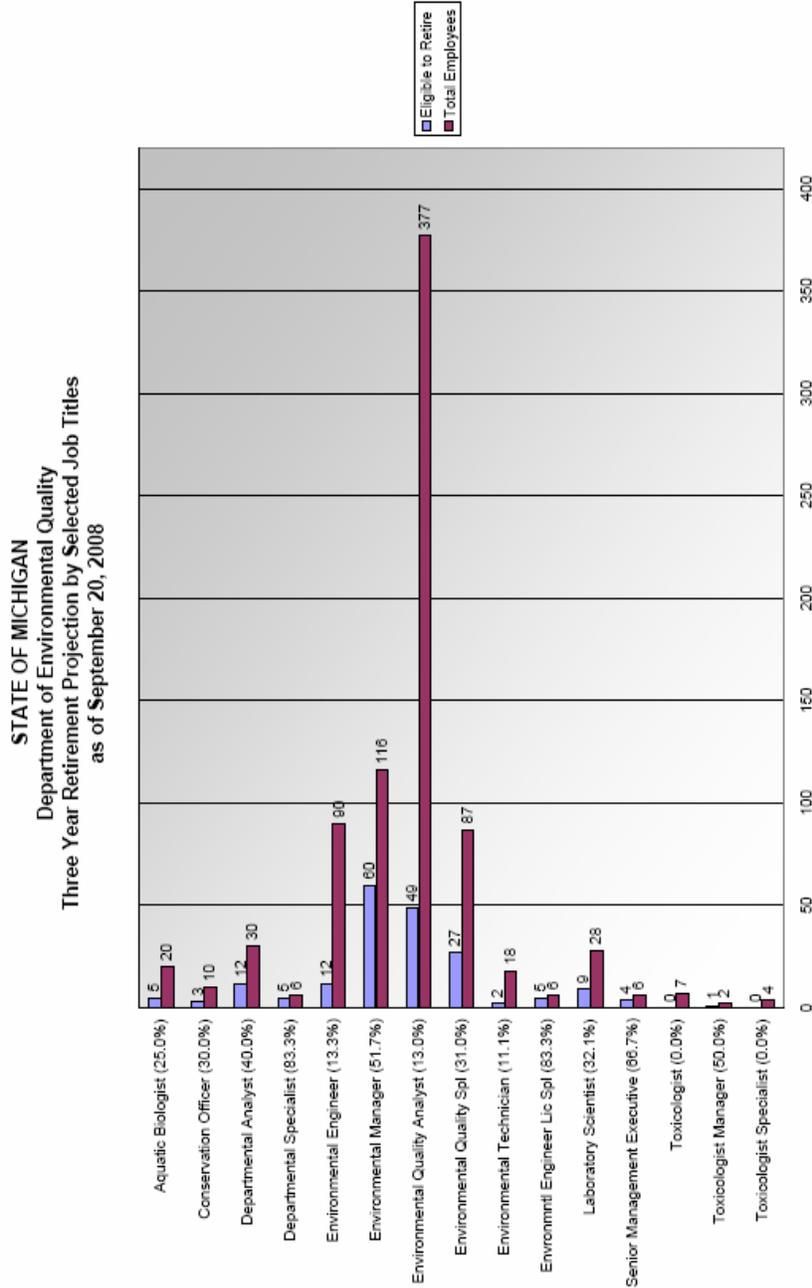
MHR-0347

APPENDIX M: Retirement Projections – Michigan Department of Agriculture

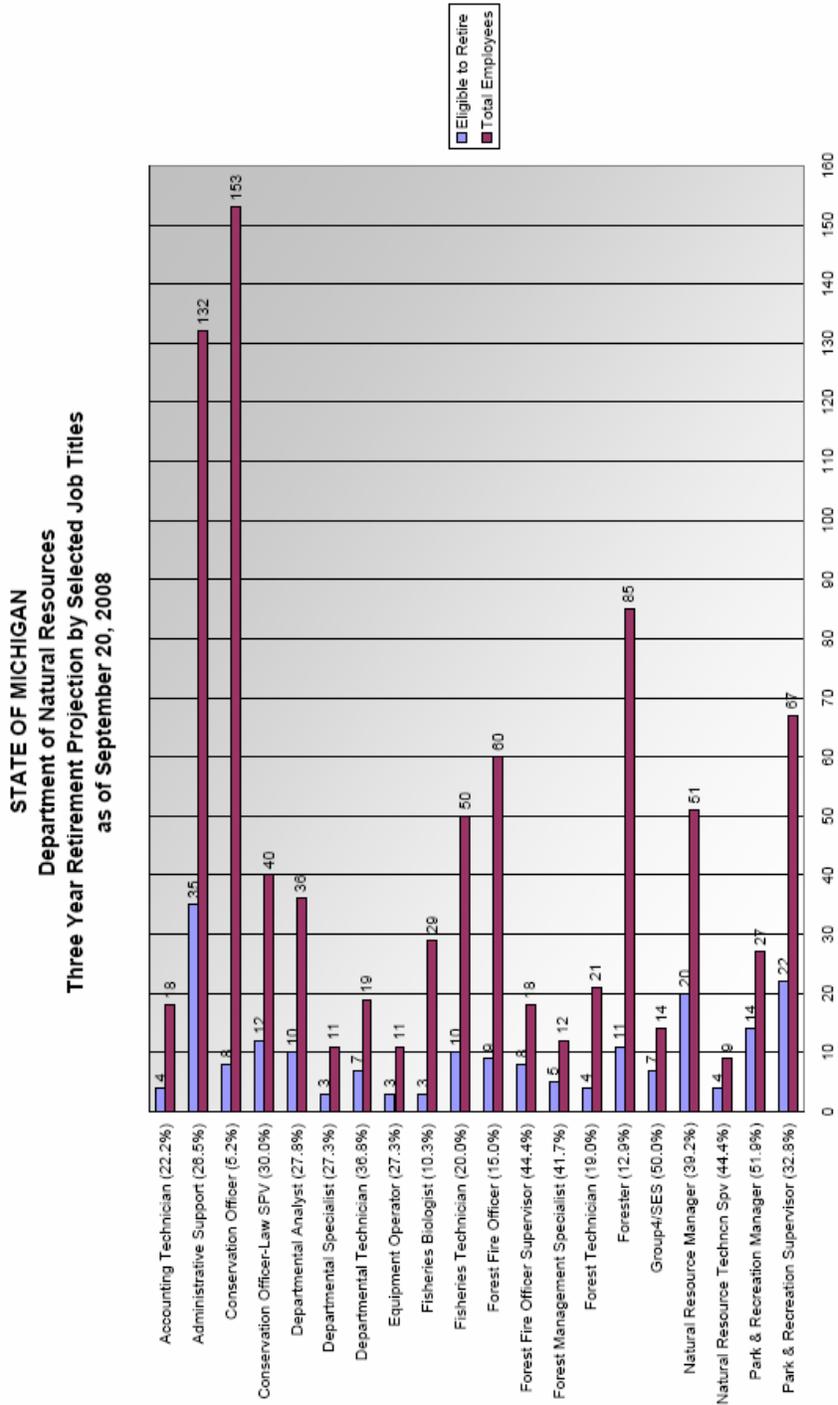
**STATE OF MICHIGAN
Department of Agriculture
Three Year Retirement Projection by Selected Job Titles
as of September 20, 2008**



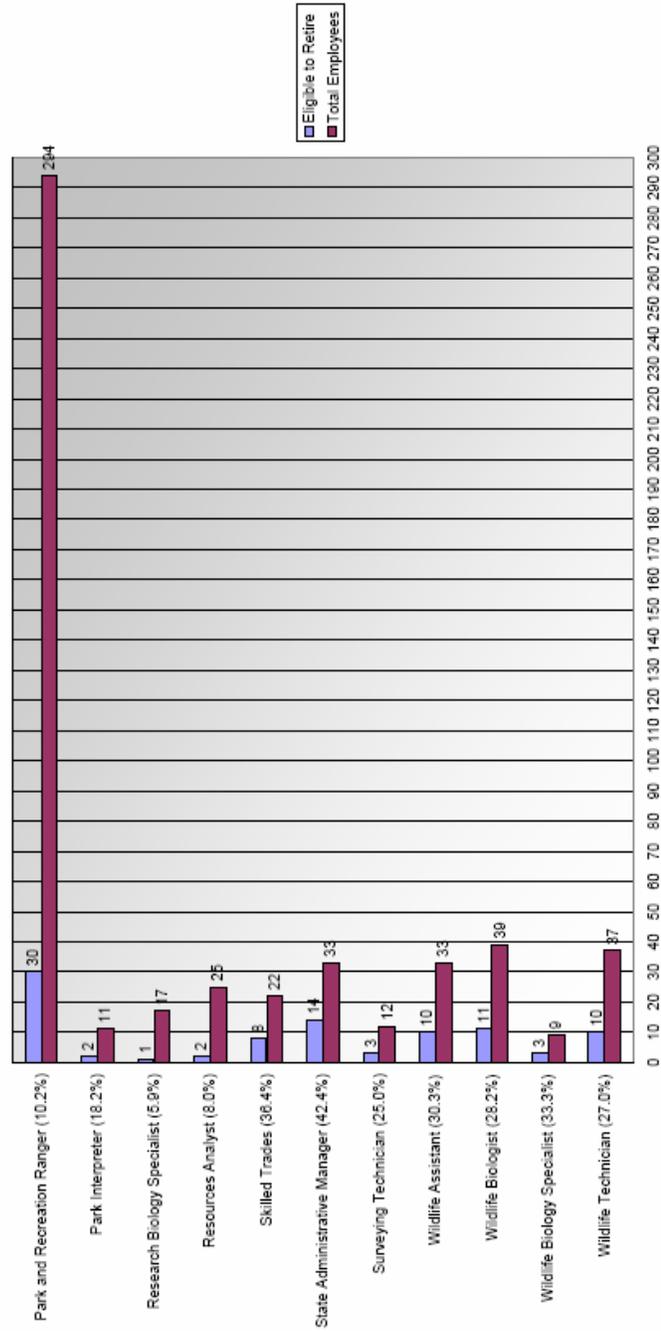
APPENDIX N: Retirement Projections – Department of Environmental Quality



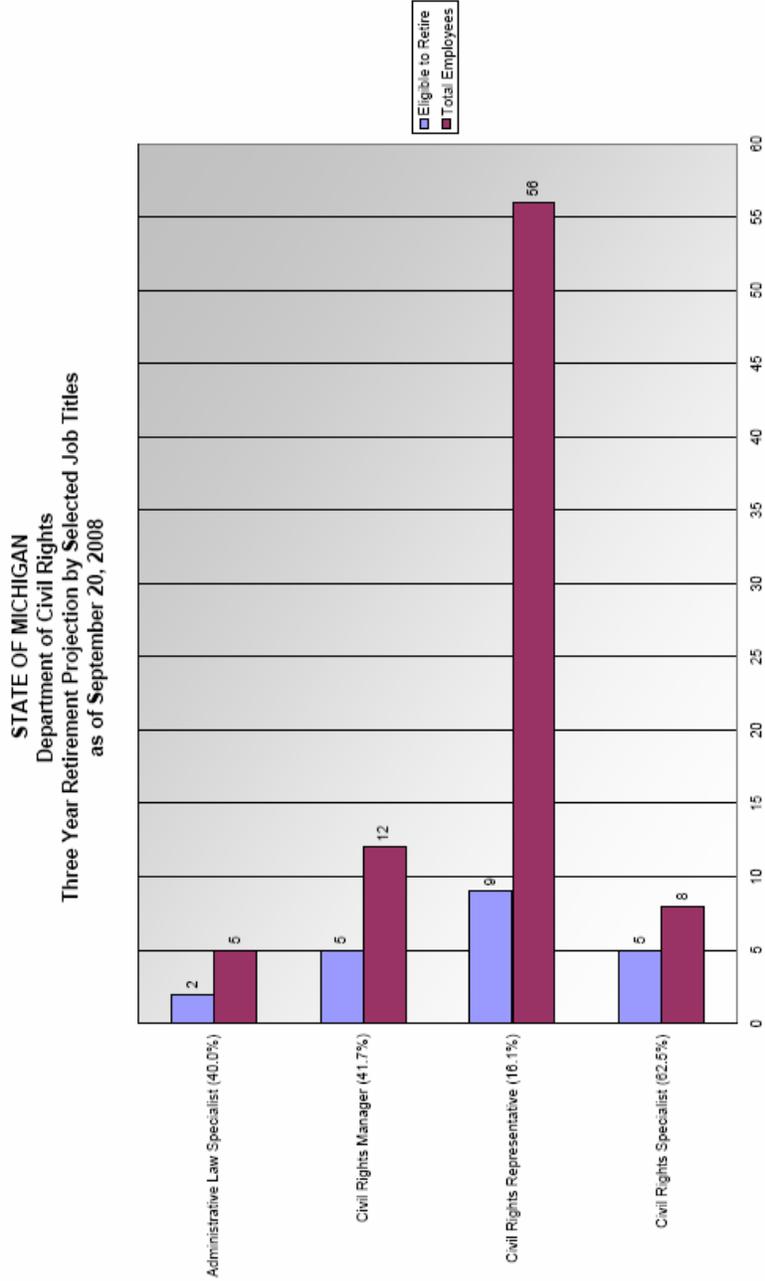
APPENDIX O: Retirement Projections – Department of Natural Resources



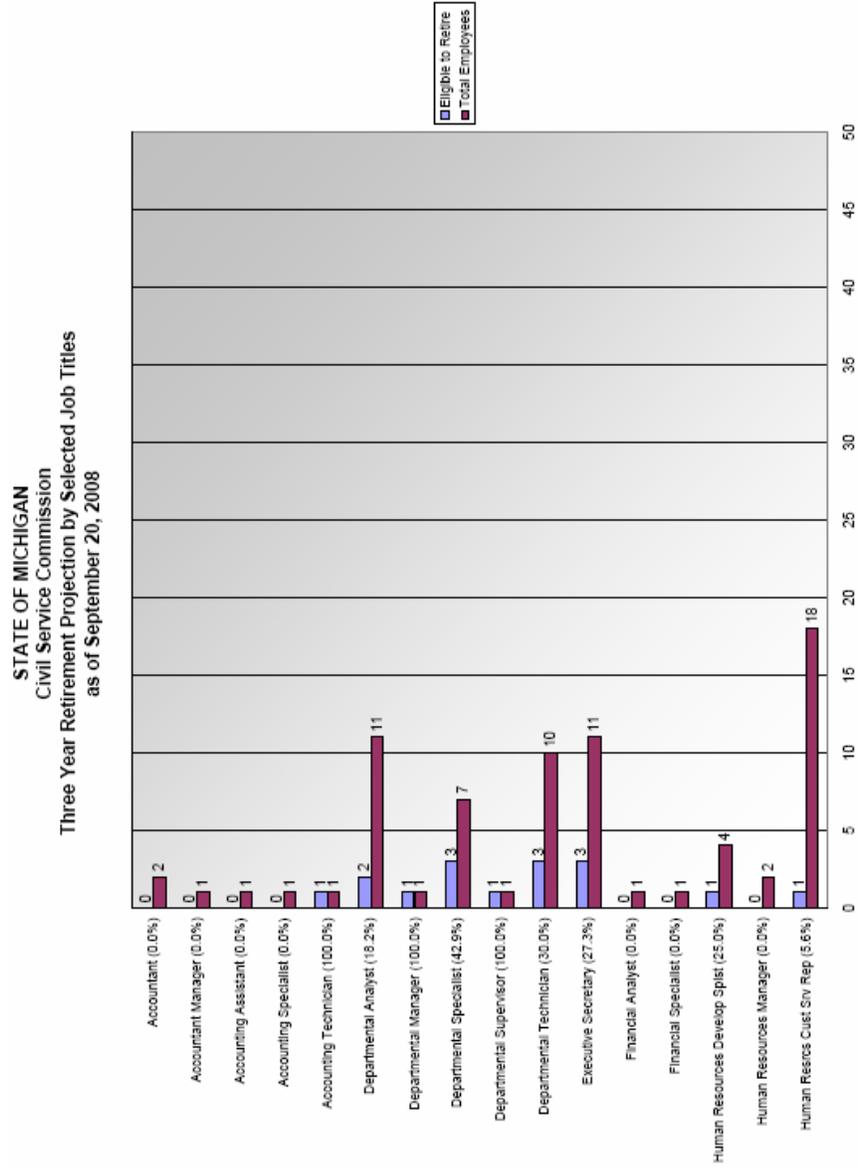
STATE OF MICHIGAN
 Department of Natural Resources
 Three Year Retirement Projection by Selected Job Titles
 as of September 20, 2008



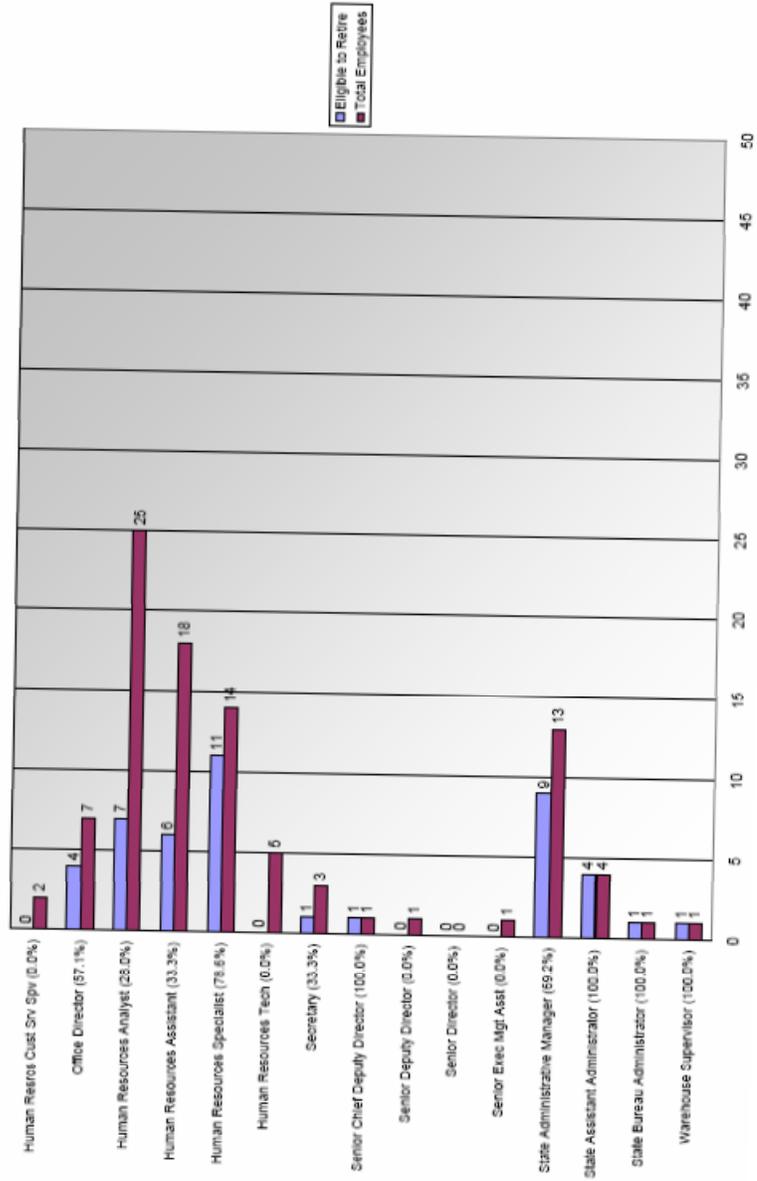
**APPENDIX P:
Retirement Projections – Michigan Department of Civil Rights**



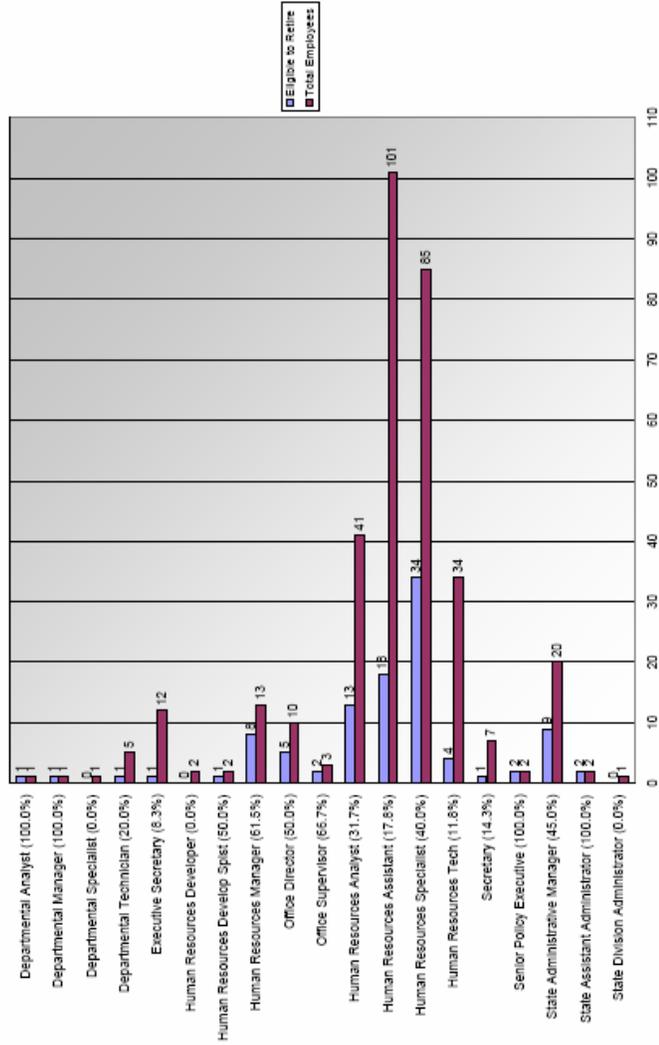
APPENDIX Q: Retirement Projections – Civil Service Commission



STATE OF MICHIGAN
Civil Service Commission
Three Year Retirement Projection by Selected Job Titles
as of September 20, 2008

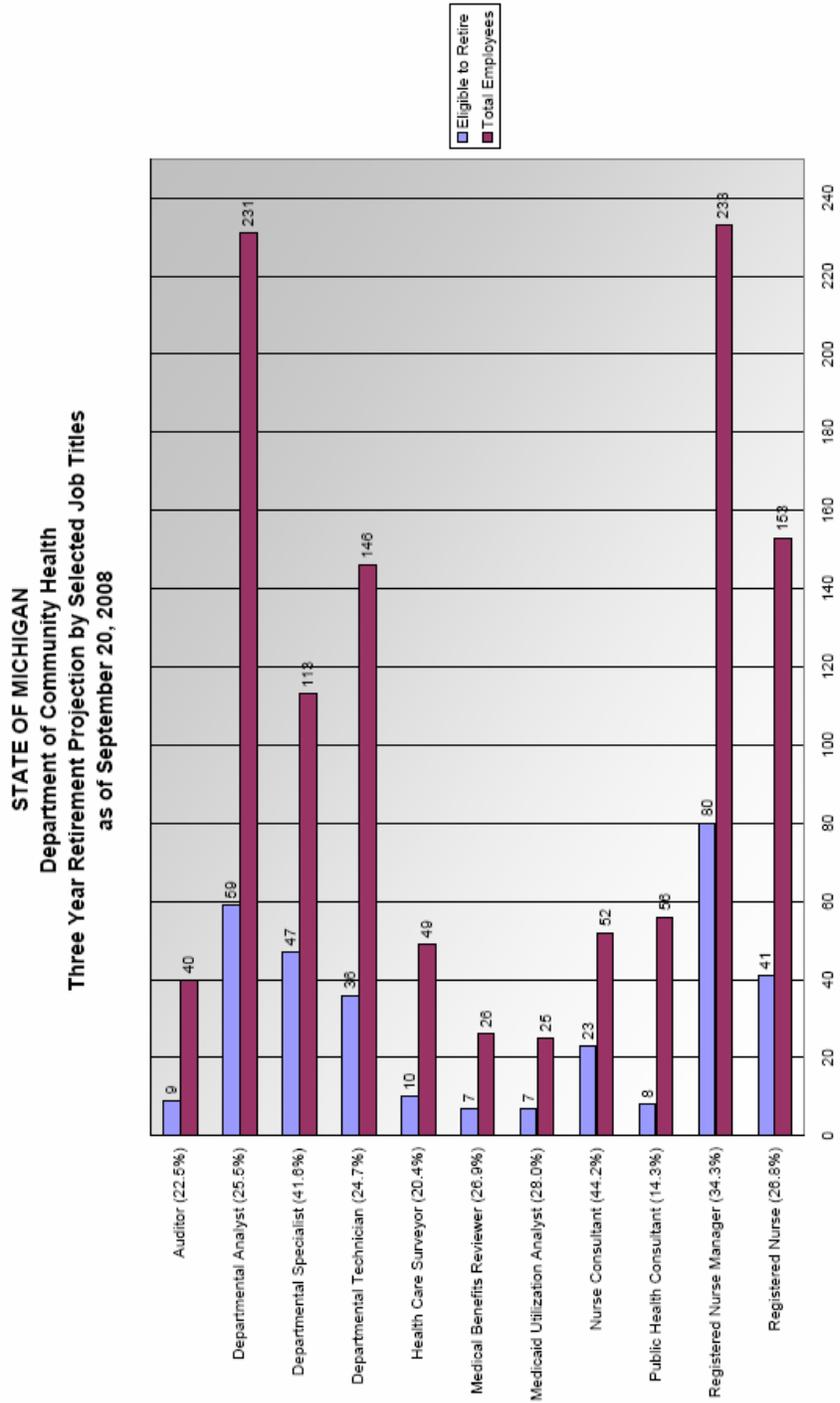


STATE OF MICHIGAN
Civil Service Commission-HR Operations
Three Year Retirement Projection by Selected Job Titles
as of September 20, 2008

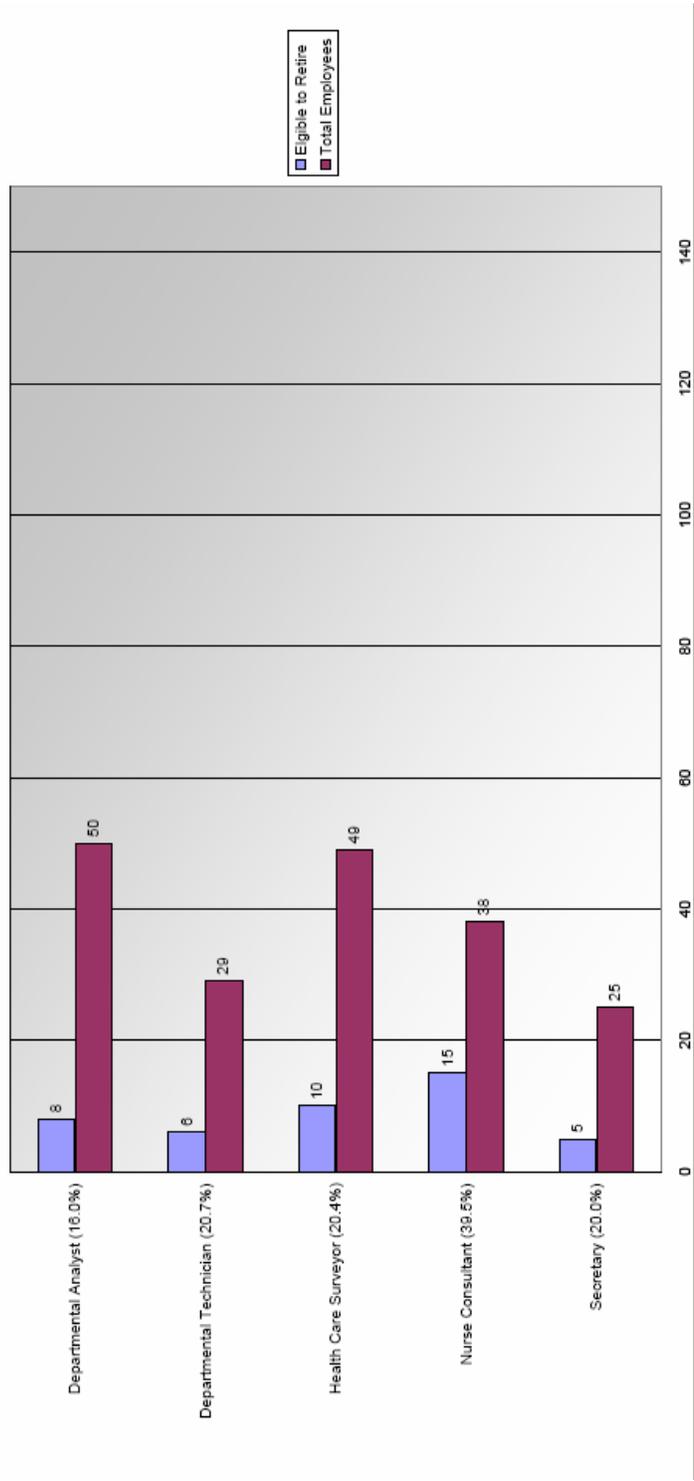


RET PROJ BY TOP CLASSES_9-20-08_CO_HR.xls

APPENDIX R: Retirement Projections – Michigan Department of Community Health

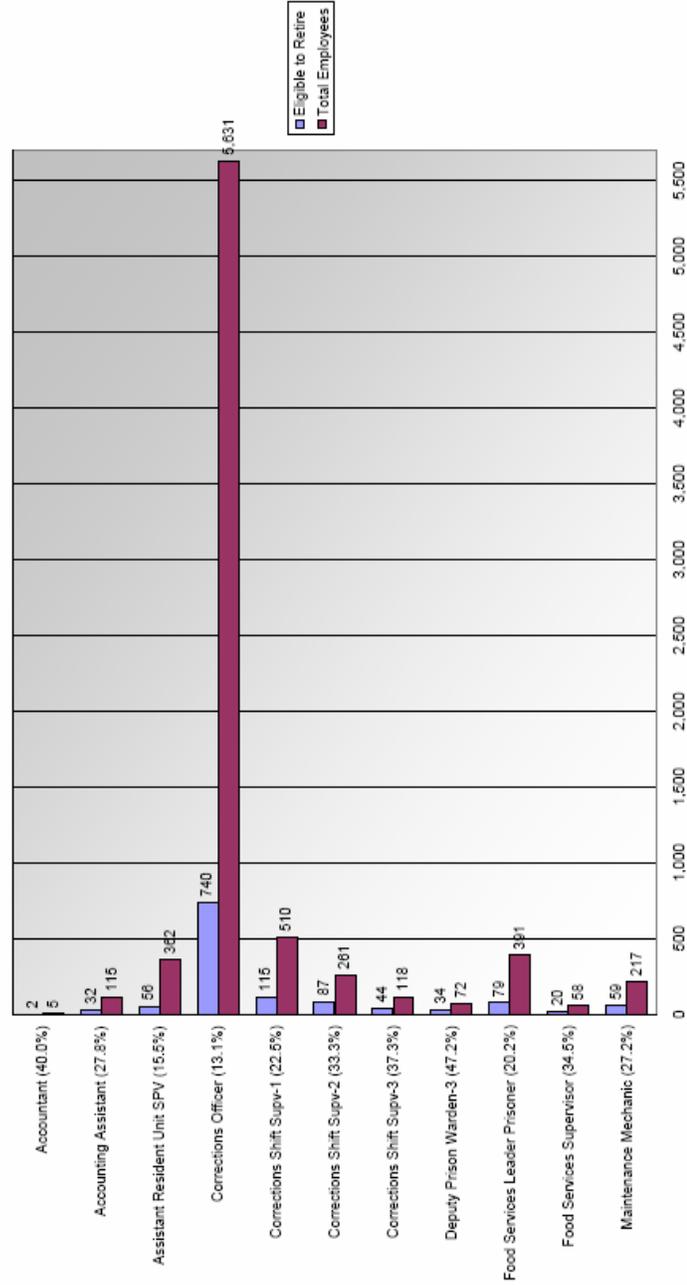


STATE OF MICHIGAN
 Department of Community Health
 HPRP Department Codes
 Three Year Retirement Projection by Selected Job Titles
 as of September 20, 2008

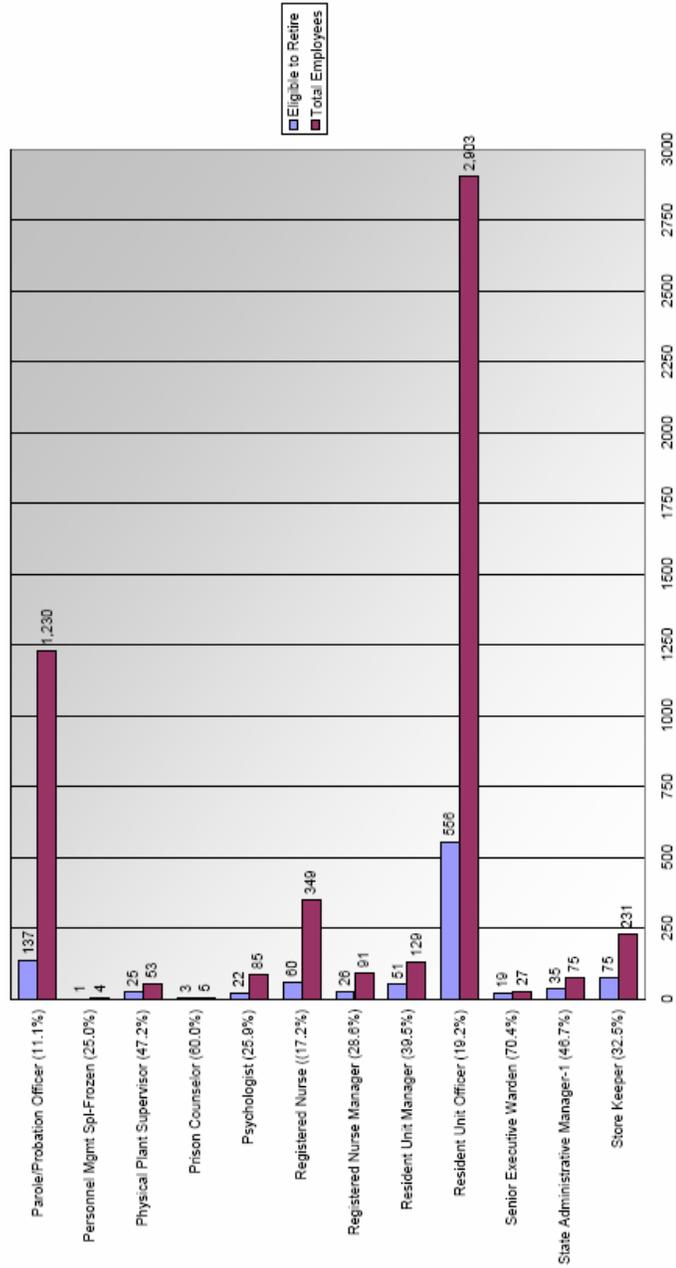


APPENDIX S: Retirement Projections – Michigan Department of Corrections

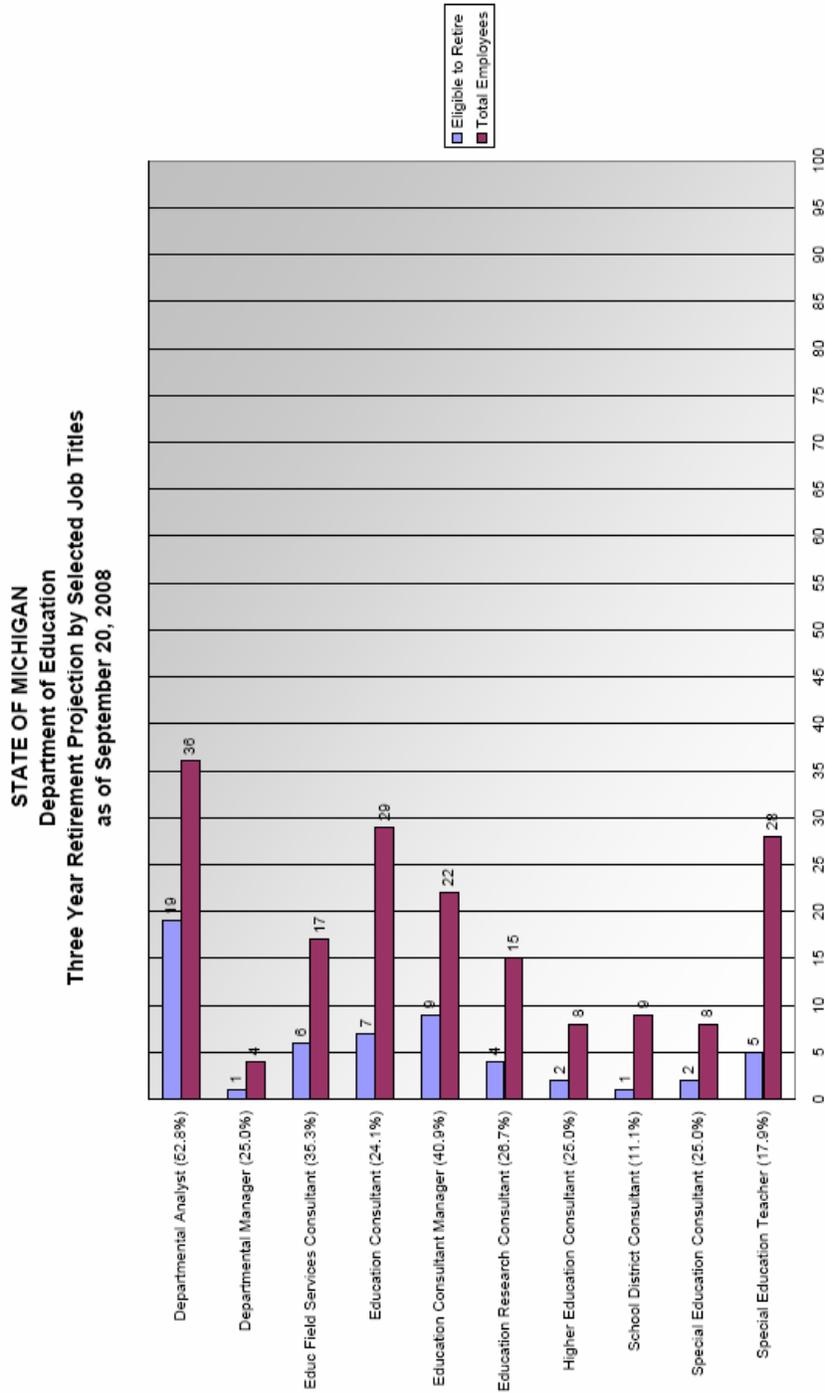
STATE OF MICHIGAN
Department of Corrections
Three Year Retirement Projection by Selected Job Titles
as of September 20, 2008



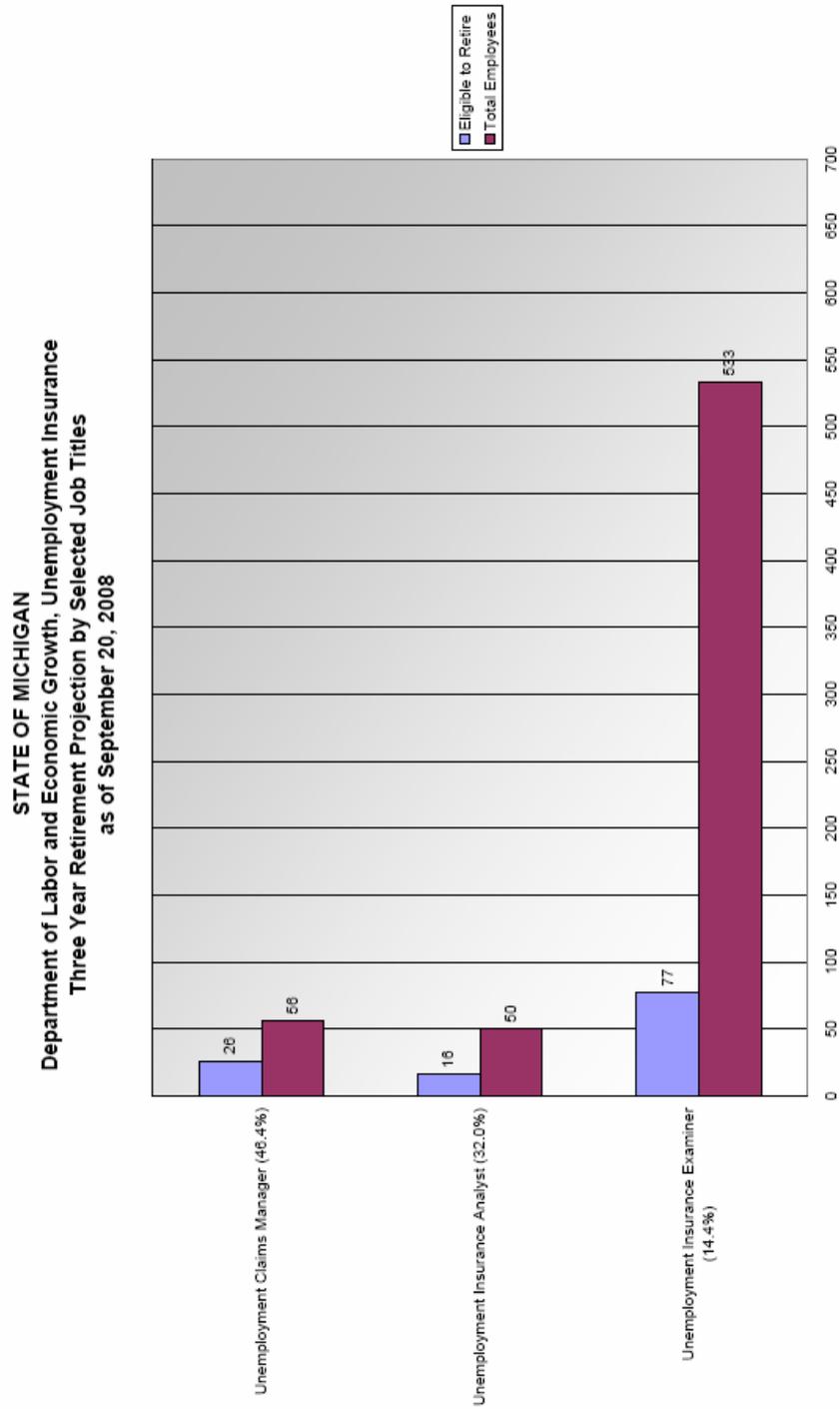
STATE OF MICHIGAN
 Department of Corrections
 Three Year Retirement Projection by Selected Job Titles
 as of September 20, 2008



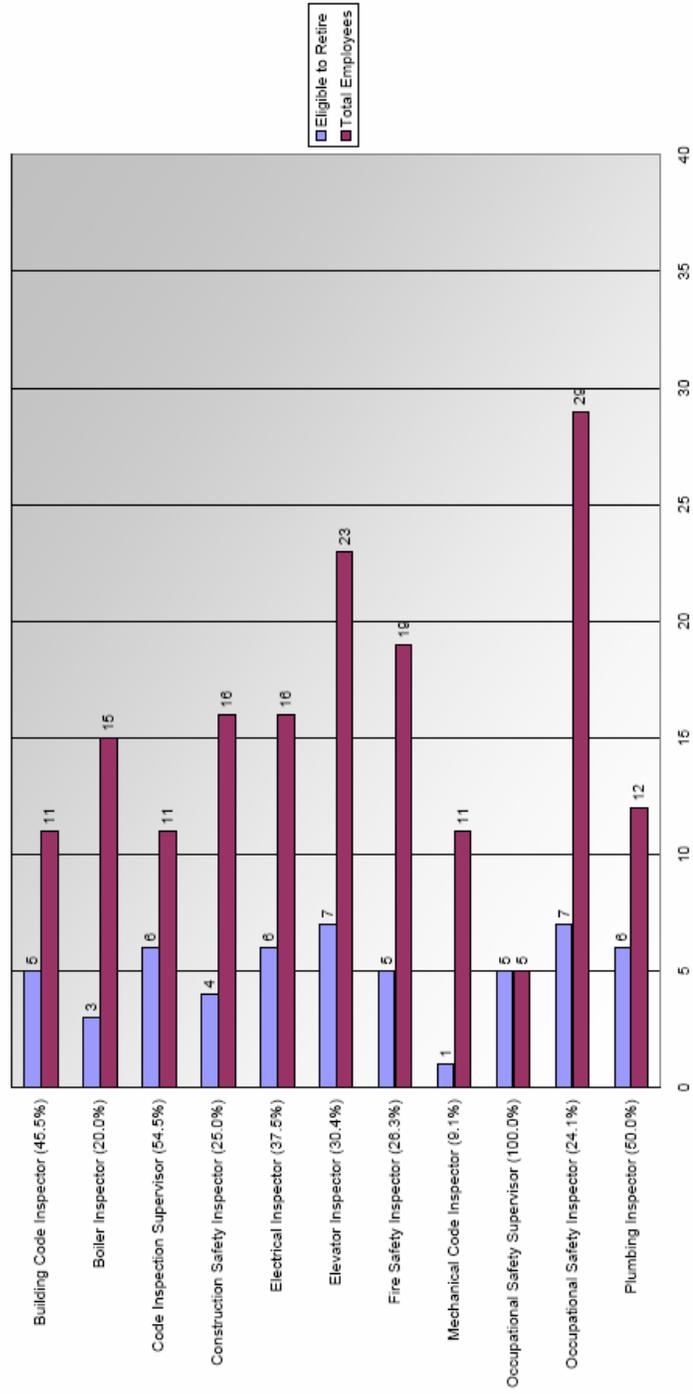
APPENDIX T: Retirement Projections – Michigan Department of Education



APPENDIX U: Retirement Projections – Department of Energy, Labor and Economic Growth

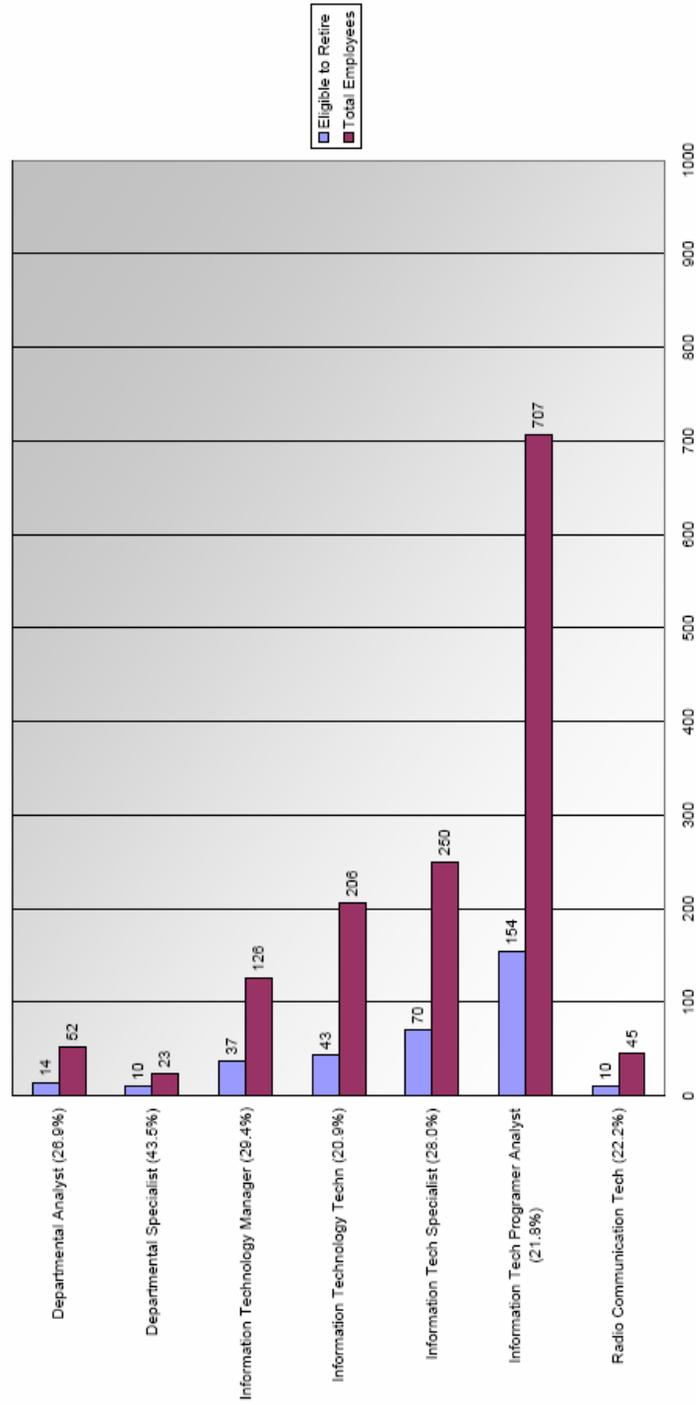


STATE OF MICHIGAN
Department of Labor and Economic Growth, Construction Codes & Fire Safety
Three Year Retirement Projection by Selected Job Titles
as of September 20, 2008

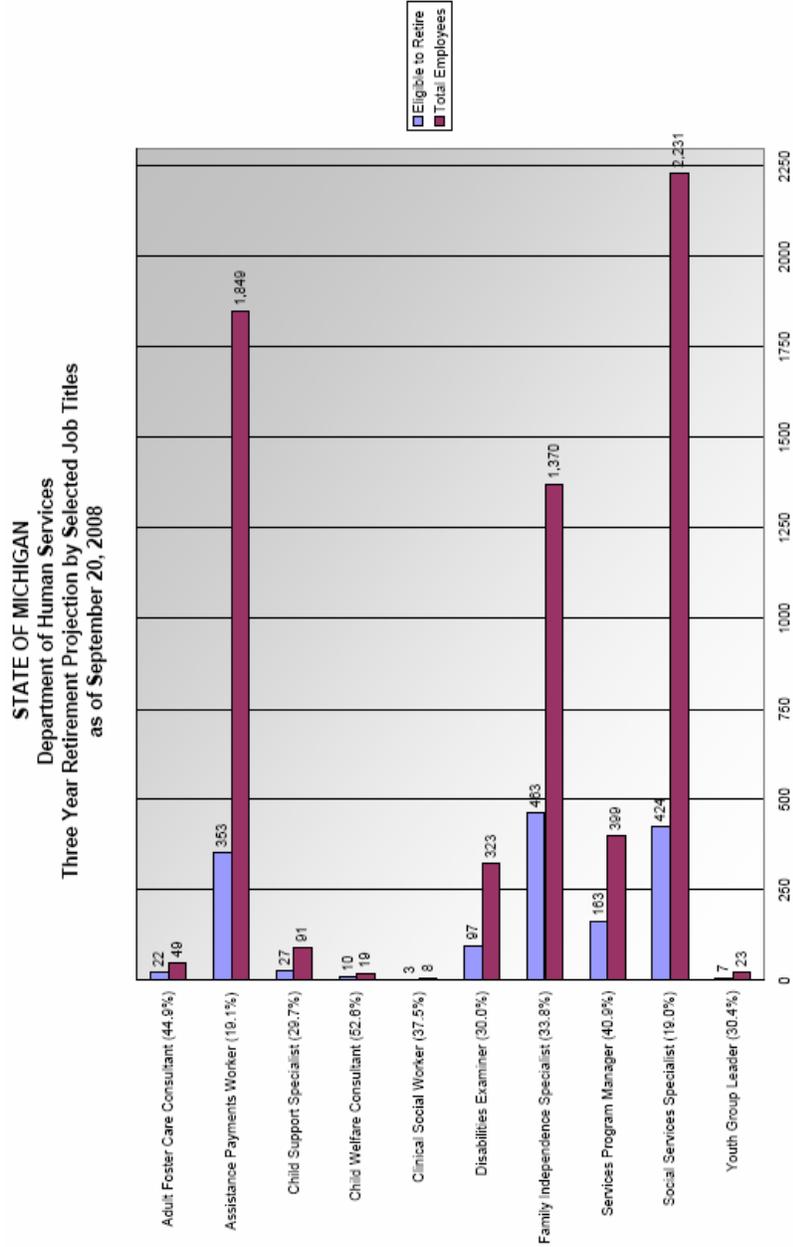


APPENDIX V: Retirement Projections – Michigan Department of Information Technology

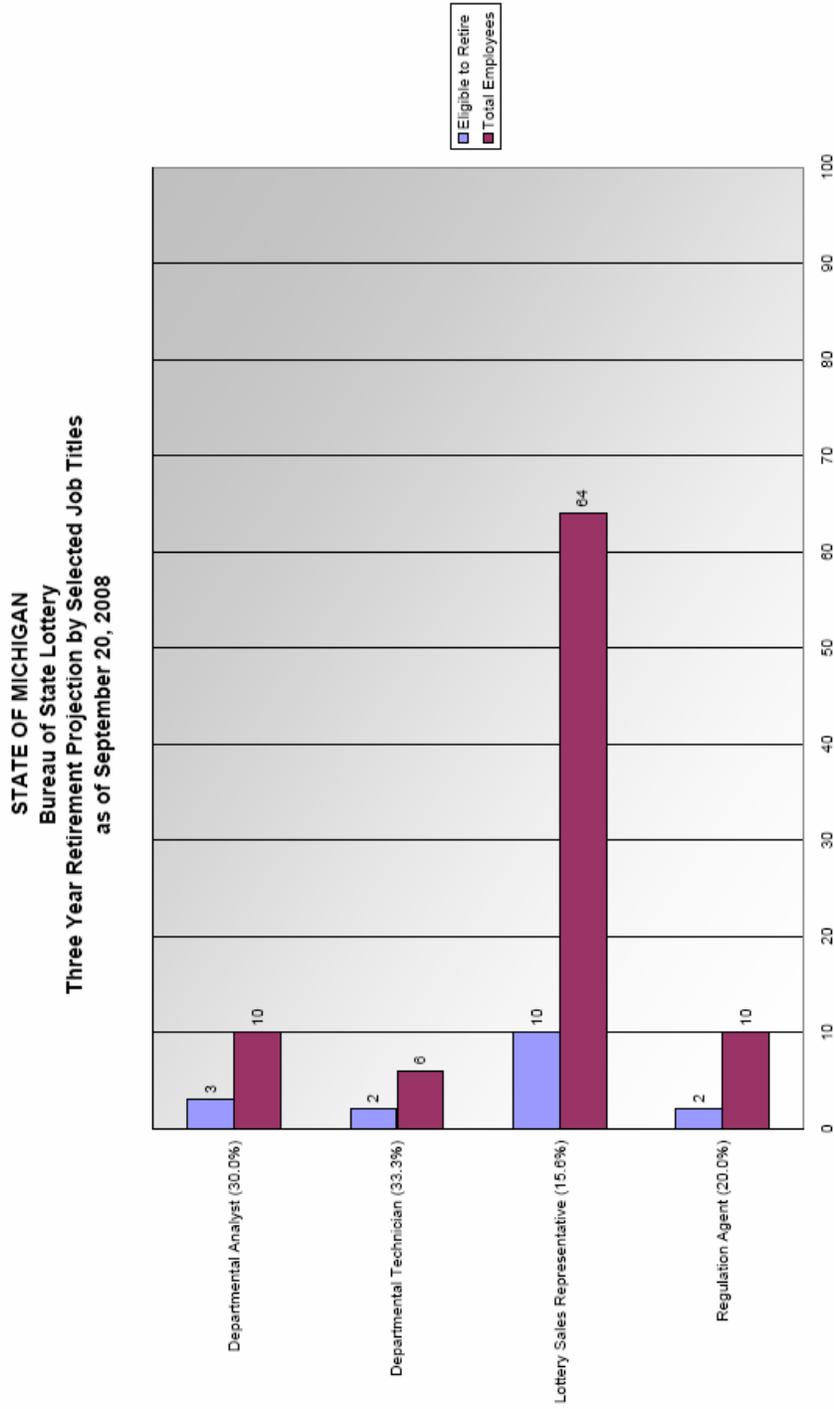
STATE OF MICHIGAN
Department of Information Technology
Three Year Retirement Projection by Selected Job Titles
as of September 20, 2008



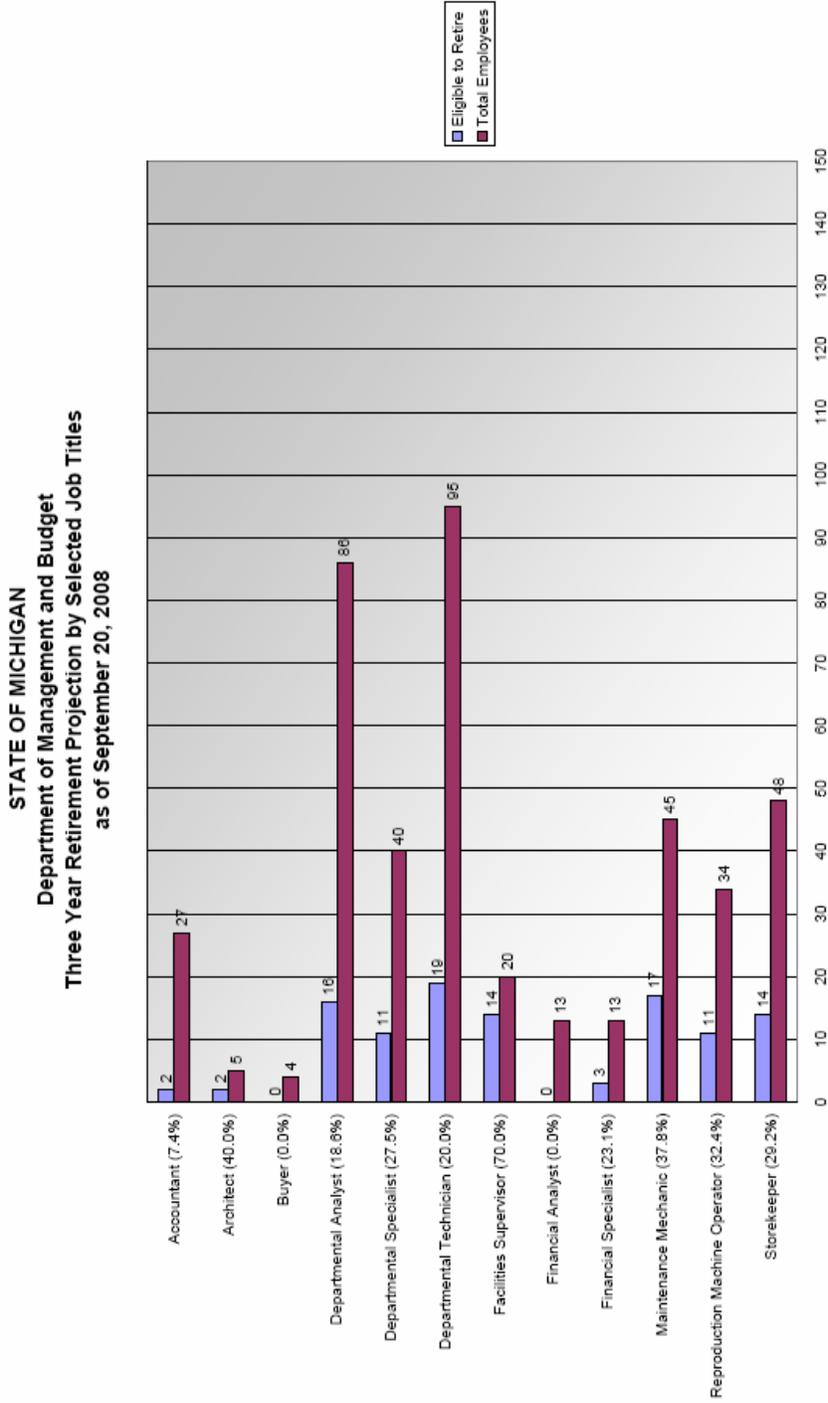
APPENDIX W: Retirement Projections – Department of Human Services



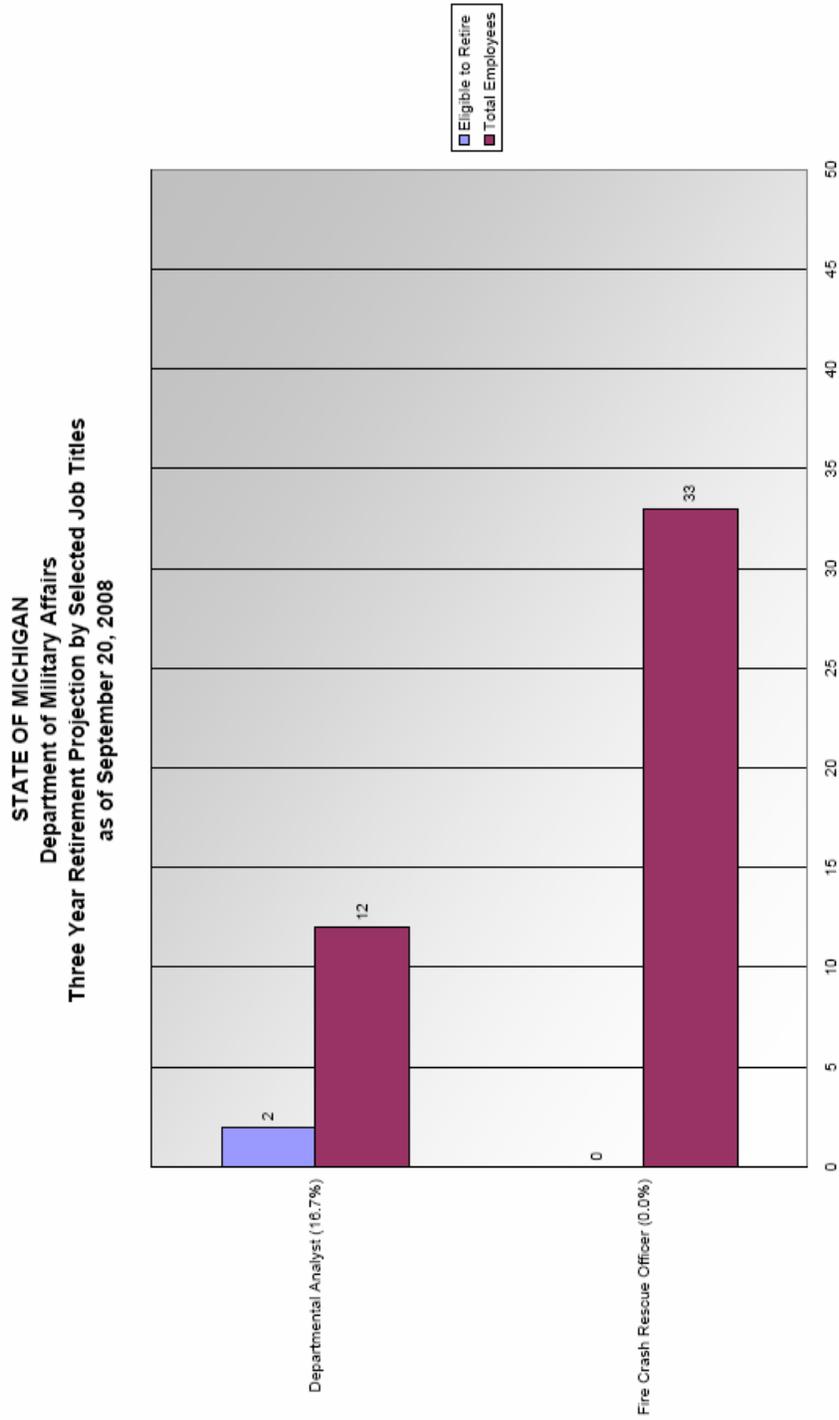
APPENDIX X: Retirement Projections – Bureau of State Lottery



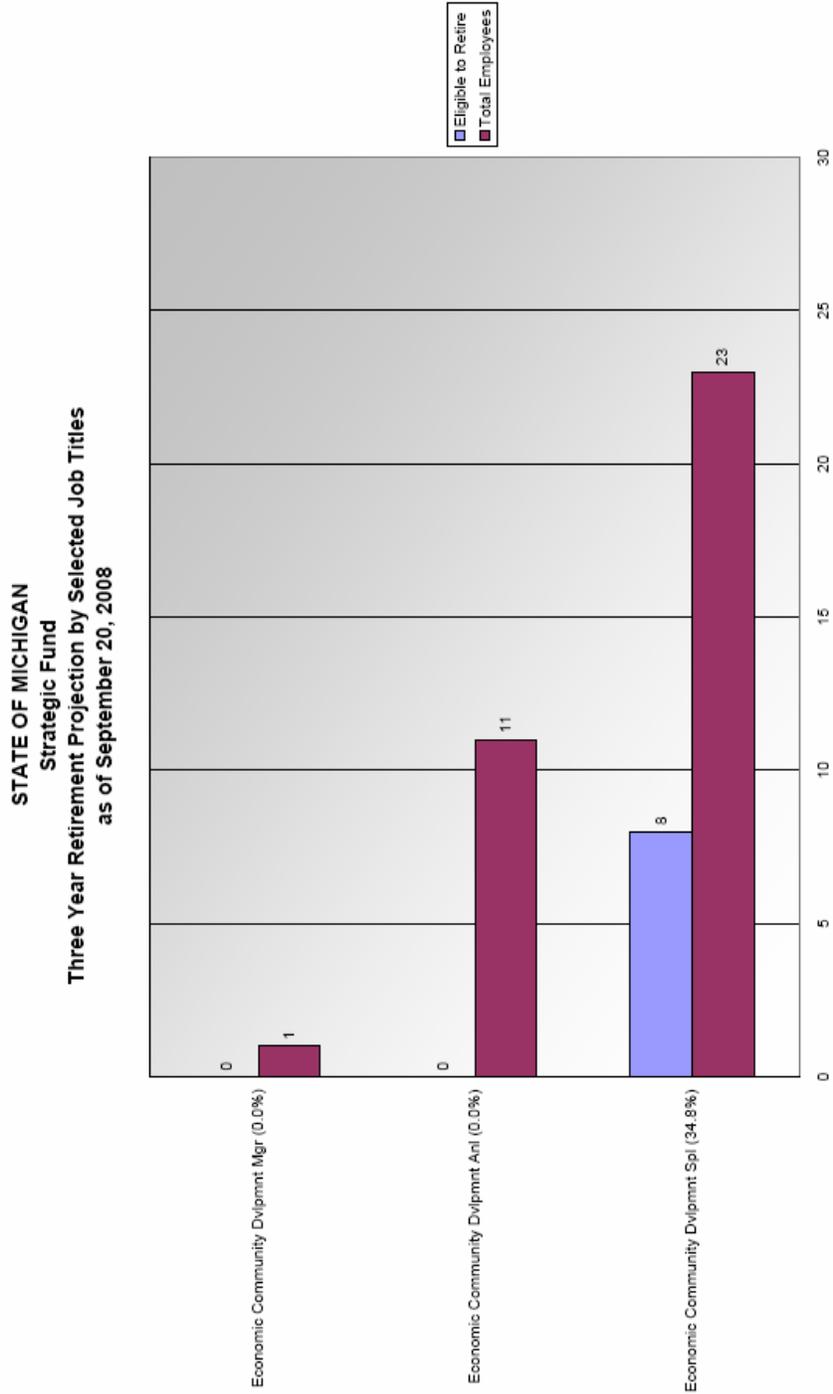
**APPENDIX Y:
Retirement Projections – Department of Management and Budget**



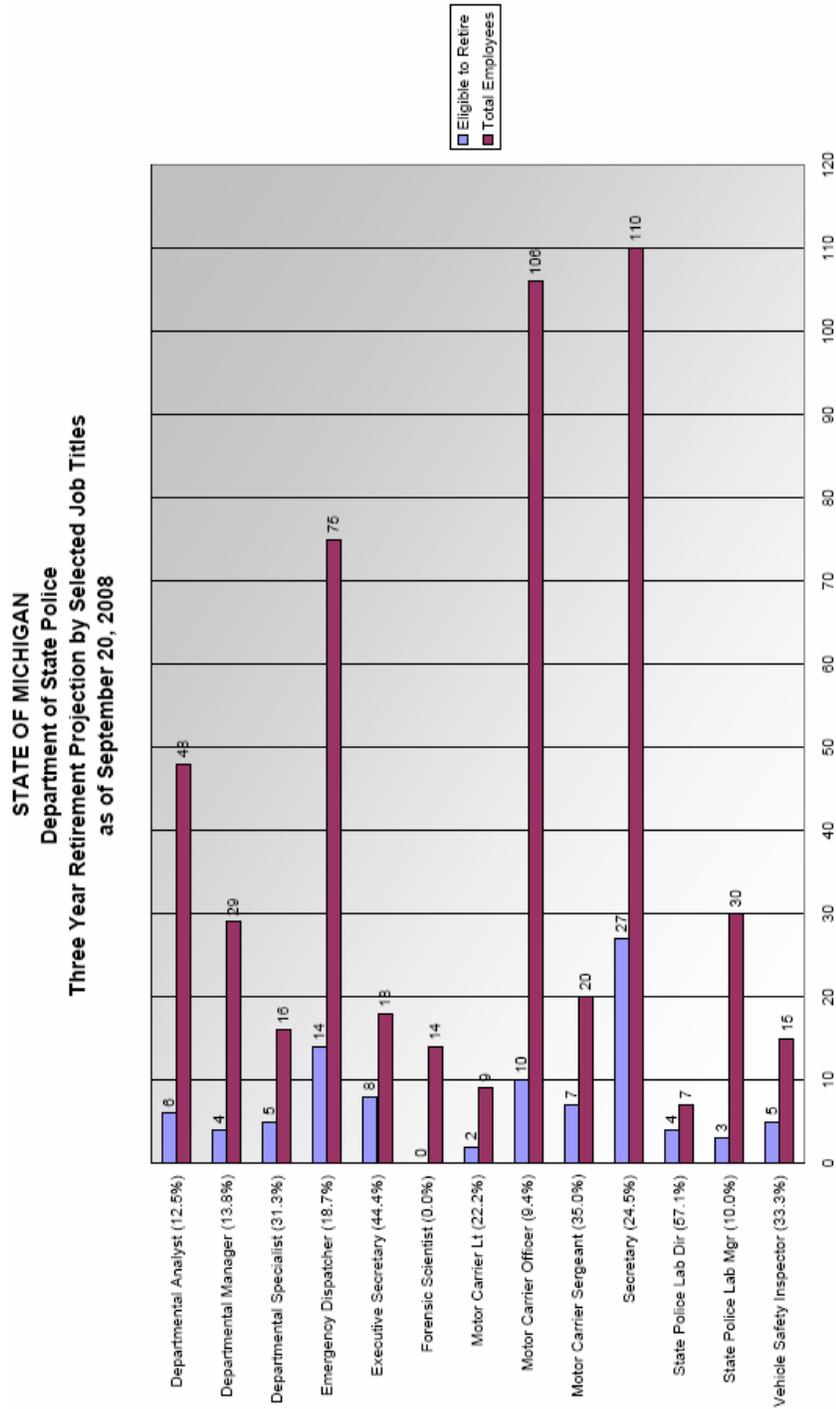
**APPENDIX Z:
Retirement Projections – Department of Military and Veterans Affairs**



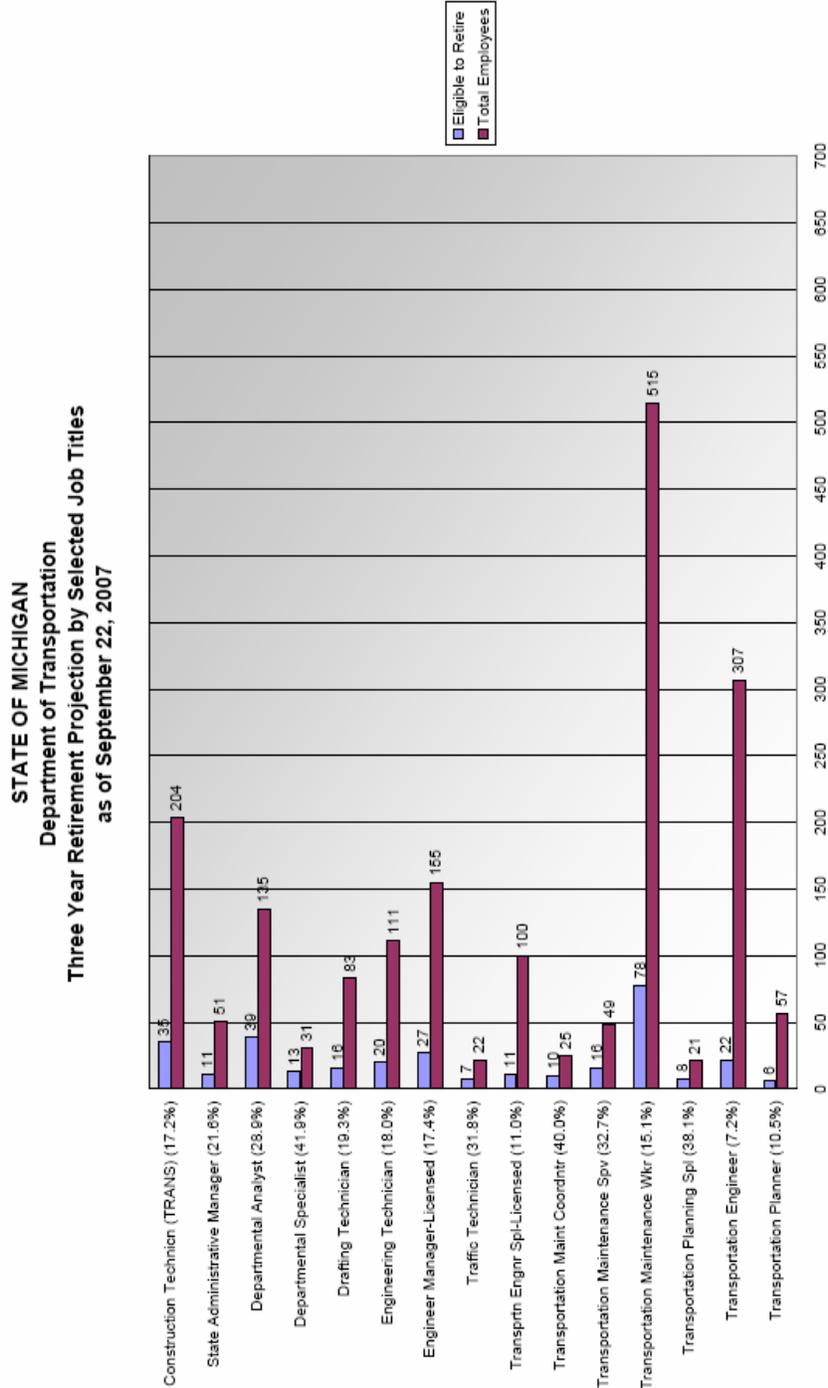
**APPENDIX AA:
Retirement Projections – Michigan Economic Development Corp.,
Michigan Strategic Fund**



**APPENDIX BB:
Retirement Projections – Michigan State Police**



**APPENDIX CC:
Retirement Projections – Michigan Department of Transportation**



**APPENDIX DD:
Retirement Projections – Department of Treasury**

**STATE OF MICHIGAN
Department of Treasury
Three Year Retirement Projection by Selected Job Titles
as of September 20 2008**

