



# KEY HUMAN CAPITAL CHALLENGES FACING SANTA BARBARA COUNTY





# KEY CHALLENGES

- Large employee population nearing retirement
- Difficulty attracting younger workers to public service
- Maintaining qualified workforce
- Meeting needs of multi-generational workforce
- Developing sound position for County in competitive market for talent





# NEED TO BE A COMPETITIVE EMPLOYER

- Aging County workforce
- Disinclination of young toward public service
- Competition with other employers for qualified workforce
- Mismatch of job requirements and workforce skills
- Trend toward professionalization of County jobs
- County employs many occupations projected to grow fastest
- County experiencing reduced numbers of applicants for entry level jobs
- Competitive total compensation structure





# Aging County Workforce

- 1/3 Nearing Retirement
- Demographics: Average age 44; age span 20 – 87

Number of employees over age 50

|                  | 2000 | 2005 |
|------------------|------|------|
| Total            | 30%  | 34%  |
| Appt. Dept Heads | 67%  | 84%  |
| Physicians       | n/a  | 68%  |
| Deputy DAs       | 45%  | 56%  |





# Disinclination of Young Toward Public Service

|   |                               |              |
|---|-------------------------------|--------------|
|   | 2000                          | 2005         |
| Employees age 18-29                       | 11.8%                         | 9.7%         |
| Average age at entry<br>General Employees | Prior to 10/94<br>Since 10/94 | 33.2<br>36.7 |





Jobs in the private sector are viewed as “better” at:

- Offering interesting and challenging work
- Rewarding outstanding performance
- Allowing employees to take initiative

Those interested in contributing to society increasingly favor the non-profit sector over the public sector by a margin of 52% to 10%.

*2001 Hart-Teeter survey of college educated Americans*





# Competition with Other Employers for Qualified Workforce

Demand growing faster than supply

DOL projections for 2002-12

- Increase in labor force 17.4 Million
- Job growth 21 Million





# Mismatch of Job Requirements and Workforce Skills

County jobs typically requiring BA/BS or higher = 35%

Persons age 25+ with BA/BS or higher

- United States 24.4%
- Santa Barbara County 29.4%

US Census Bureau, 2000







# Trend Toward Professionalization of County Jobs

- DOL projects 23.3% increase in Professional & related occupations 2000-12 (Primarily health care, IT & technical occupations)
- Following national trend, County jobs will increasingly require advanced education/specialization. See example of professionalization in the Auditor Controller's office (next slide).





# Auditor-Controller Position Allocation Comparison 1995 vs. 2005 Shift to Professional Jobs

|              | 1995         | 2005         | Change       |
|--------------|--------------|--------------|--------------|
| Executives   | 2.0          | 2.00         | 0.00         |
| Managers     | 7.0          | 7.75         | 0.75         |
| Professional | 27.50        | 34.25        | 6.75         |
| Technical    | 0.00         | 3.00         | 3.00         |
| Para.prof.   | 10.00        | 10.00        | 0.00         |
| Clerical     | 17.00        | 1.00         | -16.00       |
| <b>Total</b> | <b>63.50</b> | <b>58.00</b> | <b>-5.50</b> |





# County Employs 2/3 of the Occupations Projected to Grow the Fastest, 2002-2012

Of the occupations projected to have largest percent job growth, the County employs:

- Medical Assistants
- Network Systems and Data Communication Analysts
- Physician Assistants
- Social and Human Service Assistants
- Medical Records and Health Information Technicians
- Physical and Occupational Therapy Aides and Assistants
- Computer Software Engineers, applications and systems software

Bureau of Labor Statistics

*Strategic Scan*





# County Experiencing Reduced Numbers of Applicants for Entry Level Jobs

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| • Appraiser I Applications     | 2001<br>130 | 2002<br>95  | 2004<br>47  |
| • Dispatcher                   | 2001<br>319 | 2002<br>254 | 2004<br>121 |
| • Juvenile Institution Officer | 1998<br>184 | 2001<br>114 | 2004<br>90  |





# SB County Has a Unique Challenge

**Santa Barbara's housing named  
"least affordable" in U.S.**

*National Association of Home Builders, January 2005*

## MEDIAN HOME PRICES

|              | <i>6/2005</i> | <i>Increase over 6/2004</i> |
|--------------|---------------|-----------------------------|
| SB County    | \$704,270     | 23%                         |
| South Coast  | \$1,260,000   | 15.1%                       |
| North County | \$463,380     | 19.9%                       |

***Single most common reason for voluntary, non-retirement separations in 2004-05 was "Moving Out of Area" (20%)***





# Increasingly, County Employees Are a Commuting Workforce

|                          | 2000    | 2005  | Change |
|--------------------------|---------|-------|--------|
| • Total Regular EES      | 4271    | 4120  | -151   |
| • Live in South County   | 1845    | 1556  | -289   |
| • Live in North County   | 1945    | 1942  | -3     |
| • Live outside SB County | 481     | 621   | +140   |
|                          | (11.3%) | (15%) |        |





# Shift in Generational Values

## Older generation's values

loyalty & work ethic  
*"Go out and get a job"*

vs.

## Younger "me" generation's values

immediate rewards, personal control & flexibility  
in work, opportunities for learning, recognition  
*"Go out and get a good job that makes you happy"*





# NON-COMPETITIVE TOTAL COMPENSATION

- County wages falling below market for large portion of County workforce
- Significant out-of-pocket costs for health and retirement benefits
  - Further erodes compensation
  - Not in keeping with market standards

Following charts demonstrate the issues:







# Salary Survey

|                                   | Differential to survey mean |
|-----------------------------------|-----------------------------|
| • Staff Nurse                     | -20.1%                      |
| • Appraiser II                    | -14.3%                      |
| • Mental Health Practitioner II   | -19.2%                      |
| • Environmental Health Specialist | -20.5%                      |
| • Corrections Officer             | -15.4%                      |
| • Eligibility Worker II           | -15.1%                      |
| • Office Assistant II             | -20.6%                      |

Aug 2005





# Benchmark Survey

- 85% of County job classifications surveyed in 2004 were under market
- Average amount below market was 7.26%
- Significant number of jobs were below market by 20%





# Benefit Survey

## Employee monthly cost for Family HMO Insurance

- Santa Barbara County \$373.04
- 10 County Average \$209.77\*
- Local City Average \$175.50\*\*

\* 56% of SB County employee cost

\*\* 47% of SB County employee cost

Based on 2005 premium for agency's highest cost HMO plan & cost for largest General bargaining unit





# County Retirement Formula Survey

| Agency                   | General   | Safety    |
|--------------------------|-----------|-----------|
| • Santa Barbara County   | 2% @ 57   | 3% @ 55   |
| • Marin County           | 2% @ 55   | 3% @ 50   |
| • Monterey County        | 2% @ 55   | 3% @ 50   |
| • Orange County          | 2.7% @ 55 | 3% @ 50   |
| • Placer County          | 2.5% @ 55 | 3% @ 50   |
| • San Diego County       | 3% @ 60*  | 3% @ 50   |
| • San Luis Obispo County | 2% @ 55   | 3% @ 50** |
| • Santa Cruz County      | 2% @ 55   | 3% @ 50   |
| • Solano County          | 2.7% @ 55 | 3% @ 50   |
| • Sonoma County          | 3% @ 60*  | 3% @ 50** |
| • Ventura County         | 2% @ 58.5 | 2% @ 50   |

\*3% @ 60 General formula provides 2.5% @ 55

\*\* Implementation pending





# Employee Cost for Retirement Local Agencies

| Agency                          | General   | EE Out-of Pocket Cost |
|---------------------------------|-----------|-----------------------|
| • Santa Barbara County          | 2% @ 57   | 6-12%                 |
| • APCD                          | 2% @ 55   | 0%                    |
| • City of Santa Barbara         | 2% @ 55   | 0%                    |
| • Goleta Water District         | 2.7% @ 55 | 0%                    |
| • Santa Maria Cemetery District | 2.5% @ 55 | 0%                    |
| • I.V. Park & Rec District      | 2% @ 55   | 0%                    |
| • City of Carpinteria           | 2% @ 55   | 0%                    |
| • City of Santa Maria           | 2.7% @ 55 | 2%                    |
| • City of Arroyo Grande         | 2.5% @ 55 | 0%                    |
| • City of Atascadero            | 2% @ 55   | 0%                    |
| • Cambria CSD                   | 3% @ 60   | 0%                    |





# Employee Cost for Retirement Local Agencies (Cont)

| Agency                          | General   | EE Out-of Pocket Cost |
|---------------------------------|-----------|-----------------------|
| • Santa Barbara County          | 2% @ 57   | 6-12%                 |
| • City of Morro Bay             | 2.7 @ 55  | 0%                    |
| • City of Paso Robles           | 2.5% @ 55 | 0%                    |
| • City of Pismo Beach           | 2% @ 55   | 0%                    |
| • Port San Luis Harbor District | 2% @ 55   | 0%                    |
| • SLCU School District          | 2% @ 55   | 0%                    |
| • City of Grover Beach          | 2.5% @ 55 | 0%                    |
| • SB County Superior Court      | 2% @ 55   | 6 -12%                |
| • SLO Superior Court            | 2% @ 55   | 0 – 4.6%              |
| • City of Guadalupe             | 2.5% @ 55 | 0%                    |
| • City of San Luis Obispo       | 2.7% @ 55 | 0%                    |
| • City of Lompoc                | 2.7% @ 55 | 0%                    |





## TO ATTRACT & MAINTAIN A QUALITY WORKFORCE, THE COUNTY NEEDS TO SET WORKFORCE PRIORITIES

- Be sufficiently competitive in compensating work to “import” well qualified candidates and retain high performers
- Enhance communication regarding opportunities and rewards of public service
- Increase efforts to “grow our own” (Cal State Northridge and Fielding Institute)





## TO ATTRACT & MAINTAIN A QUALITY WORKFORCE, THE COUNTY NEEDS TO SET WORKFORCE PRIORITIES

- Better address interests of older workers (e.g., phase retirement) & younger workers (e.g., work-life balance)
- Provide a progressive work environment to attract & retain the best
- Succession planning







## Employee Satisfaction is Directly Connected to Organizational Goals and Bottom Line Results

- Connection to organization mission/direction
- Increased employee loyalty and retention
- High employee performance & productivity
- Increased customer service
- Reduced absenteeism





## Service Excellence in Organizations

- Employee satisfaction
- Measurement
- Recognition and reward
- Compensation (pay and benefits)
- Work-Life balance
- Environment that contributes to employee loyalty





# HUMAN CAPITAL STRATEGY

- Develop organizational depth and flexibility through systems and programs that encourage employee development, initiative and organizational loyalty
- Develop compensation and reward strategies to attract and retain high performing employees
- Identify human capital needs as an organizational priority and commit resources to implement strategies





*Strategic Scan*





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- Difficulty attracting younger workers to public services
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Nationally, jobs in the private sector are viewed as “better” at:  
Offering interesting and challenging work  
Rewarding outstanding performance  
Allowing employees to take initiative

*2001 Hart-Teeter survey of college educated Americans*

The County's experience reflects this trend:

Employees age 18-29

2001 11.8%  
2005 9.7%

General employee average age at entry

Prior to 10/94 33.2  
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# Total Compensation Is Not Competitive

## Salary:

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Differential to survey mean in 2005:

|                                 |        |
|---------------------------------|--------|
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## Insurance:

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## Retirement:

Comparison agencies have better retirement formulas than Santa Barbara County





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