The Center for State and Local Government Excellence

Ten Years of Research and Impact

CENTER FOR STATE &
LOCAL GOVERNMENT
EXCELLENCE

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The Center for State and Local Government Excellence

Our mission is to promote excellence in state and local governments so they can attract and retain talented public servants.

SLGE'S UNIQUE ROLE

Now, more than ever, state and local governments are looking for innovative ways to meet their financial obligations and contain costs. At the same time, faced with an aging workforce and powerful demographic forces, government leaders cannot assume that they will to be able to attract and retain the talent they need to operate in an increasingly complex world. They know they must become employers of choice so they can continue to deliver high quality services to the people who count on them.

In the past, wages and benefits were a selling point in attracting the best and brightest people to work in government. To remain competitive, governments will need to adapt to the evolving needs of current employees as well as future workers.

Center for State and Local Government Excellence research plays a unique role by:

- Examining the critical issues facing state and local governments, shaping our research agenda to respond to real-world needs;
- Bringing local government leaders and practitioners together with respected researchers;
- Gathering accurate data;
- Identifying and promoting promising practices;
- Directing and supporting first-class research;
- Informing the media; and
- Translating serious research into practical products that policy leaders, practitioners, and elected leaders can use to make informed decisions.

States and localities have experienced much change over the past decade. No area has been more greatly impacted than their role as the employers of talented public servants filling vital roles in communities across the country. From the challenges associated with planning for the transitions of an aging workforce, to competing with the private and non-profit sectors for skilled workers, to sustainably providing adequate retirement and health care benefits, the questions governments of all sizes have and the decisions they make today will greatly impact the quality of service they provide and their underlying organizational efficiency tomorrow.

The Center for State and Local Government Excellence is proud of the practitioner-oriented research we have conducted over the past ten years on topics such as pension funding, health benefit structures, workforce development promising practices, and other related topics. Providing comprehensive user-friendly databases, developing actionable case studies, and offering events and webinars, among other resources, enables SLGE to fulfill our important mission of "helping state and local governments become excellent employers so they can attract and retain talented public servants."

There is more work to be done. Through existing and new partnerships, research initiatives, and informed communications, we look forward to continuing to help state and local governments effectively recruit and retain their current and future workforces.

Joshua M. Franzel, Ph.D.
President/CEO
Center for State and Local Government Excellence

Ten Years Later: Making a Difference

"With the Center's findings on financial realities and solutions that work, we believe state and local government leaders are better equipped to address the difficult questions they face on retirement, retiree health care, and many other important issues affecting public employees."

Robert J. O'Neill, Jr.
Chair
Center for State and Local
Government Excellence

"The Center for State and Local Government Excellence (SLGE) was established by ICMA-RC in December 2006 to help state and local governments respond to the challenges they face in competing for talent in the 21st Century. SLGE is now recognized as a nonpartisan, authoritative resource for research and data on retirement security, workforce development, and benefit trends and practices."

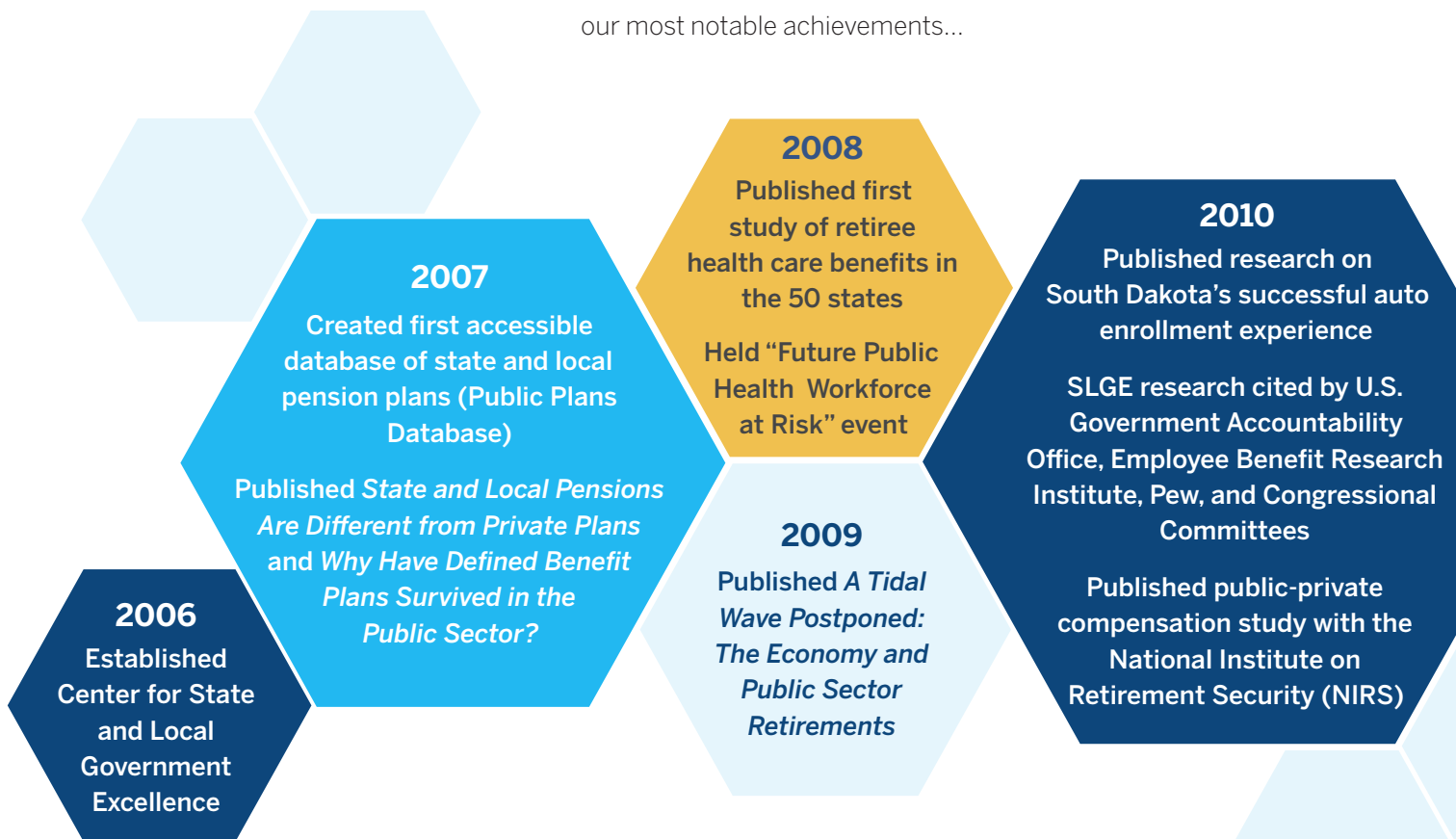**Bob Schultze**
President & CEO
ICMA-RC

"It's hard to believe that just ten years ago there was no database of public pension plans that was open to the public and to the research community. By developing partnerships with nationally respected researchers, we've been able to examine a wide range of public sector retirement, health care, and workforce issues. We have presented our research at national conferences and it has been cited in Congressional testimony, in U.S. Government Accountability Office and state legislative reports, and in the national media."

Elizabeth Kellar
Former President/CEO,
2006-2016
Senior Fellow
Center for State and Local
Government Excellence

The Story So Far
Our Milestones

Since it was founded in 2006, the Center for State and Local Government Excellence has published 83 research reports, held 19 webinars and 3 major events, and given 131 presentations at state, national, and international conferences to help state and local governments build the capacity to attract and retain the talent they need to operate in an increasingly complex world. Here are some of our most notable achievements…

2008
Published first study of retiree health care benefits in the 50 states

Held "Future Public Health Workforce at Risk" event

2007
Created first accessible database of state and local pension plans (Public Plans Database)

Published *State and Local Pensions Are Different from Private Plans* and *Why Have Defined Benefit Plans Survived in the Public Sector?*

2010
Published research on South Dakota's successful auto enrollment experience

SLGE research cited by U.S. Government Accountability Office, Employee Benefit Research Institute, Pew, and Congressional Committees

Published public-private compensation study with the National Institute on Retirement Security (NIRS)

2006
Established Center for State and Local Government Excellence

2009
Published *A Tidal Wave Postponed: The Economy and Public Sector Retirements*

Making a Difference

"We need to be bold and affirming so people can understand what is good about working in the public sector. The Center for Excellence can help tell the story about the people who dedicate themselves to making our society a better place to live."
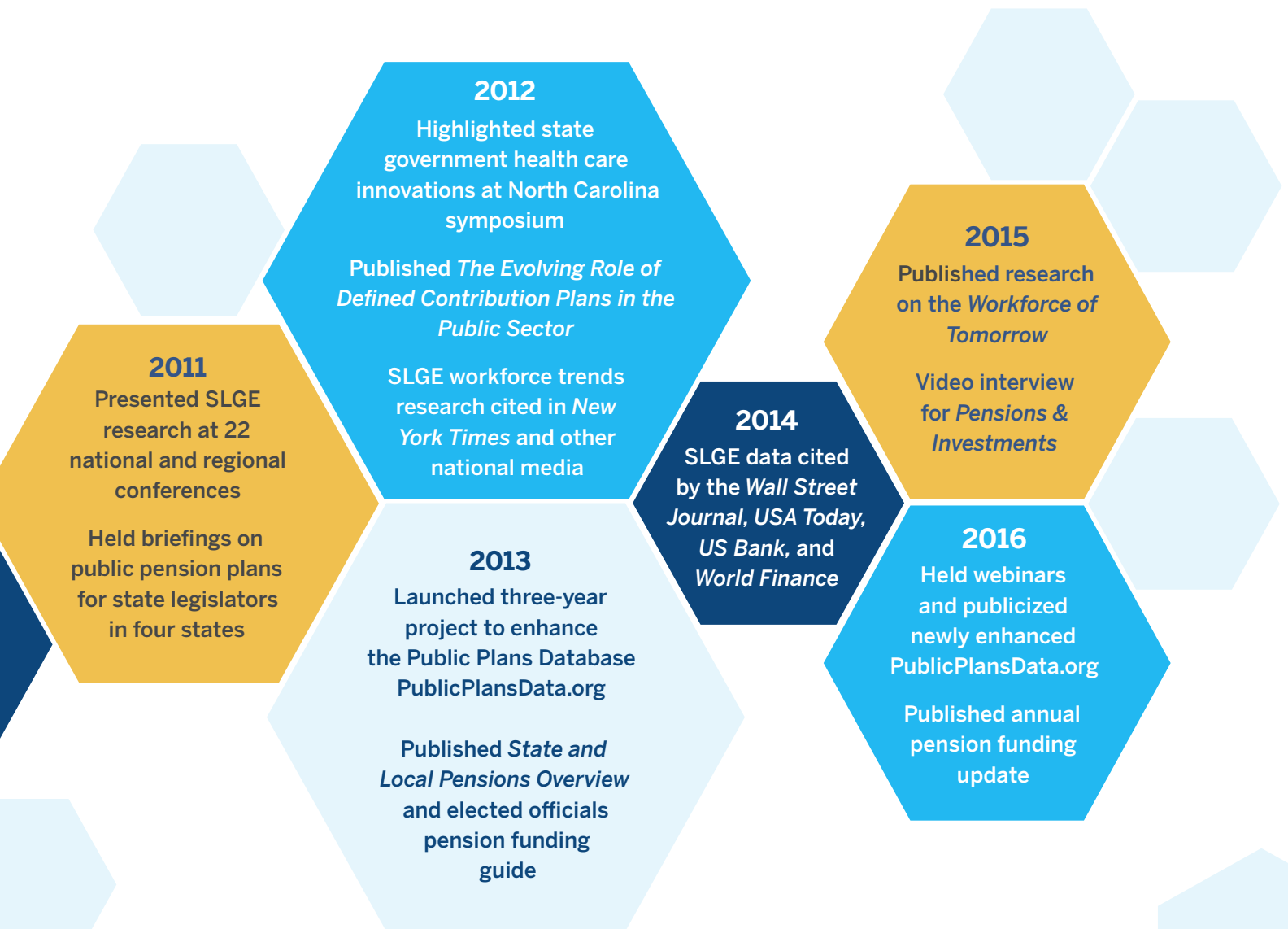**Donald J. Borut**, Board member, Center for State and Local Government Excellence

"Whether it is health insurance, job security, the promise of a retirement income, or clear work policies, Americans want a lot more than just a paycheck from their employment."
SLGE public opinion poll, *Security: What Americans Want in a Job*

"The Center has performed a signal service to all state and local government policymakers."
Ron Snell, National Conference of State Legislators, regarding SLGE's report, *At a Crossroads: The Financing and Future of Health Benefits for State and Local Government Retirees*

2012

Highlighted state government health care innovations at North Carolina symposium

Published *The Evolving Role of Defined Contribution Plans in the Public Sector*

SLGE workforce trends research cited in *New York Times* and other national media

2011

Presented SLGE research at 22 national and regional conferences

Held briefings on public pension plans for state legislators in four states

2013

Launched three-year project to enhance the Public Plans Database PublicPlansData.org

Published *State and Local Pensions Overview* and elected officials pension funding guide

2014

SLGE data cited by the *Wall Street Journal, USA Today, US Bank,* and *World Finance*

2015

Published research on the *Workforce of Tomorrow*

Video interview for *Pensions & Investments*

2016

Held webinars and publicized newly enhanced PublicPlansData.org

Published annual pension funding update

"In 2009, a survey of more than 400 state and local governments found that about 85 percent of public workers were postponing retirement (presumably because of the grave economy), while fewer than 9 percent were accelerating their retirement dates. This year, a similar survey by the Center for State and Local Government Excellence, a nonprofit research group, found 40 percent still delaying their retirements, with nearly a quarter speeding up their retirement dates."

New York Times, *"Many Workers in Public Sector Retiring Sooner,"* 12/5/2011

"In a study last year for the National Institute for Retirement Security and the Center for State and Local Government Excellence, Keith Bender and co-author John Heywood, also a University of Wisconsin, Madison economics professor, assert that wages for typical state workers are 11 percent less than those in the private sector with comparable education and in comparable jobs. Local workers earn 12 percent less, they say."

NPR, *"Are Government Employees Too Well Paid?"* 2/23/2011

Research Focus:
State and Local Retirement Plans

State and local pension plans are important in attracting and retaining well-qualified public employees. They help to facilitate the effective and efficient delivery of public services by serving as a workforce management tool and providing employees with financial security in retirement. In the United States, nearly all state and local government employees have access to a retirement plan at work, and participation is typically mandated.

With its partners, SLGE has published research on such topics as pension funding levels, types of retirement savings plans, trends in funding practices, impacts and lessons learned from pension reforms undertaken in the wake of the Great Recession, as well as the role of defined contribution and hybrid plans in the public sector.

SLGE's Impact:
SLGE was the first organization to make state and local data pension plan data available to the public and to undertake research to compare retirement plans in the private sector with those in the public sector.

"Two-thirds of state and local governments said workers are postponing their retirement because of the recession, according to a survey of state and local government managers by the Center for State and Local Government Excellence."

Wall Street Journal, *"State, Local Employees Delay Retirement,"* 5/14/09

"While automatic enrollment is still in its early stages, it is already having a powerful impact on participation rates….Between July 2009 and February 2010, 91.3 percent of new public service employees in units that adopted the new policy were automatically enrolled into the plan and remained in it…"

Robert L. Clark and Joshua M. Franzel, "Adopting Automatic Enrollment in the Public Sector," *Government Finance Review,* February 2011
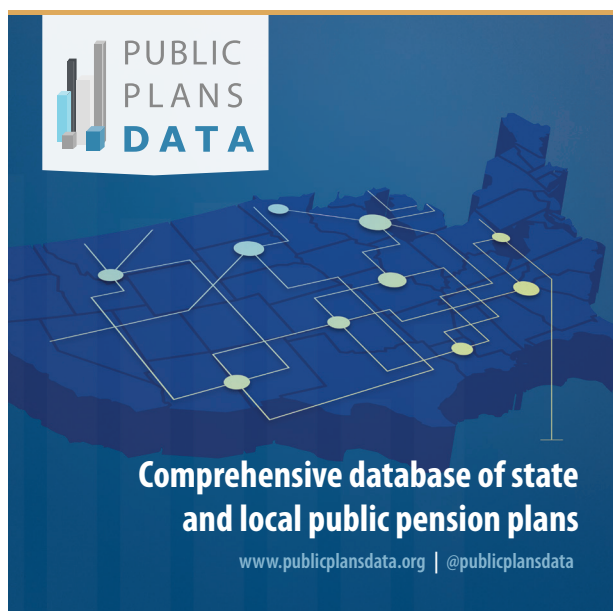
Public Plans Data

One of SLGE's most important initiatives was the establishment of Public Plans Data (PPD) in 2007 in partnership with the Center for Retirement Research at Boston College. The National Association of State Retirement Administrators (NASRA) supports the initiative by developing data models, validating data, and developing and administering surveys. This online tool includes data from 2001-2016 from over 160 state and local government retirement plans (115 administered at the state level and 45 at the local level). This represents 95 percent of state/local pension assets and members in the United States.

The PPD provides access to quick facts about public pensions at the national, state, system, and plan level, as well as a robust, searchable database on plan contributions, assumptions, and other variables.

PPD's Impact:

"Having hard data is the best way to talk about public policy and to make good policy decisions. Public Plans Data puts out the hard facts about public pensions and allows people to make their own judgments."

Jeff Esser, SLGE Board member and Executive Director/ CEO, Government Finance Officers Association, in *Government Finance Review*, February 2016

Public Plans – Quick Facts	
Cover	14.7 million active (working) members
Distribute	$277.1 billion annually in benefits to 9.9 million retirees
Hold	$3.86 trillion in assets
Financed	by employer and employee contributions and investment earnings

Sources: *Public Plans Data* and *Federal Reserve Flow of Funds*

PUBLIC PLANS DATA

Comprehensive database of state and local public pension plans

www.publicplansdata.org | @publicplansdata

PPD Brochure published March 2016

Research Focus:
Health Care

How will state and local governments deal with health care for the large baby boom generation of public employees? Although increases in health care costs have slowed recently, the growing percentage of employee compensation that goes to health benefits puts pressure on employee wages and other government expenditures, prompting governments to make changes to their plans and strategies. Retiree health care obligations are a major concern as many governments are funding them on a pay-as-you-go basis.

SLGE and its partners have analyzed data from all 50 states and a large sample of local governments, looking at such issues as benefit offerings and financing strategies, cost containment, health care trusts, and the health and financial benefits of wellness programs.

SLGE's Impact:
SLGE offers regular updates of retiree health care practices and funding and publishes case studies that examine strategies to maintain good quality programs while controlling health care costs.

"States are concerned that there is not adequate staff capacity to carry out the volume of work within the fixed time frames under the Affordable Care Act. Looking forward, federal health care reform offers a chance to restructure Medicaid eligibility determinations and improve program operations."

Staying on Top of Health Reform: An Early Look at Workforce Challenges in Five States report co-authored by SLGE staff and the Kaiser Commission on Medicaid and the Uninsured

Research Focus:
State and Local Government Workforce

State and local governments face significant challenges in attracting and retaining talent as retiring baby boomers begin to be replaced by a workforce that is younger, more diverse, more mobile, and more reliant on information and communication technologies.

SLGE's research tracks the changing demographics of local and state government workers and how major issues, such as rising healthcare costs, affects them. In addition, SLGE conducts annual polls to probe compensation and benefit changes, succession and workforce planning, and other public sector workforce resource issues.

"The steep economic downturn has collided with major demographic changes and shifting tides in core businesses that once defined our work, our revenue streams, and our understanding of world events....All levels of government face major policy issues that are constrained by economic realities and an aging workforce."

Elizabeth Kellar, Joshua Franzel, Danielle Miller Wagner, and Joan McCallen,
*"Trends to Watch in 2010," Public Management* magazine, February 2017

Workforce of Tomorrow

SLGE's research on the Workforce of Tomorrow examines the challenges facing state and local governments in competing for talent as more of their workforce retires and they need to appeal to a new generation that has many choices about where to work.

2020 U.S. Working Population Demographics

Boomers (BORN 1946-1964)	Gen X (BORN 1965-1977)	Millennials & Gen Z (BORN 1978-1998)
17%	27%	56%
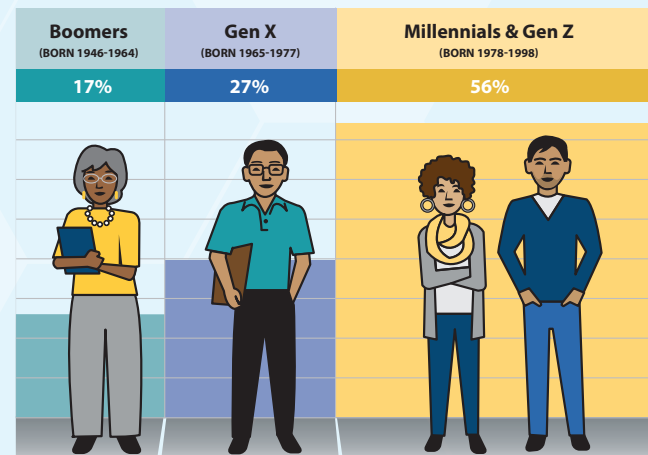
Source: Kellar, Elizabeth, "Why Local Governments are Talking about Millenials," *LGR: Local Government Review,* ICMA, December 2016

"Talented people need organizations a lot less than organizations need talented people,"

Daniel Pink, Author, in SLGE Report, *Workforce of Tomorrow*

Events

Drawing attention to trends and new research is an important part of SLGE's mission. To that end, SLGE has held events to focus on workforce challenges, beginning with its 2008 "Wake Up, America" Forum to discuss the findings of its public opinion poll about the public health workforce and what Americans want in a job. Retirement security issues and research have been highlighted in two summits held in 2013 and 2015.

Future of Retirement Summit

2013

Local Government Workforce Excellence Award

National League of Cities Congress of Cities Phoenix, Arizona November 11. 2011

Local Government Workforce Excellence Award

Presented to the City and County of San Francisco

Accepted by Micki Callahan, Director, and Donna Kotake, Workforce Development Director, Department of Human Resources

Distinguished Public Service Career Award

Presented to The Honorable George Voinovich,

Former U.S. Senator, Governor of Ohio, and Mayor of Cleveland

Webinar: The Facts on Public Pensions

2016

Webinar: Recruitment and Retention Challenges and Successes in the Local Health Department Workforce

2013

Webinar: Retirement Confidence of State and Local Government Workers

2015

The Future of
Retirement
SUMMIT

"If plans can overcome political challenges and earn historical returns and if cuts to benefits stick, pensions will not be the main source of budget squeeze."

Alicia Munnell, Director, Center for Retirement Research at Boston College

Webinar: Workforce of Tomorrow

2016

"More and more employees will have greater responsibility for their own retirement income."

Robert L. Clark, Ph.D., Zelnak Professor, Poole College of Management, North Carolina State University

"For a long time, our industry has had a perception that people will need less money in retirement. Instead, what we find is that people are increasingly entering retirement with a great deal of debt."

Gerri Madrid Davis, Director, Financial Security & Consumer Affairs, State Advocacy & Strategy Integration, AARP

"We expect 50 percent of Tennessee state employees to retire over the next 10 years,"

Rebecca Hunter, Commissioner for the Tennessee Department of Human Resources

"If our employees are the most important resource, the number one asset of organizations, there's a need to invest in them."

Neil Reichenberg, Executive Director, IPMA-HR

Retirement Security Summit: The Evolving Social Contract

2015

Acknowledgements
Sponsors and Research Partners

AARP

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Center for Retirement Research at Boston College

Center for Public Safety Management

City of Decatur, Georgia

City of Troy, Michigan

Gabriel Roeder Smith & Company

Ibbotson/Morningstar Investment Management

IBM Center for the Business of Government

ICMA

ICMA-RC

IML Worldwide

IBTS

ICC

FINRA

Kaiser Family Foundation

Kronos, Inc.

Laura and John Arnold Foundation

Mesirow Financial Investment Management

Michigan State University, Institute for Public Policy and Social Research

NAGDCA

NASRA

National Public Pension Coalition

North Carolina State University, School of Public & International Affairs and Poole College of Management

Pew Charitable Trusts

Robert Wood Johnson Foundation

Segal Group

SmartWorksPlus

Smith Richardson Foundation

Spy Pond Partners, LLC

TIAA-CREF Institute

The Ohio State University, John Glenn School of Public Affairs

UnitedHealthcare

University of Connecticut, Department of Public Policy

University of Georgia, Carl Vinson Institute of Government

University of Illinois, School of Public Health

University of Tennessee, Institute for Public Service

Wells Fargo

World Pensions Council

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