

SMALL POLICE DEPARTMENTS
PREPARING FOR THE IMPACT OF
THE 3% @ 50 RETIREMENT FORMULA

Article

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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).

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.¹

At a time when crime rates are down throughout the State of California and problem solving has established its place in the day to day activities of most police and sheriff's departments, news of the 3% at 50 retirement benefit formula has surfaced as the hottest topic on the law enforcement radar screen. The interest in the enhanced benefit has been fueled by the subsequent news of an increase in the retirement cap, expressed as a percentage of salary, from seventy-five percent to eighty-five percent. These changes to the public safety retirement benefit package are occurring during a period when recruitment of new employees is difficult for most law enforcement agencies. Even without the inclusion of the enhanced retirement benefit now available, there is the potential for an increase in the number of retirements based on demographic trends.

Local agencies and their associated employee bargaining groups must negotiate the 3% at 50 retirement benefit formula individually. To date, at least eighty California law enforcement agencies have negotiated the retirement benefit and the number of participating agencies is increasing daily. Employees of the agencies that have been successful in obtaining the benefit are delighted. However, the benefit is something of a double-edged sword for the small police department. Recruitment and retention of police officers is difficult for all police agencies during the current period of economic prosperity and low unemployment. The small police department faces an even greater recruiting and retention challenge. Often times many of the qualified candidates and new

¹ Lewis Carroll, *Alice in Wonderland*, New York, Grosset and Dunlap, 1946.

employees are lured to larger agencies that offer greater opportunity and diversity of assignment. As the number of participating agencies increases, the benefit becomes a must for the small police department to stay competitive in the marketplace. Yet, the new retirement benefit increases the potential for a greater than expected number of retirements during the five years after adoption.

The operation of small police departments will be particularly impacted as opposed to the operation of mid and large size departments. When vacancies are factored as a percentage of the total workforce, each unfilled position in a small department has a greater impact and potentially represents a larger and more significant concern. In addition, the retirement benefits associated with the 3% at age 50 formula 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. The small police department continually struggles with the turnover of employees that are attracted to larger departments. This results in a higher than normal turnover rate that dramatically reduces the size of the internal candidate pool ready to move to the next level within the organization.

Changes to the Benefit Formula

The January 2000 enactment of Senate Bill 400, otherwise known as the Benefit Equity legislation, was touted as necessary to end decades of benefit inequities for many of California's public employees. The legislation provided many improvements for state

and schools employees and offered limited improvements for local agency employees. Members of California law enforcement agencies became particularly interested in the bill because it provided 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 the benefit is.

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

Benefit Factors/Years Required to Maximum

The 3% at age 50 retirement formula, when compared to the 2% 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.

Small police departments that negotiate the 3% benefit will soon be forced to recruit higher numbers of new officers at a faster rate than ever before. They will need to anticipate and prepare for the retirement of their senior staff, including the chief executive and top command officers. Incentives to retain existing staff may also be necessary.

Recruitment and Retention Strategies

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 50 retirement benefit.

The successful small police department should consider the following practices as part of their normal business operation to remain successful:

- **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.

- 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 and 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.

- Over-hire

Establish a procedure that allows the department to hire beyond its maximum number of budgeted positions. As part of the same procedure, the positions vacated by the retirement of staff and command level officers should be

under-filled immediately in anticipation of a future promotion. This is intended to reduce the gap between employee vacancy and new-hire to zero.

Replacement Leaders and Managers

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. Senior officers within the organization provide a historical perspective and are critical to the small department's ability to train new officers for patrol operations. 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 leadership, unit management, internal operations, familiarization with other city departments and functions, personnel and budgeting. These programs must include ethics training and an on-going discussion of the organizational mission and values.

The loss of a significant number of management staff and the chief executive within a narrow time frame, without forethought and planning, would leave permanent scars and call into question the department's ability to recover. To prevent this occurrence the small department command staff should also recognize the potential leadership voids. They must 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.

In many cases deferred retirement option programs (DROP) may be the quickest and most effective strategy to carry the small police department through this period of transition. 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.

Leadership and Management-The Transition

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 the selected strategies designed to prepare the organization for future change. The meetings should include members of the training staff to assist in the development of the mentoring program. The command staff should also begin to work with the training

staff to develop the management and leadership training for police officers and first line supervisors.

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 the department training they will encourage professional growth and become the basis of a pathway for employee success.

The Challenge

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 officers. There has been a noticeable decline in 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 at the entry level is often more difficult because the qualified candidates are frequently lured away by the prospect

of employment at a larger agency with increased opportunities and more varied assignments.

The adoption of the 3% at age 50 retirement 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 that it will be adopted in the near future, the leaders of the organization must begin to plan now for the resulting change. Readiness checks that examine and evaluate the staff's ability to move to the next higher level must become the standard practice of the organization. Department planning must include futures forecasting well beyond the norm. The traditional question of who will

the replacements be, must instead ask who will replace the replacements? Vision and futures forecasting have never been more important to the success of the small police department.

Law enforcement leaders have the power to act by beginning the preparation process now. Their 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 you're faced with making real or transforming change². The leadership of small police departments is facing that complex challenge now.

² John Dentico, "Leadership", State of California, Commission on P.O Leadership 2000 Symposium, Session 14, December 6,2000.

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