

# Where has all the knowledge gone?

## The Government Brain Drain and the Need for Transfer of Knowledge



On May 31, 2016, GOVERNING Magazine reported, "Significantly more state and local workers are retiring or quitting, according to a recent survey." [The 'Silver Tsunami' Has Arrived in Government](#) reported that "the looming talent crisis that we've been talking about for years is right on our doorstep." It explained that some older workers have delayed retirement but there has been a decrease in the number who delay retirement to 21%. Retirements have increased in local government during the past year, more than the relatively stable number for state employees.

There is a classic story that illustrates the complications that can arise due to retirement of long-time employees with lots of institutional knowledge. A very old, one-of-a-kind valuable machine started to break down. The only one who knew all about the machine had retired.

The company called the retiree and proposed to hire him as a consultant to fix the machine. The former employee came to the company, looked over the machine and asked for a screwdriver. He then reached deep into the machine and turned a particular adjusting screw, whereupon the machine began working perfectly. When asked how much he would charge, he said \$50, and the company accountant said that they would need an itemized invoice.

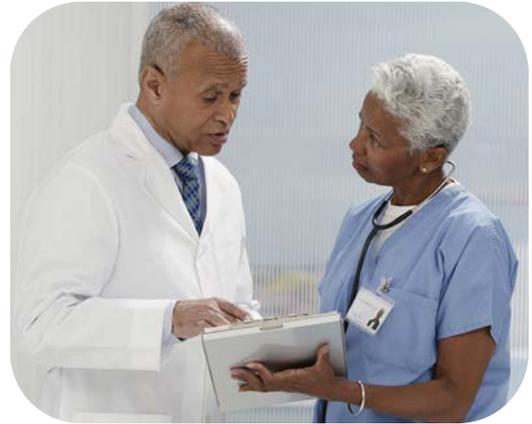
The man then wrote out his invoice on a piece of paper, which said:

- |                                |         |
|--------------------------------|---------|
| 1. Turning of screw            | \$5.00  |
| 2. Knowing which screw to turn | \$45.00 |

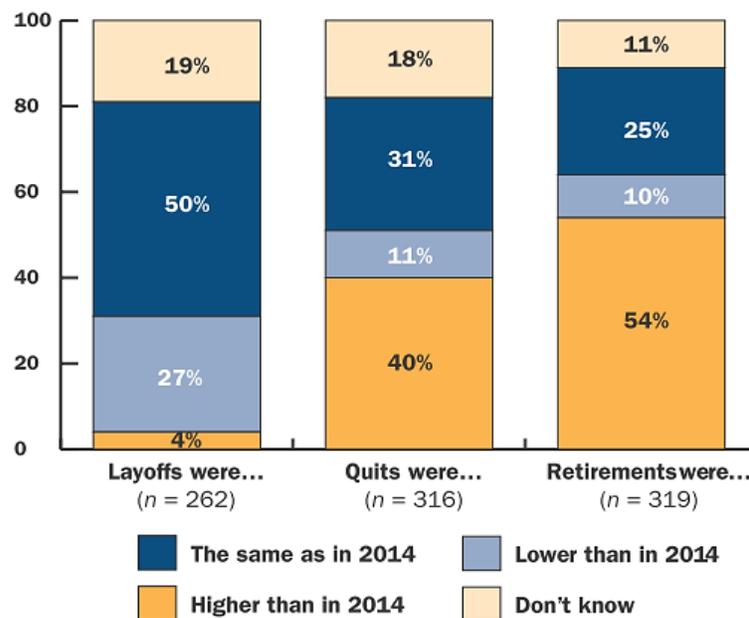
In May 2016, the [Center for State & Local Government Excellence](#) (CLGE) published a report of a survey titled [Survey Findings – State and Local Government Workforce: 2016 Trends](#). This report is the third

annual survey of the Center, the International Public Management Association for Human Resources and the National Association of State Personnel Executives. The survey, conducted in March and April of 2016, reports on the responses of 331 of their member governmental members.

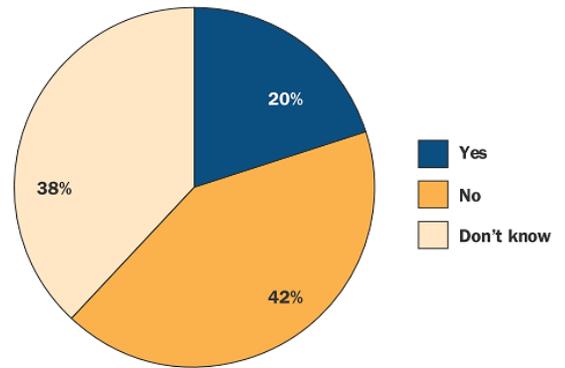
- The top three issues reported were:
  - Recruiting and retaining qualified personnel (92%)
  - Succession Planning (80%)
  - Staff development (79%)
  
- The total of sixteen important workforce issues reported in addition to the ones above included competitive compensation (34), Retaining staff for core services (#5), and employee morale and engagement (ranked 6 and 7.
  
- Top skill sets governments are looking for are:
  - Interpersonal relations
  - Technology, and
  - Written communication skills



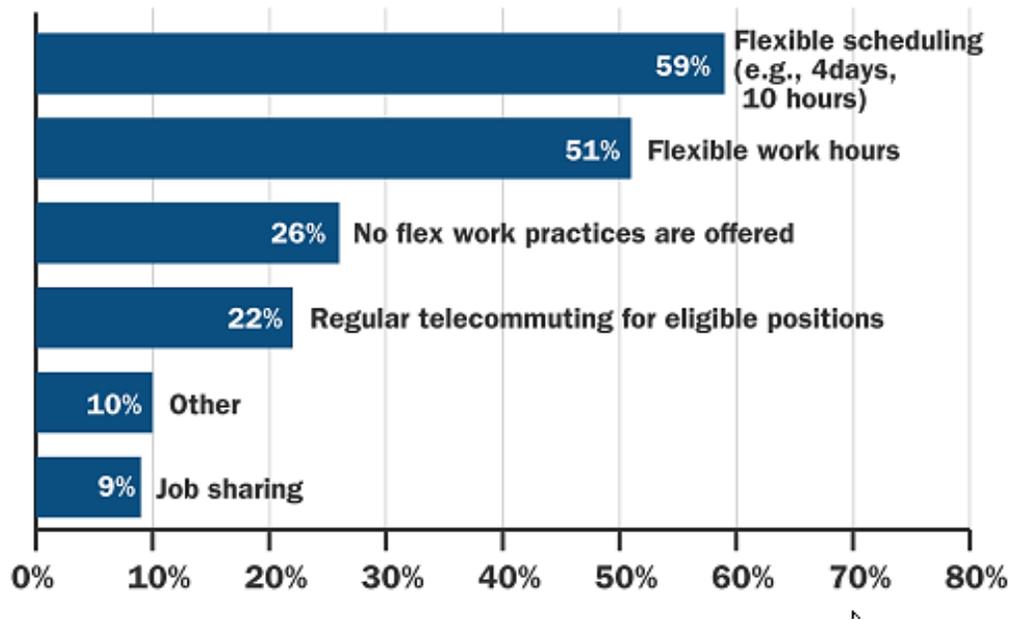
The chart below shows that variations in workforce separations, retirements and quits were much greater in 2015 than 2014.



Forty-two percent of respondents reported that they did not feel their employees were prepared financially for retirement as shown in the figure at right.



Changes in flexible work practices, reflecting the increasing numbers of Baby Boomers reaching retirement age were reported by a great majority of respondents. Changes in employer practices include allowing employees to work from home or alternative work locations, and working different shifts or hours. Percentages total more than 100% because respondents could choose more than one category.



[\*Beating the Brain Drain: States Focus on Retaining Older Workers\*](#) from the Pew Charitable Trusts in May 2016 reported that 32% of the State of Tennessee workforce is eligible for retirement, resulting in efforts to retain the knowledge of older as needed for projects that require the acquired knowledge and skills gained in a lifetime of working. The state’s “Temporary Employment Option” permits retirees to work up to 120 days during a 12-month period, so an agency can benefit from a transfer of institutional knowledge and retirees can transition to full retirement.

*Beating the Brain Drain* notes that public sector employees are generally older than those in the private sector. It reported for 2013 that 52% of full-time federal, state and local workers were ages 45-64, compared to 42% in the private sector. It explains that many government agencies cut back on training

and development, leaving younger employees who are unprepared to step into key management positions.

Maine has streamlined its application process to attract millennials, such as accepting applications on a mobile app. At the same time, it is also seeking seasoned professionals from the private sector, while allowing the retiring employees to continue to work-part time.

The U.S. Government Accountability Office web site provides some best practices about this issue. The Society for Human Resource Management has numerous articles and suggestions about [Succession Planning](#), including descriptions of workforce demographic changes and millennials' need for development.

**Retirement of skilled and knowledgeable employees is of growing concern to all levels of government.**

The [Center for State & Local Government Excellence](#) is a national non-profit agency working to help state and local governments attract and keep the talented workers needed to continue services in a changing workforce culture. It performs research about employment trends in employment, pensions, retiree health security, and related topics, and identifies best practices (available online). Research priorities include:

1. Retirement plans and savings
2. Retiree health care
3. Financial education for employees
4. Talent strategies and innovative employment practices
5. Workforce development

