Introduction to Public Sector Benefits Administration—Day 1

Cara Fitzpatrick, CPA, CFE
Director of Financial Services
Tri-County Metropolitan Transportation District of Oregon
Portland, Oregon

Abbey Hendricks, CEBS
Vice President
Aon
Portland, Oregon

Introduction to Public Sector Benefits Administration

- Day One agenda
  - Introductions
  - Public Sector Structure
  - Government Budgeting and Finance
  - Federal Legal and Regulatory Requirements
  - Navigating the Political Landscape
  - Strategic Planning
  - Demographics in the Public Sector
  - Human Resources Strategies

2

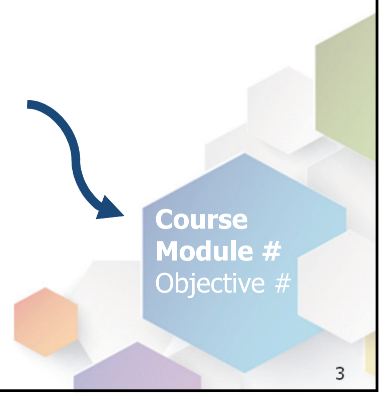
The CEBS Program

The International Foundation's highest educational achievement is its Certified Employee Benefits Specialist (CEBS) designation.

The program is highly regarded by the industry and comprises five self-study courses (each with an exam) that provide deep technical knowledge of employee benefits. Most people complete the designation in about three years.

Many people are intimidated by the program, but we would like to take some of that fear away. The CEBS icon that you will see in the corner of some slides indicates that the following topics overlap with CEBS content.

While participation in employee benefits courses does not count towards getting the CEBS designation, this course may make the material feel more approachable if you decide to pursue the CEBS program in the future.



3

Course Objectives

- Learn the key terms and definitions pertaining to public sector benefit administration
- Understand the unique characteristics of public sector benefits administration
- Learn how the public sector structure influences the operations of a benefits program
- Understand how public sector benefit plans are structured, financed and operated
- Understand the scope of HR strategies

4

Course Objectives

- Understand the scope of administrative practices that are involved in administering public plans including strategic planning, performance measurement, the RFP process and technology
- Learn the latest issues and trends impacting public plans today
- Share your knowledge with workshop participants in an open exchange of ideas
- Review the key laws and regulations that impact public plans

5

Format

- High level discussion of key concepts
- Interactive fun exchange of ideas
- Apply learned knowledge in a comprehensive case study
- Share actual experience *wherever* possible
- Flexible outline so that appropriate amount of time can be dedicated to each topic
- Cover the areas **you** want to discuss

6

Introductions—Tell Us About YOU!

- Who do you work for?
- What do you do?
- What are the issues you are facing?
- What other Certificate Series course(s) have you taken?
- What's a fun fact about you?

7

Sample Public Sector Benefits Menu

- Medical/Dental (including retiree)
- Vision
- Prescription
- Life Insurance
- Short and Long Term Disability
- Defined Benefit Retirement
- Defined Contribution Retirement
- Vacation Leave
- Sick Leave
- Parental Leave
- Leave Donation Program
- Long Term Care Insurance
- Cafeteria Plans
- Telecommuting
- Flexible Work Schedules
- Comp Time
- Employee Assistance Programs
- DROP Plans

8

Sample Public Sector Benefits Menu *(continued)*

- Wellness Programs
- Training and Education
- Disease Management
- Legal/Adoption Services
- Flexible Spending Accounts
- Transportation Subsidy
- Financial Management/ Legal Counseling
- Uniform Allowance
- Housing Allowance
- Assigned Vehicles
- Cell Phones/PDA
- Health Reimbursement Arrangements
- Patient Advisory Services
- Sabbaticals

***See the handout section for IFEBP Employee Benefits Survey (tables 106-108) on leave, work-life, and other miscellaneous benefits offered**

9

Structure of Public Sector Administration

10

Structure of Public Sector Administration

- Structure of the Public Sector
- Governance Defined
- Plan Stakeholders
- Benefit Plan Governance and Authority
- Components of Benefit Plan Governance

11

Structure of the Public Sector

- **Defining the various jurisdictions in the public sector**

12

Governance Defined

- Governance: The manner in which a public or private organization is controlled by the people who run it
- Governance decisions can define expectations, delegate authority, or verify performance
- Strong governance can lead to consistent management, cohesive policies and procedures and definitions of responsibility

13

Benefit Plan Stakeholders

- U.S. President
- Congress
- State Legislature
- Union
- Employees and Dependents
- Retirees and Dependents
- Employee Representatives
- Consultants
- Investment Staff
- Providers
- Actuaries
- Board of Trustees
- Auditors
- Plan Staff
- Vendors and TPAs
- Insurance Company
- Others?

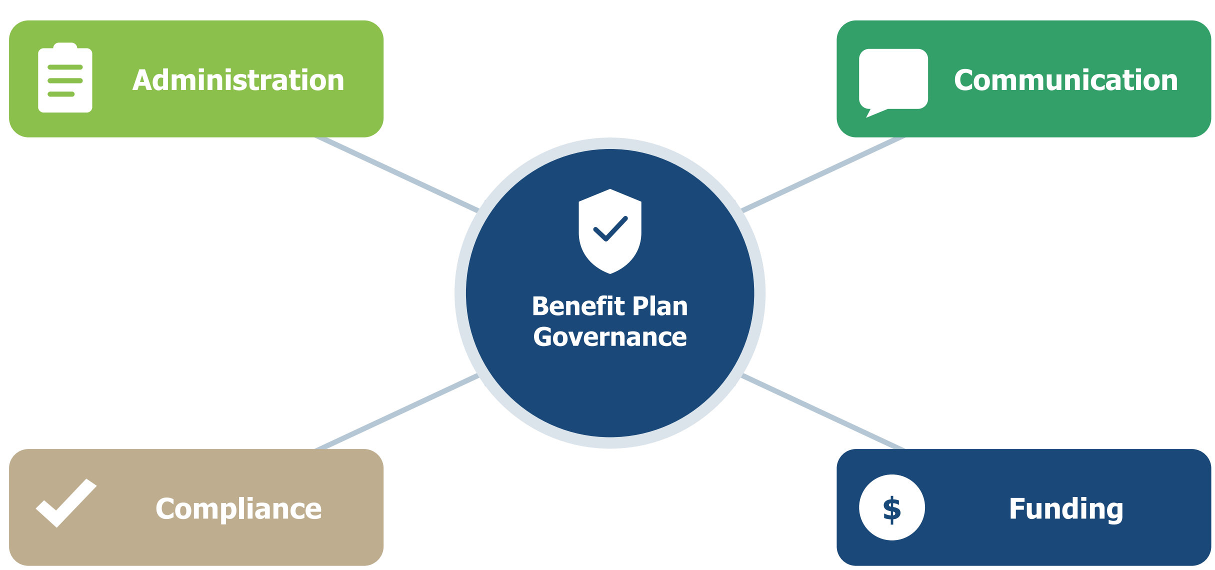
14

Benefit Plan Governance and Authority

- Elected officials
- Administrative staff
- Legal requirements (Federal, State, and local)
- Collective bargaining agreements
- Plan documents
- Provider contracts

15

Components of Benefit Plan Governance



16

Components of Benefit Plan Governance

- **Compliance**
  - Establishing plan trustees and administrators
  - Reviewing responsibilities of trustees, administrators and delegates
  - Ensuring that processes and procedures comply with regulations
  - Documenting essential details in written documents, policies, and contracts

17

Components of Benefit Plan Governance

- **Administration**
  - Reviewing effectiveness of technology and systems
  - Producing statements and reports
  - Evaluating effectiveness of programs provided under plans
  - Evaluating contract and service guarantees
  - Reviewing reporting functionality
  - Evaluating transactions processing
  - Evaluating implementation of new plans/plan features

18

Components of Benefit Plan Governance

- **Communication**
  - Marketing and outreach regarding plan benefits
  - Assessing effectiveness of employee communications
  - Ensuring that communications to employees are clear, compelling, and timely
  - Evaluating frequency of plan communications

19

Components of Benefit Plan Governance

- **Funding**
  - Developing funding models
  - Identifying and securing plan funding
  - Employer versus employee contributions
  - May be different for mandatory versus voluntary benefits

20

Government Budgeting and Finance

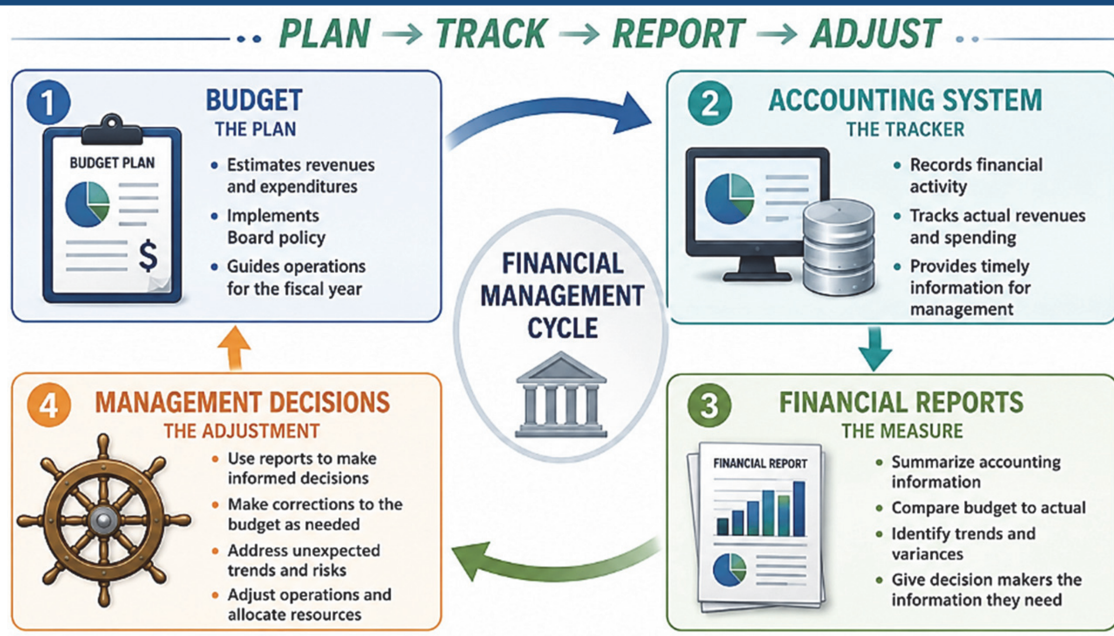
21

Overview of Government Budgeting and Finance

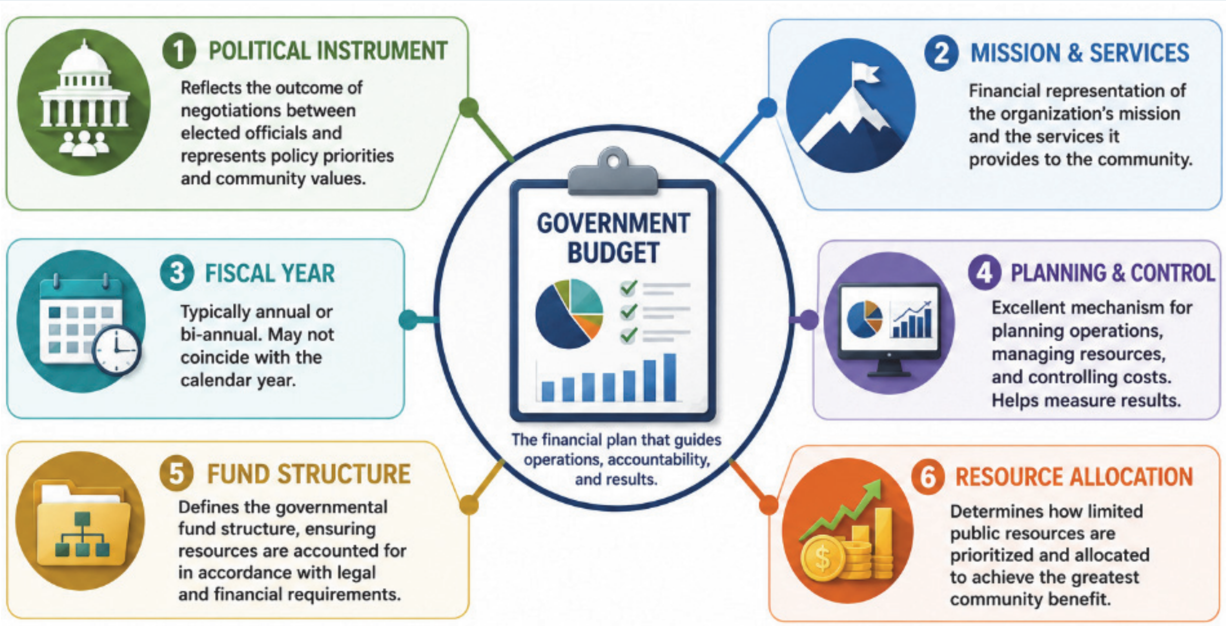
- Understanding the difference between budgeting, accounting and financial reporting
- General principles of a budget process
- Budget process evolution and formats
- A typical budget process and activities
- Components of a governmental budget
- Government budgeting, benefit plans and considerations
- Small group exercise

22

Public Sector Financial Management

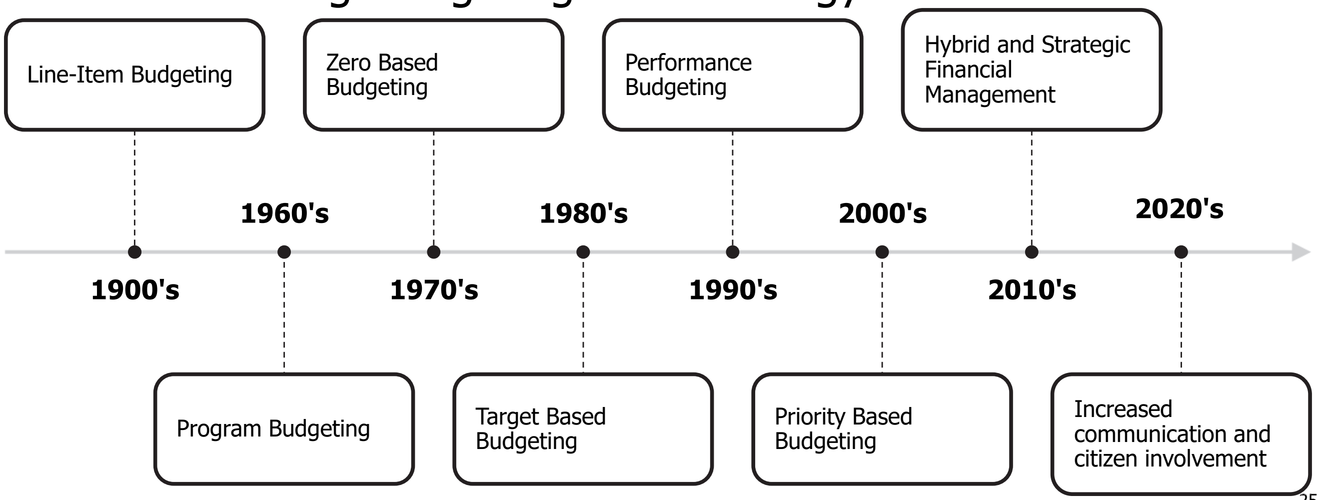


Government Budgeting—Overview



Budget Evolution

Budgeting has evolved from tracking spend to managing outcomes to guiding long-term strategy



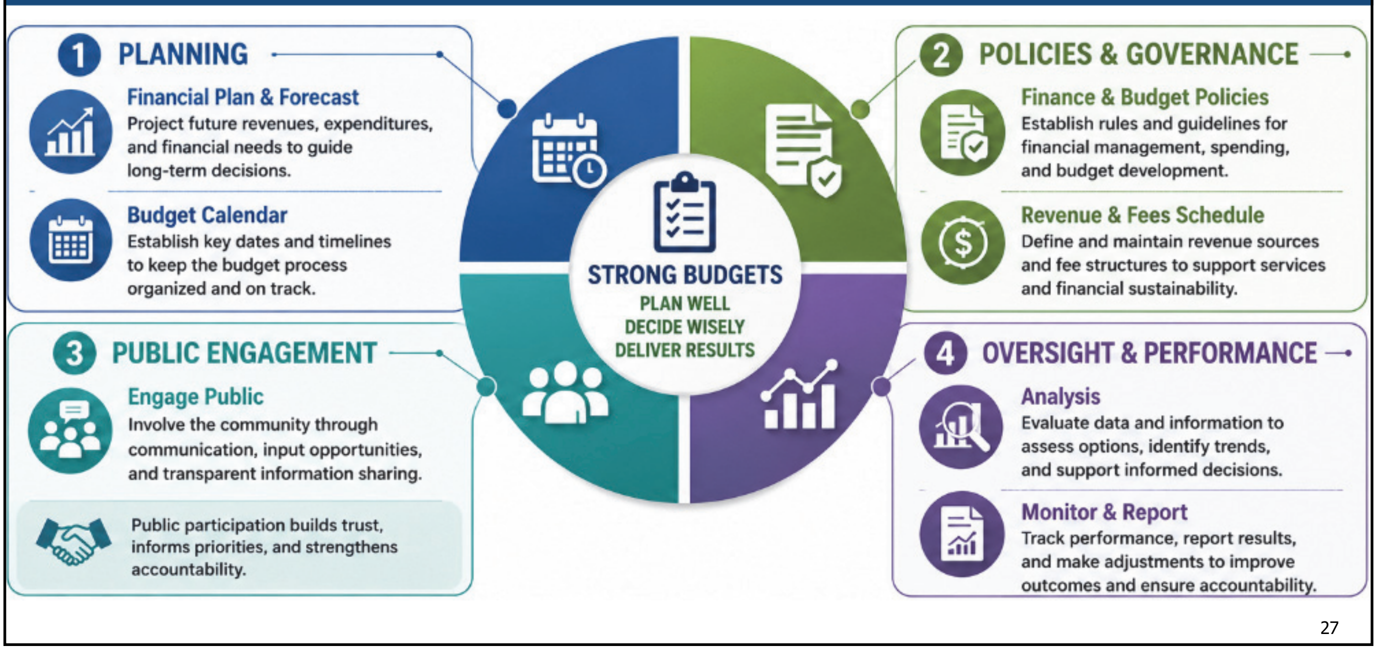
25

A Typical Government Budget Process

Continuous cycle balancing resources, strategy and accountability

26

Budget Management Framework



27

Components of a Governmental Budget

28

Government Budgeting and Finance: Where Does the Money Come From? Where Does It Go?

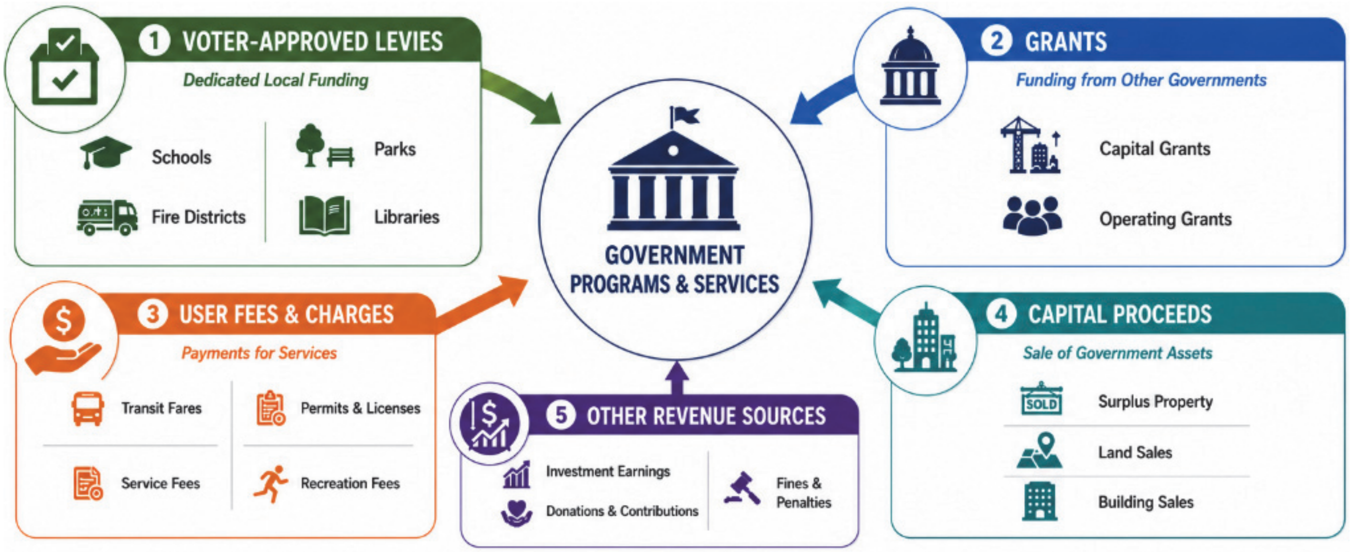
- <u>Revenues or Sources</u>
  - Taxes
  - Levies
  - User charges, fees, fares and permits
  - Grants
  - Debt proceeds
  - Capital proceeds
  - Internal service charges
- <u>Expenditures or Uses</u>
  - Social services
  - Public safety
  - Public infrastructure
  - Community enhancement
  - Utilities
  - Debt service
  - Reserves

29

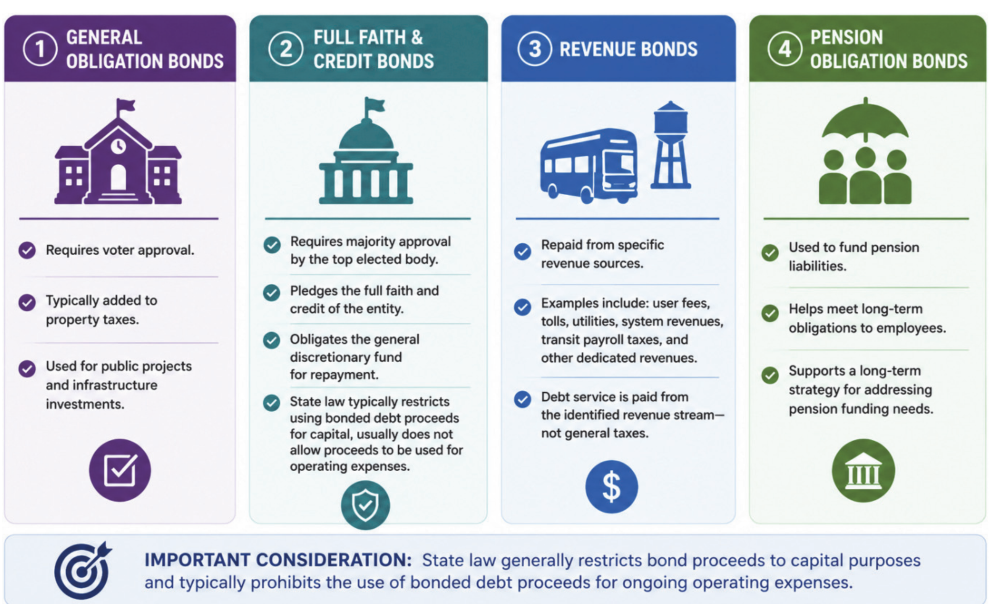
Taxes Are the Primary Source of Revenues

30

Beyond Taxes: Other Sources of Revenues



Bonded Debt Proceeds



Governmental Accounting Standards Board

GASB provides the rulebook governments follow to record transactions, prepare financial statements and communicate financial health to citizens, leaders and other stakeholders.

Creates Consistency
- Standards ensure governments follow the same accounting rules, so information is consistent

Improves Transparency
- Promotes clear, complete and reliable reporting

Ensures Accountability
- Ensures governments follow stewardship of public resources

Adapts Over Time
- Standards adapt and evolve to changing environment

33

Government Financial Reporting

- Annual Financial Reports and Audits are required by law
- Financial Statements are organized by fund(s)— General Fund, Restricted Funds and Capital Funds
- Generally Accepted Accounting Principles (GAAP) provide the reporting framework
- GASB establishes Government Accounting Standards
- New GASB standards drive change and often require business process changes—financial reporting is a team effort!

34

Governmental Accounting Standards Board

Benefit Programs:

GASB

GASB 67
- Financial Reporting for Pension Plans

GASB 68
- Employer Accounting for Pensions

GASB 71
- Pensions Transition for Contributions made subsequent to the Measurement Date

35

Governmental Accounting Standards Board

Benefit Programs:

GASB

GASB 73
- Accounting for Pensions Outside of GASB #68 Scope

GASB 82
- Pension Issues and Clarifications

GASB 84
- Fiduciary Activities

GASB 97
- Defined Contribution Plans and 457 Plans

36

Governmental Accounting Standards Board

Benefit Programs:

- **GASB 43, 45**
  - Financial Reporting for Post-Employment Benefits
- **GASB 74**
  - Financial Reporting for Post-Employment Benefits other than Pensions
- **GASB 75**
  - Employer Accounting for OPEB
- **GASB 85**
  - Omnibus Clarifications for OPEB and Pensions

37

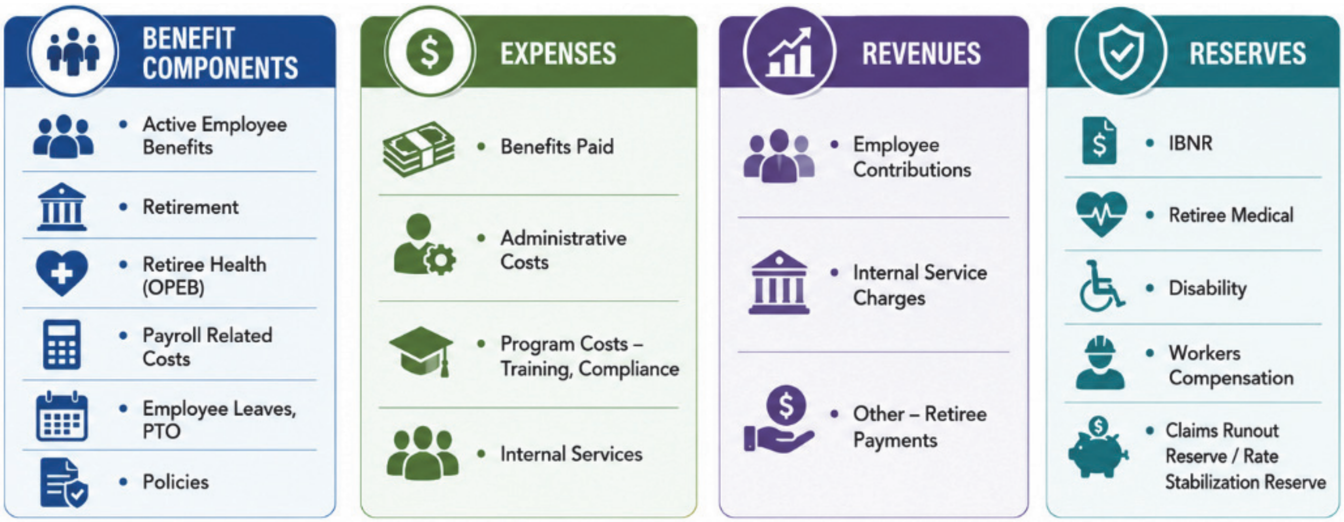
Governmental Accounting Standards Board

Benefit Programs:

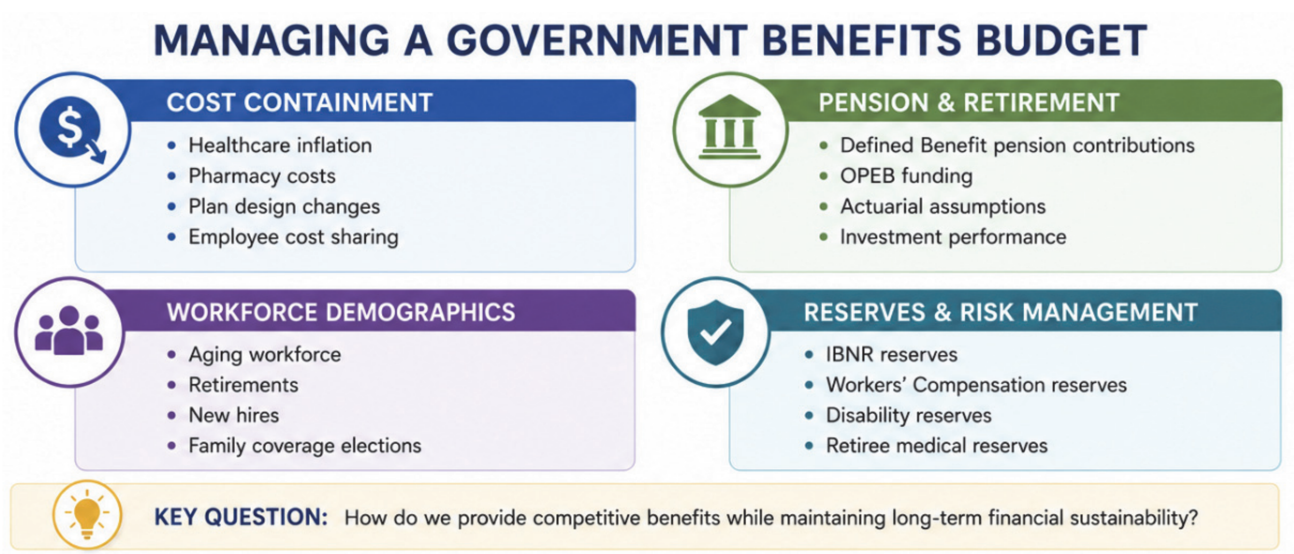
- **GASB 16**
  - Accounting for Compensated Absences
- **GASB 101**
  - Updates to Compensated Absences Standard

38

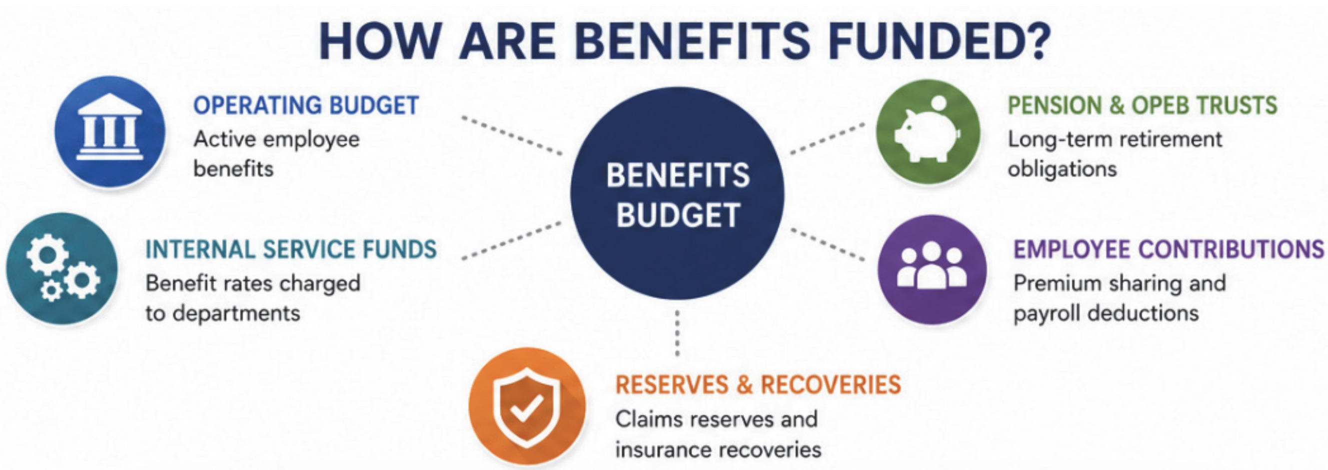
Public Sector Benefits Budget



Public Sector Benefits Budget

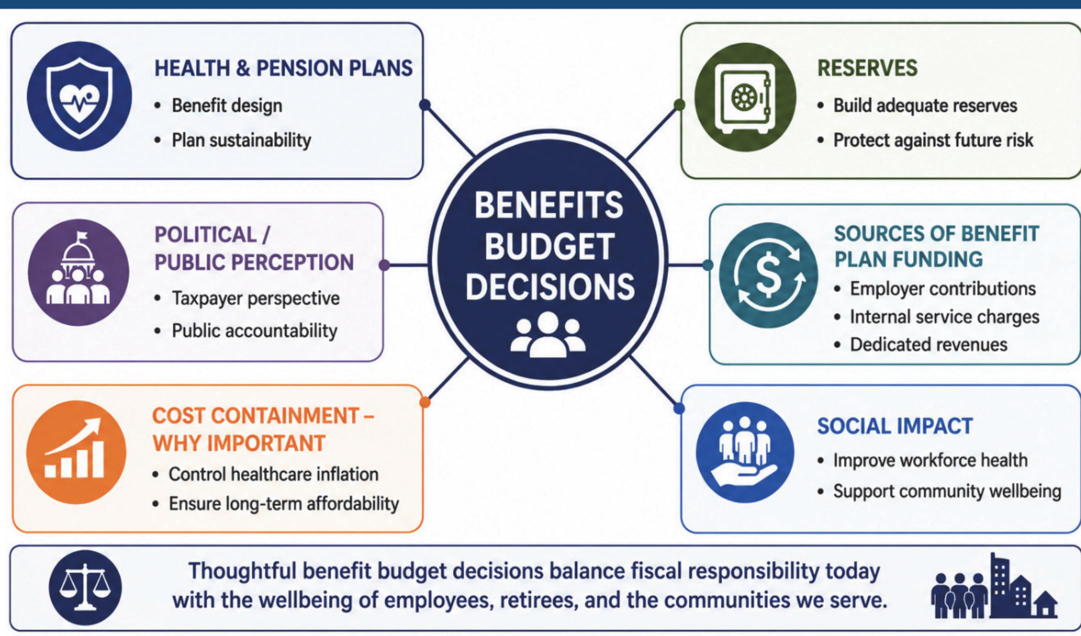


Public Sector Benefits Budget



41

Benefits Budgeting Considerations



42

Government Budgeting

- Links to budget documents of public entities:
- Federal Budget
  - https://www.whitehouse.gov/omb
- State of Illinois
  - State of Illinois Budget
- City of Milwaukee, WI
  - 2026 City of Milwaukee Published Budget
- TriMet (Budget and Financial Reports)
  - Fiscal Year 2027 (July 2026-June 2027)

3

Contributions to Health and Pension Plans

Ensuring benefits are funded responsibly, managed prudently and have long-term fiscal sustainability.

- How are contribution levels (fringe benefit rates) determined?
- Where does the money come from?
- Are contributions taxed?
- How is the money spent?
- What is fiduciary responsibility?
- What is an allowable expense?
- Others?

44

Small Group Discussion

1. STAKEHOLDERS & IMPACT

Who are the various stakeholders in public sector budgeting and how does the budget process impact them?

2. PUBLIC vs. PRIVATE SECTOR

How is budgeting different in the public and private sectors?

45

Legal and Regulatory Requirements for Public Sector Benefit Plans

46

Legal and Regulatory Requirements

- The Internal Revenue Code (IRC) and Internal Revenue Service (IRS)
- Employment Retirement Income Security Act (ERISA)
- Pension Acts
- Health Insurance Portability and Accountability Act (HIPAA)
- Continuation Coverage Obligations
- Affordable Care Act (ACA) and Transparency
- Other Participant Protections
- Other Laws that Impact Employee Benefit Plans
- Relief Acts and Guidance

RPA 1
Module 1
Objective 5

47

Internal Revenue Code

- Because of the favorable tax treatment on employee benefit plans, Congress has imposed numerous requirements to ensure that the foregone tax dollars achieve their intended goals
- Plans must follow these rules to remain "qualified" and avoid consequences such as loss of preferential tax treatment, excise taxes, and penalties
- Requirements exist for topics such as nondiscrimination, funding, coverage, written documentation, and disclosures. These vary by the type of plan or benefit
- Section 125 plans (aka Cafeteria Plans) allow employees to pay for certain benefits pre-tax

48

Internal Revenue Service

- The Internal Revenue Service (Department of Treasury) administers and enforces revenue laws
  - Regulations and guidance
  - Audits and investigations
- Different types of guidance exist
  - Regulations (Title 26 CFR)
  - Revenue Procedures, Revenue Rulings, Notices, Private Letter Rulings, etc.
- Helpful links
  - Retirement Plans | Internal Revenue Service (irs.gov)
  - Affordable Care Act | Internal Revenue Service (irs.gov)
  - Tax Topics | Internal Revenue Service (irs.gov)

49

Employee Retirement Income Security Act

- Enacted in 1974
- Shared enforcement by U.S. Department of Labor, Dept. of Treasury (IRS), and Pension Benefit Guaranty Corporation (PBGC)
- ERISA governs private sector retirement and welfare plans
- However . . . ERISA is widely followed as source of guidance for many benefit plans in public sector
- Parallel requirements exist in the U.S. Code for many ERISA provisions

50

Employee Retirement Income Security Act

- Reporting and disclosure obligations (to participants, beneficiaries, federal agencies, and other parties)
- Sets minimum standards for:
  - Participation and eligibility
  - Vesting
  - Benefits accrual and funding
- Establishes fiduciary accountability
  - Defines fiduciary as anyone with discretion over plan activities or features
  - Gives participants right to sue for benefits and breaches of fiduciary duty
- Guarantees payment of retirement benefits through Pension Benefits Guaranty Corporation (PBGC)
  - Most public sector retirement plans covered by State Guaranty Associations

51

Retirement Plan Legislation

- Legal requirements for retirement plans has evolved as legislative packages are passed every few years
- Small Business Job Protection Act (1996)
  - Provided simplification to pension rules so more small businesses would offer benefits
    - "SIMPLE" plan created for businesses with fewer than 100 employees
  - Trust provisions created for 457(b) plans
  - In service de minimus withdrawals allowed from certain retirement savings plans

52

Retirement Plan Legislation

- Economic Growth and Tax Relief Reconciliation Act (EGTRRA) (2001)
  - Increased contribution limits
  - Allowed rollovers of similar plan accounts
  - Established Roth accounts within plans
  - Increased catch-up opportunities

53

Retirement Plan Legislation

- Pension Protection Act (2006)
  - Made EGTRRA provisions permanent
  - Provided automatic enrollment
  - Expanded required participant disclosures
  - Allowed qualified required public safety officers to receive tax-free distributions used to pay health insurance premiums

54

Retirement Plan Legislation

- SECURE Act and FCAA 2020 (2019)
  - Increased the Required Beginning Date and changed RMD draw-down for survivors
  - Expansion of in-service withdrawals
- SECURE 2.0 Act (2022)
  - Further delay of the Required Beginning Date
  - Expand and "Roth-ify" catch-up contributions
  - Match for qualifying student loan repayments
  - Eliminate 457(b) first day of the month requirement
  - Auto Enrollment Provisions
  - Emergency Savings Accounts

55

Health Insurance Portability and Accountability Act

- Enacted in 1996
- Regulates availability and breadth of health plans and insurance policies
  - Special enrollment events
  - Prohibits discrimination on the basis of health factors
  - Group market rules
- Defines protected health information (PHI)

56

Health Insurance Portability and Accountability Act

- Defines requirements for maintaining privacy and security of Protected Health Information
  - Privacy Standards
  - Security Standards
  - Breach Notification
  - Transaction Standards
- Imposes obligations on business associates
- Imposes documentation, reporting, and training obligations

57

Health Insurance Portability and Accountability Act

- Requires establishment of privacy officer and security officer
- Know your public records laws and state privacy laws and how they intersect with HIPAA privacy requirements
- HHS Office of Civil Rights (OCR) has enforcement authority over privacy, security, and breach notification rules
- Helpful link:
  - HIPAA Home | HHS.gov

58

Continuation Coverage

- Similar to COBRA in the private sector, continuation of group health coverage required under the PHSA
  - 18-36 months of coverage may be available on a self-pay basis following loss of health coverage
  - Requires provision of notices and establishment of administrative structure
  - Public entities often look to guidance published by the Department of Labor for private employers
- States may impose additional continuation coverage obligations

59

Affordable Care Act

- Enacted in 2010, most changes implemented by 2015 or 2020
- Main purpose of ACA is to:
  - Increase quality and affordability of health insurance
  - Increase accessibility to health insurance
  - Lower uninsured rate/expand coverage to more citizens
- Supreme Court has upheld constitutionality repeatedly
- Certain requirements do not apply to grandfathered plans

60

Affordable Care Act

- Impacts for public sector GHPs
  - Changed young adult maximum age from 23 to 26
  - Eliminates all pre-existing condition exclusions and provides various patient protections
  - Requires certain preventive care be provided free
  - Eliminates lifetime coverage limits on EHBs and imposes cost sharing limits
  - Requires 85% of insurance premiums be spent on health care and quality improvement
  - Imposed shared responsibility requirements on employers

61

Affordable Care Act and Transparency

- Becoming effective starting in 2022, some indefinitely delayed
- Transparency in Coverage regulations published in 2020
  - Machine-readable files published on public websites
  - Price comparison tools available to participants
- Consolidated Appropriations Act, 2021
  - Price comparison tool available to participants
  - Pharmacy and health cost and coverage reporting
  - Air ambulance cost reporting
  - Billing and ID card disclosures

62

Other Participant Protections

- Genetic Information Nondiscrimination Act (GINA)
- Mental Health Parity Act (MHPA) and the Mental Health Parity and Addiction Equity Act (MHPAEA)
  - Parity for annual/lifetime limits, financial requirements, QTLs, and NQTLs
- No Surprises Act
  - Patient balance billing protections and provider IDR process
- Consolidated Appropriations Act, 2026
  - PBM transparency requirements

ACA and Other Participant Protections

- Shared enforcement by HHS/CMS, DOL, and IRS
- Helpful links:
  - Fact Sheets and Frequently Asked Questions (FAQs) | CMS
  - Affordable Care Act | Internal Revenue Service (irs.gov)

Other Laws That Impact Employee Benefit Plans

- **ADA**
  Americans with Disabilities Act
- **ADEA**
  Age Discrimination in Employment Act
- **FMLA**
  Family and Medical Leave Act
- **USERRA**
  Uniformed Services Employment and Reemployment Rights Act
- **Medicare**
  Medicare Secondary Payer and Part D

Relief Acts and Guidance

- Congress sometimes includes employee benefits provisions in economic or disaster relief packages
  - American Recovery and Reinvestment Act of 2009 (ARRA)
  - Families First Coronavirus Response Act (FFCRA)
  - American Rescue Plan Act of 2021 (ARPA)
  - Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- The IRS also has authority to issue relief from certain legal requirements
  - Natural disaster relief
  - COVID-19 relief

Small Group Discussion

67

Navigating the Political Landscape

68

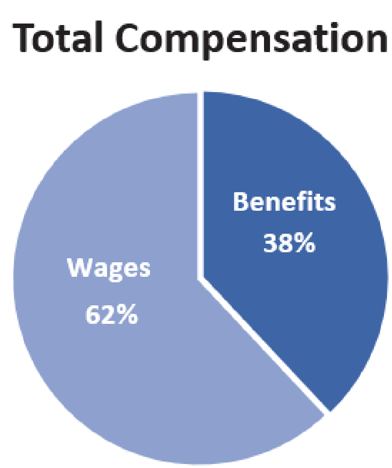
Navigating the Political Landscape

- Benefit program strategy and cost management
- Union negotiations and relationships
- Communication with elected leaders
- Public perception and transparency
- Long-term sustainability and risk

69

Benefit Program Strategy and Cost Management

- Employee benefit costs continue to be significant portion of personnel expense
- Particularly problematic for governments with declining revenues



Source: BLS Economic News Release, 2025

70

Benefit Program Strategy and Cost Management

- Regular trend analysis will equip management with ability to recommend cost efficiency strategies
  - Highest cost conditions
  - Highest prescription drug usage
  - Implementation of wellness programs and resulting data over time
    - Sick leave usage
    - Decline in highest cost conditions
    - Impact on overall benefits costs
    - Employee morale and productivity

71

Union Negotiations and Relationships

- Benefit programs are typically a mandatory subject of collective bargaining agreements (CBAs)
- Benefit packages can vary from one union to the next
- Consider using total compensation approach to bargaining:

72

Communication With Elected Leaders

- Elected officials will be interested in benefit programs when
  - Costs increase
  - New programs are being added
  - Existing programs are being removed
  - They are newly elected or have new staff
  - During budget deliberations

73

Communication With Elected Leaders

- What will elected officials be interested in?
  - Historic trends, especially when changes over time can be demonstrated
  - Future projections, especially when cost savings from minimal changes can be anticipated
  - Similarities and differences when compared with peer jurisdictions
  - Upcoming regulatory changes
  - How changes will affect employees and costs
  - Anticipated problems and your recommendations for resolution
  - How labor unions are viewing the changes
- Recommend that information be kept at highest possible level

74

Communication With Elected Leaders

- When do you communicate with your elected officials?
  - In conjunction with reports about collective bargaining events
  - When developing budget proposals
  - If significant changes are being developed
  - When new requirements occur
  - When they ask for information
- Communication can be in public setting, executive session, or individually, based on circumstances

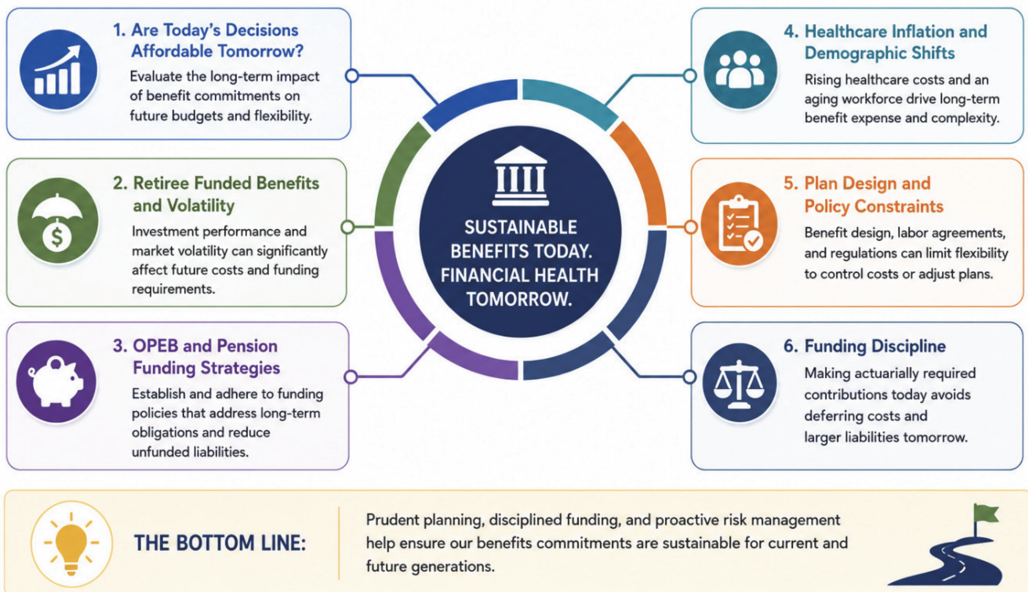
75

Public Perception and Transparency

- Taxpayers naturally compare their own benefits to public sector
- Often benefits are scrutinized on a stand-alone basis—Not as total compensation
- News media reporting can be incomplete, slanted or incorrect
- Public inquiries answered in total compensation may help clarify
- Peer jurisdiction information may be useful

76

Long-Term Sustainability and Risk



77

Strategic Planning

78

Strategic Planning

- What is strategic planning?
- Why is strategic planning important?
- Strategic plan components
- Creating the plan
- Connecting benefits strategy
- Aligning resources
- Tips for a successful strategic plan

79

What Is Strategic Planning?

Strategic planning is the process of identifying an agency or organization's long-term goals and objectives and then determining the best approach for achieving those goals and objectives

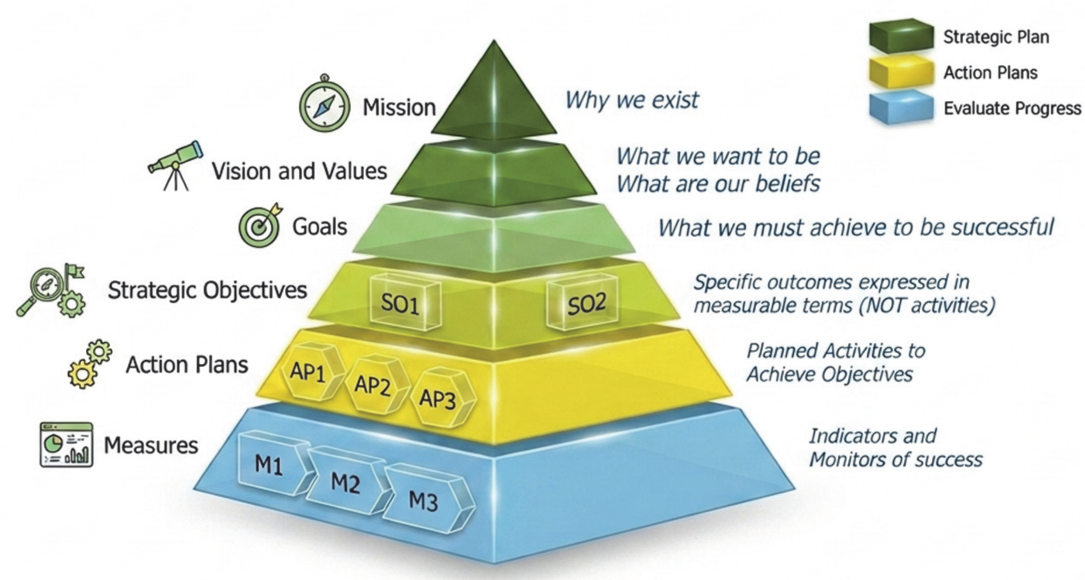
80

Why Is It Important?

- Takes you outside the day-to-day activities of your organization or project
- Helps give you clarity about what you actually want to achieve and how to go about achieving it
- Communicates to everyone what is most important
- Helps you develop a plan of action for day-to-day operations

81

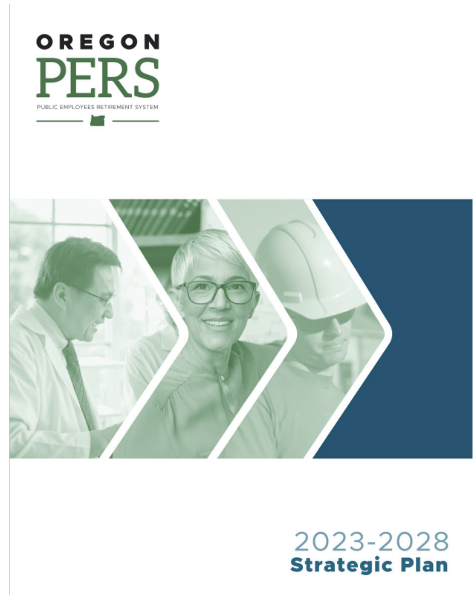
Strategic Plan Components



82

Sample Strategic Plan

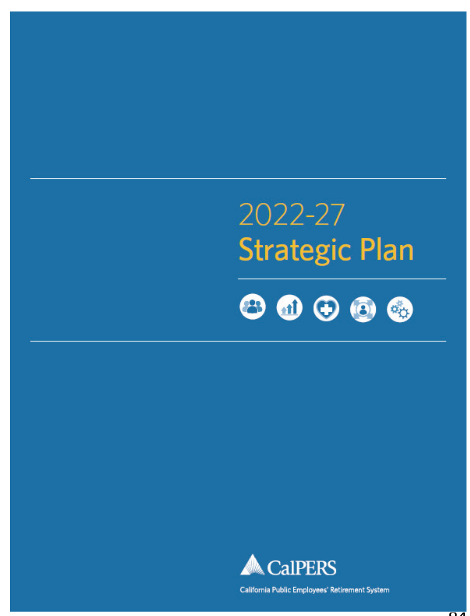
- Available at: https://www.oregon.gov/pers/Documents/Strategic-Plan.pdf



83

Sample Strategic Plan

- Available at: https://www.calpers.ca.gov/docs/forms-publications/2022-27-strategic-plan.pdf



84

Mission Statement

The Mission Statement is an overarching, timeless expression of your organization's purpose and aspiration, addressing both what you seek to accomplish and the manner in which you seek to accomplish it

It's a declaration of why you exist as an organization

85

Sample Strategic Plan: Mission Statement

MISSION STATEMENT

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

We serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time.

86

Vision Statement

- This short, concise statement of the organization's future answers the question of what the company will look like in five or more years
- The vision statement contains guiding principles that never change and are part of your strategic foundation

87

Values

- **Values** are core beliefs or guiding principles that are not compromised for short-term gain. They guide the conduct, activities and goals of the organization

88

Sample Strategic Plan: Vision and Values

SHARED VISION

Honoring your public service through secure retirement benefits.

CORE VALUES

Service-focus

We work together to meet the needs of others with dependability, professionalism, and respect.

Accountability

We take ownership for our decisions, actions, and outcomes.

Integrity

We inspire trust through transparency and ethical, sound judgment.

89

Sample Strategic Plan: Vision and Values

Our Vision

A respected partner, providing a sustainable retirement system and health care program for those who serve California

Our Core Values

Quality
Respect
Accountability
Integrity
Openness
Balance

Quality

- Consider, understand, and manage risk
- Proactively explore policy and product opportunities to better serve our customers
- Seek to "do it right" the first time
- Strive to exceed customers' needs and expectations through competence, innovation, and teamwork

90

Goals

- **Goals** are broad statements of what the organization hopes to achieve and are qualitative in nature. Goals should drive your strategic planning preparation

91

Objectives

- Answers the questions, "How much? By when?" They are what drive strategy development
- **Objectives** are quantitative in nature.
  In fact, objectives are the only quantifiable elements of the strategic plan (except the performance measures)

92

Strategies

- Strategies begin to answer the question, “How will we go about accomplishing our objectives?”
- **Strategies** describe a major approach or method for attaining objectives and resolving specific issues

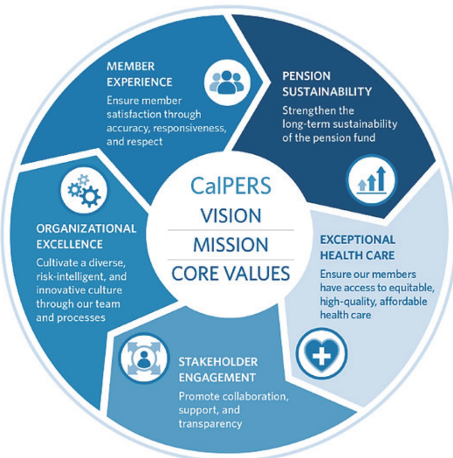
93

Measurement

- **Metrics** are made up of measurements against a target or goal to create clarity around desired outcomes
- Track your key performance indicators against the monthly or quarterly targets
- Try to keep your measures one per objective

94

Sample Strategic Plan: Goals, Objectives, and Strategies



EXCEPTIONAL HEALTH CARE
Ensure our members have access to equitable, high-quality, affordable health care

Objective: Ensure our members receive high-quality health care

Measure: Population Health Management*
Measure: Behavioral Health Screening and Treatment*

Objective: Ensure our members have access to care when and where they need it

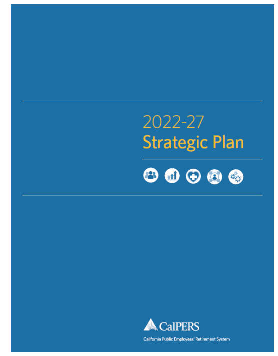
Measure: Health Care Member Experience*
Measure: Access to Care*

Objective: Ensure the care we provide is affordable

Measure: Health Care Affordability*

Objective: Ensure all members receive equitable care

Measure: Achieving Health Equity*



95

Sample Strategic Plan: Goals

Focus Area: Data Integrity

GOAL

Resolve legacy data issues.

Objective 1

Identify legacy data issues and prioritize cleanup efforts to improve data quality.

Tactics

1. Create a workgroup to identify and prioritize data issues for resolution.
2. Develop a plan, including resources, to resolve data issues.
3. Provide feedback and input to modernization planning so that technological solutions to these processes can be included.

Objective 2

Minimize need to change data after receipt from employers.

Tactics

1. Create policies and procedures that eliminate multiple reviews.
2. Create member data locking processes.
3. Communicate with and educate employers and members on data locking impacts.

96

Action Plans

- Action Plans are specific statements that explain ***how*** a goal will be accomplished. They're the areas that move the strategy to operations and are generally executed by teams or individuals within one to two years

97

Creating the Strategic Plan

- There are many different approaches to creating a strategic plan
- Can be lead internally or guided by a consultant or contractor
- Generally include the following basic steps:
  - Assessing the current situation (SWOT)
  - Identifying where the organization wants to be
  - Formulating the steps on how to get there
  - Identifying measurements to stay on track
  - Reporting and evaluating progress and updating as necessary

98

Connecting Benefits Strategy

- Alignment between benefits strategy and an organization's strategy improves the ability to respond to needs and maintain competitive advantage
- Allows the organization to address key issues in a timely manner to avoid crises
- Supports recruitment and retention efforts to keep the organization focused on overall strategy and mission

99

Aligning Resources

- Strategic plan must be adequately resourced through the budget process
- Strategic plans cannot succeed without people, time, money, and other key resources
- Aligning resources validates that initiatives and action plans comprising the strategic plan support the strategic objectives

100

Tips for Successful Strategic Planning

- Need a strong sponsor and organizational buy-in
- Rely on good information
- Address what the planning process reveals
- Realistic planning expectations
- Cultural and organizational readiness

101

Demographics in the Public Sector

102

Workforce Demographics

Key differences in the public sector:

Education and skills → Compensation Structure → Age and Tenure → Turnover and Mobility → Institutional and Specialized Knowledge → Workforce Expectations and Culture → Public Perception

Workforce Demographics

- Different workforce models—each shaped by mission, market and accountability.
- Public sector is built for stability and stewardship vs. flexibility and market competition.

Public Sector	Private Sector
More highly educated	Education varies by industry
Lower base pay	Higher base pay
Longer tenure	Shorter tenure, more mobility
Lower turnover	Higher turnover
Mission-driven and specialized	Market-driven and flexible
High public visibility	Less public scrutiny

Demographics Defined

- Education
- Technical Skills
- Tenure
- Earnings and Unemployment by Education

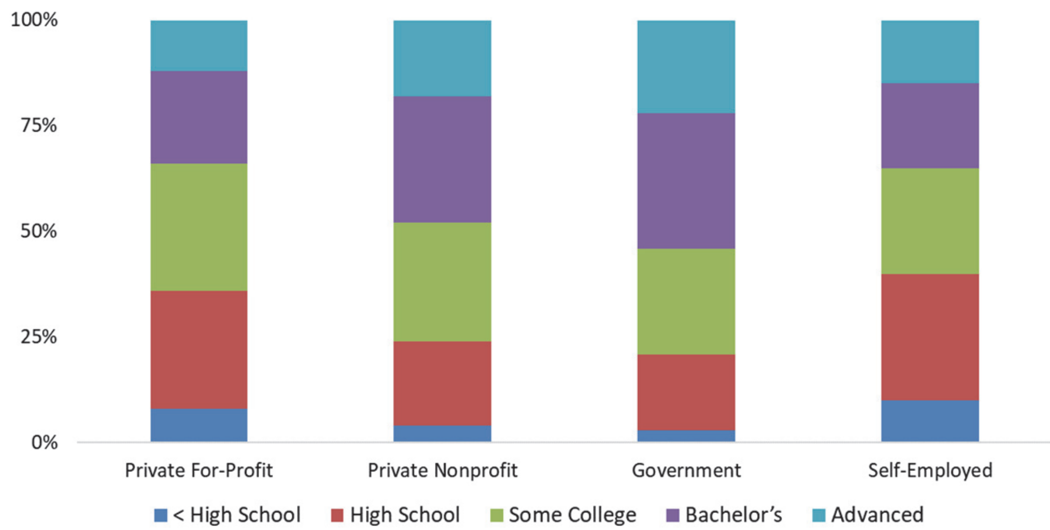
105

Public Sector Workforce: Education Profile

- Public sector workforce is more highly educated than the in private sector
- Shift from manufacturing to knowledge and service-based roles
- Many roles require specialized skills, certifications and advanced education
- Workforce includes high-skill professions critical to public service delivery
- Key occupations include: Educators, healthcare professionals, engineers, legal and public safety personnel, managers and administrators

106

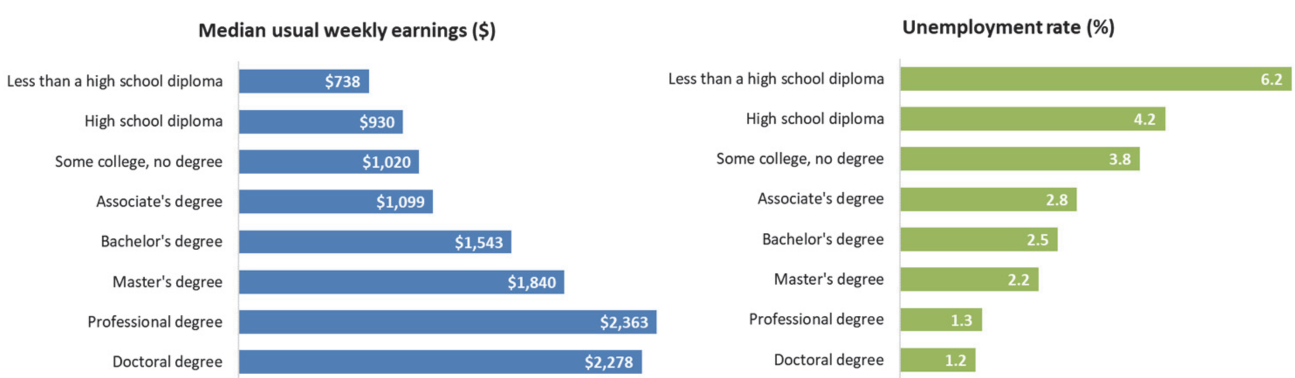
Demographics in Public Sector Workforce



Based on Bureau of Labor Statistics and Census distributions

107

Earnings and Unemployment by Education



Higher education levels drive stronger earnings and more stable employment outcomes.

Based on Bureau of Labor Statistics and Department of Labor, 2024

108

Human Resources Strategies

109

Human Resources Strategies

- Staffing Plan
- Workforce Planning
- Succession Planning
- Recruitment and Retention
- Inclusion and Diversity

110

Staffing Plan

1. Look at your strategic plan
   – What are the expectations for your division?
   – What new projects or strategic initiatives will require different staffing needs?
   – What internal goals would you like to achieve?
2. What external factors will impact staffing?
   – Talent supply in the market
   – What trends impact skill development (technology, social impacts)
   – Facilities or infrastructure impacts
   – Regulatory changes
   – Budget limitations

111

Staffing Plan

3. What is the current state?
   – Current staff size and supervisory structure
   – Current staff skill sets
   – Impact of vendors, contractors, interns, others
   – Any planned or likely staff departures or additions
4. What are the projected needs?
   – How many staff members are needed
   – Will service areas be expanding or reducing in the future
   – Changes in client population
5. What are the gaps between steps 3 and 4?

112

Staffing Plan

- Bring it all together to develop the staffing plan:
  - Where and when are adjustments needed
  - What level of expertise is needed in each role
  - How will external factors be accommodated
  - How are gaps being addressed (training, new resources, hiring, etc.)
- Revisit the plan annually or as new developments occur

113

Workforce Planning

- Anticipate future needs of organization
- Train to build highly skilled, culturally competent workforce
- Manage performance to foster individual growth and accountability, align with organizational goals
- Helps preserve organizational knowledge

114

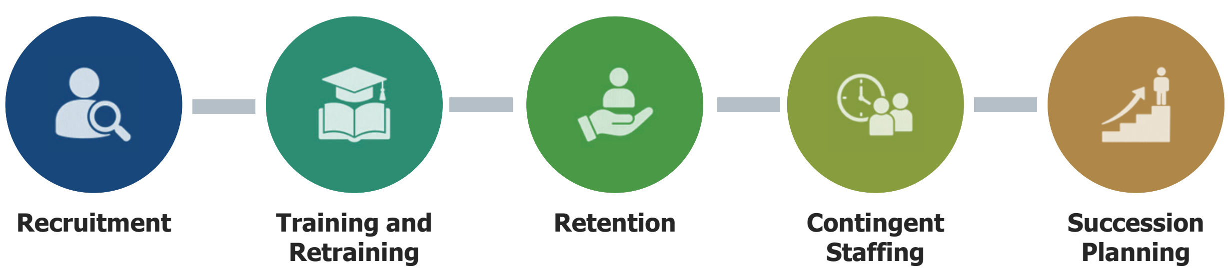
Workforce Planning

- Analyze both supply and demand

Supply	Demand
Current staff and skill sets	How many employees are necessary to achieve objectives? Will current workforce have skills necessary?
Workforce demographics	Will there be significant shifts in average age? What does this mean for recruiting?
Representation of protected classes	Increasing inclusion and diversity in workforce development
Projecting retirements, resignations, transfers	Will current employees remain? Is skilled labor available in the market to replace attrition?

Workforce Planning

- Solutions vary depending on assessment of organizational needs



Recruitment and Retention

Recruitment

- Attracting and selecting top talent
- Reaching talent that aligns with your organization's operations
- Use of fair, equitable, inclusive and transparent recruitment practices

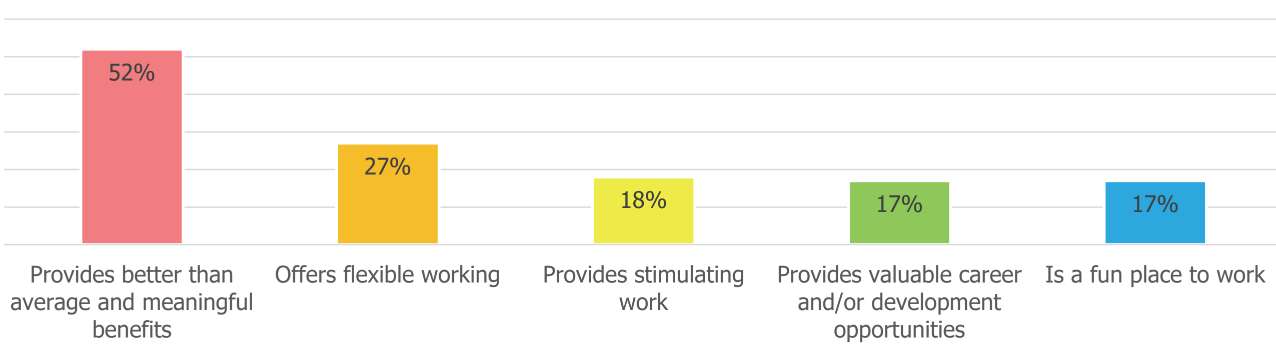
Retention

- Recognize and reward high performance
- Continuous learning and engagement is essential
- Provide employees tools to help them succeed

Recruitment

- 57% of employees are in the process of moving employers, or might/will seek new employment in the next 12 months

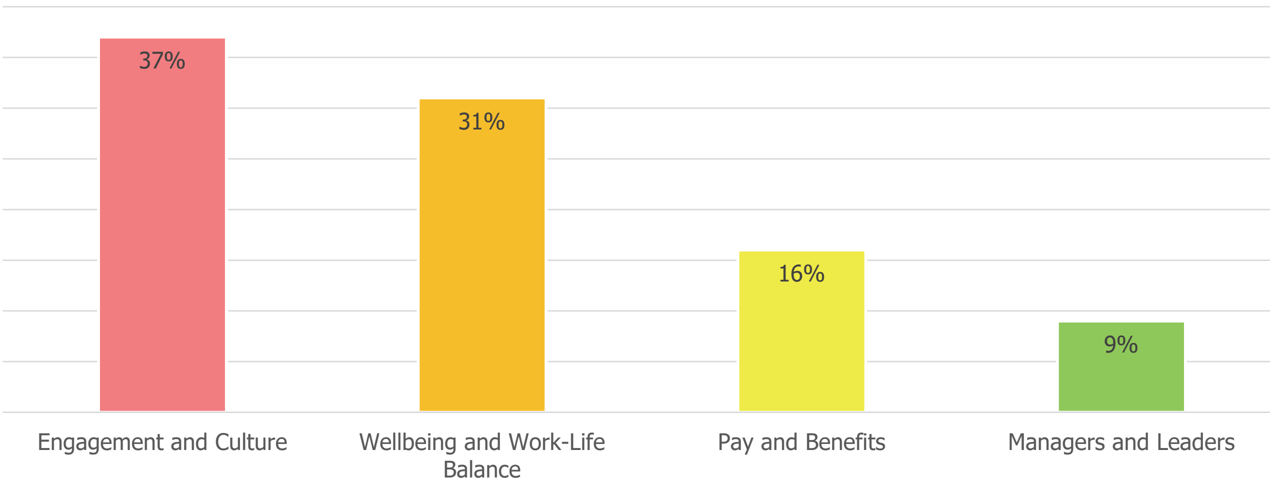
Top 5 Most Influential Characteristics Attracting Employees



Source: Aon 2025 Employee Sentiment Survey, United States

Retention

- What are the most common themes for leaving a job?



Source: Gallup Indicators Employee Retention & Attraction (2024) Global Indicator : Employee Retention & Attraction - Gallup

119

Succession Planning

- Identify current critical positions that will be needed in the future
- Does the position require specialized knowledge and/or skills?
- Is organizational knowledge combined in one or few positions?
- What is the impact on service delivery of the position?
- Are incumbents likely to vacate the position?

120

Succession Planning

- Building your plan
  - Develop career mapping plan
  - Job rotation, sharing
  - Mentorship program
  - Recruitment
  - Staff development and training
  - Knowledge transfer
- The result: Wider talent pool, increased bench strength, improved morale—These are good things!

121

Group Discussion

122

Inclusion and Diversity

- I&D relates to the qualities, experiences and work styles that make individuals unique and how organizations can leverage those qualities in support of objectives

Many dimensions of diversity exist

Age and Generation	Race and Ethnicity	Religion, belief and Spirituality	Physical Abilities and Disabilities	Cognitive Diversity	Gender, Gender Identity and Gender Expression	Sexual Orientation	Veteran Status

123

Inclusion and Diversity

Inclusion

The extent to which each person feels welcomed, respected, supported, and valued as a team member

Opportunity for All

Fair treatment in access, opportunity, and advancement for everyone

124

Inclusion and Diversity

- Benefits include:
  - Broader perspectives and approaches to problem solving within the workforce
  - Allow the organization to reflect client or community demographics
  - Correlation between diversity and metrics showing stronger organizational health and teamwork leadership culture
  - Positive effects on recruitment and retention
  - Reduced legal risk against charges of discrimination

125

Inclusion and Diversity

- Recent challenges to “DEI” programs
  - Illegal preferences in employment decisions
  - Quotas for minority workers
  - Affinity/employee groups that limit membership based on protected class
- Potential tensions between changing federal landscape and state/local requirements

126

Inclusion and Diversity

- Push for data and observe what it demonstrates
- Have organizational leaders communicate and model inclusion mindset
- Identify specific priorities that have the greatest payoff
- Measure and celebrate progress
- Be open to feedback

127

Lessons From the Field

- Ensure diverse applicant pools by networking with community organizations and combining recruitment with outreach strategies for more culturally-competent services
- Hire for cultural background or skill set (bilingual employees, those who understand disability issues, etc.)
- Adopt a formal diversity plan and designate responsible person or office
- Provide diversity training that is flexible in style
- Partner with other organizations

Source: https://journals.sagepub.com/doi/pdf/10.1177/0160323X12439475

128

Lessons From the Field

- Make hiring practices more inclusive and transparent:
  - Adjust prerequisites so they are only used if relevant
  - Review job descriptions to be specific, identify critical skills, and use clear language
  - Use diverse recruitment and outreach teams
  - Involve both managerial and peer-level staff in interview panels

Source: https://escholarship.org/content/qt04x4z6xq/qt04x4z6xq.pdf?t=nx16zd&v=lg

129

I&D and Employee Benefits

- Look at who is using the benefits you offer
- Offer benefits that appeal to a broad range of employees
- Watch language in benefits communication
- Use a diverse communications strategy
- Identify barriers to access and work to reduce

130

Small Group Exercise

131

Key Takeaways

- Administrators: How can you apply the topics we discussed in your organization?
- Trustees/Execs: What topics should you be discussing with your programs' administrators?

Please review case study prior to class tomorrow.

Your Feedback Is Important. Please Scan This QR Code.

Day One Evaluation

132