

Understanding Millennials in government

Debunking myths
about our youngest
public servants



About the author

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Anxiety growing over Millennials in government workforces

OVER the past few years, federal, state, and local government human capital officers have become increasingly anxious about attracting and retaining Millennial workers, defined as Americans born between 1980 and 1995.¹ In December 2014, the *Washington Post* reported that government was losing its appeal as an employer, pointing to the low percentage of Millennials in the federal workforce.²

It's certainly true that government workforces are graying, and the latest figures from the Bureau of Labor Statistics show Millennials making up only 24.5 percent of government employees, compared to 33.7 percent in the private sector.³ Worry has become all the more acute because of the conventional wisdom that Millennials express little interest in following a traditional single-employer career path. If young workers are not motivated by the promise of a stable job and a good pension in 30 years—the thinking goes—how can government agencies attract and motivate them?

However, the conventional wisdom about a topic can often be misleading. Our nationwide analysis of Millennials in government workforces, aided by new datasets and analytic techniques, offers a more data-driven perspective. Our results are based on observations of how young workers actually behave as well as how they tell pollsters they behave.

The results are surprising, and they challenge popular beliefs about Millennials in government. On the following pages, we examine four common perceptions about young workers in public service careers and, through a combination of survey data and external observations of economic behaviors, check how close to the truth each belief is. In light of our fact-checking, we consider how federal, state, and local government agencies can best position themselves to recruit, develop, and retain Millennial employees in the future.

The conventional wisdom:

Millennials have higher turnover rates than prior generations

What the data tell us: FALSE

Government HR professionals generally believe that turnover rates for Millennials in government are high and getting higher.⁴ The studies that support this belief are often based on tenure—how long employees have held their jobs—rather than on true turnover rates. And therein lies the problem: Age-specific tenure (length of service) rates are affected both by how old workers are when they are hired and by how long they hold onto their jobs. Millennials on average are staying in school longer and entering the labor force at older ages,⁵ which by itself drives down age-specific tenure rates. To understand whether Millennials really do change jobs more frequently than other generations, we need to disentangle turnover from age of entry into the workforce.

The true effect of turnover can be discerned by analyzing age-specific turnover rates for government workers using the newly released Census Bureau Quarterly Workforce Indicators dataset. The results are surprising: It turns out

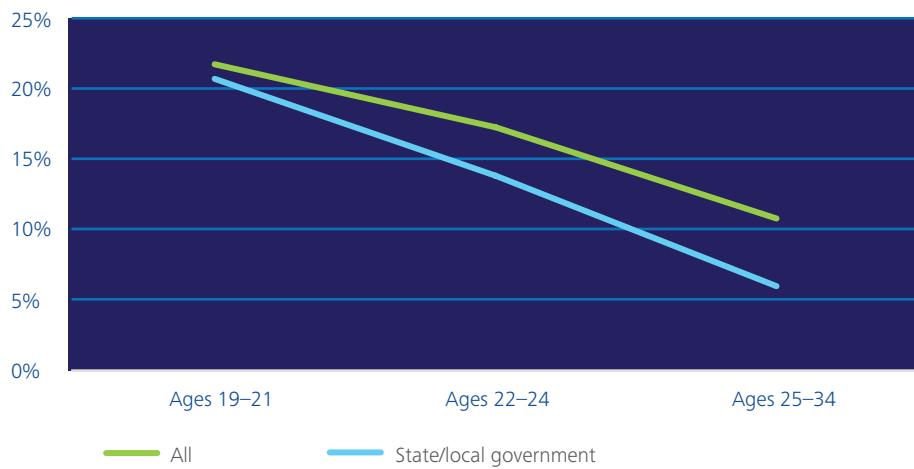
that turnover rates for Millennials in government are lower now than they were among their Generation X colleagues in 2006 (figure 1).

To see the similarities between Millennial workers and their Gen X colleagues, compare the turnover rates for 25–34-year-olds in 2013 (Millennials, top pane of figure 1) to the same data points in 2006 (Gen X, bottom pane of figure 1). The state and local government turnover rate for 25–34-year-olds was approximately 5 percent in 2006 but declined to less than 3 percent in 2013.⁶ Less surprising, age-specific turnover rates for state and local government workers, as well as for federal employees, are equal to or below the turnover rates among their private-sector colleagues in all the years we analyzed, as figure 1 shows.

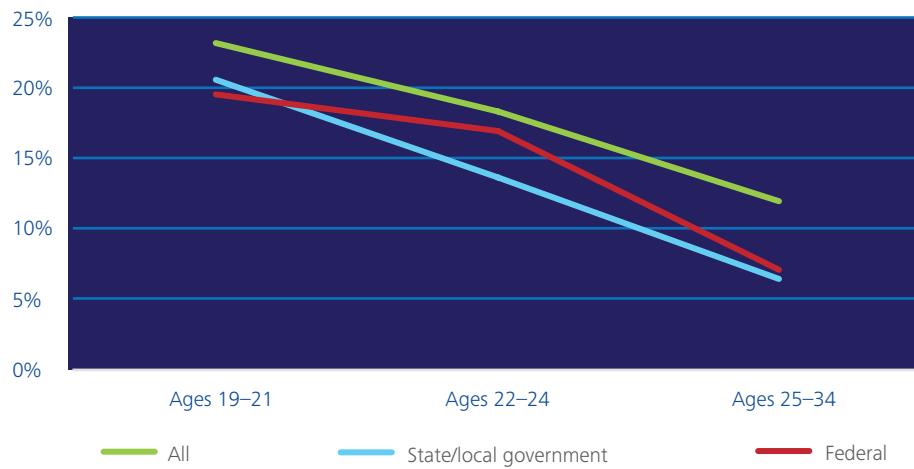
The balance of evidence shows that fears about Millennial turnover rates are largely unfounded. When young workers do leave government jobs, their decision to do so can be explained largely by their age and the business cycle, rather than by a generational propensity to hop from one job to another.

Figure 1. Turnover rates for government Millennials vs. those of Gen Xers

2013 turnover rates



2006 turnover rates



Source: Deloitte analysis of US Census Bureau Quarterly Workforce Indicators.
Note: Data for federal workers not available for 2013.

Graphic: Deloitte University Press | DUPress.com

The conventional wisdom:

Millennials are less passionate about their jobs in government

What the data tell us: FALSE

A number of articles and studies have concluded that Millennials in government are less passionate about their work because they aim to have a meaningful impact right from day one,⁷ and because they see too few opportunities for personal development.⁸ But a close look at employee engagement scores and employees' level of pride in their organization complicates that story.

First of all, the evidence shows that Millennials are as engaged as others with their government organizations. OPM reports that "Millennials and all other generations were equal on employee engagement scores,"⁹ though the same report finds that young workers do show true generational differences in their desire for accountability and feelings of personal accomplishment from work. The perception that young government employees are less engaged may be an artifact of the overall decline in government employee engagement of all generations. Federal employee engagement has declined since at least 2010,¹⁰ with

federal civil servants' attachment to their agencies shaken by repeated pay freezes, government shutdowns, and fiscal uncertainty. And the effects of fiscal uncertainty on morale may be particularly acute in some high-demand government occupations such as cybersecurity analyst,¹¹ some of which may have high proportions of younger workers.

A key ingredient of bringing passion to the job is pride in one's employer.¹² Millennials in government are as proud of their employers as were Gen Xers at the same age, according to our analysis of the National Opinion Research Center's General Social Survey.¹³ Figure 2 plots the proportion of government workers aged 20–35 who agree or strongly agree with the statement, "I am proud of my employer," together with 90 percent upper and lower bound confidence limits for the proportion estimates.

Almost 95 percent of Millennial government workers reported that they agree or strongly agree with the statement, "I am proud to work for my employer" in this nationally

representative poll. While there has been some slight yearly fluctuation in employer pride among young government workers over the course of the survey, the overall trend remains unchanged between 2002 and 2014 within a 90 percent confidence limit.

As we'll see when we discuss recruitment, government careers may be becoming less

attractive for some Millennials who wish to pursue having a larger social impact through other channels. But for young workers who do choose government careers, the evidence suggests that their engagement and pride in their organization on average do not differ measurably from that of other generations.

Figure 2. Pride in employer unchanged for Millennial government employees

Are you proud to work for your employer? (Government workers age 20–35)



Source: Deloitte analysis of National Opinion Research Center General Social Survey, 2002–2014,
www3.norc.org/GSS+Website/.

Graphic: Deloitte University Press | DUPress.com

The conventional wisdom:

Millennials don't stick around—they'll decamp to the private sector in a heartbeat

What the data tell us: PROBABLY FALSE

Closely linked to the idea that government Millennials are less passionate and engaged is the idea that they are less willing to commit to staying in a job for the long term. Various experts have sounded the alarm that young workers are exiting governments in great numbers.¹⁴

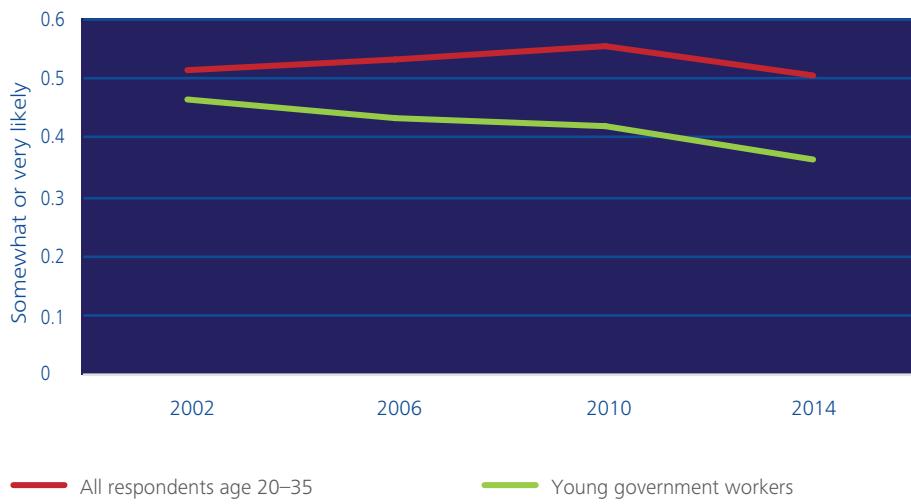
Available data don't bear this view out. Millennials in government are actually becoming less likely to leave their jobs over time. We see this both from actual turnover figures (discussed in figure 1 above) and in their self-reported intentions. Figure 3 shows the overall

decline in the number of government workers aged 20–35 who report that they intend to look for a new job in the coming year, according to NORC's General Social Survey.

This nationally representative poll implies that Millennial government workers today have less intent to look for a new job in the next year than do their private-sector peers (36 percent intend to look for a new job versus 51 percent of all Millennial respondents). They are also less likely to look for a new job in the next year than were their Gen X predecessors when the latter were the same age (36 percent of Millennial government workers in 2014 intended to look for a new job versus 47 percent of Gen X government workers in 2002).

Figure 3. Young government workers less likely to look for new jobs

How likely is it that you will make an effort to find a new job in the next year?



Source: Deloitte analysis of NORC GSS data.

Graphic: Deloitte University Press | DUPress.com

The conventional wisdom:

It's harder to recruit Millennials for public service than previous generations

What the data tell us: THE JURY'S STILL OUT

Many government officials fear that it's become harder and harder to hire Millennials into government positions, since government has lost its allure¹⁵ and young workers don't view government as an "employer of choice."¹⁶ Furthermore, Millennials are less likely to associate the government brand with long-term career stability, according to some polls.¹⁷ Young workers interested in public service have innovative new types of careers and employers to choose from, including social entrepreneurship, corporate citizenship jobs, and NGOs. It's easy to see why government HR executives are worried, since the number of young people in government workforces has shrunk to its lowest level in decades¹⁸ (see sidebar "Why is the proportion of young people in government shrinking?").

Let's look at some numbers to see whether they confirm that Millennials are harder to recruit. In particular, we'll examine four measures of different parts of the labor market:

how many Millennial students are majoring in public administration (a measure of supply); how long it takes to fill government vacancies (a separate measure of labor supply); trends in number of government hires (a partial measure of employer confidence); and intensity of government recruiting efforts (a measure of demand).

One reason for thinking Millennials are reluctant to embrace government careers is because this generation—notable for its commitment to causes and giving back—has a wider range of options for doing societal impact work than did previous cohorts. But college students are choosing to study public administration as much or more than previous generations did, and national polls show that a large proportion of undergraduates remain eager to work for government. In a 2013 poll by the National Association of Colleges and Employers,¹⁹ "24.9 percent of college students ranked government as one of their top three career choices among 19 industries," according to analysis by the American Society for Public Administration.²⁰ The number of college

undergraduates and graduate students choosing public administration and social service majors has continued to climb as Millennials entered college beginning in 1998. Figure 5 shows the number of bachelor's and master's degrees in public administration and social service by year.²¹

Once these Millennials graduate from college, partial evidence suggests, some are increasingly pursuing more diverse pathways to public service-related occupations, including careers in NGOs and social entrepreneurship. *Governing* cites statistics from two major universities' public service schools showing

WHY IS THE PROPORTION OF YOUNG PEOPLE IN GOVERNMENT SHRINKING?

Deloitte and the Partnership for Public Service recently published figures showing that the proportion of young people working for the federal government has been shrinking from 9.1 percent under 30 in 2010 to 6.6 percent in 2014, a "steady reduction of more than 45,000 employees between 2010 and 2015."²² How does this square with the findings in the current study?

What's really going on is that both federal hiring and separations have slowed for young workers. But hiring has slowed more, to the point where it is no longer keeping up with the "natural" separation rate. Figure 4a shows data from the Office of Personnel Management for the total number of separations every year from 2010 to 2014 for workers under 35. Figure 4b shows the total number of hires of young workers during that same period.

Figure 4a. Separations from the federal civilian workforce

Age	FY 2010	2011	2012	2013	2014
20-24	31,161	30,228	26,044	19,830	16,444
25-29	26,309	27,867	27,352	26,502	11,189
30-34	19,493	22,076	22,759	24,012	24,399

Figure 4b. Hires into the federal civilian workforce

Age	FY 2010	2011	2012	2013	2014
20-24	49,415	36,756	33,918	22,634	26,788
25-29	50,445	42,106	38,554	34,085	38,251
30-34	37,725	34,257	31,226	29,650	33,846

Source: OPM, Fedscope.

The numbers show that the quit rate for young feds is essentially stable over this period, except for a slight rise for the 30-34 age group. (We would have expected quits to increase over this period as the economy recovered.)

The numbers also show that hiring is flat or declining over this period for young workers. Because hiring has fallen for this group, not enough young workers are being hired to replace the ones that naturally leave. As a result, with every year, the proportion of young workers in the workforce falls.

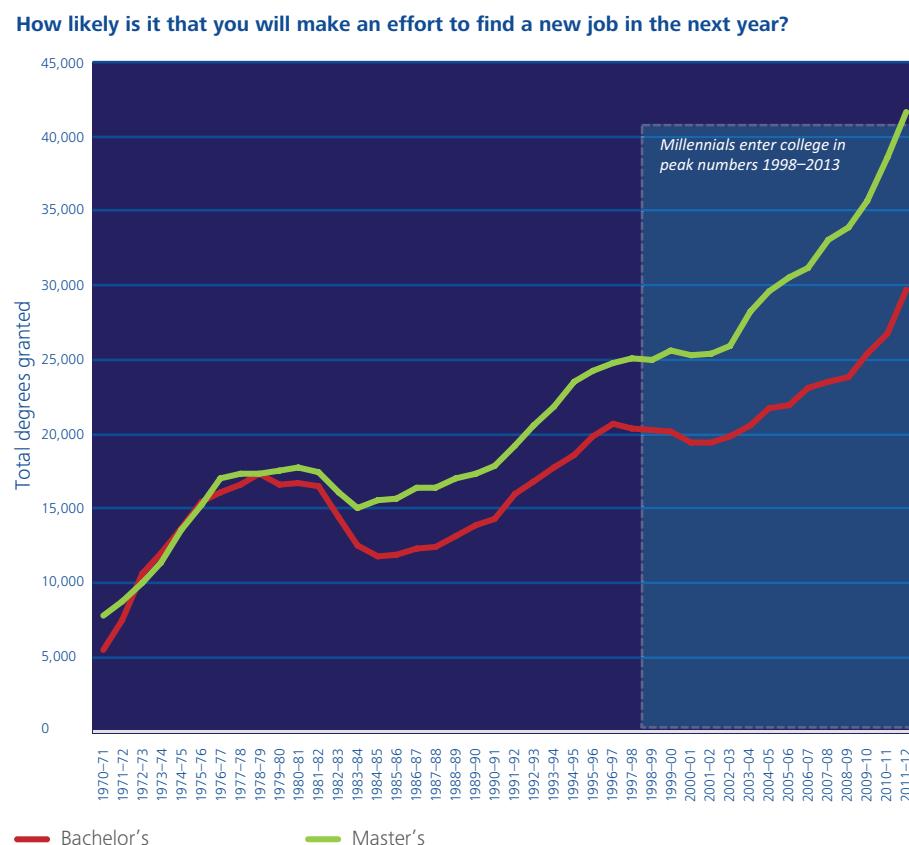
that, in 2013, a larger number of public administration and public policy graduates took job placements outside of government.²³ Some Millennials looking to pursue careers in public service are having trouble finding jobs: The unemployment rate for 25-29-year-old bachelor's degree holders in public administration was 7.3 percent, according to the Department of Education, well above the national average of 4.8 percent for all bachelor's degree holders.²⁴

What we don't know is whether this shift toward nontraditional public service-oriented career options represents a fundamental generational difference or is simply a temporary result of slowdowns in government hiring. A dean at one university's school of

public policy attributed the trend at least in part to a reduction in openings in state and local government.²⁵ So more choice now exists for Millennials who want to go into societal impact work, but it remains to be seen whether these new choices will channel young workers away from government jobs in the long run as they become available.

Another reason some people might think Millennials are tougher to recruit is because hiring times have increased slightly over the past five years, and labor market economists believe that longer vacancy durations means choosier job applicants. Average time-to-hire—which had fallen sharply after the Great Recession—has risen 18.6 percent since approximately 2009, according to a national

Figure 5. More Millennials choosing to major in public administration and social service



Source: US Department of Education National Center for Education Statistics, Table 325.85.

Graphic: Deloitte University Press | DUPress.com

index of vacancy duration.²⁶ Workforce experts attribute this rise to an overall tightening of the labor market, with demand for skilled workers outstripping supply.²⁷ Average vacancy duration for the government sector also increased during the same period by 14.3 percent, from 33.1 to 38.2 working days.²⁸ So workers in general in the past five years have become choosier about accepting employment, but the rise has been slightly slower in the government sector. Statistics on hiring times are not age-specific, so they give us no evidence that Millennials are more or less choosy than other generations.

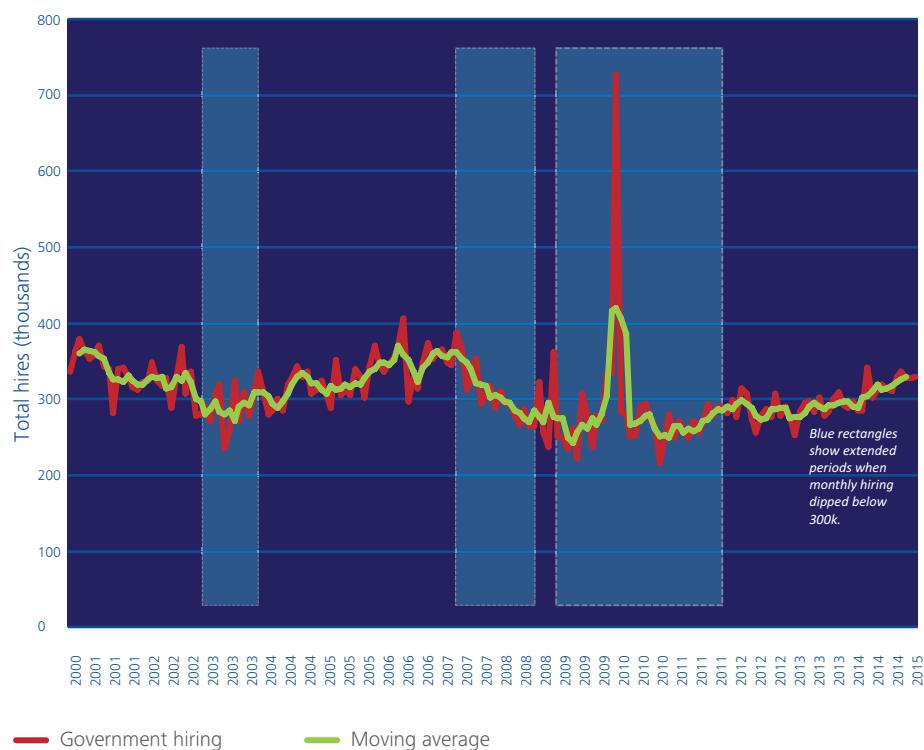
Third, the perception that Millennials are hard to recruit could at least partially result from reduced overall hiring into government jobs; since the Great Recession, governments have been hiring fewer workers overall,

actually cutting jobs just as Millennials were entering the labor force in peak numbers.²⁹ This means the supply of Millennials entering government is not keeping up with prior generations. Figure 6 shows total numbers of hires per month for federal, state, and local governments according to the Bureau of Labor Statistics.

The blue rectangles show extended periods in which the number of monthly hires into government jobs dipped below 300,000. The two longest such periods, beginning in 2008, coincide with Millennials' entry into the labor market (the oldest of them were turning 25 in 2005). This hiring slump was interrupted only by temporary hiring for the 2010 Census spike. The slowdown in government hiring gives us no direct evidence of whether Millennials are

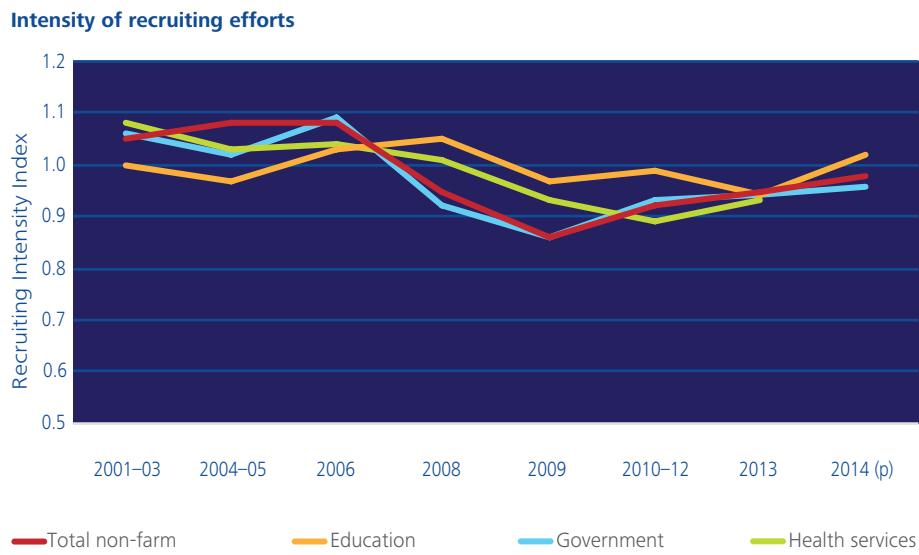
Figure 6. Governments shrank their hiring quotas as Millennials entered the labor force

Government hiring



Source: US Department of Education National Center for Education Statistics, Table 325.85.

Graphic: Deloitte University Press | DUPress.com

Figure 7. Government recruiting efforts declined between 2001 and 2014

Source: Dice Hiring Indicators, *Report 8*.

Graphic: Deloitte University Press | DUPress.com

harder to recruit, but it does offer a possible explanation for why that perception exists.

The perception that Millennials are reluctant government recruits may also be driven by a fourth factor, recruiting intensity. This one is a sort of self-fulfilling prophecy, since governments have been putting slightly less effort into recruitment than in past years. Figure 7 shows the Dice-DFH index of recruiting intensity for government employers and similar industries between 2001 and 2014. Government recruiting efforts fell from an index value of 1.06 in 2001 to 0.96 in 2014, an 8 percent decline.

Similar to other large employers, government agencies reduced their recruiting after the 2007 crash and have not yet ramped back up to prior levels. Again, these numbers do not directly tell us whether Millennials are more difficult to recruit, but they do offer a possible explanation for why that perception is widespread.

Considering all the available quantitative data, we've seen no direct evidence for or against the theory that Millennials are harder to recruit than other generations. What we have seen is the labor market tightening since

2009, making applicants of all ages—especially skilled ones—choosier. We've seen government hiring slow for all age groups during that same period. And we've seen intensity of recruiting for government jobs also slip. We've seen no letup in the supply of college graduates interested in public service careers, but we've seen some of these turning away from government careers toward jobs in nonprofits, social enterprises, companies, and consulting firms. Each of these factors has likely contributed at least in part to the perception that young workers are uninterested in working in government and are reluctant recruits. But until we have direct evidence, we'll have to say that the jury is still out on the difficulty of recruiting Millennials into government jobs.

In the meantime, governments can continue to improve their recruiting processes and technologies to lower barriers to Millennial recruitment. Government agencies that invest in their recruiting technologies and processes may see significant improvements in time-to-hire, applicant satisfaction, and other measures of recruitment success.³⁰

Looking ahead: Three ways governments can strengthen their relationships with Millennial employees

SO fact-checking shows that four commonly held beliefs about Millennials in government workforces are not borne out by hard evidence. Which is not to say that there is no challenge—just that the challenge may not be a generational one. Faced with the realities behind the four beliefs about Millennials in government, what can federal, state, and local agencies do to position themselves as employers of choice for Millennials? Here are three suggestions for human capital executives.

1. Publish more data on recruitment, retention, and employee development

First, be open about what is working and what is not working for Millennials in government. The easiest way to do that is to increase the amount of publicly available data on age-specific recruitment, retention, and employee development. For recruitment, an open accounting of yearly trends in time-to-hire by occupation would clearly show which parts of government recruitment are working

and which are not. We are aware of no state governments or federal agencies that make this information public.

For retention, the Office of Personnel Management has been a leader in publishing microdata on separations in its FedScope data cubes. But because the data do not include detailed worker demographics and are not linked to the comprehensive workforce datafile, they cannot be used to calculate agency-specific, occupation-specific, or location-specific turnover rates. As for state and local governments, beyond a few examples like the state of Washington,³¹ you'd be hard pressed to find a published report of retention for one of these. Consistent year-by-year publication of attrition rates by worker age, educational profile, agency, and occupation would shine a light on where retention is most challenging and where it's most successful.

As for employee development—a key motivator for the Millennial generation—no state or federal agency to our knowledge publishes such statistics on its workforce. Such data would include promotion rates by age,

location, agency, and occupation; also helpful might be achievement rates for specific training milestones or certifications, as well as utilization rates for certain key benefits programs. The existence of such data would help to show agencies how they are currently performing for employee development and where they need to focus improvement efforts.

Federal statistical agencies can help this process by offering additional demographic, geographic, and educational details in their tabulations of workforce indicators.

2. Base human capital and recruitment strategies on established customer segments, not on spurious generational differences

Governments should consider basing their human capital strategies not on supposed generational characteristics but, rather, on employee segments defined by lifetime milestones. Our research suggests that Millennials behave much the same as other generations did once they find a steady job, form their own household, buy a car, and consider starting a family. But many of these milestones are significantly more difficult for this generation to attain because of economic factors beyond their control. Introducing concepts of flexibility and customer segmentation into recruitment, development, and retention programs can help make them more attractive to a wider swath of employees, some of whom are poorly served by existing programs.

For example, family health plans with gold-plated coverage may be a big draw for many—but not all—potential government employees. Offering a broader range of family health coverage options at different price points could attract and keep employees for whom top-notch coverage is less important than price. A case in point is the health insurance program for Texas state employees. A 2014 survey found

that the current Texas Group Benefits Program of health insurance was adequate for most employee families but seen as too expensive by a significant minority. The current health insurance regime was also seen as duplicative for employees whose spouses also worked in Texas's state government. There were therefore two unique segments of state employees whom the family benefits program did not serve well: dual state employee couples and state employees with low incomes and large families. The study recommended developing a range of health insurance options with different premiums to appeal to all segments of state employees. The study concludes that the cost of offering a range of health insurance choices would be small.³²

Standard government recruiting will probably continue to work well for certain segments of Millennials, those who know they wish to pursue public service and attach primary value to career stability and work-life balance. On the other hand, workers with specific skills that are needed in government—think cybersecurity or data science—may be less motivated by career stability and work-life balance. For these segments, governments may wish to develop different recruiting and career progression strategies, which allow them to perform public service for shorter but still meaningful stints.

3. Ensure that existing benefits programs are available to Millennial employees

There are a few areas, such as higher student debt, in which differences between Millennials and previous generations are firmly established. For such areas, governments can ensure their existing benefits programs take into account the unique challenges young workers face—for instance, student loan repayment assistance programs, which can be an attractive tool to attract and keep Millennial workers, especially in high-demand occupations such as doctors and lawyers.

FOCUS AREA: RECRUITING AND RETAINING MILLENNIALS INTO GOVERNMENT IT CAREERS

Finding and retaining Millennial workers for information technology (IT) jobs is a particular area of anxiety for government human capital officers.³³ Recruitment and retention issues are compounded in IT because salary differentials between government and private sector positions in IT are so great.³⁴ Some forward-leaning states and federal agencies like GSA's 18F are finding innovative ways to deal with this challenge, using methods based not on generational differences but on sound human capital practices.

- Be proactive. Don't sit back and wait for candidates to come to you. Utah has hired a headhunter dedicated to senior IT positions.³⁵ North Carolina, Alabama, and Kentucky are using internship programs and partnerships with local universities to channel promising young students into IT jobs.³⁶
- Winnow the wheat from the chaff. The 18F Digital Services Delivery team (part of General Services Administration) changed its hiring process to use immediate screening of applicant resumes both for technical expertise and for cultural fit—cutting hiring times by more than 80 percent, and enabling sixfold growth in five months.³⁷
- Make job qualification and career service regulations work in your favor. The CIO of Maryland's Motor Vehicle Administration reported in September that his agency was looking at relaxing the minimum qualifications for IT jobs to make it easier for promising internal candidates to be recruited.³⁸
- Embrace a temporary dream team. The rise of the "gig economy," coupled with the evolution of workplace rules and mores, makes it unrealistic to expect top technologists to spend their entire careers in government. But that doesn't mean you can't have a crack IT team of brilliant individuals—even if only for a limited period of time—if you seize the opportunity to recruit them.³⁹

The federal government does have a student loan assistance program, as do many state governments. But faced with recent fiscal uncertainty, many federal agencies have not been taking full advantage of this existing program to recruit Millennials. A 2012 OPM report concluded that student loan repayment assistance programs were actually shrinking, with most agencies failing to take full advantage of them: Only three agencies accounted for 65 percent of all loan repayment assistance employees, and the average student loan repayment benefit in 2012 shrank by nearly 6 percent.⁴⁰ It's not that the federal student loan repayment program is not working for Millennials—it's that it hasn't been fully funded or effectively implemented across the whole government workforce. We have no data on comparable programs for state and local government employees.

Following these three suggestions will help governments become more proactive in shaping policies for the Millennial workforce of the future. One example of proactive workforce planning is Maine's state government, which recently published a "Maine Workforce 2025" vision document, describing four potential future scenarios defined by different cross-generational investments in technology and employee development, as well as different societal responses to demographic and economic shifts.⁴¹ The short document will help Maine's lawmakers envision the types of workforce that would result from current and planned workforce policies.

Endnotes

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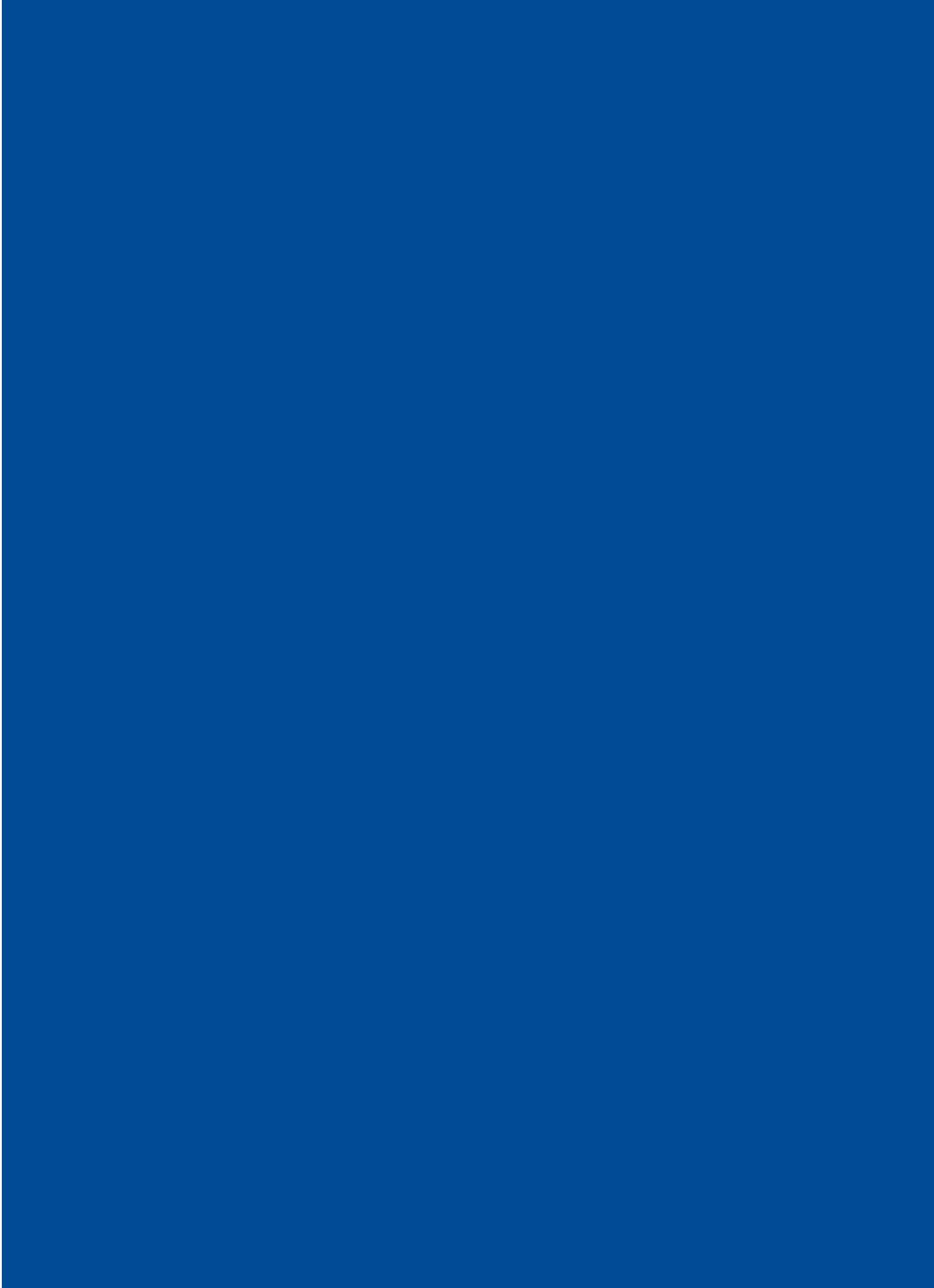
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