

# How Have Things Changed Since 2008?

Focus on the Public Sector Workforce



# The Public Sector Workforce Then and Now

- **Then:** Prior to the recession, public sector employees were used to making good salaries with great benefits. Additionally, they would get a cost of living increase and raise on an annual basis.
- Unions were used to getting almost everything they asked for during labor negotiations.
- Pension plan investments were performing well enough to make the participants feel comfortable about their futures.
- **Now:** post recession, public sector employees are looking at less wages and very little chance of getting raises. Their benefit plans have been reduced and if they are fortunate enough to have a pension, they are being asked to contribute into it to help keep it solvent.

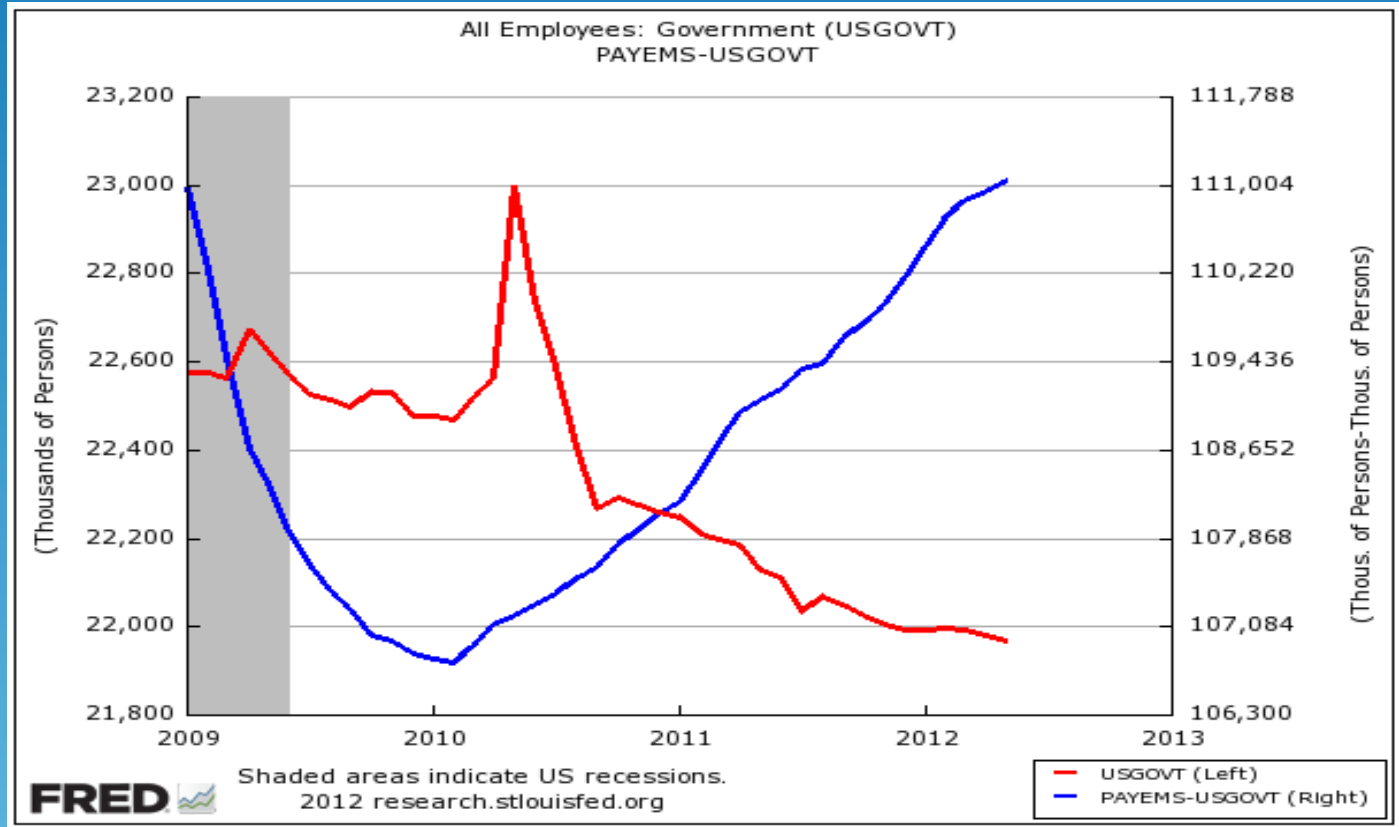
# The Realities and Challenges



- There is a growing interest in jobs within the Public Sector primarily because individuals believe that there is more security, better benefits and of course, the almighty pension.
- Costs are constantly increasing for the public government in all areas especially when it comes to employee wages, benefits and pensions.
- Pensions and tighter budgets are two very significant factors. A large number of mortgage defaults and companies declaring bankruptcy has had a very large impact on the state of public entity budgets.
- Services that used to be done by employees are being privatized to reduce costs associated with public entity employees such as wages, benefits and pension.

# Public Sector vs. Private Sector

Blue Line = Private Sector Jobs



# Pensions – Are they Sustainable?

- The Public Sector has been continually struggling with pensions regardless of whether they belong to Fire, Police or General Employees. The pressure is on!
- More and more Baby Boomers are retiring resulting in a large number of retirees collecting pension benefits versus those who are still paying into the pensions. This formula results in a loss (underfunded pensions).
- Market investments have not been performing too well for a number of years and general poor planning for all of the additional retirements has resulted in some public entities scaling back on their services and in some cases even declaring bankruptcy.

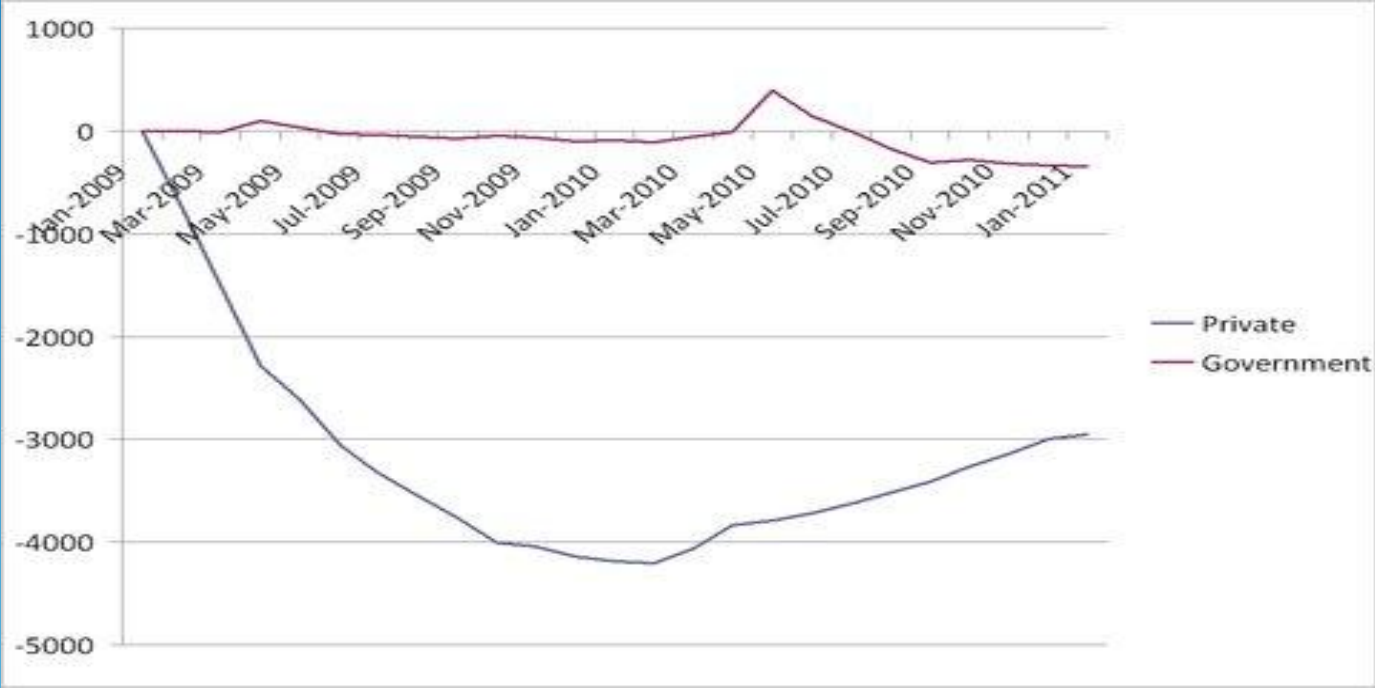
# Governments – The New Normal?

- Some public entities are struggling to look at new ways to cut costs such as implementing second and third benefit tiers which typically means substantially less pension benefit for new comers.
- Other public entities are transferring newcomers to the Florida Retirement System for their pension if they offer one at all.

# Governments Taking Drastic Action to Save Costs

- Both Municipalities and Counties are looking to cut pensions all together to save costs.
- Some have reverted to offering 401(a) retirement accounts in place of pensions.
- There have been significant layoffs, furloughs and cutting back on benefits in the public sector.
- Salary cuts have been implemented.
- No raises or cost of living increases.
- Hiring has decreased significantly.

# Job Layoffs: Private vs. Public





# Public Sector Best Practices

- In general public entities have become very creative when it comes to saving money. For example, some Cities and Counties have opted to have their own employee on-site clinics. Most request primary-care providers to run their clinics and prescriptions can be purchased wholesale pushing down the cost of drugs.
- Wellness programs are all the rage in getting employees thinking healthier. Some public entities have created gyms so that employees can adopt a healthier lifestyle. Healthy behavior is being rewarded with incentive programs.
- As Union contracts are expiring, policy makers have increased the age that retiree health benefits kick in from 50 to 59 for future retirees.
- Employees are asked to pay more for their health insurance – from 8 to 20 percent.

# Wellness Initiatives

- The City gets “wellness dollars” every year from our health insurance carrier which can be spent on wellness initiatives for employees. For example, cooking healthy events and cholesterol screenings have been promoted.
- Pedometers and children’s wellness programs (“Zamzee”) have been utilized to get employees and their families exercising to help reduce or prevent obesity.
- Employees who complete on-line wellness assessments offered by their health insurance carriers or who get their blood pressure tested often get incentives like a gift card.

# Survival of Public Sector Jobs

- Unions are not able to get what they had asked for in the past simply because the funding is not there anymore.
- Public sector entities are expecting more of their employees to pick up work from other jobs that are not being filled to help save costs especially on an administrative level.
- Employee recognition programs are being introduced to help employees be recognized for their ideas that result in large financial savings for their entity.
- The workforce is being asked to step up and not replace equipment or office supplies as often as they may have in the past.
- Grant money is being sought after to help fund public sector positions.
- All of these measures result in more jobs being saved.

THANK YOU FOR LISTENING.

