Strategic Human Capital Planning

Since the initial publication of the Partnership for Public Service Solution Center case studies, the programs highlighted have encountered progress, changes and continuing challenges. The following questions attempt to capture a snapshot of what has transpired in that time, with the goal of informing other agencies who might undertake similar initiatives.

UPDATE
SSA: Preparing For A Retirement Boom
Case Study Published November, 2003

As the "baby boom" of the 1940s and 1950s becomes the "retirement boom" of the 21st century, the Social Security Administration (SSA) has predicted a retirement boom among its own workforce beginning in 1998. Faced with the prospect of losing more than half of the agency's employees by the end of 2010, including a large number of its leaders, SSA developed a strategic human capital plan based on hard data, developed among leaders from across the agency, and linked to specific deadlines and deliverables. As a result, SSA is now recruiting, developing and retaining the high-performing employees they need to ensure that our nation's elderly, disabled and survivors of deceased workers receive needed financial support.

1. Is the program still in place?
The Social Security Administration (SSA) continues to conduct the Retirement Wave Analysis, which is the cornerstone of its human capital planning efforts. The latest report was published in March 2004. The 2004 Report projects that 41.3% of the current workforce will retire by 2013. The new report shows that the "wave" will peak between 2008 and 2010, when approximately 2,800 employees will retire each year.

2. What adjustments have you made to the program?
The 2004 Report featured several enhancements in the model used to project retirements. They included:
- Basing projections on SSA's mission-critical occupations, in order to better align the Retirement Wave with other planning activities.
- Reducing the projection period from 20 years to 10 years, to provide more accurate projections.
- Providing low, median and high projections to help Agency leaders visualize, and plan for, various retirement scenarios.
- Including early and disability retirements, as well as regular retirements, in the projections.

These enhancements serve to provide managers with a more comprehensive "retirement picture," helping them to make more informed decisions. The Retirement Wave projections drive many human capital activities at SSA, including leadership development, recruitment and retention, and other workforce development activities.

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3. How has the program prompted other changes or adapted to organizational changes?

The Retirement Wave Analysis is the cornerstone of SSA's "data-driven" approach to strategic human capital planning. In 2003 SSA was awarded an Honorable Mention in the President's Quality Awards for their strategic human capital management. SSA was recognized for its data-driven approach, by forecasting workforce needs and then implementing strategies to meet those needs.

In December 2003 SSA published an Agency-wide Human Capital (HC) Plan to help track our success in all areas of Human Capital Planning. The HC Plan identifies activities in five key areas:

- Strategic Alignment,
- Workforce Planning,
- Workforce Development and Knowledge Management,
- Performance Culture, and
- Leadership.

The HC Plan associates performance measures with each activity, allowing SSA to measure our success in each area, and therefore make informed decisions about our human capital strategies.

The Future Workforce Transition Plan (FWTP) was recently revised to align with the Human Capital Plan. The FWTP (which is updated quarterly), along with Key Performance Indicators in other agency planning documents, serves to regularly update the measures contained within the plan.

4. What remains the greatest success of this effort? The greatest challenge?

SSA's greatest success is its ability to constantly monitor our workforce needs and adapt strategies accordingly. The Retirement Wave Analysis has been the impetus for many important human capital strategies, including our numerous Leadership Development Programs, our revitalized Recruitment campaign, and improvements in the hiring process. The Retirement Wave Analysis is used to make important resource management decisions that are vital to ensuring that, in a time of great change, SSA continues to provide the best possible service to the American public.

One of SSA's biggest concerns is that retirement losses will occur at the same time that our workloads begin growing with the aging of the baby-boom generation. In order to meet these growing workloads, SSA needs to ensure that it has employees with the knowledge and training needed to serve the public. Since it is estimated that it takes a Claims Representative three years to reach the journeyman level, we can not wait until our older employees leave to begin filling these positions.

In light of this, SSA has made use of Voluntary Early Retirement Authority (VERA) to help "flatten" the wave and ensure that experienced employees ready to handle the increased workloads when they occur. Between 1998 and 2003, 4,628 SSA employees have chosen to take the "early-out" retirement. Currently, approximately 21% of all SSA employees are ELIGIBLE for regular retirement. If those employees had not chosen early retirement, that percentage would be about 27%. The use of early retirements has helped SSA to manage and control the retirement wave, while providing opportunities to hire and train new employees earlier. This will ensure that fully experienced personnel are in place when retirements begin peaking in a few years.

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SSA's greatest challenge is trying to account for the many factors that can impact on retirement behavior. Retirement projections are based on historical trends, which can change rapidly. Economic, legislative, or organizational changes can not always be predicted, but can have a significant impact on employee retirements. Projections, made in good faith and with sound data, can vary from actual retirements, simply because of other changes that could not be predicted, nor controlled. SSA has tried to address this variability by providing low, median and high projections, allowing Agency decision-makers to visualize the variability in retirements, and to plan for various contingencies. For example, if retirements approach the high projections for several years, the "wave" may be accelerated, hitting earlier than predicted. If retirements approach the low projections, the wave could be postponed.

5. **How have you measured progress in this area?**

SSA continues to use the retirement wave analysis to provide quantitative justification for many of our human capital initiatives. SSA will now begin publishing the Retirement Wave projections on an annual basis, thereby ensuring use of the most accurate data to make our decisions. As a result of this analysis, SSA has done the following:

- Successfully used the Voluntary Early Retirement Authority (VERA) to "flatten" the wave.
- Hired over 15,000 new employees in the last four years to mitigate the impact of current and future retirements, and have ensured they received the training necessary to be highly successful on the job.
- Implemented recruitment and training programs, the success of which are evidenced by new hire retention rate of nearly 90 percent for FY 2002 new hires (most recent data available).
- 392 employees have been selected for our national leadership development programs since 1998, and hundreds of others have completed various regional or component-level programs.
- Hired 189 Presidential Management Fellows throughout the agency between 1998 and 2003.

6. **What advice do you have for others seeking to undertake similar changes?**

There are many variables that impact an employee's decision to retire. Aging parents, college age students, financial stability, career goals, and work environment all play an important role in an individual's decision to retire. On a more global scale, economic conditions, labor-market conditions, legislative and organizational changes all impact retirements. Yet none are able to be built into a forecast model. While projecting retirements is an important and necessary activity, agencies also must be flexible enough to adapt to the inherent variability of retirements. SSA has addressed these variables by producing low, median and high projections.

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