

HOW WILL ADOPTING THE 3% AT AGE 50 RETIREMENT FORMULA
FOR POLICE OFFICERS IMPACT THE MANAGEMENT OF SMALL
POLICE DEPARTMENTS IN THE STATE OF CALIFORNIA
BY THE YEAR 2006?

A project presented to
California Commission on
Peace Officer Standards and Training

by

Lieutenant Ken Davena
Benicia Police Department
and
Lieutenant Ray Samuels
Newark Police Department

Command College Class XXX

Sacramento, California

June, 2001

This Command College project is a FUTURES study of a particular emerging issue in law enforcement. Its purpose is NOT to predict the future, but rather to project a number of possible scenarios for strategic planning consideration.

Defining the future differs from analyzing the past because the future has not yet happened. In this project, useful alternatives have been formulated systematically so that the planner can respond to a range of possible future environments.

Managing the future means influencing the future, creating it, constraining it, adapting to it. A futures study points the way.

The views and conclusions expressed in the Command College project are those of the author and are not necessarily those of the Commission on Peace Officer Standards and Training (POST).

TABLE OF CONTENTS

	Page
LIST OF TABLES	vi
Chapter I	
ISSUE IDENTIFICATION	
Introduction	1
Chapter II	
FUTURES STUDY	
Nominal Group Technique	9
Trends	10
Events	17
Cross Impact Analysis	22
Alternative Scenarios	24
Optimistic Scenario	24
Pessimistic Scenario	25
Surprise Free Scenario	27
Chapter III	
STRATEGIC PLAN	
Introduction	29
Situation Analysis	29
Stakeholder Identification	32
Strategy Development	34
Transition Management	38
Chapter IV	
CONCLUSION	
Implications on Leadership	43
Budgetary Implications	44
Recommendations and Conclusions	45

THE APPENDICES	
Appendix A	47
Population Projections	
Appendix B	48
Nominal Group Technique Panel	
Appendix C	49
Definitions	
Appendix D	50
List of Trends	
Appendix E	51
List of Events	
NOTES	52
BIBLIOGRAPHY	54

LIST OF TABLES

1.1	Benefit factors/years required to maximum	2
1.2	Population projections	6
2.1	Trend median summary	11
2.2	Event median summary	18
2.3	Cross impact analysis summary	23

CHAPTER ONE

ISSUE IDENTIFICATION

Introduction

The Public Affairs Officer for the California Public Employees Retirement System (CalPERS) issued a press release on June 16, 1999 announcing that the CalPERS Board of Administration was recommending that the benefits of active state and school members be improved. This recommendation, made to the Governor and Legislature, was touted as necessary to end decades of benefit inequities suffered by these public employees¹. The CalPERS Board President William Crist said, "Most benefit formulas for state and school member categories haven't been revised in nearly 30 years." The recommendation was approved and adopted by the California Legislature and Governor Davis effective in January of 2000 with the enactment of Senate Bill 400, also known as the Benefit Equity legislation.

This legislation is destined to have a profound effect on the management of police departments in the State of California. The operation of small police departments will be particularly impacted as opposed to the operation of medium and large size departments. As an example, employee vacancies and the associated recruitment and retention concerns are significant issues faced by all departments independent of size. When vacancies are factored as a percentage of the total workforce, each unfilled position has a greater impact on small departments and potentially represents a larger and more significant concern. In addition, the retirement benefits associated with Senate Bill 400 will likely result in the loss of many senior officers occupying top management positions. The selection of replacements to fill these positions, while difficult for all police employers, is significantly more complicated for the small police department.

This benefit improvement is largely the result of CalPERS' excess investment earnings. CalPERS enjoyed a windfall of \$755 million for fiscal year 1998-1999. This was followed up with a 10.5 percent return on investments for fiscal year 1999-2000². This boosted CalPERS Fund's total assets to more than 172 billion dollars and represented the sixth straight year that earnings reached at least 10 percent³.

Senate Bill 400 provided many improvements for state and schools employees and limited improvements for local agency employees. Local law enforcement personnel became particularly interested in the bill because it provided for improved retirement plans for local agencies through contract amendment. Specifically, it allowed local law enforcement agencies to participate in the 3% at age 50 retirement formula, a substantial benefit improvement over the 2% at age 50 retirement formula predominant at that time amongst California law enforcement agencies. A comparison of the two formulas reveals just how substantial a benefit this is. (See Table 1.1)

AGE	Multiplier-2% Formula/Years Required to Maximum Benefit	Multiplier-3% Formula/Years Required to Maximum Benefit
50	2.00/42.50 years	3.00/28.33 years
51	2.14/39.72 years	3.00/28.33 years
52	2.28/37.28 years	3.00/28.33 years
53	2.42/35.12 years	3.00/28.33 years
54	2.56/33.20 years	3.00/28.33 years
55+	2.70/31.48 years	3.00/28.33 years

Table 1.1
Benefit Factors/Years Required to Maximum

The 3% at age 50 retirement formula, when compared to the 2% at age 50 formula effectively reduces the age necessary to reach the maximum retirement benefit by a minimum of five years depending on the employee's age at the time of hire.

In the year since the adoption of Senate Bill 400, the subject of the 3% at age 50 retirement and the effect of the bill's passage on the future of California law enforcement have become the feature topics of discussion and concern amongst labor, management, and elected officials. Obtaining the benefit has become the focus of many agencies; in particular those involved in labor negotiations. So much so, that the Peace Officers Research Association of California (PORAC) immediately began to track and publicize the names of the agencies that have secured the benefit. The PORAC publication, *Law Enforcement News*, began to list agencies that had negotiated the benefit on a monthly basis. At the PORAC 48th Annual Conference of Members, held in November of 2000, Mr. Robert Musar representing IEDA, an Emeryville, CA. labor negotiation service representing government employers, reported that the list had grown to fifty-nine confirmed agencies.

Assembly Bill 1937 was recently signed into law by Governor Davis. This bill authorizes non-CalPERS agencies operating 1937 act retirement systems the option of instituting the 3% at age 50 retirement formula. It is clear the trend toward adoption of the three percent formula is widespread and the number of agencies affected is increasing rapidly.

The potential for a spike in the number of retirements in the five years after adoption of the three percent formula is high among California law enforcement agencies. This is of concern to law enforcement given the recruitment and retention difficulties faced by most agencies today. In her article "Meeting the Challenge of Recruiting in the 21st Century", Andrea Oberle, Managing Editor of *Law Enforcement News*, said:

Although Fremont needs to fill approximately 10 positions, they are anticipating a number of positions becoming available in the near future in anticipation of their department offering a 3% @ 50 retirement package in the near future. Consequently they are increasing their marketing efforts to backfill for these upcoming vacancies⁴.

Oberle was talking about the relatively low turnover within the Fremont, California Police Department and their need to significantly enhance recruitment plans. This is in anticipation of higher than normal numbers of retirements at the police officer level as a direct result of the adoption of the three percent formula.

The corresponding potential for higher than normal retirement numbers within the supervisory and management ranks presents an additional concern. The supervisory and management ranks of law enforcement agencies are typically made up of senior employees and the possibility of mass retirement is great. This is especially critical in small police departments where the entire command staff may consist of less than five employees. The sudden loss of fifty to one hundred percent of the command staff may represent irreparable damage when the associated loss of knowledge and experience is factored in. This knowledge may be historical in nature and of value in guiding the internal and external operations of the department. The overall leadership and management of the department will also suffer. The lost knowledge may also impact the culture of the organization and will adversely affect the on-going process of mission and values development. In addition, many small departments are unprepared and unable to replace these leadership and management positions from within. Law enforcement leaders are often bound by strict policies and labor agreements that make it difficult to identify and prepare future leaders far enough in advance to prepare their departments for a smooth transition. Many law enforcement chief executives have expressed concern that there is insufficient interest amongst their subordinate staff to assume upcoming management and leadership roles. This very concern was a topic common to several of the

presentations at the California Commission on Peace Officer Standards and Training (POST) Leadership Symposium 2000. This belief is not directly supported by any known research focusing on law enforcement management and leadership needs. However, there is other evidence, albeit in some cases anecdotal, tending to indicate that this is a well-founded concern. During a telephone conversation with Mr. Pete Sarna, a former police chief and principal in a law enforcement executive recruitment organization doing business as The Chief Executive Group, the lack of interested and qualified candidates was confirmed. A review of law enforcement publications or employment publications that focus on the public sector reveals supervisory and management positions are regularly advertised as open promotional opportunities, predominantly by small police agencies. In the case of the Newark Police Department, the entire command staff of one chief and four lieutenants was turned over within seven months commencing in August of 1998. Three of these positions, including the chief of police, are likely to turn over again by March 1, 2004. In the case of the Benicia Police Department the command staff has been relatively stable. The only recent change was the replacement of the chief of police in 2000. This is likely to change with the expected retirement of all but one command staff member by 2006. Neither department is fully prepared to replace these positions from within and must embark on a program of development and mentoring now if there is hope for a new generation of leaders from within. Even if development and mentoring is undertaken now, it is very likely that both of the departments will look to the outside for at least one of these replacements.

Looking beyond 2006, the problem potentially gets worse. In his article, "Baby Boomer Retirement," William P. Kucewicz wrote:

Like an asteroid hurtling toward Earth, the approaching retirement of the post-World War II Baby Boom generation will soon impact the U.S. economy with a jolt more

severe than anything felt in recent memory. Unless remedial steps are taken promptly, the consequences could be dire. Yet no one in Washington is lifting a finger to try and avert calamity⁵.

Kucewicz is referring to the demographic shift that is occurring in the aftermath of the Baby Boom generation. Population projections for the period beginning in the year 1900 and ending in the year 2050 are presented in Appendix A. The number of Americans age 65 and over is increasing and will rise significantly by the year 2030. This represents a 77 percent increase from 35 million presently to 69 million by 2030⁶. The increasing number of seniors is not necessarily a problem, except that the overall population of the United States is not increasing proportionately. The disproportionate result is the larger problem and it is increasingly significant as the number of elderly persons comes close to equaling the number of children in this country. When you combine the total number of children and elderly in the United States, the ratio of dependent persons per 100 working age persons is slated to rise from a current 62.4 to 78.7 by 2030 and 79.9 by 2050, increases of 26 percent and 28 percent respectively⁷. (See Table 1.2)

Year	Total Dependents per 100 Persons Age 18-64	Persons Under Age 18 per 100 Persons Age 18-64	Persons Age 65 & Older per 100 Persons Age 18-64	Ratio of Working Persons to Each Person Age 65 & Older
1950	64.5	51.1	13.4	7.5:1
2000	62.4	41.8	20.5	4.9:1
2030	78.7	43.0	35.7	2.8:1
2050	79.9	43.9	36.0	2.8:1

Table 1.2

Population Projections

Source: "Population Projections of the United States by Age, Sex, Race and Hispanic Origin: 1995 to 2050," Bureau of the Census, U.S. Department of Commerce

Kucewicz's concern over the lack of action by the United States government is primarily related to the effect of this demographic shift on the economy and the need for increased productivity. While this concern is overbroad and overreaching for the purposes of this report, it does bring into focus a longer-term worry facing law enforcement about the growing lack of labor in this country. As the ratio of working adults to people age 65 or older declines, so does the ability of employers to recruit people into jobs generally associated with the service industry. This is because the working adults are continually more likely to be employed in high paying professional positions and are therefore less likely and less available for employment in service industry positions⁸.

Ultimately, the aging U.S. population will require an ever-increasing number of workers to fill the employee needs of the also growing service industry. The constantly increasing need for people in this industry will further complicate the ability of law enforcement to recruit. Dr. Luis Estrada offered a possible response to this concern during a presentation at Command College. Dr. Estrada said a change in the immigration laws resulting in increased numbers of immigrants may be the only solution. He suggested that a cross-section of workers would be necessary to fill the countries labor needs.

The issue of immigration is a highly emotional and complex political issue in this country. Focusing solely on the law enforcement profession, the potential for controversy is just as acute. Law enforcement has long been held as accessible only to Americans. Naturalized citizens are still rare within the law enforcement ranks. Law and policy changes will be necessary to begin to pave the way for our future labor needs.

This study will examine the impact of the 3% at age 50 retirement formula on the management of a small police department and study a variety of issues that a small police

department will face in the year 2006, after adoption of the formula. To limit the scope of the report, the focus of the study will be on issues specifically related to the recruitment and retention of employees as well as the development of replacement leaders and managers needed to fill vacancies occurring in the next five years. Included in this will be a consideration of various trends believed to have a direct bearing on the issue in the future. Some of these trends already present difficulties for law enforcement agencies and these difficulties may be exacerbated by the adoption of the three percent formula. A number of potential events that may impact the issue in the future will be considered also. Futures based scenarios reflecting an optimistic, pessimistic, and surprise free orientation will be developed and presented employing many of these trends and events. The project, while focused on the needs of a small department, is hoped to be of value to the entire law enforcement community.

CHAPTER TWO

FUTURES STUDY

Nominal Group Technique

The 3% at age 50 retirement formula will be the basis for a dramatic increase in the number of police officer retirements during the five years after adoption. The small police department will need to prepare to replace officers at all ranks in much greater than usual numbers and must prepare for the loss of most if not all of the management staff. This futures study utilized the Nominal Group Technique (NGT) in the development of a strategic plan. The result of the NGT process was a list of potential trends and events upon which futures scenarios were written. The group of people brought together for this process was representative of a variety of employment disciplines and experiences. The session allowed the group the opportunity to identify trends and events that they believed could impact the issue in the future. The panel was comprised of eight persons representing several areas of expertise including: a Human Resources Director representing a public employer, a financial planner specializing in issues affecting public employees, a securities broker, an elected official from a small California community, a city manager representing a small California community, a Deputy Chief of Police representing a small California police department, an executive officer representing Cal-PERS, and a training manager representing a small California police department. These panel members are identified in Appendix B.

Approximately one week before the process, each of the panelists received a packet of materials explaining the issue and the process. As part of the initial briefing, the group

engaged in a discussion of definitions relevant to the process and to the issue itself. These definitions are presented in Appendix C.

Trends

The first step was to develop a list of trends utilizing a roundtable method. The panelists identified forty trends that might impact the issue. These trends were charted and displayed allowing the panelists to participate in a discussion intended to clarify ideas. After the discussion, a private vote was held, which allowed each of the panelists to develop a rank order list of the ten trends most likely to impact the issue. After further discussion, panelists were polled again and ultimately a list of ten trends was developed. The list of potential trends is presented in Appendix D.

The panelists were next asked to forecast the level or state of each trend five years in the past, five years in the future, and ten years in the future. This was done by assigning an arbitrary value of 100 to the status of the trend at the present time and then asking each of the panelists to project their opinion as to where the trend has been and where it is going. Panelists did this by assigning a value from 0 to 200 to the status of the trend in each of the three time periods. As an example, our first trend dealt with the difficulty related to the recruitment of police officer candidates. The panelists gave average values of 75 five years ago, 100 today, 140 in five years, and 110 in ten years. This means that this trend was less significant five years ago, however, it will become more significant five years from today and will diminish in significance somewhat in ten years.

The relative importance of the trend was also assessed by the panelists. Panelists were asked to rate the amount of concern we should have on each trend and the impact the trend

may have on future management needs. This was done by assigning a numerical value to the trend based on a scale of 1 to 10. A rating of 10 signifies a great deal of concern about a trend while a value of 1 indicates little concern. The Trend Median Summary is reflected in Table 2.1.

Trend Median Summary

	-5 Years	Today	+5 Years	+10 Years	Concern (1-10)
Trend 1 Recruitment Difficulty	75	100	140	110	8
Trend 2 Level of Hiring Standards	80	100	140	150	8
Trend 3 Second Career	37.5	100	162.5	127.5	4
Trend 4 Work Ethic and Values	80	100	135	150	5.5
Trend 5 Availability of Candidates for Executive Positions	180	100	150	75	8.5
Trend 6 Civilian Management Positions	45	100	132.5	150	6.5
Trend 7 Demand for Police Services	50	100	120	180	5
Trend 8 Non-traditional Recruitment Practices	62.5	100	170	200	8
Trend 9 Interest in Public Employment	85	100	122.5	145	8
Trend 10 Burden on Retirement System	27.5	100	117.5	135	5.5

Table 2.1

Future trends relevant to the impact of the 3% at Age 50 retirement formula

Note: the values in columns 2-5 represent the level of the trends at the given point in time. The value 100 in column three represents the present impact of the trend. The value in column six represents the panelist's level of concern about the trend.

Discussion of Trends

Trend 1: Recruitment Difficulty

The panel felt the recruitment of police officers is a complex and challenging task. The state of the economy and the desire for job security are directly related to the quantity and quality of the candidate pool at any given time. During periods of high economic growth and

low unemployment the interest in public employment and specifically law enforcement is reduced. This reduction in the available pool of qualified candidates often translates into excessive delays in filling vacant positions and potentially unhealthy competition between agencies for the same candidates.

The panel felt the difficulty in recruiting police officers to fill vacant positions will undoubtedly be compounded by the adoption of the 3% at age 50 retirement formula. A greater number of police officers will be eligible to retire at the maximum benefit at a much earlier age during the first five years after adoption. The panel felt this would aggravate an already difficult situation.

Trend 2: Level of Hiring Standards

The adoption of the 3% at age 50 retirement formula will potentially result in a higher than normal number of police officer retirements in the period immediately following adoption. This will result in the need to hire new police officers in equally higher numbers and at a faster rate. The pressure to fill these vacancies will be high.

The size and quality of the candidate pool which all law enforcement agencies draw from will change as a result of factors beyond the control of law enforcement officials. Economic trends and unemployment rates are two of many factors that influence the candidate pool.

The trend of maintaining hiring standards or even making them more stringent will be challenged based on these external factors.

Trend 3: Second Careers

Second careers are relatively common among public safety retirees. The age at which employees are eligible to retire from other occupations, such as the military, promotes an interest in a second career. As more police employees retire, the interest in second career candidates to fill police officer positions will increase. This increase will continue through the five years following the adoption of the 3% at age 50 benefit formula, but will begin to diminish in the next five years as the number of officers eligible to retire begins to normalize.

Trend 4: Work Ethic and Values of Potential Candidates

The panelists felt the work ethic and values of employees are susceptible to change and are in a constant state of modification. Younger employees and potential new employees do not view their career the same way as their predecessors did. Police employment is often viewed as simply a job and in some cases temporary. This is in contrast to what the panelists believed was the predominant view of older police employees, e.g. they approach the job as a life-long career. The panelists felt this change in values will continue and is likely to impact the ability of police agencies to develop future leaders without planning and the development of carefully constructed leadership development programs.

The gap between law enforcement's expectations and the values of new workers entering the workforce will continue to grow and this will present constantly increasing challenges in the recruitment of new police officers.

Trend 5: Availability of Candidates for Executive Level Management Positions

There are fewer and fewer candidates interested in police management and in particular police executive level positions. The predominant issue seems to be a lack of desire to enter the arena and take on the responsibility associated with these management and executive level positions. This may be largely influenced by the volatility of these positions and the associated lack of security. There is also a lack of highly qualified candidates.

There seems to be little that an agency can do to minimize the volatility of a position and thereby create a higher level of interest. Top-level management positions are by nature packed with responsibility and authority. This seems to equate with volatility. Instead agencies might focus on leadership development, which will reduce the concern about volatility by building confidence and at the same time creating interest. This is done by maximizing opportunity through the rotation of assignments, developing mentor relationships amongst managers and subordinates, and creating positions with shared responsibility thereby reducing employee concern and mistrust.

Trend 6: Civilian Management Positions

The panelists felt that the civilianization of law enforcement management positions would continue as a trend and potentially become increasingly prevalent in small police agencies. The traditional para-military structure of police agencies is increasingly subject to review and modification. The need to have sworn officers in management positions is in many cases difficult to support since the duties of a police manager typically do not necessitate police powers. In cases where police powers are required, subordinate staff can be

called upon to complete the assignment. Many agencies have opted to put civilian employees in non-operational positions with great success. These positions such as records management, training, and administration are well served by civilian employees. The number of civilian positions will continue to change as will the degree of responsibility of the positions within police organizations.

Trend 7: Demand for Police Services

The demographics of the United States indicate the population is aging. As the population ages, the requisite demand for traditional police services will diminish. This is due in large part to the reduced number of persons in the age category likely to be involved in criminal behavior. The staffing levels necessary for the effective delivery of police services is in part determined by the crime rate. If the crime rate falls significantly, especially in a community serviced by a small police agency, the agency may have to re-evaluate the service it provides and even the size of the workforce necessary to provide police services.

Trend 8: Non-traditional Recruitment Practices

Recruitment practices must be constantly evaluated to insure they are capable of attracting the most highly qualified candidates in a competitive market. Recruitment practices change and new methods are now being employed to entice candidates to one employer as opposed to another.

One tactic is the use of financial incentives or signing bonuses similar to those often seen in the sports industry. Employers are offering cash incentives up front to candidates that successfully complete the hiring process and accept employment. Typically, the employee

agrees to remain with the employer for a prescribed period of time, and failure to do so requires a pro-rated refund of the incentive. This is as opposed to the prior practice often employed by sheriff's departments requiring employees to reimburse the employer for training costs if the employee failed to stay for the prescribed period.

Trend 9: Interest in Public Employment

The status of the economy directly influences interest in public employment. During periods of strong economic growth and high employment, the desire for public employment and the associated security is reduced. Conversely, during periods of higher unemployment and economic instability, the interest in secure public employment is great. The interest in public employment will likely remain strong and is expected to increase with a leveling off of the currently strong economy. To capitalize on the value of the 3% at age 50 retirement formula, the benefit must be advertised and promoted during the following decade in an effort to recruit the best candidates for police service.

Trend 10: Burden on Retirement System

The life-span of human beings increases as a result of medical improvements, environmental changes, and improvements in safety, etc. The increased life span of retirees will tax the financial resources of the system because they will draw benefits longer. This may cause the solvency of the retirement system to come into question by new employees as well as by potential employees. It will be necessary to develop an information system designed to focus on the health of the retirement system in order to maintain the employee's confidence and trust in the system.

Events

The panelists repeated the process in an effort to identify events thought to impact the issue. As a first step, thirty-one events were identified that might impact the issue. As before, the events were charted and displayed as a precursor to the discussion and vote. Ultimately, the panelists developed a rank order list of the nine events most likely to impact the issue. The list of potential events is presented in Appendix E.

The panelists were next asked to estimate the minimum number of years before the event would occur. They were then asked to estimate the probability the event would occur within the next five years expressed as a percentage from 1 to 100. Next, they were asked to do the same within the next ten years. Finally, the panelists were asked to decide if the event would have a positive or negative impact on the issue. They were asked to do this within a range of +5 to -5. The Event Median Summary is reflected in Table 2.2.

Event Median Summary

	Year >0	+5 Years	+10 Years	Impact (+ or -)	Impact (1-10)
Event 1 Management Team Retires	2.5	72.5	75	-	4
Event 2 Regionalization	4.5	17.5	30	+	2.5
Event 3 Political Balance Change	4	40	55	+	1.5
Event 4 Negative Public Event	4	55	80	-	3
Event 5 Stock Market Crash	6	0	22	-	2.5
Event 6 State Funding Eliminated	5.5	15	45	-	3
Event 7 City Bankrupts	4.5	17.5	30	-	3.5
Event 8 DROP Programs	3	60	77.5	-	3
Event 9 Public Safety Retirement Benefit Increased to 100%	2	65	77.5	-	1.5

Table 2.2

Future events relevant to the impact of the 3% at Age 50 retirement formula

Note: The values in column 2 represent the first year the event is likely to occur. The values in columns 3 and 4 represent the probability of the event occurring within 5 and 10 years. The values in column 5 and 6 represent the impact of the event on the issue and the panelist's opinion as to whether the impact will be positive or negative.

Discussion of Events

Event 1: Management Team Retires Simultaneously.

The panelists believed that it was very likely that an entire police management team could retire simultaneously immediately after the adoption of the 3% at age 50 retirement formula. This would force the agency to recruit a new management team that potentially lacked the experience necessary to effectively operate the organization. The difficulties presented by such an event caused the panel to consider many of the previously discussed trends as possible responses. This included civilianization, and non-traditional recruiting.

Event 2: Regionalization of Small Police Agencies.

The panelists felt that the regionalization of a small police department was possible. In those cases where regionalization occurred, the small department would contract with a larger city or county agency to save on equipment costs, salaries, and other employee costs. The panelists felt this reduction in overhead would have a positive effect on the organization's ability to provide police services to the community. The positive effect would be felt almost immediately through the consolidation of administrative functions and the minimization of the effect of the retirement of command level officers. In addition, regionalization would increase the pool of employees to draw from and reduce the potential for short term staffing concerns as a result of the 3% at age 50 retirement.

Event 3: Local Election Changes Political Balance against law enforcement.

The Nominal Group Technique panelists felt that the political support for law enforcement that exists presently will not always exist. The panelists concluded that a local election could shift the balance of a city council or county supervisory board against the law enforcement agency. Such a shift could prevent the adoption of the 3% at age 50 retirement formula or if the formula were already in place, the shift could result in a reduction in funding or other resources necessary to the operation of the department.

Event 4: Negative Public Relations Event Takes Place.

The potential for a negative public relations event has always existed in the context of law enforcement. A local school shooting or a high profile police misconduct case within the small police department could generate an adverse public reaction and a loss of public

support. This loss of support could ultimately result in a reduction of the resources necessary to deliver police services. Perhaps more importantly, an event such as this could result in a reduced interest in law enforcement careers, further complicating the recruitment problem.

Event 5: Stock Market Crashes, Minimum 50 percent Loss, and 2-3 Year Recovery Period.

The panelists felt that the current economic situation is vulnerable and could be subject to a crash within the next five years. The panelists defined a crash, as at least a fifty percent reduction in the value of the market with a two to three year recovery period required. The resultant effects identified were potential personnel reductions, insolvency of the retirement system, and a generalized reduction in city services. This would impact the issue by decreasing the number of new employees necessary to offset the 3% at age 50 retirements. At the same time the pool of candidates for police officer positions would likely increase as a result of reductions in other professions and industries.

Event 6: State Funding Eliminated.

The loss of revenue is always a concern to local government and it has already occurred within the state in a variety of areas. In this case, the panelists envisioned the state eliminating funding to the city by diverting tax revenue earmarked for local government. This would result in general cutbacks including reductions in police personnel.

Event 7: City Bankrupts.

The panel felt that a small city might experience financial failure and could end up insolvent. In an extreme situation, the city expenditures would exceed the revenue beyond the

ability of the government entity to make corrections. This situation would result in elimination of city services including the police department. A catastrophic event such as this would place additional burdens on the small police department by increasing the likelihood that employees would retire or make lateral movements within law enforcement. This would aggravate the recruitment demands already in generated by the 3% at age 50 retirement.

Event 8: Deferred Retirement Option Program.

The Deferred Retirement Option Program (DROP) program has been authorized for state public safety employees. Deferred Retirement Option Plan (DROP) is a feature within a defined benefit plan that splits the members benefit into two pieces. One piece is payable as a monthly annuity and the other piece payable as a lump sum into an individual (DROP) account for the member.

Under the DROP program, a safety member with a minimum of five years of service and age fifty or older may participate in the program for a minimum of twelve months up to a maximum of five years.

The Nominal Group Technique panelists felt similar programs would be approved for local agency employees. These programs would encourage public safety employees to continue working in their present capacity for 3-5 year after retirement. This would reduce the strain placed on small police agencies by the sudden departure of large numbers of employees soon after the adoption of the 3% at age 50 retirement formula.

Event 9: Public Safety Retirement Benefit increased to one hundred percent.

The panelists felt that it was highly likely the retirement cap would be extended to one hundred percent of the employee's final salary. This may result in many employees altering their retirement plans in an effort to obtain the full benefit. This would be a positive impact on the management of a small police department.

Increasing or removing the retirement cap would create an increased burden on the CalPERS retirement system if it did not include a period of additional contribution on the part of the member.

Cross Impact Analysis

A second panel was assembled to conduct a cross impact analysis. This group, made up of three police managers from three separate agencies, was asked to assess the positive and negative impact events have on trends and assign a numeric score to each. The cross impact analysis illustrates the impact that events have on trends and will be utilized in the strategic plan to influence the future by encouraging or discouraging an event from occurring. Individual ratings were used to establish the median score. This score is reflected in Table 2.3.

Cross Impact Analysis Summary

	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10
E1	-5	-4	+3	-5	-5	+5	0	+4	1	-3
E2	+4	+3	+2	+2	+4	+2	+2	+1	+2	+3
E3	0	0	0	+1	-2	+1	0	+1	0	0
E4	-2	-1	-1	-1	-2	+1	-1	+2	-1	-1
E5	+1	+1	+1	+1	+2	-1	-1	+1	+3	+2
E6	-2	-1	-1	-1	-2	-1	-1	+2	-3	-1
E7	-5	-2	-5	-1	-5	-2	-3	-5	-5	-1
E8	+3	+2	-2	+2	+3	-1	+1	-2	+3	+3
E9	-3	-2	+4	+2	+2	+3	+1	+3	+2	-4

Table 2.3

Comparative analysis of Trends and Events

- | | |
|----------|---|
| Event 1 | Management team retires simultaneously |
| Event 2 | Regionalization of small police agencies |
| Event 3 | Local election changes political balance against law enforcement |
| Event 4 | Negative public relations event takes place |
| Event 5 | Stock market crashes, 50 percent loss, and 2-3 year recovery period |
| Event 6 | State funding eliminated |
| Event 7 | City bankrupts |
| Event 8 | Deferred retirement option program |
| Event 9 | Public safety retirement benefit increased to 100% |
| | |
| Trend 1 | Recruitment difficulty |
| Trend 2 | Level of hiring standards |
| Trend 3 | Second career |
| Trend 4 | Work ethic and values |
| Trend 5 | Availability of candidates for executive level management positions |
| Trend 6 | Civilian management positions |
| Trend 7 | Demand for Police Services |
| Trend 8 | Non-traditional recruitment practices |
| Trend 9 | Interest in public employment |
| Trend 10 | Burden on retirement system |

An analysis of the cross impact table shows that Event 1 (Management Team Retires Simultaneously), Event 6 (State Funding Eliminated), and Event 7 (City Bankrupts) most significantly impact all of the identified trends negatively. The table also shows that Event 2

(Regionalization of Small Police Agencies), and Event 8 (D.R.O.P. Programs) have the most significant positive impact on the trends and Event 3 (Local Election Changes Political Balance against law enforcement) as the event that would have little or no impact on the trends. Event 4 (Negative Public Relations Event Takes Place) was also seen as having a negative impact on all of the trends, although to a lesser degree than Events 1, 6, and 7. This is likely an indication that negative events are seen as inevitable in law enforcement and therefore their impact is lessened. Of equal interest is the positive impact of Event 5 (Stock Market Crashes, 50 % loss, 2-3- year recovery period) on nearly all of the trends. This is likely further indication that a strong economy is believed to enhance many of the difficulties facing law enforcement in each of the identified trends.

Alternative Scenarios

The NGT process provided the basis for the following scenarios. The scenarios present three possible futures. The first is an optimistic scenario, the second is a pessimistic scenario, and the third is a probable or surprise free scenario. Each of the scenarios makes assumptions about the future. The strategic plan will develop strategies intended to optimize the positive futures and minimize negative futures.

Optimistic Scenario

As Delray Police Lieutenant Brett Blake walks to the tee on the 14th hole of the Delray Police Officer's Association annual golf tournament at Blue Rock Springs, he's happy to think that this won't be his last tournament. Even though the Governor signed the 3% at age 50

retirement formula six years ago in 2000, and it has been 4 years since Lt. Blake saw 50.

With all the bonuses, he has decided to stay on for a few more years.

Things are going pretty well for the department compared to how they were back in 2000. Blake remembers how hard it was to stay up to staff. How no one wanted to go into law enforcement because the economy was so good; the private sector paid better. Anyone could get a job at the drop of a hat.

He shakes his head at how Chief Nelson came to him and asked him to consider staying since the rest of the command staff was eligible to retire and planned to pull the plug. The Chief was worried about having a new and inexperienced administrative staff and asked Lt. Blake to stay on to show them the ropes.

Lt. Blake decided that since the Governor signed the DROP Program legislation he would retire at 50 (and what a party that was), draw his 3% at age 50 and continue to work for the department for 5 more years, investing his salary.

He's proud that his department has been able to keep their standards high and attract quality people who were looking to law enforcement as a second career because of the 3% at age 50 or were enticed by the generous hiring bonus. Even so, Lt. Blake knows the current recession and the lack of jobs haven't hurt the department's ability to hire quality individuals.

After he birdied 14; Lt. Blake thinks, all in all, life is pretty good.

Pessimistic Scenario

As retired Delray Police Lieutenant Brett Blake walks to the tee on the 14th hole of the Delray Police Officer's Association annual golf tournament at Blue Rock Springs, he thinks about how he has missed laughing with his co-workers. He enjoys hearing the latest news of

the department. When the Governor signed 3% at age 50 retirement formula, he and the rest of the PD's command staff retired as fast as they could.

To say the least, the atmosphere was ripe. When the School Resource Officer accidentally shot and killed the student, the public and political pressure on the department was tremendous. When the city lost the lawsuit brought by the student's parents, it was a devastating blow. Since the city is self-insured, the award nearly bankrupted the city. Even 5 years later, the department is still having difficulty with recruiting because of it. No one wants to work for a police department with such bad public image.

The stock market crash didn't help either. It just gave the politicians one more reason to deny the officers a pay raise or any increase in benefits. Of course, the politicians are not too thrilled by the state taking away some of the city's property tax money in an attempt to make up their deficit.

Lt. Blake listens to his old buddies complain about the department and the city and thinks how glad he is that he had so many good years and was eligible to retire when he did. He rarely mentions that he worked for the police department.

Chief Nelson was faced with losing his entire command staff and having to replace qualified managers with inexperienced personnel. He asked Lt. Blake to stay, but had no incentive such as the DROP program in effect. Blake would have stayed with an economic incentive such as the DROP program, but without it the current trials and tribulations of the department were not worth working for the same salary he would receive in retirement. He is thankful that he can work three days a week as a Course Marshall at the Silverado Country Club in Napa, California and will soon have enough quarters to draw Social Security.

After a birdie on 14, he thinks, all in all, life is as good as it's gonna get.

Surprise Free Scenario

As retired Delray Police Lieutenant Brett Blake walks to the tee on the 14th hole of the Delray Police Officer's Association annual golf tournament at Blue Rock Springs, he thinks about how he's missed laughing with his co-workers. He enjoys hearing the latest news of the department. When the Governor signed the 3% at age 50 retirement formula, he and the rest of the police department's command staff retired within the next few years.

The department handled the loss of the command staff well. Due to the leadership training supervisory staff received, they were able to fill the administrative needs with a short learning curve.

Morale was high at the police department. A new chief, Ray Nelson, had been hired. He had a hands-on, easy-going, enthusiastic approach that the troops respected. The police officer's association negotiated a 5-year contract with the city so the ups and downs of the economy had no effect on their income. In addition, there was finally upward mobility as a result of the vacancies created by the retirements. When the 3% at age 50 retirement formula was put into place, supervisory staff rejoiced and quit looking for a job elsewhere.

Lt. Blake was happy to leave the department in their capable hands and was glad that he was able to retire at an age where he was young enough to enjoy it. He enjoys working three days a week as a Marshall at Silverado Country Club, and is earning his quarters toward a Social Security income to supplement his police retirement.

As a result of all the time he spends on the golf course, he birdies 14. All in all, he thinks, life is good.

The futures scenarios were written based on the trends and events developed through the NGT process. They are the foundation on which the strategic plan was created. Each of the scenarios was considered in the development of the strategic plan, however, the primary focus was on the optimistic scenario. The strategic plan is intended to be the basis on which a small police department can plan for the change associated with the adoption of the 3% at age 50 retirement formula.

CHAPTER THREE

STRATEGIC PLAN

Introduction

The adoption of the 3% at age 50 retirement formula impacts a small police department's need to recruit and retain police officers. The 3% at age 50 retirement formula dramatically increases the number of employees that will be eligible to retire at or near the maximum benefit amount within the first five years after adoption. The analysis thus far has focussed concern primarily in three areas. The first is the need to recruit higher numbers of new officers at a faster rate than ever before. The second is the need to anticipate and prepare for the retirement of the department's senior staff, including the chief executive and top command officers. The third is the need to retain existing staff to minimize the impact of the adoption of the improved benefit and the subsequent retirements. This strategic plan will identify and define strategies that will assist small police agencies in planning for the adoption of the 3% at age 50 retirement formula and for the subsequent retirements and personnel changes that will impact the management of these same police departments.

Situation Analysis

The development of a strategic plan is based upon the evaluation and analysis of the present situation. Typically, this would include an objective inventory and assessment of an organization's strategic strengths and weaknesses. In this case the issue relates to small police departments generally, making an organization specific inventory impossible. Instead,

various members of several small police departments from throughout the State of California were surveyed.

The assessment of the readiness of small police departments to respond to the issue is the starting point for the strategic plan. The Strengths, Weaknesses, Opportunities, Threats (SWOT) model is an evaluation of the strengths, weaknesses, opportunities and threats facing the organization. Strengths and weaknesses are considered to be internal to the organization, whereas opportunities and threats are external.

Strengths

- Even in periods of high prosperity and employment, there is a segment of the employable workforce that is focused solely on a law enforcement career.
- The law enforcement workforce is increasingly diverse and the profession is open to all people regardless of ethnic origin or gender.
- Public employment is traditionally viewed as steady and secure.
- Employees are better educated.
- The future opportunity for lateral movement and promotion is high.
- The intrinsic rewards of public service within law enforcement remain high.

Weaknesses

- There are an insufficient number of applications from qualified candidates to fill the existing law enforcement vacancies in a timely manner.

- The current economic prosperity and relatively low unemployment numbers have driven salaries up and make it difficult for public employers to be competitive in terms of salary and benefits.
- There is a generalized lack of interest in command level positions and in particular a lack of interest in promotion to the level of chief executive.
- There is relatively little planning and forethought given to the development of future leaders within the law enforcement organization beyond the rank of sergeant.
- Many law enforcement agencies are not diverse and do not reflect the community they serve. This may be due in part to a failure to emphasize diversity in the recruitment process and in some cases to a rapidly changing community demographic.

Opportunities

- If the economy takes a downward turn, which results in an increased interest in the security of public employment.
- The seemingly profession-wide movement toward a problem solving philosophy may attract a new and larger segment of the workforce that was previously not interested in law enforcement employment.
- Collaborative thinking and the collaborative approach necessary to successful problem solving may increase the likelihood of regionalization.

Threats

- High profile corruption cases reduce interest in law enforcement careers by undermining public trust and the attraction to the job.

- The high cost of living in urban areas contributes to a department's inability to retain employees.
- If the economy remains strong, it will reduce the interest in and attraction to public employment.
- The communities served by law enforcement are increasingly diverse and the law enforcement profession does not reflect that diversity. Some law enforcement agencies do not encourage diversity.

Stakeholder Identification

Stakeholders are individuals or groups that are impacted by what we do or who can impact what we do⁹. The organizational analysis must consider the interaction of the stakeholders in furtherance of the strategic planning process. The following is a list of stakeholders associated with this issue.

CalPERS is one of the key stakeholders associated with this issue. It is through their investment success that the improved benefit legislation came to be. In addition, the continued success of the CalPERS system is likely to result in further improvements to the retirement system, including raising the maximum percent of salary that an employee can retire with. CalPERS is responsible for the development of policy and procedure necessary to implement any changes to the benefit formula approved by the legislature.

The California legislature and the Governor are also key stakeholders. Legislation must be voted on by the legislature and approved by the Governor before any benefit improvement can occur. Legislation has been authored that would increase the maximum retirement beyond the current maximum and as high as ninety percent. This could alter or

delay the impact of the 3% at age 50 retirement benefit. The California legislature and the Governor will ultimately decide whether other retirement benefit programs such as the DROP program will be available to local agencies.

The community served by the police agency is also a stakeholder. The community expects an effective and efficient police department capable of providing for the public safety needs of the citizenry. Community dissatisfaction could arise as a result of a department's inability to recruit and train professional staff capable of providing for public safety and thereby reducing the fear of crime. The loss of senior staff may reduce the community's perception of accessibility and contribute to the potential for loss of public trust. The community is likely to express satisfaction or dissatisfaction by altering the political balance through the voting process.

The City Council is likely to be concerned with the costs associated with the benefit change and with the associated internal and external politics. External political concerns typically surface in the form of re-election concerns. Internal political concerns relate to the likelihood of a me-too approach by the other bargaining units.

The City Manager is likely to have concerns similar to those of the City Council. The City Manager is also concerned about council and community reaction as well as fairness to the rest of the city employees. The City Manager is concerned about the community and wants to deliver the best service possible.

The sworn members of the police department are also key stakeholders. All of the members are interested in the benefit improvement and the potential change to the organization. The management is in some cases able to take advantage of the benefit almost immediately and is concerned about where that leaves the organization. The rest of the

organization is concerned and affected by the potential change to the organization. In some cases this creates additional opportunity, while in other cases it is simply a concern about change and the future of the organization.

Strategy Development

The preferred strategic plan is complex and multifaceted. Recruitment is of primary concern to the continued success of the organization. The future demographic trends indicate that the recruitment of service employees will be increasingly more difficult through the middle of the 21st century. In addition, diversity and cultural differences will continue to challenge organizations as they try to recruit candidates representative of the communities they serve. The retention of existing employees is fundamental to the overall success and long term health of the organization. The failure to retain employees depletes the organization at all levels and only exacerbates the impact of the 3% at age 50 retirement benefit. The retirement of senior employees, including top managers and chief executives is also of primary concern. The loss of knowledge and skill associated with the retirement of these employees could undermine external and internal trust and reduce the overall effectiveness of the organization. These challenges are magnified in small police departments that often lack the resources to compete against private employers and larger police employers.

The successful small police department should consider incorporating the following programs and plans as part of their normal business practice to remain successful:

1. Leadership and management development

- Mentoring programs

The small police department should recognize the potential leadership voids and begin to develop mentoring relationships within the department designed to promote interest in future supervisory and management opportunities. These programs should focus on a leadership model that promotes opportunity and equality and encourages participation.

- Training and development programs

Training and development programs must extend beyond the technical aspects of the law enforcement function. Training should be designed to prepare employees for the next level within the organization. Programs should focus on unit management, internal operations, familiarization with other city departments and functions, personnel and budgeting. These programs must include ethics training and on-going discussion of the organizational mission and values. Leadership training for all levels of the organization is necessary to prepare for the future.

- DROP programs

The DROP program is an interim or stop gap measure that provides relief for the organization that has not prepared for the loss of senior staff and/or the organization that has experienced turnover or growth at such a rate that there is an absence of qualified personnel to take over. The DROP program was designed to provide incentives for retirement age staff to retire and continue to work in their pre-retirement position. This program may provide immediate relief and a level of comfort, but it is also the basis of some concern. The program does not provide a means by which to

screen employees for eligibility. Therefore, it is not unreasonable to expect that there will be some eligible employees that will not perform at expected levels. This will enhance the need for clear performance expectations and critical performance evaluations.

2. Recruitment and Retention

- Signing bonus

Cash bonus plans should be offered at the time of hire and provide incentives for employees to remain with the department. A typical plan would have a term of up to ten years and would provide an increased benefit in the latter years.

- Targeted recruitments

The small police department should conduct targeted recruitments in addition to their open recruitments. The targets should include those segments of the community that are not represented proportionately within the police department. The targeted recruitment would focus on community groups within the sought after segment of the workforce. Recruiters would use these community groups as a forum to begin the process of familiarizing potential employees with the police department and educating them about the benefits of police employment.

- Legislative change

Law enforcement should propose and support legislative changes intended to enlarge the pool of qualified candidates for police officer positions and support recruitment efforts targeting marginal groups. The legislation would accelerate the naturalization

process for immigrants that are otherwise qualified for employment as police officers and are actively involved in the law enforcement hiring process.

- Utilize technology for recruitment purposes

The small police department must embrace and adopt current technology. The technology should be used to attract new employees by developing Internet based recruitment advertisements and application processes. At the same time, the technology available to officers to accomplish their mission should be showcased as an attraction to potential employees.

- Over-hire

Establish a procedure that allows the department to hire beyond its maximum number of budgeted positions. As part of the same procedure, retirements should be under-filled immediately in anticipation of a future promotion. This should be designed to reduce the gap between employee vacancy and new-hire to zero.

- Cadet Programs

The small police department should develop law enforcement training programs intended to operate parallel to existing programs such as DARE. These programs would be designed to promote interest in law enforcement careers amongst high school age youth.

- Regionalization of recruitment and training programs

Regionalization of the recruitment process is intended to develop a larger pool of candidates from which a small police department can draw from. Regionalization goes beyond the recruitment process and extends to the on-going process of training. Regional training allows the officer to be trained in a variety of environments that

promotes the development of new skills while offering diverse and potentially new challenges.

- Home buying assistance

The high cost of purchasing a home makes recruitment and retention of employees difficult especially in urban areas. Assistance programs may be funded by the employer or simply underwritten and guaranteed. The level of employer assistance should decrease at a standard rate and cease upon termination of employment.

- Flexible schedules and start times

Flexible schedules include everything from job sharing and part-time employment to variable workdays. Flexible start times allow officers to begin their shift at non-traditional times and should take into consideration commuter issues such as traffic patterns at peak periods.

- Longevity pay and benefit plans

Career employees are rewarded for their loyalty through increased salary and benefits that are unavailable to less tenured employees.

In addition to the above practices, the small police department must continually evaluate the success and value of these programs and make adjustments whenever necessary.

Transition Management

Once the strategy has been developed and selected, it must be implemented. The implementation process is a pivotal part of the process of change and is often more challenging than the development of the strategic plan itself¹⁰. The transition management plan is critical to the success of the change effort. The change effort often described as the

movement of the organization from the present state to the future state is outlined in the transition plan. In this study, the focus is on two primary areas. They are leadership and management of the organization, and recruitment and retention of employees.

Leadership and Management

Leadership and management development is the responsibility of the police chief and his or her command staff. They should immediately begin to meet regularly to implement selected strategies. The meetings should include members of the training staff to assist in the development of a structured and formalized mentoring program. The program should be designed to prepare members of the organization to compete for future opportunities at all levels up to and including the chief of police. The command staff should also begin to work with the training staff to develop management and leadership training for police officers and first line supervisors. The immediate focus of the group should be on a training needs assessment considering areas such as the theory and values of leadership, critical incidents, and administrative issues including personnel, budget, and training.

Implementation of these programs is the responsibility of the command staff and should become a part of the regular training curriculum for the organization. Once the programs become a regular and expected part of department training, they will encourage professional growth and become the basis of a pathway for employee success.

Recruitment and Retention

Recruitment and retention is also the responsibility of the police chief and the command staff. This responsibility should be delegated, in part, to the first line supervisors

and police officers. Delegation is necessary to address the changing values of new employees and potential employees and will further encourage professional development amongst the participating members of the department.

An internal survey may be useful in helping to prioritize the various strategies aimed at employee retention. Each of the strategies should be evaluated and ranked based on the raters' knowledge of the organization and opinion. The results of the survey will serve to guide the recruitment and retention efforts and at the same time include the department members in the process.

Focus groups representing a cross section of the organization should be established to develop and refine the specific actions employed in furtherance of each strategic goal. Recruiting strategies should be tailored around the recommendations of the group. Recommendations requiring legislative changes or items typically covered within the employee's Memorandum of Understanding should be addressed through a recommendation of support by the focus group

The small police department must immediately begin to develop their own detailed transition plan and begin to put it into play in order to move the department from the present state to where it will need to be in the future. This is necessary to ensure the organization's ability to, in the best case, achieve future goals, and, in the worst case, maintain autonomy.

The support and assistance of persons inside and outside of the organization is necessary to the successful implementation of the selected strategy. In addition, key persons within the organization must be prepared and equipped to lead the change and as a result demonstrate the need and value of the change to the rest of the organization. These persons, known as change implementers¹¹, are the ones who make it happen by managing the day to

day process of change. The implementers' task is to help shape, enable, orchestrate, and facilitate successful change¹². The implementers' role in the process of change is much like that of a police supervisor's role in everyday life. They act as a go between by carrying out the plan from above and seeking the acceptance, assistance, and cooperation of those below.

Commitment is also necessary to the successful implementation of change. There is a critical mass of individuals whose active commitment is necessary to make a critical difference¹³. There is no magic number of people that determines the critical mass, nor is there a formula to determine how much of the organization must be on-board to satisfy the need for a critical mass. In this case it is prudent to identify those individuals and groups that are most able to influence others within the organization and obtain their commitment. This commitment planning should include a plan for obtaining the commitment of the critical mass and a monitoring system to assess the progress¹⁴.

The final step is to make it happen. The structure must be in place to allow change to occur. This includes physical moves within the facility, training programs, workshops, pilot programs and new recognition and reward programs¹⁵. Established practices within the organization must support the transition as well as the structural changes necessary for the successful implementation of change.

Fundamental to the transition process is the involvement of people and honest communication. Sharing the vision and need for change is key to overcoming resistance and helps others to see how they can become involved. In some cases a written change communication may be appropriate. A written change announcement should be designed to increase the organization's understanding and commitment to change, reduce confusion and resistance, and prepare employees for both positive and negative effects of change¹⁶.

In general, a constructive change announcement:¹⁷

- Is brief and concise.
- Describes where the organization is now, where it needs to go, and how it will get to the desired state.
- Identifies who will implement and who will be affected by the change.
- Addresses timing and pacing issues regarding implementation.
- Explains the change's success criteria, the intended evaluation procedures, and the related rewards.
- Identifies key things that will not be changing.
- Predicts some of the negative aspects that targets should anticipate.
- Conveys the sponsor's commitment to the change.
- Explains how people will be kept informed throughout the change process.
- Is presented in such a manner that it capitalizes on the diversity of the communication styles of the audience.

Lastly, the leaders of the organization must continuously demonstrate their commitment to change. They do this by recognizing and rewarding those who have accepted the change and incorporated it into their day to day behaviors as well as their culture. They do this by fully embracing the change by walking the walk, not just talking the talk. And they do it by continually seeking to improve existing practices and to find a better way.

Police leaders and managers willing to do this will have taken the most important step necessary to prepare their organization for the impact of the 3% at age 50 retirement formula.

CHAPTER FOUR

CONCLUSION

Implications on Leadership

Would you tell me, please, which way to go from here?" asked Alice. "That depends a good deal on where you want to get to," said the cat. "I don't much care where," said Alice. "Then it doesn't matter which way you go," said the cat.¹⁸

Law enforcement is at a crossroads with respect to the issue of retirement, leadership, and recruitment. Agencies throughout the state are facing substantial personnel losses, particularly amongst the ranks of supervision and command as a result of the substantial increases to the retirement benefit formulas. There has been declining interest in police executive positions and this decline is beginning to trickle down in the form of reduced interest in police management and supervisory positions. Qualified candidates interested in a law enforcement career are also becoming increasingly scarce and are often such a hot commodity that neighboring agencies are in competition with each other for the same people.

These concerns are even more ominous for the small police agency. The retirement of only a handful of employees can result in a staffing crisis overnight. When the handful of employees is made up largely of command officers, the impact is potentially devastating. The recruitment of replacement officers is often more difficult because the qualified candidates are lured away by the prospect of employment at a larger agency with increased opportunities and more varied assignments.

Law enforcement leaders have the power to act by beginning the preparation process now. Actions must be focused on bringing the desired future to a reality. Failure to do so will almost surely do irreparable damage to the profession and to individual agencies.

Leadership can be anything anyone says it is-until a complex challenge occurs and one is faced with making real or transforming change¹⁹. The leadership of small police departments is facing that complex challenge now.

Budgetary Implications

The cost of implementation of all of the various components of the strategic plan is significant, but likely pales when compared to the cost of the 3% at age 50 retirement formula. Some of the strategies will require budget requests or adjustments, while others can be achieved within existing budgets.

The big-ticket items such as the DROP program, signing bonuses, and home buying assistance will require that top city management and elected officials are well educated as to the need and benefit of such programs. Even with their approval and buy-in, approval must still be obtained from the affected bargaining units and modifications made to their memorandum of understanding.

The remaining strategic plan items are without cost or are so inexpensive that they can be accomplished without additional funds. Training and mentoring programs are relatively inexpensive and may be reimbursable. Adjustments to schedules and start times are typically without cost although they may require approval of the bargaining unit.

The cost of implementation of the various components of the strategic plan is high, but in the long term it is believed the positive results and savings to the organization will be far more valuable.

Recommendations and Conclusions

The adoption of the 3% at age 50 retirement benefit formula is spreading throughout California police agencies at a rapid and perhaps unexpected pace. The adoption of the benefit formula by a small police department will at the minimum be the basis for substantial organizational change during the subsequent five years and beyond. Some of the change may be seen as positive and necessary to achieve the department's mission and vision.

Alternatively, some of the change will be disruptive and present challenges to the organization and its staff that will threaten their ability to successfully provide police services to the community they serve.

Recruitment will continue to be a problem, with agencies of all sizes competing for a small pool of qualified candidates. The recruitment program of the small police department must be transformed into a recruitment plan, subject to regular discussion and review.

Supervisory and leadership training must be formalized within the department. The development of future leaders must become a priority supported by mentoring and training. The increased opportunities and the need for qualified employees to assume leadership roles must be supported by clear pathways and marked with guideposts for all to follow.

If a small police department in the state of California has adopted the 3% at age 50 retirement benefit formula or is anticipating it will be adopted in the near future the leaders of the organization must begin to plan now for the resulting change. Readiness checks must become the standard practice of the organization. Department planning must include futures forecasting well beyond the norm. As an example, instead of asking the traditional question of who will be the replacements, ask who will replace the replacements. Vision and futures forecasting have never been more important to the success of the small police department.

The 3% at age 50 retirement formula will place demands upon the management of a small police department the likes of which have never been seen before. There will be a substantial increase in the opportunities for employees at all levels within the organization. Coupled with the increased opportunity, the leaders of the organization will face new and enormous challenges. Planning and foresight will become the watchwords as the current staff prepares for impending changes. Creativity will be a must for the chief executive as she/he selects and develops the future leaders within the constraints of public employment. Finally, the 3% at age 50 retirement formula and its impact on the organization will necessitate and even demand flexibility on the part of all members of the police department, present and future.

APPENDIX A

Population Projections

Year	Total Dependents per 100 Persons Age 18-64	Persons Under Age 18 per 100 Persons Age 18-64	Persons Age 65 & Older per 100 Persons Age 18-64	Ratio of Working Persons to Each Person Age 65 & Older
1900	79.9	72.6	7.3	13.7:1
1910	73.2	65.7	7.5	13.3:1
1920	72.0	64.0	8.0	12.5:1
1930	67.7	58.6	9.1	11.0:1
1940	59.7	48.8	10.9	9.2:1
1950	64.5	51.1	13.4	7.5:1
1960	82.2	65.3	16.9	5.9:1
1970	78.7	61.1	17.6	5.7:1
1980	64.9	46.2	18.7	5.3:1
1990	62.0	41.7	20.3	4.6:1
2000	62.4	41.8	20.5	4.9:1
2010	60.2	39.0	21.2	4.7:1
2020	68.2	40.4	27.3	3.7:1
2030	78.7	43.0	35.7	2.8:1
2040	79.7	43.1	36.5	2.7:1
2050	79.9	43.9	36.0	2.8:1

Source: "Population Projections of the United States by Age, Sex, Race and Hispanic Origin: 1995 to 2050,"
Bureau of the Census, U.S. Department of Commerce

APPENDIX B

Panel members in the Nominal Group Technique

- **Ms. Diane O’Connell** Human Resources Director, City of Benicia, CA.
- **Mr. William Campbell** Investment Counselor, Prudential Securities,
Walnut Creek, CA.
- **Mr. Bill Whitney** Councilmember, City of Benicia, CA.
- **Mr. Otto Guilianai** City Manager, City of Benicia, CA.
- **Mr. Dennis Gard** Deputy Police Chief, Benicia Police Department,
Benicia, CA.
- **Mr. Mark Alkire** Training Manager, Benicia Police Department,
Benicia, CA.
- **Mr. Jeff Miller** Analyst, ICMA Investment Corporation.
- **Mr. Robert Walton** Assistant Executive Officer, CalPERS,
Sacramento, CA.

APPENDIX C

DEFINITIONS

- **Small Police Department**

A small police department is defined as a department with less than fifty sworn police officers.

- **Trends**

A series of events strung together. They may be internal or external to the organization, should represent major areas of relevance to the issue and should be clearly stated in terms defined and understood.

- **Events**

A single incident that could have a significant impact on the issue. Events must be discreet occurrences a future historian would, in retrospect, be able to determine did or did not occur. Events must include those with low probability but which would greatly impact the issue if they occurred. Events may be internal or external to the organization

- **3% at Age 50 Retirement Formula**

This is an improved benefit plan for public safety employees. At age 50 the multiplier is three percent times the number of years of service, which will equal the percentage of salary, that the employee can retire at:

- **DROP Program**

The Deferred Retirement Option Program (DROP) allows a safety member with a minimum of five years of service and age fifty or older to participate in the program for a minimum of twelve months up to a maximum of five years. The participant is allowed to retire under CalPERS while still working, and have his or her monthly CalPERS retirement allowance and his or her monthly CalPERS employee contribution go into a new account. This account accrues earnings and at the end of the DROP period, the participant would cease employment and begin to receive his or her retirement allowance, and receive some form of payment from the new DROP account as well.

APPENDIX D

List of Potential Trends Identified by the NGT Panel

1. **Recruitment difficulty.**
2. Salary Range = Market.
3. Decrease in cost to employer.
4. Decentralized Economy.
5. **Level of hiring standards**
6. Ease in recruitment (increased benefits)
7. **Second careers.**
8. **Work ethic and values of potential candidates**
9. **Availability of candidates for executive level management positions.**
10. Increased opportunity for promotion.
11. **Civilian management positions.**
12. Market Volatility.
13. Loss of personnel to larger agency.
14. Double dipping.
15. Increased population declining city services.
16. **Demand for police services.**
17. No fear in crime.
18. **Non-traditional recruitment practices.**
19. Greater retiree influence.
20. **Interest in public employment.**
21. Increased reliance on private security.
22. Out of state recruitment attraction.
23. Self-actualization in private sector affect.
24. Increased mentoring/succession training.
25. Older recruits.
26. Broadening pool of recruits.
27. Public discontent with rising benefits.
28. Increase in police corruption.
29. Increasing retirement cap.
30. Reduction of local control at state and federal levels.
31. Working longer and passing retirement cap.
32. Reduced subsidy available.
33. Longer commute.
34. Increased emphasis on health care (recruitment/retention)
35. **Burden on retirement system.**
36. Technology advances (working smarter).
37. Decriminalization of conduct = reduced personnel needs.
38. Gender (women) and more ethnic recruiting.
39. More flexibility in benefits availability.
40. Non-traditional recruiting practices.

-
- The trends the NGT panel identified as most likely to impact the issue are in bold.

APPENDIX E

List of Potential Events Identified by the NGT Panel

1. Large employer of personnel moves out of area.
 2. **Management team retires simultaneously.**
 3. Presidential election 2000 and 2005.
 4. Property values decrease based on a major event.
 5. **Regionalization of small police agencies.**
 6. Legalization of controlled substances.
 7. **Local election changes political balance against law enforcement.**
 8. Department head change.
 9. **Negative public relations event takes place.**
 10. Martial Law.
 11. Change in CalPERS retirement formula.
 12. Immigration law change making citizenship unnecessary for police officers.
 13. Energy crisis or loss of energy resource.
 14. Expiration of M.O.U.
 15. Natural Disaster hits police facility.
 16. Long-term labor dispute/strike.
 17. Terrorist attack.
 18. Substation opens.
 19. Statewide election 2006.
 20. P.O.S.T. sued.
 21. P.O.S.T. abolished.
 22. Local agency folds.
 23. **Stock market crashes, 50 percent loss, and 2-3 year recovery period.**
 24. **State funding eliminated.**
 25. **City bankrupts.**
 26. Change in gun laws/legalization.
 27. Cellular calls routed to local psap.
 28. **Deferred retirement option programs.**
 29. Bridge failure creates labor crisis.
 30. Major discrimination lawsuit.
 31. **Public Safety Retirement Benefit increased to one hundred percent.**
-

- The events the NGT panel identified as most likely to impact the issue are in bold.

Endnotes

¹ Pat Macht and Mark DeSio, "CalPERS To Pay For Improved Benefits For State And School Workers," CalPERS.ca.gov/, Web Site, 16 June 1999, available from <http://www.calpers.ca.gov/whatsnew/press/1999/0616b.htm>, Internet accessed 10 November 2000.

² Ibid.

³ Ibid.

⁴ Andrea Oberle, "Meeting the Challenge of Recruiting in the 21st Century," Law Enforcement News, August 2000, 22-23.

⁵ William P. Kucewicz, "Baby Boomer Retirement," GeoInvestor.com Web Site, 23 March 2000, available from <http://www.geoinvestor.com/archives/fpgarchives/march2300.htm>, Internet accessed 15 November 2000.

⁶ Ibid.

⁷ Ibid.

⁸ William H. Frey, "The New White Flight," Demographics.com Web Site, April 1994, available from http://www.demographics.com/publications/ad/94_ad/9404_ad/ad560.htm, Internet accessed 11 January 2001.

⁹ Tom Esensten, "Strategic Planning" State of California, Commission on P.O.S.T., Command College, Session 6, Class 30, October, 2000.

¹⁰ Todd D. Jick, *Managing Change: Cases and Concepts*, (Irwin/McGraw-Hill, 1993), 192.

¹¹ Ibid.

¹² Ibid.

¹³ Rueben T. Harris and Richard Beckhard, *Organizational Transitions: Managing Complex Change* (Addison-Wesley Publishing Company, 1987), 92.

¹⁴ Ibid., 93.

¹⁵ Todd D. Jick, *Managing Change: Cases and Concepts*, (Irwin/McGraw-Hill, 1993), 200.

¹⁶ O.D. Resources, Inc., *Change Announcement Planning Guide*, Atlanta, 1985.

¹⁷ Todd D. Jick, *Managing Change: Cases and Concepts*, (Irwin/McGraw-Hill, 1993), 200.

¹⁸ Lewis Carroll, *Alice in Wonderland*, New York, Grosset and Dunlap, 1946.

¹⁹ John Dentico, "Leadership", State of California, Commission on POST Leadership 2000 Symposium, Session 14, December 6, 2000.

Bibliography

- Hesselbein, Frances. *The Organization of the Future*. San Francisco: Jossey-Bass, 1997.
- Wall, Bob, Robert S. Solum, and Mark R. Sobol. *The Visionary Leader*, Rocklin, CA: Prima, 1992.
- CalPERS. "Whats New," *CalPERS* Homepage on-line. Available from <http://www.calpers.ca.gov/whatsnew/press/1999/0616b.htm>; Internet; accessed 10 November 2000.
- GeoInvestor. "Baby Boomer Retirement," *GeoInvestor.com*. Home page on-line. Available from <http://www.geoinvestor.com/archives/fpgarchives/march2300.htm> Internet, accessed 15 November 2000.
- Snyder, Neil H., James J. Dowd Jr., and Diane Morse Houghton. *Vision, Values, and Courage*. New York: Macmillan, 1994.
- Hesselbein, Frances, Marshall Goldsmith, Richard Beckhard, and Richard Schubert. *The Community of the Future*. San Francisco: Jossey-Bass, 1998.
- Oberle, Andrea. "Meeting the Challenge of Recruiting in the 21st Century," *Law Enforcement News*, August 2000, 22-23.
- Covey, Steven R. *The Seven Habits of Highly Effective People*. New York: Fireside, 1990.
- Senge, Peter M. *The Fifth Discipline: The Art and Practice of the Learning Organization*. New York: Doubleday, 1990.
- Todd D. Jick, *Managing Change: Cases and Concepts*. New York: Irwin/McGraw-Hill, 1993.
- Harris, Rueben T., and Richard Beckhard. *Organizational Transitions: Managing Complex Change*. Addison-Wesley Publishing Company, 1987.
- Bennis, Warren, and Burt Nanus. *Leaders: The Strategies for Taking Charge*. New York: Harper-Row, 1985.
- Wilson, Edward O. *In Search of Nature*. Washington: Island Press, 1996.
- Bryson, John M. *Strategic Planning for the Public and Nonprofit Organizations*. San Francisco: Jossey-Bass, 1995.