GDOT Retirement Projections

Implications for our Future

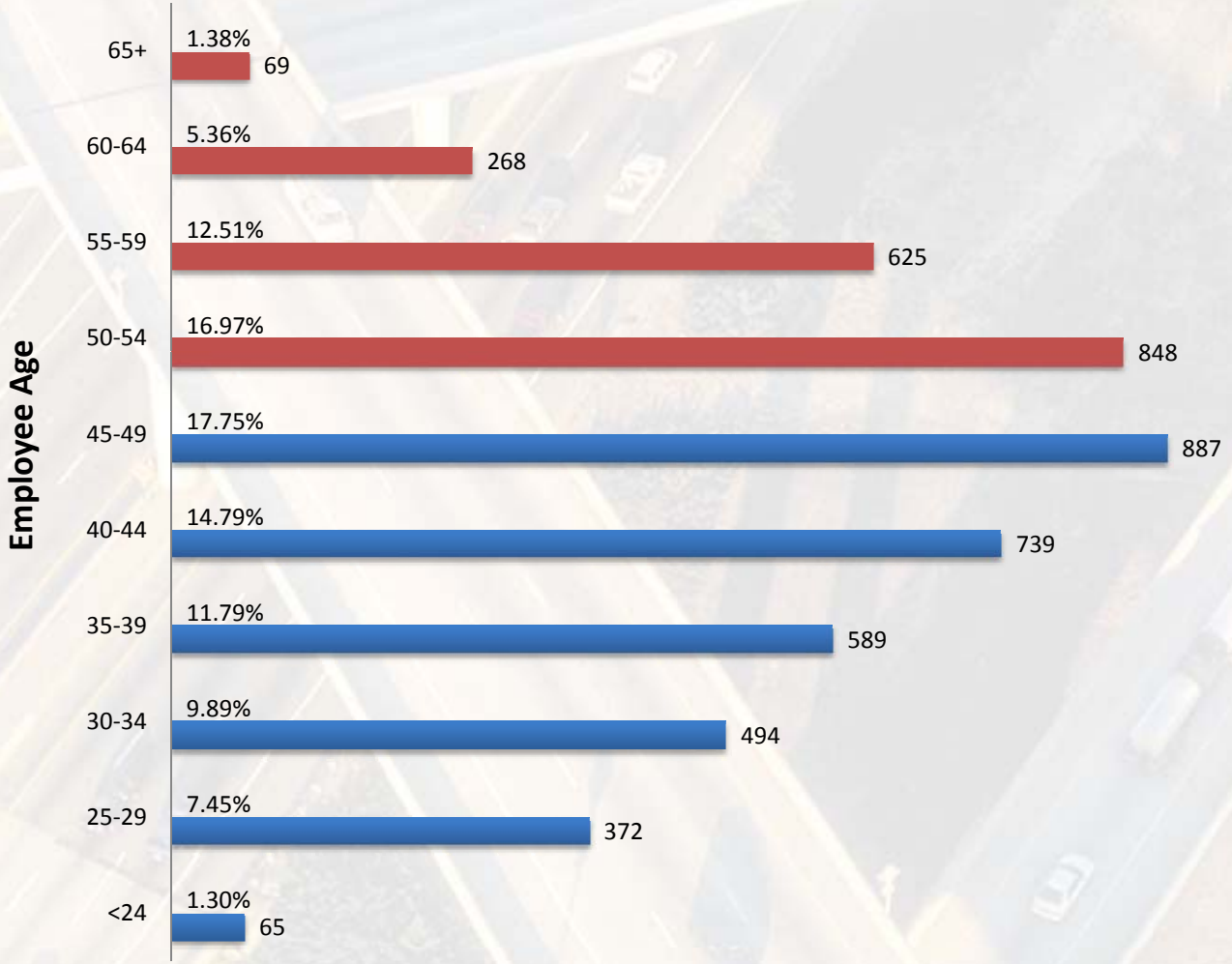
July 14, 2010

Georgia Department of Transportation

Workforce Trends

- An Aging Workforce
  - Baby boomers at or nearing retirement age
  - Nearly half of all state workers are between 45 & 64 years of age
  - GDOT Workforce is aging
    - Average employee age @ GDOT is 45
    - 30% of the entire GDOT population falls between ages 50-59.
  - FY 2010 turnover rate for GDOT is 7.2%
    - Of the 386 separations last year, 56.5% resulted from non-retirement status (voluntary, involuntary and transfers)

Age of GDOT Workforce



as of 6/15/2010

An Aging Workforce

- Retirement Projections
  - 27% of entire GDOT population is eligible to retire over the next five years.
  - 50% of GDOT's senior leadership & 56% of office heads are eligible to retire over next 5 years.
  - 21% of GDOT's senior leadership (Division Director and above) is eligible to retire this year.
  - 22.6% of top management (office heads, District Engineers, Division Directors) is eligible to retire this year.

FY 09 Retirements	FY 10 Retirements	Last 3 months
Disability: 21	Disability: 18	Disability: 3
Service: 124	Service: 161	Service: 46
Total: 145	Total: 179	Total: 49

GDOT Retirement Projections

- FY 2011 Retirement Projections
  - Employees Eligible for Service Retirement: **99**
  - Employees Eligible to Retire With Age: **+240**
  - Total Number of Eligible Employees: **339** *

- 5 Year Retirement Projections
  - Employees Eligible for Service Retirement: **644**
  - Employees Eligible to Retire With Age: **+687**
  - Total Number of Eligible Employees: **1331** *

* Projections exclude disability retirements

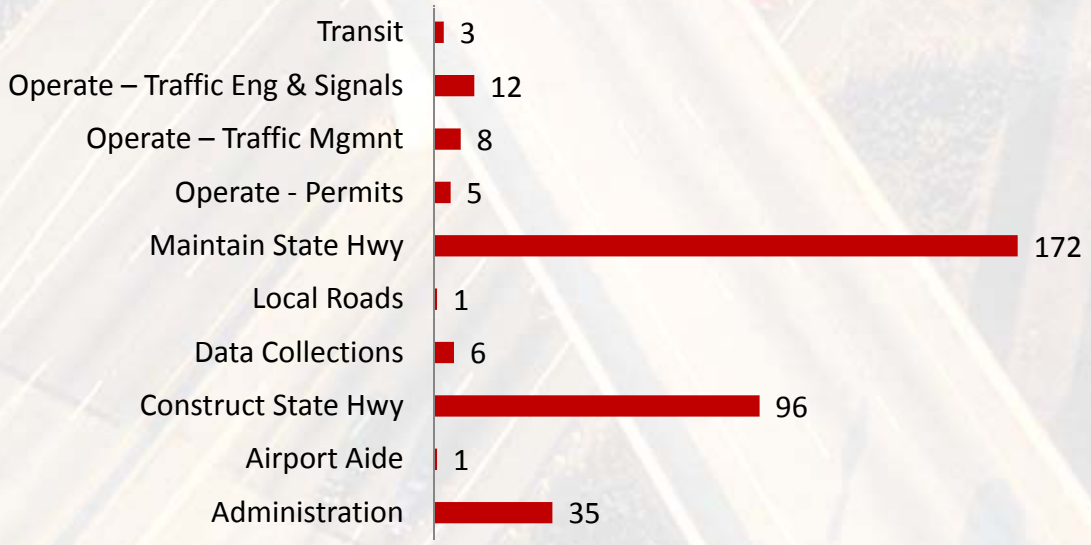
Contrasted with…

- A total of 4 new hires in FY 2010

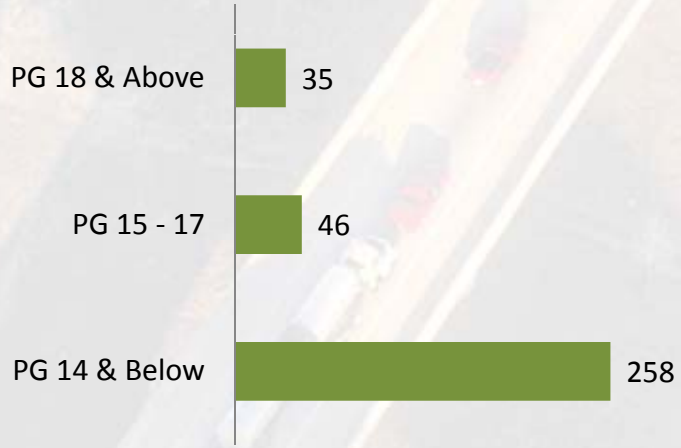
FY 2011 Retirement Projections

Of the 339 projected retirements in FY 2011…

FY 2011 Retirement Projections by Funding Program

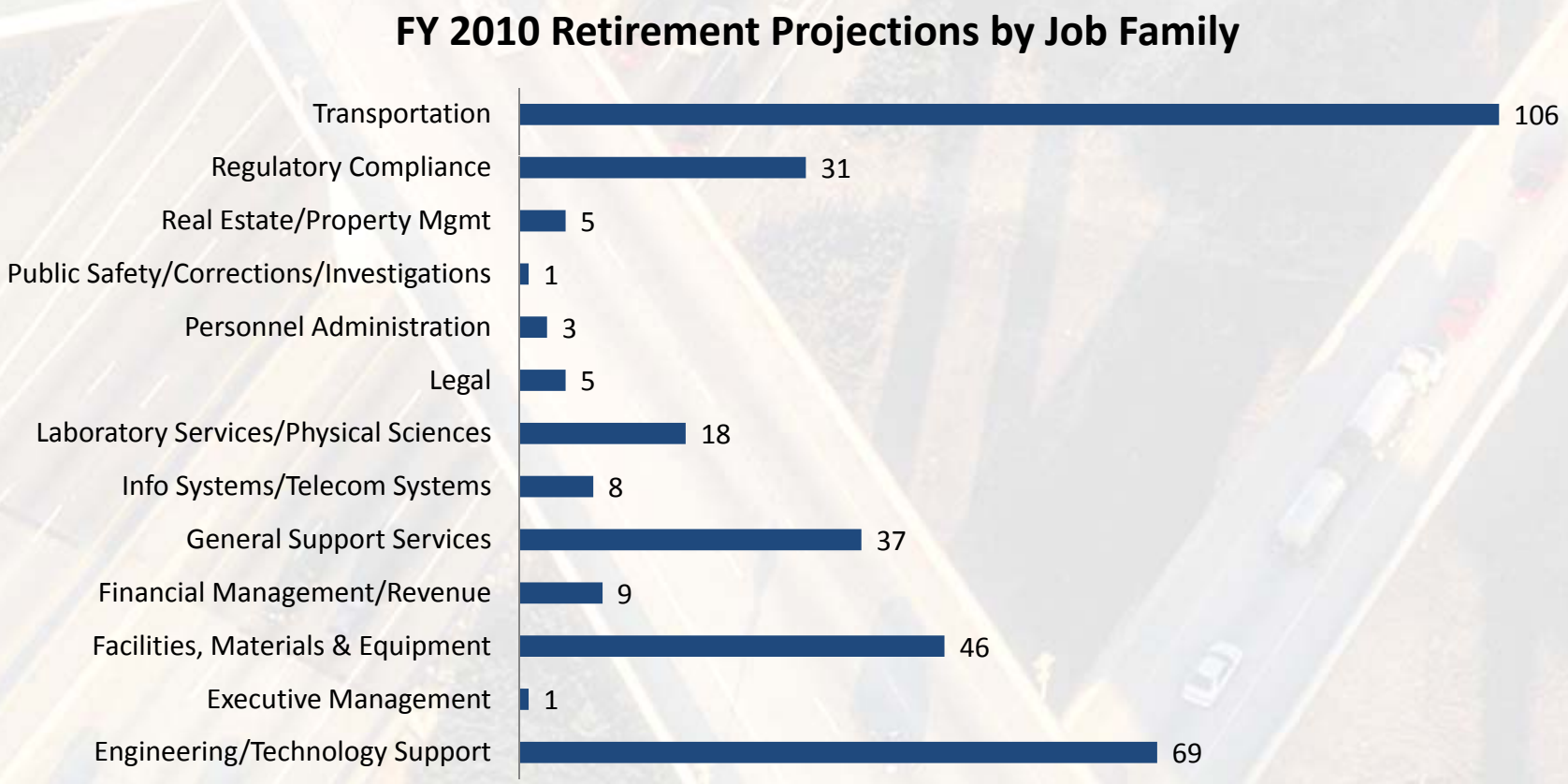


FY 2011 Retirement Projections by Pay Grade

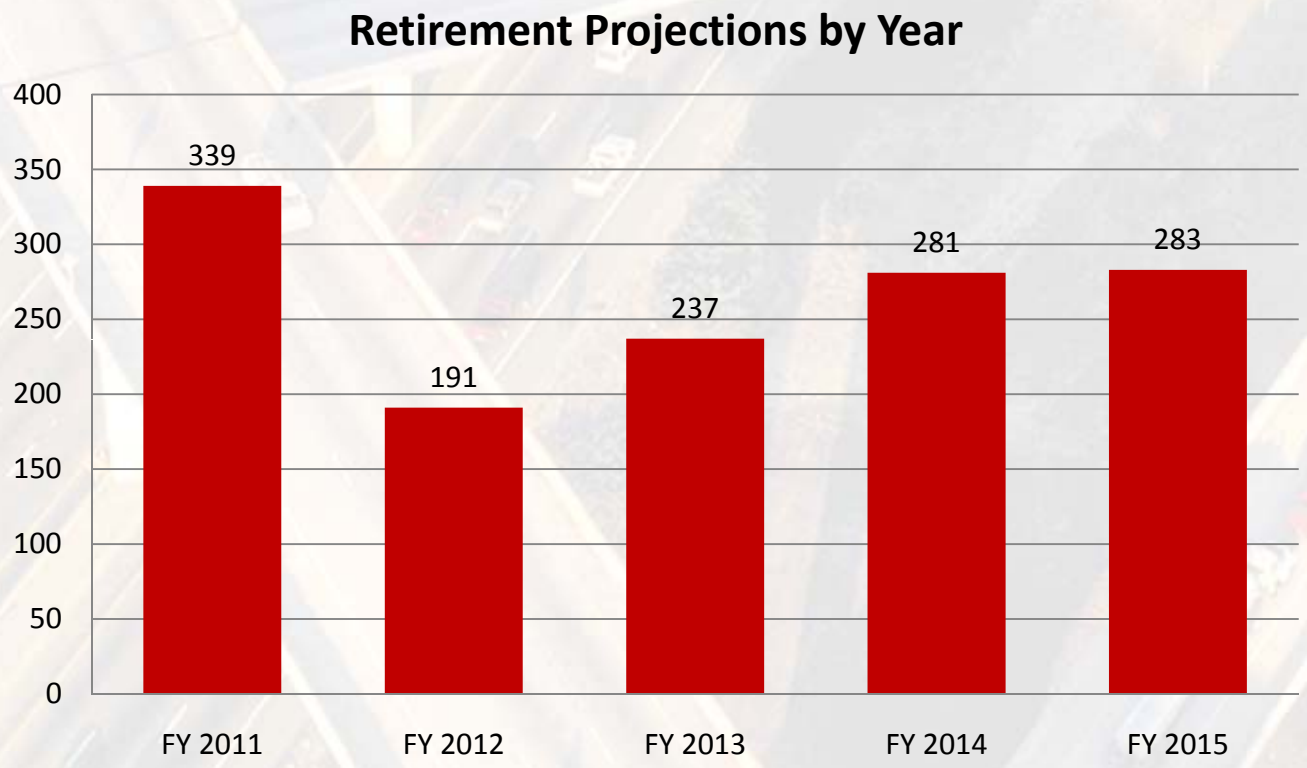


FY 2011 Retirement Projections

Of the 339 projected retirements in FY 2011…



5 Year Retirement Projections



* Yearly projections based on current accrued leave balances. FY 2012 projections and beyond are likely to increase as accrued leave balances change.

5 Year Retirement Projections by Division

Division	# of Employees Eligible for Retirement	% of Division Eligible for Retirement	% of Total Retirement Population
Division of Administration/General Counsel	35	38.89%	2.63%
Division of Construction	106	28.73%	7.96%
Division of Engineering	82	27.61%	6.16%
Division of Finance	23	28.75%	1.73%
Division of Intermodal	4	14.28%	0.30%
Division of Local Grants & Field Services	886	26.17%	66.57%
Division of Permits and Operations	129	29.32%	9.69%
Division of Planning	4	11.11%	0.30%
Division of Public Private Partnerships (P3)	1	14.29%	0.08%
Transportation Board	1	50.00%	0.08%
Commissioner's Staff	1	20.00%	0.08%
Chief Engineer / Chief Engineer's Executive Technical Staff	20	24.69%	1.50%
Deputy Commissioner / Deputy Commissioner's Executive Technical Staff	38	24.84%	2.85%
Treasurer's Staff	1	50.00%	0.08%
TOTAL	**1331**	**N/A**	**100.00%**

State Pension Plans

- Basics of the 3 existing Plans:
  - **The "Old Plan":** Defined pension of 2.2%/yr; 34 years of service required; life insurance provision through retirement
  - **The "New Plan":** Defined pension of 2%/yr; 30 years of service required; life insurance provision through retirement
  - **The "New, New Plan" (GSEPS):** Defined contribution of 1% to 401 k plan w/ employer match to optional employee contribution to 401 k

"Writing on the Wall"

- Public sector employees are older than private sector
- 50% of public sector jobs require specialized knowledge vs. 29% for private sector
- Pension plans facilitate early retirements

  – Abby and Boyd: "The Aging Government Workforce"

Formula for a Perfect Storm

- Eye of the Storm: Eligibility overlap between Old and New State Pension Plans
- Forfeited and accrued leave accelerate retirement dates
- Old Plan: “Doesn’t Pay to Stay”
- Suspension of merit increases & promotional opportunities serve as disincentives for retention of New or GSEPS Plan members
- GSEPS: Declining stock market returns + elimination of life insurance and defined pension plan = no retention value for the younger workforce

Implications for GDOT

- Senior employees retiring earlier than projected
- Gap between experienced & inexperienced workforce becoming wider & more difficult to bridge
- Need for new talent & retention of existing talent has increased simultaneous to State budget cutbacks & declining motor fuel tax collections
- Budget constraints severely impact ability to backfill vacancies
- Budget cuts, hiring freezes, furloughs, & the suspension of merit increases contribute to employee concerns

Implications for GDOT

- The loss of “institutional knowledge” probable before new hires can be staffed & trained
- New GSEPS retirement plan with matching 401 (k) not as attractive due to low performing stock market
- Until the economy turns, it’s a “buyers’ market” relative to recruitment
- Once economy improves, GDOT risks losing technical & high potential employees early in career

Strategies

- Develop action plan
- Align Workforce Plan with Strategic Plan
- Identify talent gaps and evolving business needs
- Retool the existing workforce
- Determine job searches
- Identify funding

Strategies

- Groom next generation of leaders
- Re-emphasize the Agency's core business
- Deliver training and educational programs
- Further work/life balance
- Improve internal communication and performance feedback
- Continue Agency-wide recognition programs

Questions?