

**TESTIMONY BEFORE THE EMPLOYEE BENEFITS PROGRAMS
COMMITTEE
EMPLOYEE RECRUITMENT AND RETENTION
FEBRUARY 22, 2006**

Chairman Klein and members of the Employee Benefits Programs Committee, I am Dean Mattern, Director of the Department of Human Services Human Resources Division. I appreciate the opportunity to appear before this Committee to provide information regarding the Department of Human Services efforts concerning employee recruitment and retention.

The Department has approximately two thousand employees located in regional offices across the state in the eight major cities, as well as the North Dakota State Hospital in Jamestown and the Developmental Center in Grafton. Because of Federal Merit System requirements, Department of Human Services also does recruiting for all 53 County Social Service Boards. This gives us the unique ability to encounter recruitment and retention issues across all areas of the state.

There are a number of statewide recruitment and retention issues that have significantly different reasons and solutions.

- There are some positions like psychologists, addiction counselors, and psychiatrists, which are extremely difficult to recruit and retain even in the best of circumstances because of shortages based on training programs and licensing requirements.
- There are some positions, which have cyclical shortages, such as nurses, social workers or occupational therapists. Some of these professions will vary from time to time as to how difficult they are to recruit based on how long the shortage lasts.

- Often there are shortages based on geographic preference. Generally we will find that sparsely populated areas are much more difficult to recruit to than the more urban areas of the state.
- Some state jobs require more experience because they are regulatory or programmatic in nature, which results in a smaller candidate pool from which to recruit.
- Often we have difficulty recruiting because we cannot effectively compete with the salary or benefit levels of the local or regional markets, usually in the eastern part of the state where more employers are competing for the available workforce.

In the past the Department of Human Services has used a variety of recruiting practices with varying degrees of success. We have found that it is critically important to analyze the situation and the potential candidate to come up with the best solution to complete the recruitment process. Some of the past recruitment and retention practices are:

- The recruitment and retention bonus program that the legislature approved a few years ago has been an effective program for the really hard to recruit positions.
- Paying employees a referral bonus is a method that we are currently using at the North Dakota State Hospital and Developmental Center and is having some success.
- Tuition payments to students currently enrolled in school in return for contracted employment has had some success.
- Providing stipends and financial assistance during internships for some hard-to-fill positions has had some success.
- Direct mailing to targeted audiences, Internet advertising, and out of state advertising have all been used with limited success.
- Making equity salary adjustments to specific positions within a classification to allow for a higher starting salary has been used on a limited basis. Recently we made adjustments to positions in a

classification in Jamestown and in Fargo simply to be able to attract candidates because the local market pay was \$2.00 per hour more than what our average employee was paid. This was a successful strategy in these two instances.

There are a number of trends, which I see developing that will create a more difficult time recruiting new employees and retaining existing employees in the future.

- Salary paid to state workers continues to be significantly below local and regional markets. Whatever survey or labor pool you look at, the fact remains that we have a very difficult time recruiting and retaining employees because of salaries.**
- Benefits play a major role in employment decisions, particularly with the older workers. The state historically had an exceptional benefit program compared to other employers. Now we are finding that most large employers have better programs with more flexibility. Our single most important recruiting tool at the present time is paid family health insurance.**
- The turnover rate in the Department of Human Services is 13.4%, which is higher than the state average of approximately 9.2%. This rate has been gradually increasing in recent years. Data from our exit interviews suggests that a number of factors such as salary and other jobs are the two most common reasons for turnover. DHS, like the rest of the state, experiences a large turnover in the first three to five years of employment.**
- This year we have noticed a disturbing trend in the recruitment process. We are seeing the average number of applicants applying for jobs decreasing. During 2003 and 2004 we averaged 8.77 applicants per job. This has fallen in 2005 to 6.6 applicants, a 24% decrease. If this trend continues, which we believe it will, recruiting**

will become more difficult and the quality of candidates to choose from will deteriorate.

- Another disturbing trend we are seeing is the number of job offers that are being refused. Of the 69 positions filled at five of the Human Service Centers, 19 job applicants refused job offers. This is a 27% refusal rate. While this is a new statistic, which we have recently started keeping, we believe this is a fairly new trend that directly affects the quality of employees hired.
- The most significant employment trend in the United States today is the older worker wanting to work longer with more flexibility or come back to work after a period of retirement.

Recommendations I have for the committee to consider are:

1. Work toward making the state more competitive in both salaries and benefits.
2. Develop a salary program where employees have the ability to move through the salary range to help ease compression problems between new hires and existing employees.
3. Allow for flexibility in using benefits such as annual leave for the various segments of the workforce. For example, oftentimes the younger employees are more concerned with salary and the older employees are more concerned with benefits. Agencies need more flexibility so we can alter the benefit and leave programs to fit employee needs.
4. As the national trend of older workers working longer and coming back to work after and during retirement becomes more popular, we will need flexibility to design programs that make this trend work for us.

I appreciate the opportunity to address this committee and will be happy to answer any questions you may have.