

**Plugging the Dike : viable options for filling the  
looming law enforcement leadership vacuum**

**by**

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This Command College Independent Study 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).

## **Plugging the Dike**

### **Viable Options for Filling the Looming Law Enforcement Leadership Vacuum**

With unprecedented retirement benefits being offered to California law enforcement officers, police chiefs are leaving younger than ever before. This is creating a leadership vacuum at the top, with little consideration of a future without their expertise. The generous retirement system in California is creating a leadership vacuum with newer, less experienced, officers lacking the seasoning generally thought necessary to effectively lead organizations. What can be done? Will this endless cycle of “brain drain” hamstring us at just the time astute leadership is needed the most? Or do we have options to stem the flow of retirements and create a manageable transition of power as incumbent chiefs retire? One way we could induce senior managers to stay on the job is to address the very reason they are leaving. We will explore that option in detail as we study how and why this vacuum exists.

#### Who Wants to be Chief?

Gary Brown, recruiting consultant and former police chief, asserts that law enforcement is experiencing a leadership vacuum because qualified police chiefs seem to be increasingly difficult to recruit and retain. Brown wrote, “Fewer candidates today are willing to vie for the position of police chief.” (p. 1) Brown concluded that many law enforcement managers are unwilling to take on the stress and headaches of a police chief job when they currently enjoy civil service protections not afforded an at will employee. (Henchy, 2007,p.1)

In a New York Times article, Seattle Assistant Police Chief John Diaz, 44, said he isn't interested in taking a chief's job. “I would absolutely not take a job as a police chief.

The politics of being a police chief have become so insane that no one wants the job.” (Birozy, 2003, p.2) No doubt, based on Brown’s experience, many others share the same sentiment. Given the apparent lack of willingness of qualified applicants to take on the added pressures of the role of a police chief, allowing executives to retire earlier will have negative consequences for police agencies. We must find a way to stem the tide of losing experienced leaders, while we engage in developing future leaders for top-level executive positions.

One might think revising the retirement system to ensure the exodus of chiefs could be slowed would repair any damage overnight. Others could consider enhancing financial incentives to create a viable retention plan to retain corporate wisdom in law enforcement. As noted by Assistant Chief Diaz, though, increased financial incentives may not significantly impact the current or prospective chief’s decision to leave. (Birozy, 2003,p.1)

#### Generous Retirements Creating the Vacuum?

California law enforcement officers are enjoying unprecedented retirement benefits through Cal PERS and similar public safety retirement programs. The current 3% @ 50 benefit was enacted through legislation, SB 400, in January 2001. The 3% at 50 formula provides 3% of an officer’s salary for every year worked and can be drawn beginning at age 50. The formula allows an officer to receive a maximum of 90% of his or her salary at the time of retirement. This means an officer starting his or her career at age 21 can retire at 51. If their final year’s salary were \$120,000, for instance, they would receive

about \$108,000 a year for life (with a two percent increase each year). Many see this retirement benefit as extremely generous. It dwarfs the benefits of other retirement benefits in both the public and private sectors.

The job market today is so lucrative, that given the high stress nature of law enforcement leadership, financial incentives are not the only answer. According to Carmen Renella, Vice –President of Citibank, Retirement Investment Consultant (and former police officer), “The 3% @ 50 retirement formula has given more and more law enforcement executives the ability to retire earlier to get away from the stress of the job and into a “cush” private job with less headaches. Most of my clients will not be enticed by financial incentives to stay in law enforcement” (personal communication, June 02, 2006) Since they can retire early with this lucrative compensation, more executives are opting to enter a second career that is less stressful. According to research conducted by David Birozy, a police lieutenant from Cypress Police Department, Cal PERS Public Safety retirements increased 19% the first year the 3% @50 retirement formula was enacted (2001) and in the second year retirements increased 33% (2002). This new private sector income combined with retirement benefits generates a substantially higher income than the law enforcement job alone. (Birozy, 2003, p.2)

### The Pros and Cons

There are positive and negative arguments on both sides of the issue of retirement benefits. Law enforcement officers are in a unique position to endure high levels of stress, which creates physiological problems reducing their life expectancy. John

Violanti PHD (2007) in “Dying From the Job: The Mortality Risk for Police Officers” states “Our findings indicate a significantly elevated mortality risk for all malignant neoplasm’s in police officers.”(p. 1) Those arguing that the benefit is necessary recognize that law enforcement officers do not have the same number of years of longevity after retirement as other occupations. Violanti’s study found that the average age of death for a police officer is 66. This is significantly lower than the average life expectancy of Americans, which is 77.8 years. The rationale for a “generous” retirement program asserts that officers should be fairly compensated for the sacrifice they make to keep our streets safe.

Those arguing the retirement benefit is too generous are concerned with the program’s cost and viability in the long term. According to Keith Richman, former California Assemblyman, “The cost of keeping the promise of generous retirement benefits for state and local government employees is starting to break California taxpayers and government agencies. Elected officials hoping to avoid accountability for these massive public debts have mustered only a timid response to this growing fiscal crisis.” (Richman, 2007, p. 1) These concerns led to the recent California initiative to create a Defined Benefit Retirement Plan for public employees instead of the lifetime annuity plan currently in place, which would transform the system into one much like that in which most private sector employees participate.

Others argue the benefit contributes to the vacuum of law enforcement leadership. The agencies receiving this retirement benefit have increased steadily over the last five years.

Currently, 251 agencies in California are offering 3% @50 to their public safety employees. (PORAC, 2007) The increasing number of agencies receiving this benefit coincides with the recognition of a leadership vacuum. Consideration needs to be given to the impact this retirement formula has on public safety agencies. There are two primary considerations with the 3% @ 50 retirement formula.

- First, law enforcement officers expect to be compensated with this retirement formula. Many officers who work for agencies that do not have this retirement formula are opting to transfer to other agencies that do have 3% @ 50. This creates recruitment and retention issues, which can be quite costly for a city that opts not to offer this retirement formula to their employees. If the agency does not provide a similar retirement formula the communities they serve will suffer even further and they might not be able to hire and retain law enforcement officers who will become the future law enforcement leaders. Given these expectations agencies not offering the 3% @ 50-retirement formula will find it increasingly difficult to recruit.
- Secondly, the agencies that do provide this retirement formula will likely lose law enforcement leaders and executives earlier than they would if they did not have this retirement formula. Since this is currently the case, at least part of the answer may lay in providing retirement enhancements to current law enforcement leadership executives to keep them in law enforcement longer, to avoid losing corporate wisdom.

The reality is that the 3% @ 50 retirement formula may not be solely to blame. The work force in general is shrinking. According to the Center for Organizational Research, the proportion of older workers will increase four percent a year between 2000 and 2015. According to Mary B. Young, the proportion of younger workers is shrinking. “Given the intensity of talent wars across all sectors, human resource practices and policies have handicapped jurisdictions competing with the private sector for qualified employees” she noted. (Henchy, 2007, p.1) Even if 3@50 is rescinded today, the loss of experienced workers added to a shrinking labor pool will continue to impact the leadership vacuum 20-25 more years. Perks such as stock options or year-end bonuses are not possible in the public sector. There is, however, a program in place in some retirement programs not affiliated with Cal PERS that may offer relief from the swelling ranks of retired executives. It is to allow them to DROP.

### DROP

One option to entice executives to remain on the job would be to create a Cal PERS “Deferred Retirement Option Program (DROP).” Cal PERS, the California Public Employees Retirement System, is the largest Public Safety Retirement System in California. Some non-Cal PERS agencies have instituted DROP’s, which allows a law enforcement officer to accrue his or her monthly retirement checks into a private account while still working and drawing a salary. This benefit allows a retiree to draw from this account only upon separation from their organization. Seen by some as “double dipping” DROP, in fact, allows an employer to retain a valued employee while discontinuing contributions to that employee’s retirement account. The employee, in return for

discontinuing to accumulate work credit, receives the funds to which they would have been entitled if they had retired without DROP. With the money in escrow, the employee stays on the job, the employer receives valuable service, and no added funds are expended to fund their retirement. If structured well, it can be a “win-win” all around.

DROP programs have been in place in public sector organizations since the mid-1980s. DROP programs were established in police and fire agencies to encourage employees who could retire early to continue working. The DROP allowed a partial lump-sum distribution option in a pension plan, and also provided the employer with a predictable picture of turnover rate. A Cal PERS DROP could net similar results, and would create a substantial financial incentive to keep leaders in organizations longer, buying time to create a viable leadership development program.

Currently, DROP programs exist in the states of Louisiana, Arkansas, Oklahoma, Florida, Texas, Colorado and California. According to the City of Jacksonville, Florida web site, the city established a DROP for police and firefighters in 1998. The safety employee’s retirement program for their police and firefighters allows them to retire after 20 years (DROP FAQ, 2004). The city found they were losing good employees who were still young enough to make a significant contribution in their city. To reverse this trend, Jacksonville created a DROP to allow employees to set a retirement date. After the “retirement” the employee would continue working, and have their retirement money accrue into an account that could be drawn on when they actually retire. The retirement money continues to accrue for up to five years after setting their retirement date. The

City has found this is an option that allows them to retain employees and save money on recruitment and training for their city. Using a similar DROP format, the Los Angeles Police and Fire Departments have been able to retain top level leadership for up to five extra years past their retirement dates (personal communication, J. Wolf, 2007). If expanded to PERS agencies (the majority of cities in the State) California law enforcement may reap the same benefits that Jacksonville and Los Angeles have enjoyed if a DROP were enacted.

### DROP, Version Two

An inter-agency DROP may provide another viable alternative. Perhaps the answer is not in retaining an employee in his current agency longer, but in providing a vehicle for experienced executives to take on a leadership role in a new organization that needs change.

An inter-agency DROP would allow officers to go to any other Cal PERS agency, have their retirement accrue in a private account and still draw the salary from a new agency. Currently, it can be difficult for an employee of a medium-sized to large sized agency to leave their current agency and go to another smaller agency, even for a top level executive position, because they would have to take a pay cut to do so. In their Command College research, Davena and Samuels discovered this issue while reviewing law enforcement publications for manager and supervisor jobs. This problem is especially acute in smaller agencies, where salaries may lag behind that of urban areas. If executives, managers or officers could move to a leadership position in another agency,

knowing that they could enter a DROP, they may be willing to take the salary cut for the long-term payoff. Based solely on anecdotal evidence, there appears to be a significant number of managers and executives that would be willing to take on the leadership of an organization if they didn't have to take a pay cut to do so. Having this avenue open to law enforcement leaders keeps them in the law enforcement industry to help fill the leadership vacuum. The interagency DROP would also serve to ensure the highest-quality employee is hired for law enforcement positions.

#### Examining the Pros and Cons of the Options

For CalPERS to implement a DROP program legislation would need to be enacted. Cal PERS is reluctant to implement a DROP program because they stop receiving contributions from people entering the DROP, and would have to start that employee's payout cycle. In 2003, PORAC (Peace Officers Research Association of California) supported and actively worked with legislators to create a law allowing both PERS and 1937 ACT Counties (mostly counties that offer their own retirement plans) to be allowed to negotiate for a DROP ( J. Breiten, personal communication, June 02, 2006). The bill-allowing DROP for the counties passed, but the Cal PERS bill failed. The DROP program seems to be a viable option from a compensatory standpoint because it is most likely to entice law enforcement executives to remain in law enforcement for longer periods of time.

The DROP can be a two edged sword. The DROP will retain senior employees longer; lacking appropriate selectivity, it could also mean keeping those who might have a

negative impact. Because a DROP is available to all employees, an organization may be forced to retain employees that are not top performing employees. A DROP may also create a bottleneck at the top of organizations. Change can often be healthy for an organization. Having new blood moving through the management ranks to continue to move the organization in a positive direction may have a positive impact. Change brings in new ideas and new opportunities that keep young officers motivated to become the future law enforcement executives that are needed. The DROP may also create the same financial problems for PERS and its members as it has for the City of San Diego.

The City of San Diego has had a DROP for several years and it has resulted in a financial nightmare for the city and the retirement board due to the high rate of employer's contributions. Rates have skyrocketed to ensure the retirement fund can remain solvent. Cal PERS Board members may have the same fears. When an employee enters the DROP, the employer no longer contributes to PERS for the employee. Employees participating in DROP begin drawing retirement monies and cease contributing to the retirement fund. This creates a fear that the Cal PERS fund may not remain solvent. Placing a "sunset clause" in DROP legislation can alleviate these fears. While DROP is a viable solution to slow the leadership vacuum, it just gives us a reprieve, not a pardon. At most, it allows us 3-5 years to make changes and prepare the next generation.

### Getting to the Root of the Problem

Succession planning in most law enforcement organizations is woefully inadequate, leaving future leaders unprepared. In a 2001 survey conducted by California Police Chiefs Association, only approximately 15.3% of police chiefs surveyed mentioned succession planning as a top priority. Little thought is given to providing our current law enforcement rank-and-file officers the tools they need to be effective leaders in the future. As noted by Brown, "Police Chiefs have not adequately prepared people to succeed them." (Henchy, 2007, p.2) It has become clear through this research that most law enforcement organizations are not adequately preparing future leaders through effective mentoring and training. Law enforcement organizations as a whole need to create an environment where effective succession planning can take place.

Many law enforcement officers have the intelligence, skills and ability to be effective law enforcement leaders. The one thing that is lacking is effective leadership training for those employees. We seem to expect people to learn how to be effective leaders on their own. What we currently call succession planning may be little more than giving someone an experience in a certain job. In most organizations there are not a significant number of these positions that would allow all up-and-coming leaders to gain the necessary experience. Often, current law enforcement executives look down on the rank-and-file officers and view them as less prepared for command staff and executive level positions than they were when promoted. Those who came before them may have had that same perspective about them. There will always be a gap between an executive's perception of future leaders and the reality of the type of leader that they are. This

mandates that we create a leadership development-training program that would provide the atmosphere and environment for all future leaders to excel.

Today in general law enforcement officers are better trained than they were 20 years ago. POST has increased their training mandates over the last twenty years. The POST academy has increased from four months to six months. (POST 1993; POST 2006) POST-mandated Continuing Professional Training (CPT) for perishable skills has increased over the same time period. (POST 2006) There has also been an increase of training opportunities outside of law enforcement that offer ways to improve a law enforcement leader's ability. The younger leaders are technologically savvy and are more willing to move away from traditions than the current law enforcement executives. The training necessary for any successful succession plan must provide a solid foundation to develop future leaders.

Law enforcement organizations moving into the 21<sup>st</sup> century will need to be effective implementing change within their organizations to successfully navigate through potential pitfalls in the future. An inability to adapt to our changing environment will hamstring the organization and create a system failure if the organization is inefficient at implementing change or if the organization fails to recognize needed change. Succession planning, in conjunction with appropriate means to retain the wisdom of those now leaving our ranks to early retirement, is a strategy that can work. Organizations will change or risk failure. Maintaining the status quo is often the reigning mantra of law enforcement organizations. As the contemporary adage goes, there are those who make it

happen, there are those who watch it happen and there are those who wonder what happened. Law Enforcement must lead the change or the industry will be wondering what happened. To break out of the status quo mode, law enforcement organizations will need to develop an effective transition management strategy to develop future leaders.

Plugging the leadership vacuum, while preparing future law enforcement leaders is essential to the success of all law enforcement organizations. Insuring effective law enforcement leadership reduces the liability to the organization for ineffective decision-making. This is a positive benefit to the employee, the community, the organization and the law enforcement industry as a whole. DROP is the solution that slows the leadership vacuum, while future leaders are given the skills necessary to be effective. Allowing DROP for 3-5 years will not bankrupt the system, but will keep current leaders around longer. DROP creates an opportunity to create a transition plan for effective law enforcement leadership.

Given the shrinking applicant pool, the difficulty recruiting and the looming leadership vacuum we would be wise to try new solutions. DROP combined with an effective leadership development program creates the future law enforcement needs and eliminates the leadership vacuum.

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