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City of Glendale Interdepartmental Communication

June 11, 2009

FROM: William F. Fox, City Auditor

TO: James E. Starbird, City Manager

CC: City Council
Civil Service Commission
Commission on the Status of Women
Executives

SUBJECT: Workforce Demographics Update 1999 to 2008

Introduction

In accordance with your request, Internal Audit has completed the annual update of the workforce demographics information for the calendar year periods 1999 through December 31, 2008. This update covers the last ten years of employee demographic information. As in the case with the demographic reports produced in previous years, the data being provided follows Federal and State reporting guidelines for race/ethnicity reporting. The reporting categories are Asian/Pacific Islander, Black, Hispanic, Native American, White, and Other. In addition to the Federal and State guidelines, the Armenian category has also been included in this report. While the Armenian reporting category is included as part of the White reporting category for Federal and State guidelines, the current City policy is to track the Armenian category separately for reporting purposes.

The demographic information contained in this report has been prepared for each calendar year beginning in 1999 through 2008. As indicated in the table below, a total of 20 schedules have been prepared that reflect the City's workforce demographics in a variety of ways:

• Race/Ethnicity (1-1)	• Additions By Race/Ethnicity & Action (11-1)
• Race/Ethnicity & Level (2-1)	• Reductions By Race/Ethnicity & Action (12-1)
• Level & Race/Ethnicity (3-1)	• Reductions By Action & Race/Ethnicity (13-1)
• Gender & Level (4-1)	• Additions By Gender & Action (14-1)
• Level & Gender (5-1)	• Reductions By Gender & Action (15-1)
• Gender & Race/Ethnicity (6-1)	• Retirements by Race/Ethnicity (16-1)
• Race/Ethnicity & Gender (7-1)	• Length of Service (17-1)
• Department & Race/Ethnicity (8-1)	• Age Grouping (18-1)
• Department & Gender (9-1)	• Bargaining Unit & Race/Ethnicity (19-1)
• Additions & Reductions By Race/Ethnicity (10-1)	• Bargaining Unit & Gender (20-1)

The above schedules contain separate totals for hourly, salaried, and total employees.

Review of Human Resources Database

To ensure the integrity of the information being reported, a review of the key reporting fields was performed. This review is done periodically to provide a reasonable assurance that the information appearing in the schedules is accurate in all material respects. As noted by the number of schedules prepared each year, there are a variety of ways employees' demographic information can be reported. To ensure consistency in the reporting of this information from year to year, certain fields are periodically audited. These fields include race/ethnicity, gender, date of birth, hire date, and management classification. Typically, these types of fields are static and are not expected to change from year to year. Therefore, it is important to validate that the information for these fields remains the same from year to year. The only exception is the management classification, which may change due to promotion, but that is taken into consideration when reviewed.

As a result of this review, it was noted that several employees were not properly classified in the management category. Historically, the City classifies its managers between upper and mid management to differentiate between different job responsibilities within the management ranks. During this review, it was noted that nine (9) employees were incorrectly classified as mid-management instead of the upper-management classification in demographics report for 2007. This is the only year that was impacted, and the employees are now reflected in the appropriate category for 2008 and retroactively for 2007. The two impacted schedules are 19-1, *Employees by Bargaining Unit & Race/Ethnicity*, and 20-1, *Employees by Bargaining Unit & Gender*.

The other change of note is that one employee was inappropriately classified in the White reporting category instead of the Armenian category. This change impacted calendar years 2005 through 2007 and has been applied retroactively. As this was only one employee, the change is not considered material in nature, nor does it impact any conclusions reached in this report or prior year studies.

It should be noted that the review of employee demographic data is an on-going process. While every effort is made to ensure the data presented is accurate, there will be occasions that the data will be updated. Depending on the nature of the change made, it will more than likely be applied retroactively. The overall goal is to be as accurate as possible with the information at the time the report is published. Based on the changes noted above, along with prior year updates, Internal Audit believes the changes made to date have not been material and do not impact the conclusions reached or trends noted, especially with respect to the shift noted in the City's race/ethnicity/composition. On a go forward basis, additional review procedures have been developed to prevent and/or detect future anomalies in the data, albeit however small, prior to report issuance.

Methodology Used in the Demographic Reports

In order to consistently report information and to provide an accurate representation of the City's workforce demographics over a range of reporting periods, several assumptions were made. These assumptions were applied consistently to each

calendar year and have remained unchanged from the previously prepared demographics reports. The assumptions are as follows:

- **Salaried Employees Must Work 1,040 Hours in a Year**

For a salaried employee to be included in the demographic information, the employee must work 1,040 hours or more in a calendar year. This threshold helps ensure that either employees who retired during the year or new employees hired during the year that worked 50% or more of the available hours are included in the headcount. Employees meeting this threshold may include active, retired, and separated employees that worked the required minimum number of hours. In addition, employees that did not meet this minimum hour threshold have not been included in the overall headcount regardless of their employment status.

- **Hourly Employees Must Work 100 Hours in a Year**

For an hourly employee to be included in the demographic information, the employee must work 100 hours or more in a calendar year. This threshold helps ensure that seasonal employees working during the year are included in the workforce demographics. Employees that meet this threshold include active, retired, and separated employees that worked the required minimum number of hours. In addition, hourly employees that did not meet this minimum hour threshold have not been included in the overall headcount regardless of their employment status.

- **Employee Workforce Additions and Reductions**

Schedules 10 through 16 represent personnel actions in the form of workforce additions and reductions. For the purposes of these schedules, workforce additions are defined as new hires, re-hires, and conversions. A converted employee is when an hourly employee is converted to a salaried position through the City's existing recruitment process. Workforce reductions are defined as separations (voluntary or involuntary terminations), retirements, and conversions.

A rehire is an individual who worked for the City and either retired or voluntarily terminated and was then later rehired. The reason for counting the rehires and conversions as additions is to accurately represent the total number of additions to the City's workforce. Consequently, these employees who are either converted from an hourly position or rehired are also listed on the workforce reduction report. The reason for this is to remain consistent in the counting of these employees.

It is important to note that the numbers presented in schedules 10 through 16 are personnel actions and do not take into consideration the number of hours worked by employees. The intent of providing these schedules was to reflect the City's workforce addition and reduction trends and therefore the number of hours worked was not considered relevant. There will be some degree of correlation between the headcount schedules (1-9) and addition/reduction schedules (10-16), but based on the different criteria they are prepared on, the addition/reduction schedules cannot be used to solely explain the headcount changes in the workforce from year to year.

- **Employees are Assigned to Last Department Worked**

Employees are reported in the Department in which they worked at the end of the year. (Schedules 8 and 9) This assumption impacts departments where an employee is working for part of a year and then transfers to another department. The overall impact is statistically minor. Due to the complexities in programming there were no prorations made between departments.

Headcount as of December 31

The methodology described above was developed several years ago as a result of a collaborative effort by the City Manager's office, Human Resources, and Internal Audit. This management team recognized that there was no standard method to report workforce demographics. As such, the management team considered various options that would best represent the demographics of the City's employees over a given amount of time, in this case one calendar year. Initially, the management team felt that choosing a particular date and then running the given report would generate adequate statistics. However, after further examining the data, Internal Audit observed that some employees who worked a significant portion of the year and happened to not be active on the chosen run date would not be counted. In addition, anyone who worked a small number of hours during the year and happened to be active on the chosen date would be counted. Furthermore, the City uses hourly employees to fill seasonal type positions during various times throughout the year. Depending on the run date, these employees may or may not be counted. Therefore, the management team felt that the data was too closely tied to the selection of a "run-date" and was somewhat arbitrary. In a sense, being counted under this scenario becomes a function of timing – when the employee happened to be working dictated whether or not the employee would be included in the demographic statistics. The data reported using a given date is really only true for that given day, but does not represent the workforce over a meaningful period of time.

Therefore, the management team began to view the demographics report as a representation of the City's workforce over a 12-month period rather than a discrete number, especially when considering the variety of demographics the City reports out on an annual basis. The workforce, especially hourly employees, is too dynamic to limit the headcount reporting to one given day. Thus, the management team felt that using the number of hours worked over a 12-month period would provide a more accurate representation of the workforce rather than using an arbitrary date or another method. This method ensures that (1) employees who work close to a full year will be included in the report, and (2) seasonal hourly employees who work a small percentage of the year will also be included. The employees included in the demographic statistics have a direct relationship to their contribution to the City for the given time period.

Based on all of the different demographics the City reports on, the annual workforce demographics report was never intended to be a snapshot in time of the City's workforce, used to count physical bodies at a given date, nor to reconcile with authorized positions. City management felt that an employee's demographic information should be reflected if the employee worked a significant part of the year. Recently, there has been discussion among City Management as to how the number of

employees reported in the annual Workforce Demographics report would compare to a headcount of active employees at December 31. Some concern was expressed that the Annual Workforce Demographics report may overstate the number of employees working for the City. It is stressed here again that the demographics report was never intended to provide a snapshot of the active employees at any given point in time. Nevertheless, the current methodology used in the demographics report has a mechanism built in to prevent a material overstatement of employees. Employees that work most of the year are included in the report regardless of employment status. If another employee is hired to replace employees that have left this City, it is likely he or she would not be included in the demographics report until the following year due to not working enough hours.

Based on this methodology, there is no material overstatement of employees as the report tends to auto-balance itself from year to year. It should be noted that depending on the timing of hiring and separations, there could be some overlap of employees - two employees could be reported in the demographic report for the same position, but it has never been thought to materially alter the report, and the occurrence of this happening is infrequent. To verify this, a query was developed in the payroll system to provide the number of active employees as of December 31 for each reporting year. If an employee was active on this day for the given year, he or she would be counted. This count was compared to the demographics headcount as of December 31 and is summarized in the tables below - one for salaried employees, and one for hourly employees.

**Salaried Employee Comparison
As of December 31**

Salaried Employees	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Demographics Report	1,500	1,531	1,571	1,634	1,632	1,642	1,774	1,740	1,737	1,785
Active as of 12/31	1,499	1,528	1,593	1,626	1,665	1,689	1,730	1,741	1,773	1,784
Over/(Under)	1	3	(22)	8	(33)	(47)	44	(1)	(36)	1
Authorized	1,616	1,692	1,745	1,812	1,829	1,883	1,955	1,977	1,990	1,942

**Hourly Employee Comparison
As of December 31**

Hourly Employees	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Demographics Report	483	538	547	564	585	618	521	557	499	479
Active as of 12/31	525	580	577	584	605	579	457	409	424	436
Over/(Under)	(42)	(42)	(30)	(20)	(20)	39	64	148	75	43

As shown in the table above, the difference in the number of salaried employees using the different methodologies is not materially significant. In the years where there were some differences, it tended to reverse or self-adjust the following year. For hourly employees, there is more variability in the numbers, and this variability was expected. A large percentage of the hourly workforce is temporary in nature and tends to follow seasonal patterns. The number of active hourly employee fluctuates from pay period to pay period. When reporting various demographics for this segment of the workforce, too many hourly employees who worked during the year would not be included if a single date in time was selected. Examining the hours worked by hourly employees provides a better representation of the City's demographics for this segment of the City's workforce. Based on the value that the current methodology provides the City by reporting the demographics of the salaried and hourly employees in a variety of different ways, the current methodology will continue to be used.

For comparison purposes, the authorized positions were included in the salaried table on the previous page. These numbers represent the positions that have been approved by City Council and are in the City's annual budget. As indicated by the data, the City's authorized positions are higher than both sets of headcount numbers. This will always be the case as the City's workforce is dynamic and constantly changing due to retirements, separations, and hiring. There will always be a certain level of vacancies, however this is decreasing due to recent budget reductions. It should be noted that the City does not include hourly positions in the authorized headcount. Rather, instead of budgeting for positions, the City budgets total dollars spent on hourly wages by estimating the number of hours worked by the hourly employees for the particular fiscal year.

Full Time Equivalents

While the current demographic report provides a wealth of information about the City's workforce, it does not contain the number of full time equivalents (FTE's). In fact the City has historically not reported out the number of FTE's. This is primarily due to the way hourly employees are budgeted and accounted for. Since many hourly employees work less than a 40 hour week, the active headcount numbers shown in the table on the previous page would need to be converted. To arrive at the FTE's for hourly employees, the total number of hours worked by all hourly employees during the calendar year would have to be computed. This number would then be divided by 2,080, which represents the number of hours one full time person would work during the year. For salaried employees, no conversion is necessary as all salaried employees work a full 40 hour work week; there are no part-time salaried employees. The results of this conversion are summarized in the table beginning on the next page.

**Full Time Equivalent Comparison
As of December 31**

Hourly Employees	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Salaried FTE's	1,499	1,528	1,593	1,626	1,665	1,689	1,730	1,741	1,773	1,784
Hourly FTE's	215	224	212	233	248	245	184	148	156	150
Total FTE's	1,714	1,752	1,805	1,859	1,913	1,934	1,914	1,889	1,929	1,934
Total Employee Per Demographics Report	1,983	2,069	2,118	2,198	2,217	2,260	2,295	2,297	2,236	2,264
Total Employees per 12/31 Count	2,024	2,108	2,170	2,210	2,270	2,268	2,187	2,150	2,197	2,220

As indicated in the table above, the number of FTE's is lower than what is reported in the Workforce Demographics and the December 31 snapshot. This is to be expected given the fact that the hourly employees are significantly reduced when converted to FTE status. While converting the data to FTE's does provide an indication of how many actual persons would be needed to work for the City on a full time basis, it does not provide all of the various demographic categories. The purpose of the demographics report was to analyze the workforce in a variety of different ways over a meaningful period of time; it was never intended to provide headcounts or report on full time equivalent employees.

Observations Regarding the Race/Ethnic Composition of the City's Workforce

The Workforce Demographic Reports produced the last several years have indicated that there has been a general shift in the racial/ethnic composition of the City's workforce. Over the last 10 years, the City's percentage of Whites in the workforce has decreased while other races/ethnicities have correspondingly increased. The updated report as of December 31, 2008, indicates that this shift is continuing. Since 1999, the number of Whites in the City's workforce has decreased 12.7% from 1,140 in 1999 to 995 as of December 31, 2008 (see schedule 1-1). Over this same time period, the total workforce has increased by 281 employees, or 14.2%.

For a more recent look at the workforce trend, 2007 was compared to 2008. Overall, there was a 1.3% increase in the City's workforce as it went from 2,236 employees to 2,264. In examining the hourly and salaried workforce separately, the hourly workforce decreased by 20 employees, from 499 to 479, which represents a 4.0% decrease. While the decrease in hourly employees was spread among many City departments, the majority of the decrease was in Community Development and Housing, which was the case noted last year as well. Part of the hourly decrease was offset by the Parks & Recreation department, which had a net increase in hourly employees. These two departments provide part-time and seasonal employment opportunities especially for the youth of the community. These job opportunities are typically high turn-over

positions. Therefore it is not unusual for there to be fluctuation in the hourly headcount number from year to year in these departments, especially given the fact that an hourly employee only needs to work 100 hours during the calendar year to be counted in the report.

While the number of hourly employees decreased from 2007, the composition of the hourly workforce changed. The White category decreased as a percent of the overall total, while the other reporting categories increased as a percentage of total. In other words, despite the decrease in the hourly workforce, the racial/ethnic composition continued to shift and became slightly more diverse in 2008 when compared to 2007.

For the salaried employees, the workforce increased from 1,737 employees to 1,785, which equates to an increase of 2.8%. Like the hourly employees, the composition of the salaried employees did not stay the same. The White category did not change in nominal number from 2007 to 2008 (867). While the number didn't change, the percentage of the total salaried employees decreased. In 2007, the White category comprised 49.9% of salaried employees and decreased to 48.6% in 2008. All of the other racial/ethnic reporting categories either stayed the same or increased not only in nominal numbers but percentage of the total as well. The one exception was the Native American category which had a decrease from 12 employees to 10 employees.

The other item of note is that the Armenian category had the largest year over year increase of any reporting category for the salaried employees in 2008. The number of salaried Armenian employees increased from 148 in 2007 to 165 in 2008, which equates to an 11.5% increase.

Other categories showed increases from 2007 to 2008 as well. The Asian/Pacific Islander category increased 5.7% and the Hispanic category increased 3.6%. This information indicates that the ethnicity shift that has occurred over the past decade has continued as the City's workforce became more diverse relative to last year.

In analyzing the workforce data for the past 10 years, the following additional observations have been noted below:

1. Race/Ethnicity Shift in Workforce Composition

Over the last 10 years, there has been a shift in the demographics of the City's workforce. The White classification has decreased each year in both nominal number and as a percentage of the workforce. There has been a corresponding increase in each of the other racial/ethnic reporting categories. In addition, certain City departments have seen greater shifts in race/ethnicity than others. On an overall basis, the following was noted (see schedule 1-1):

- The total number of Armenian employees has increased in nominal numbers and as a percentage of the overall workforce over the last 10 years. In 1999, the Armenian workforce totaled 122 employees and comprised 6.2% of the

workforce. In 2008 the Armenian workforce totaled 315 employees which comprised 13.9% of the workforce, a 158.2% increase.

In addition, the Armenian reporting category had the largest increase, relative to all other reporting categories, in salaried employees over the last 10 years. In 1999, there were 40 salaried Armenian employees which represented 2.7% of the salaried workforce. In 2008, this number increased to 165 salaried employees which equates to a 312.5% increase, and comprises 9.2% of the total salaried workforce.

- The Asian/Pacific Islander workforce has increased from 143 employees in 1999 to 200 employees in 2008, a 39.9% increase. In 1999, Asian/Pacific Islanders comprised 7.2% of the workforce and in 2008 this reporting category represented 8.8% of the workforce.
- The Black workforce has also shown a slight increase since 1999. In 1999, the number of Blacks in the workforce was 73 and comprised 3.7% of the City's overall workforce. In 2008, the Black workforce totaled 89 employees and comprised 3.9% of the workforce. This represents an increase of 21.9%.
- The Hispanic workforce has steadily increased in nominal numbers and in percentage of the overall workforce. In 1999, the Hispanic workforce totaled 484 employees and comprised 24.4% of the City's workforce. In 2008, the Hispanic workforce totaled 631 employees, and comprised 27.9% of the City's overall workforce which equates to a 30.4% increase since 1999.
- The Native American/Alaskan workforce has increased from 11 Native American/Alaskans in 1999 to 12 Native American/Alaskans employed by the City in 2008, an increase of 9.1%.
- The White workforce has decreased from 1,140 employees in 1999 to 995 employees in 2008 or a 12.7% decrease. The percentage of Whites comprising the workforce has decreased from 57.5% in 1999 to 43.9% for 2008.

2. Gender Composition has Remained Relatively Constant

The gender composition of the workforce over the last 10 years has remained virtually unchanged. In 1999 there were 614 females and 1,369 males (see schedule 4-1). This equates to females comprising 31.0% of the workforce with males comprising 69.0%. In 2008, the number of females was 688 and the number of males was 1,576. This equates to females comprising 30.4% of the workforce and 69.6% for males. The higher percentage of males to females in the workforce is attributed to a large number of positions that women have historically not applied for. These types of positions are primarily found in the Fire, Police, Public Works, and GWP Departments. In 2008, the percentage of females for the Executive and Technical/Professional positions was 21.1% (4 of 19) and 45.4% (64 of 141) respectively (see schedule 5-1).

3. Non-White Reporting Categories are being Added to the Workforce at an Increasing Rate

The statistics indicate that over the last 5 years, the employees being added to the City's workforce has increased in race/ethnic diversity. This has caused a gradual but steady shift in the composition of the City's entire workforce. This shift is reflected in a schedule prepared depicting the various race/ethnic groups by length of service (see schedule 17-1). In 2008, the White category represented 51.9% of the workforce with employees with six years or more of service with the rest of the reporting categories comprising the remaining 48.1% of the workforce. In contrast, for employees with zero to five years of service, the White category comprised 30.7% of the workforce while the other reporting categories comprised the remaining 69.3% of the workforce.

Another statistic of particular note is the age of the workforce. For employees 35 and under, Whites comprise 26.7% of the workforce with the other reporting categories comprising the remaining 73.3% (see schedule 18-1). To contrast this, for employees above the age of 35, Whites comprise 53.9% of the workforce with the other categories comprising the remaining 46.1% of the workforce. The 35 and under workforce also comprises the majority of employees with five years or less of service with the City.

Lastly, the retirement demographics were also examined. The review indicated that the White category is the largest retiring employee group. In 1999, 34 out of the 45 (75.6%) retiring employees were White. In 2008, 33 of the 52 (63.5%) retiring employees were White (see schedule 16-1). In contrast, the other reporting categories had 19 retirees in 2008.

The length of service data, age data, and retirement data confirms the trend that has occurred over the last 10 years. There has been a gradual shift in the race/ethnicity of the City's employees as the yearly hiring pools have become more diverse year after year and the White category represents the largest retirement group.

Conclusion

Since 1999, the City's workforce has grown from 1,983 employees to 2,264 employees in 2008, a 14.2% increase. As the workforce has continued to grow over the last decade, the race/ethnic composition of the City's workforce has shifted. The shift has occurred as a result of the yearly additions to the City's workforce becoming more racially and ethnically diverse combined with the large percentage of White employees who are retiring or otherwise leaving the City's workforce. Schedule 17-1 indicates that this trend will continue based upon examining the length of service for all employees. Whites account for 69.9% of the workforce with over 25 years of service, but only 30.7% of employees with zero to five years of service.

The change in the City's workforce demographics composition will continue to be an evolving process that will be subject to the dynamics of employees retiring, employees

separating from service, and additional new positions being made available. In addition, the trends noted here have been and will continue to be gradual as evidenced by the large number of employees who have been with the City for over 10 years (932 employees or 41.2%). In conclusion, the workforce will continue to become more racially/ethnically diverse over time as the trends occurring over the last several years continue.