

Citywide Retention



Objective

Do the City's employee retention policies and practices reduce turnover and compare to peer cities?

Background

The City of Austin, like many government entities, is facing retention challenges. The City's turnover rate has fluctuated over the past several years, spiking at almost 12% in 2022, and then falling below 10%. For context, the turnover rates for other large Texas cities varied from around 10% to 15% annually.

When an employee leaves the City, their department loses an experienced individual. As a result, the quality of services provided to the public may be impacted while the department hires and trains a replacement.

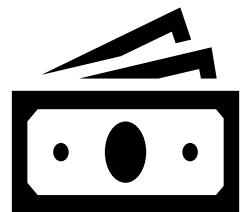
The Human Resource Department (HRD) is responsible for Citywide retention. HRD's mission is to engage, attract, develop, support, and retain the best workforce in the country to serve Austin's residents.

What We Found

Finding 1: Employees are generally satisfied with the City of Austin's benefits, but say uncompetitive compensation, limited career progression opportunities, and new telework rules are some of the City's biggest challenges to retention.

Austin offers competitive benefits compared to other large Texas cities, regularly adding enhancements such as an additional paid time off, improved parental benefits, and a variety of wellness benefits. Despite these efforts, turnover has fluctuated over the past several years. Our office conducted a survey of all City employees to better understand their wants and needs. We learned that some of the City's main challenges to retention are:

1. Uncompetitive pay may make it difficult for employees to live, work, and play in the City they serve, and may encourage employees to seek work elsewhere. Employee pay generally aligns with peer cities, but Austin has a higher cost of living than other Texas cities, and recent cost of living adjustments have not kept up with inflation.



2. Limited career advancement opportunities may lead employees to look for jobs in other departments or with other employers. Less than a third of the City's departments have career progression plans that allow covered employees to promote when they hit certain milestones, such as earning a certification, without entering a competitive process.

3. Unpopular changes to the City's telework policy may make it difficult to retain employees whose work does not require them to be at a specific worksite. Roughly half of the City's workforce lives outside the city of Austin, and employees overwhelmingly say they appreciated the flexibility telework allowed.

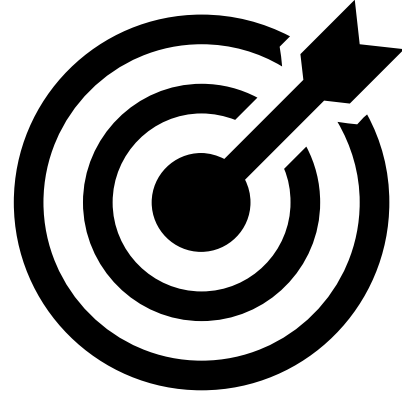


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What We Found, Continued

Finding 2: The City is not effectively using data to target the most important areas for its workforce or to measure the success of its retention efforts.

The City gathers feedback from current and departing employees through its Listening to the Workforce survey and employee exit surveys. However, the City is not effectively using this data to shape its investments and retention efforts. In recent years, the City has reduced the frequency of its Listening to the Workforce survey and removed most questions about pay and benefits, as well as questions about several other topics that are important to employees. Additionally, many departments we spoke with expressed concern that the majority of departing employees do not take the City's exit survey and that the data they do receive is often vague and hard to act upon.



Lastly, the City does not measure the success of its retention efforts. The City does not have a defined turnover goal and does not track the effectiveness of retention incentives like financial stipends to determine whether they are working.

What We Recommend

1. The HR Director should assess the impact of our current HR approach on retention and make recommendations to the City Manager. This should include:

- Conducting a cost benefit analysis to determine if paying employees at the market median and not offering merit-based raises is still the appropriate strategy for the City.
- Creating and implementing a plan to review positions not typically captured in Citywide market studies.
- Working with departments to determine if they could benefit from and fund a career progression plan or retention incentive.
- Assigning responsibility to monitor and evaluate the success of career progression plans and retention incentives across the City to identify and address areas of improvement.
- Identifying opportunities to increase flexibility in the City's telework policy while maintaining a high quality of resident services.

2. The HR Director should coordinate with the Chief Learning Officer to collect and use the data they need to measure the success of the City's retention strategy and to make necessary changes. Specifically, they should:

- Revise survey tools and methods to ensure the City consistently collects clear and meaningful data on the topics important to employees.
- Use collected employee satisfaction data to create and implement an employee engagement plan to increase job satisfaction and employee retention.
- Work with departments to interpret its survey data, identify areas of concern, and address these issues.
- Dedicate a team to periodically monitor and evaluate retention efforts.