Building a Sustainable Public Sector Workforce:

How Mid-Sized Cities & Counties Can Transform Their Approach to Workforce and Human Capital Management

Currently, state and local governments employ more than 16 million people. With millions of employees, labor is the single largest expense for these entities. Managing the public sector workforce is a growing challenge for governments, and many of them are all over the map on how to handle it.

From paper processes to siloed legacy systems, governments have a range of often complex and antiquated solutions. Not only are these approaches inefficient, they prevent agencies from being better stewards of public dollars and, as recent overtime scandals in cities throughout the country illustrate, put them at risk for fraud or error.

Employees are the public sector's most valuable assets, but it's clear a workforce management revolution is overdue. Workforce management goes beyond time, attendance and scheduling. It's about using cloud-based, data-driven and predictive tools to forecast current and future needs, control labor costs and boost productivity to build a high-performing organization. Governments need to make workforce management central to an overall human capital management strategy that also encompasses solutions for onboarding, talent management, career development, certification, licenses and tracking.

66% of mid-sized cities use at least **THREE OR MORE** solutions, and

20% use **FIVE OR MORE** solutions for their human capital management overall.

This paper will highlight recent Governing Institute research that helps illustrate the day-to-day workforce management challenges governments face, the long-term impact of these challenges and potential solutions. By transforming their approach to workforce management and implementing modern technology solutions that facilitate automation and efficiency, governments can realize cost savings to reinvest back into their employees through higher wages, additional development opportunities and increased staffing levels. Ultimately, this will empower them to build a more sustainable public workforce for the future.

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The Public Sector's Current Workforce Management Challenges

The Governing Institute conducted qualitative interviews with key decision-makers in human resources and personnel management working in cities with populations ranging from 100,000 to 300,000. Our research indicates:

Governments are using multiple, often inefficient approaches to manage the workforce.
Paper-based and manual processes are far too prevalent. Nearly 52 percent of cities overall are still doing at least one process on paper, while 43 percent of mid-sized cities say they use paper filing systems as their primary means of storing labor data.

They also rely on disparate systems, which can include enterprise resource planning (ERP), human resource management, payroll management and benefits enrollment solutions. Sixty-six percent of mid-sized cities use at least three or more solutions, and 20 percent use five or more solutions for their human capital management overall.

Scheduling is one of the most complex processes.
Fifty-eight percent of cities surveyed say they complete their scheduling manually (exclusive of public safety scheduling). In Inglewood, Calif., for example, scheduling is handled manually by each department. The city of Fontana, Calif., has a similar process, as department heads use spreadsheets for this function.

With unique factors such as shift bidding, overtime management and crisis cost recovery challenges, public safety agencies have scheduling requirements that are even more complex — as confirmed by every agency the Governing Institute interviewed.

"Our fire department has a 56-hour work week and with police we have three shifts 24-7. Manual processes not only affected scheduling but translated to payroll and FLSA (Fair Labor Standards Act) considerations. Our whole operation was very manually intensive, prone to human error and not conducive to input. It was a monumental undertaking, because every city has rules on record-keeping, premium

pay and overtime, and all this has to be documented," says Jeff Bahorski, the assistant city manager for Sterling Heights, Mich., which ultimately adopted a workforce management solution to overcome these challenges.

Cities aren't taking advantage of labor data.
- **More than 74 percent** of all cities surveyed don't have access to real-time labor data through reporting.
- **Ninety percent** of all cities surveyed say real-time labor data would be helpful. Some respondents indicated real-time data for expenditure tracking would help them better manage overtime expenditures and overall labor costs and enable them to do more precise forecasting in terms of personnel decisions.
- **More than one quarter** of all cities surveyed believe they have solutions that provide real-time reporting.
- **Forty-three percent** of mid-sized cities surveyed believe they have sufficient reporting abilities within their HR solutions to make proactive actionable decisions with their labor data, while **57 percent** do not.

The lack of robust data-driven solutions often leads to greater inefficiency for local governments. For example, the city of Charleston, S.C., must custom build new models within existing systems to meet reporting requirements. Additionally, many respondents said reporting for the Federal Emergency Management Agency (FEMA) needs significant improvement.

"When it comes to data tracking during a crisis, we are living on a lot of faith that our processes will work," noted one official.

Organizational culture is an obstacle to implementing new solutions.
Overcoming resistance to change can be a huge barrier in the public sector. Collective bargaining agreements and unions also affect agencies' efforts to implement innovative workforce management solutions.

"Workforce management in the public sector is so unique because you essentially have a single employer with multiple industries that work underneath that employer," says Linda Misegadis, a public sector industry expert for Kronos, a human capital management solutions provider. "You've got a situation where you have different business requirements for each of those various industries."

There is both desire and skepticism regarding comprehensive workforce management solutions.
Interviewees said efficiency and automation were the two key benefits of implementing a new system but expressed concern that any new system would be able to fulfill their specific business needs. However, some of the existing solutions governments rely on, namely an ERP, must be

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Governing Institute Survey Respondent

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Todd Wilmington, Captain, Elgin, Ill., Fire Department

customized to meet their business requirements. A workforce management solution can address these complexities.

The data indicates there are several areas of local governments' human capital management strategy that desperately need modernization. Some cities already have moved in this direction by adopting cloud-based workforce management solutions that encompass time and attendance tracking, streamlined data collection and analytics, forecasting and scheduling capabilities.

Their examples demonstrate the high return public sector entities can reap by making this long-term investment, which ultimately may pay off in the form of improved efficiency, more informed decision-making and a better overall employee experience.

Improving Workforce Management: Lessons from Cities

City of Elgin, Ill.: Gaining Efficiency with Automated Scheduling

As the Governing Institute research indicates, many local agencies still rely on manual and paper processes to manage their workforce. The city of Elgin's fire department was no different.

"We were in the Stone Ages. We were basically doing everything on pen and paper and then posting it to our shared drive on the internet," says Todd Wilmington, captain of Elgin's fire department.

Wilmington says before the department integrated new workforce management technology into its processes, "scheduling was literally a nightmare." Scheduling overtime was particularly challenging, as the hours-long process involved making multiple calls to employees to get shifts filled.

To solve this problem, the fire department implemented workforce management technology that features automated scheduling. This allows department leaders to assign overtime based on predefined rules configured into the system, maintain better records of who is working on each day, gain more visibility into the cost of different categories of overtime and perform

more accurate reporting. The department even can text or email officers with overtime requests rather than playing a game of telephone that consumes a substantial amount of the workday.

"It has streamlined scheduling tremendously and improved our consistency by utilizing the set parameters and rules that prevent us from making errors that have occurred in the past," Wilmington says.

Fayetteville, N.C.: Using Workforce Management Technology to Level the Playing Field

From keeping paper records and punching timecards to using an honor system, every department within Fayetteville city government had its own approach to workforce management.

"We were all over the map. There were many opportunities for fraudulent reporting of time and use of paid time off," says Barbara Hill, Fayetteville's director of human resource development.

Paper-based processes were labor-intensive at the department level. Payroll technicians had to spend hours sorting and calculating information and resolving time discrepancies. At times, there were missing checks and inaccuracies that required manual checks to be produced quickly, even after the team had completed regular payroll.

Fayetteville leaders ultimately decided to implement workforce management technology to resolve these issues. About a year and a half ago, the city rolled out the solution to most of its workforce (with the exception of public safety agencies, which will slowly transition to the new platform and adopt a new scheduling system).

"The return on the investment justified the cost of going to an automated time and attendance system," Hill says.

With its new time and attendance tracking solution, Fayetteville can deploy time clocks from its technology vendor in 47 locations throughout the city for employees to record their work hours. Employees also can clock in via the city's in-office computers using computer kiosks, or via a mobile app if they work in the field.

With these streamlined solutions, the city is much more efficient.

"We've cut the time down to produce the time and attendance files and the payroll records. We've cut almost a day and a half off the process at every location. So, a process that would take a department between 12 and 20 hours, depending on the number of employees they had to enter, is now down to two to four hours to get time and attendance submitted to the payroll department and get all the approvals done," Hill says. "We also have more accountability because there's oversight at different levels."

That accountability piece is the biggest change for the city's agencies. Hill says transitioning employees to the city's new workforce management approach required a cultural shift, especially because many departments had adopted their own practices for payroll and time tracking.

"You have to help employees understand this is not being brought into the city to harm them or to hurt them or because you don't trust them. It's to provide a level playing field," Hill says.

With its new workforce management solution, the city can ensure standardization and consistency across all departments and verify every employee is being treated the same and paid the way they're supposed to under federal law.

Sterling Heights: Driving a Better Employee Experience

An ERP is usually table stakes for government agencies when it comes to human capital management and managing day-to-day business processes. However, these solutions can lack the comprehensive visibility agencies need to better manage their workforce.

Kate Baldwin, the human resources and benefits manager for the city of Sterling Heights, Mich., says this was the primary issue with the city's ERP.

"One of the challenges has really been capturing a lot of that historic data of the individual," Baldwin says. "For example, we have hundreds of retirees. When we navigate back and look at when a retiree last worked, what collective bargaining agreement he or she retired from, and what his or her health insurance benefits are based on that retirement date, it's all kind of piecemealed in various spots."

Sterling Heights, which has a lean staff of 470 employees for 135,000 residents, is implementing a comprehensive human capital management (HCM) system to address this challenge.

City leaders decided to pursue an HCM solution after they implemented a workforce management solution for time and attendance to track the police and fire departments. Previously, the city used paper timecards, but over the last year, Sterling Heights' public safety departments adopted automated scheduling. Baldwin says the departments have saved more time after implementing workforce management technology, but one of the biggest benefits relates to the employee experience.

"From a user perspective, it is much more streamlined. Employees are online filling out their hours each day. Every employee group has all their applicable settings assigned to them based on their bargaining unit. The system directs you and doesn't allow you to make errors," Baldwin says.

The city currently has four clerical staff members at the police department dedicated to payroll, but it expects to remove this manual, labor-intensive burden from these staff members because of the automated timekeeping and scheduling components within its workforce management technology.

"When you can take that function off of four people's plates, it's a great efficiency gain for us," says Bahorski, the assistant city manager.

Schaumburg, Ill.: Making Data-Driven Decisions

Located just 15 miles from Elgin, Schaumburg's police department also faced its own workforce management challenges.

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Barbara Hill, Director of Human Resource Development, City of Fayetteville, N.C.

The department's police sergeants completed the schedule manually, arranging shifts a year out using an Excel program they then printed to allow for handwritten addendums.

"If someone called in sick, they put a piece of paper on the roster. I'd then get all the rosters and manually enter everything in," says Simone Lesniak, an employee information technician who has worked for the city for more than 25 years and handles HR-related tasks for the police department.

Scheduling previously consumed half of Lesniak's workday. However, the city implemented a workforce management solution in 2008 that has significantly cut Lesniak's workload, allowing her to spend more time on personnel issues and administrative work. The program can automate the scheduling process in line with existing collective bargaining agreements, contract and union rules, which minimizes compliance risk for Schaumburg's police department.

Lesniak says one of the key benefits of implementing workforce management technology is the historical data the department can access.

"We can see patterns of sick time use that we didn't know before. We can see if people are following policy when exchanging days. We can see if people are taking vacation time, and if they're calling in sick in conjunction with their regular days off or benefit leave," Lesniak says. "The history on it is excellent. Even now when we update our system, we can go back to 2008 — from the day we started the program — and still get all the information."

Integration is another advantage. Schaumburg's workforce management solution can also transfer data into the department's payroll system.

"Within 45 seconds the entire payroll is transmitted. Before, it took me two to three hours," Lesniak says.

Overall, the department has become more efficient by implementing the technology. It also can make more data-driven decisions, including identifying coverage gaps

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due to a workforce shortage and offering overtime shifts to police officers many months in advance.

Modernizing Workforce Management: An Action Plan for the Public Sector

Moving away from paper-based and siloed processes requires a sea change from the way many local governments manage their workforces today.

It's a monumental undertaking, but one that's achievable if local governments take a deliberate approach that includes the following steps and considerations.

Conduct an initial internal assessment.
It's important to understand the business needs of every department and the impact of regulatory and compliance issues and collective bargaining agreements before choosing a workforce management solution. To achieve this understanding, seek buy-in by organizing a cross-functional team to provide input as you implement new workforce practices and technologies.

"A 911 operations center is going to operate much differently than a parks and recreation department. Understanding the different employee types and thinking carefully about the business challenges they face is so key," Misegadis says.

Considering these complexities before the RFP process will allow local governments to better compare vendors, identify solutions that are capable of meeting their diverse business

requirements and reduce the likelihood that departments will adopt shadow systems to solve their business challenges even after a new solution is implemented.

Seek complementary solutions to your existing ERP.
Adopting new workforce management technology doesn't mean governments must abandon their existing ERPs. The most effective workforce management solution will complement an ERP and augment and validate the data it collects.

Along with these capabilities, local governments should look for a solution that enables automation, such as real-time tracking of leaves and vacations and forecasting and scheduling. It also should provide automated data collection and analytics that cities can use to make more informed decisions about their workforce, such as pinpointing which departments need additional staffing.

Prepare for organizational transformation.
Once local governments identify the most effective technology solution for their workforce management needs, getting their organizations culturally ready for the changes that will ensue should be a key part of the deployment process.

"I think really being prepared and understanding that you're going to have to go through change management, and having the right people and the right skills to come in and help drive this change just really ensures the success of these projects," says Misegadis.

Fayetteville's Hill says it's also important to remember that different applications and strategies work better for different size organizations.

"Make sure you understand your own culture and what its tolerance is for technology," she says. We're not Silicon Valley here by any means, so we must make sure that both in our choice of an application and our communication in transitioning into the new software that we take into consideration the fact that our employees are different. If we want success, we must communicate to them in a way that works for them, and not necessarily a one-size-fits-all way."

Maximize your use of data.
Once a solution is implemented, use labor data for proactive decision-making to increase worker efficiency, address personnel issues, improve transparency and accountability, and measure progress and performance against goals.

For future budget cycles, local governments also can take advantage of the robust data sources a workforce

Giving employees a modernized solution to track their time, attendance, absences and schedules will take the friction out of their daily activities and improve their overall experience.

management solution provides to increase the accuracy of cost forecasting and redeploy public resources in ways that greatly improve public safety and constituent services. Having access to workforce management data also can better equip budget-strapped local governments to handle FEMA reporting requirements and ensure they receive the maximum reimbursement to which they are entitled.

Drive a better employee experience.
Modern workforce management solutions can empower local governments to identify pain points in their employee experience and better address them.

As the public sector tries to retain its best and brightest employees, these solutions create a valuable opportunity to increase employee engagement. These technologies can enable every department to pay employees more accurately, give them access to valuable information like accrual balances, and provide self-service and mobile options. Giving employees a modernized solution to track their time, attendance, absences and schedules will take the friction out of their daily activities and improve their overall experience.

Conclusion

Perhaps more so than any other sector, the work local governments do has a measurable impact on people's everyday lives.

However, their efforts could be even more impactful if they more efficiently managed their workforce. Today, when technology innovation has transformed so many industries, there's no reason for government agencies to rely on tools as antiquated as a paper and pen to handle their workforce.

With automated scheduling and time tracking and robust data and analytics, a modern workforce management solution can empower local governments to redeploy their employees to focus on what they do best, spending less time on administrative tasks and more time on higher impact work that truly serves the public.

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