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C O R E

HUMAN RESOURCES MANAGEMENT IN MINNESOTA STATE GOVERNMENT

DETAILED REPORT

FEBRUARY 1993

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THE CORE VISION OF STATE GOVERNMENT

The Commission on Reform and Efficiency envisions a Minnesota state government that is mission driven, oriented toward quality outcomes, efficient, responsive to clients, and respectful of all stakeholders. These goals are defined below.

Mission driven

State government will have clearly defined purposes and internal organizational structures that support the achievement of those aims.

Oriented toward quality outcomes

State government will provide quality services. It will focus its human, technical, and financial resources on producing measurable results. Success will be measured by actual outcomes rather than processes performed or dollars spent.

Efficient

State government will be cost-conscious. It will be organized so that outcomes are achieved with the least amount of input. Structures will be flexible and responsive to changes in the social, economic, and technological environments. There will be minimal duplication of services and adequate communication between units. Competition will be fostered. Appropriate delivery mechanisms will be used.

Responsive to clients

State government services will be designed with the customer in mind. Services will be accessible, located conveniently, and provided in a timely manner, and customers will clearly understand legal requirements. Employees will be rewarded for being responsive and respectful. Bureaucratic approvals and forms will be minimized.

Respectful of stakeholders

State government will be sensitive to the needs of all stakeholders in providing services. It will recognize the importance of respecting and cultivating employees. It will foster cooperative relationships with local units of government, and nonprofit and business sectors. It will provide services in the spirit of assisting individual clients and serving the broader public interest.

— Feb. 27, 1992

CORE

STATE OF MINNESOTA
COMMISSION ON REFORM AND EFFICIENCY

203 Administration Building, 50 Sherburne Ave., St. Paul MN 55155
(612) 297-1090 Fax (612) 297-1117

February 24, 1993

The Honorable Arne Carlson
Governor
130 State Capitol
St. Paul, Minnesota 55155

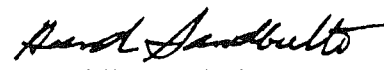
The Honorable Ember Reichgott
Minnesota Senate
Legislative Commission on Planning and Fiscal Policy
306 State Capitol
St. Paul, Minnesota 55155

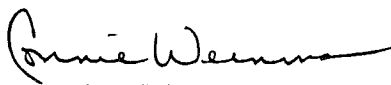
Dear Governor Carlson and Senator Reichgott:

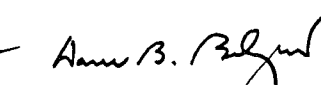
Pursuant to Laws of Minnesota 1991, Chapter 345, Article 1, Section 17, Subdivision 9, the Commission on Reform and Efficiency was directed to recommend long-term actions for improving government efficiency and effectiveness.

This is one of a series of reports being issued in response to our charge and provides detailed findings and recommendations regarding human resources management. We are pleased to report that the commission has identified numerous opportunities for significant reform. The problem analysis and recommendations contained in this and our subsequent reports represent the best thinking of our diverse and bipartisan group. You will see that we have taken our charge seriously and have not shied away from controversy. We respectfully request your continued support for the much-needed government reform detailed in the commission's reports and recommendations.

Sincerely,


Arend J. Sandbulte
Commission Chair


Connie Weinman
Chair
Working Committee


Dana B. Badgerow
Commissioner of
Administration

AJS/CW/DBB

c: Agency Heads
Legislators

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**HUMAN
RESOURCES
MANAGEMENT
IN MINNESOTA
STATE
GOVERNMENT

DETAILED REPORT**

**BY THE
MINNESOTA
COMMISSION ON
REFORM AND EFFICIENCY**

FEBRUARY 1993

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EXECUTIVE SUMMARY

The CORE human resources recommendations are designed to shape the state's personnel policies and processes into a single, integrated human resources system that can respond to the needs of state government and the citizens that it serves.

CORE has sought to design a system that incorporates the best approaches to human resources management found in public- and private-sector organizations and responds to the environment in which it functions. If implemented, the CORE human resources recommendations would create:

- A hiring and deployment system that responds efficiently and fairly to the needs of the state and its agencies, so that managers and employees can work with the system, rather than around it.
- A job classification system that responds to changes in work and the workplace, instead of a system characterized by unnecessary complexity.
- A compensation system that rewards employees for their knowledge, skills, and performance, rather than their longevity.
- A performance management system that incorporates citizen feedback and fosters employee development.
- An approach to training and development that is clearly linked to organizational goals and customer service.

The recommendations will accomplish these goals by:

- Increasing employee and management accountability
 - Moving the human resources system away from a culture of bureaucracy and control to a culture of quality and responsiveness
 - Increasing system flexibility and adaptability for greater response to citizen and agency needs
 - Decentralizing many decision-making responsibilities to agencies
 - Reinforcing the worth of state employees
-

These changes in the state's human resources system represent a profound shift in state government's culture, philosophy, and approach to personnel management. The reforms and systems recommended by CORE seek to create an integrated system whose synergy will transform the way in which state government serves the people of Minnesota.

Recommendations

Systemwide

1. Establish a human resources strategic planning process that includes all three branches of government. This process should be part of a comprehensive strategic plan for state government service and delivery, and it should form the foundation for human resources planning in each state agency. *(Page 19)*
2. Restructure the state's human resources function through decentralization of authorities and responsibilities to state agencies. *(Page 22)*
3. Reshape the state's organizational cultures and values by: clarifying mission, vision, and values; communicating the new organizational values to employees; training employees in the application of the new values to their work behavior and decision making; and recognizing and reinforcing behavior based on the desired cultural values. *(Page 24)*
4. Continue to develop a human resources management information system that can support the CORE reform recommendations. *(Page 25)*

Hiring and deployment

5. Establish systems to enhance and facilitate the flexible deployment of state employees to quickly and efficiently satisfy needs identified through work force planning for short- and long-term temporary assignments throughout the state. *(Page 36)*
 6. Develop a centralized recruiting effort to obtain access to more protected-group applicants and to help hiring managers and supervisors recruit for unique, high-level, or hard-to-fill positions. *(Page 38)*
 7. Make available a range of assessment techniques to qualify and evaluate candidates. *(Page 40)*
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8. Hire for specific jobs, not general job classifications. Revise the current system to encourage the conduct of the hiring process on a position-specific basis whenever feasible. Focus on assessing candidates on the particular knowledge, skills, abilities, and experience related to the specific position that the hiring authority is seeking to fill. *(Page 43)*
9. Implement a data base of hiring-related information accessible to all agencies. *(Page 44)*

Classification and compensation

10. Establish a job evaluation structure that modifies the current system to clearly identify compensable factors and introduce market considerations. *(Page 68)*
11. Develop compensation strategies that integrate broad-banding, target salaries, skill- and knowledge-based pay, variable pay programs, and reward systems to support a move to flatter organization structures, allow greater job-to-job mobility, and encourage employee development. *(Page 70)*
12. Develop a classification system that organizes work within occupational families and broad classifications, defining within each family three levels of the career path: entry-developmental, full performance, and senior/expert. *(Page 73)*

Performance management

13. Replace the present employee performance appraisal process with a new performance management model built around customer needs and designed to improve organizational, work unit, and individual employee performance. *(Page 82)*

Training and development

14. Link training and development decisions to organizational goals, objectives, and performance, using performance-based budgeting, performance management, and compensation to reinforce the link. *(Page 102)*
 15. Refocus the state's centralized training function on coordinating, facilitating, and tracking, rather than on delivering, training. *(Page 104)*
 16. Establish mechanisms and interagency, interorganizational relationships to maximize training resources and facilitate cooperation and the sharing of employee learning opportunities. *(Page 108)*
-

17. Redefine *career development* as *employee development* to emphasize professional growth rather than promotion. Improve employee access to training and development options and opportunities. (Page 110)
18. Respond to the following specific needs that were expressed by stakeholders:
 - retraining
 - managerial skills
 - technology skills
 - customer service skills
 - knowledge of quality improvement principles and tools
 - employee orientation
 - training for changes resulting from CORE (Page 114)

Legislative and judicial branches

19. Because the state is one employer, the three branches of government should increase equity and consistency in their human resources management practices by:
 - Having one policy governing affirmative action, equal employment opportunity, and sexual harassment to ensure that each branch is equally accountable for its actions.
 - Mandating pay equity for all branches to ensure that positions that are valued equally by the employer receive equitable pay.
 - Using a common job evaluation system for all three branches to allow the state to monitor and compare employee compensation across all three branches.
 - Adopting one classification system to facilitate employee deployment and enable cross-branch comparison. The classification model recommended by CORE is broad enough to accommodate the diverse needs of each branch while allowing for statewide consistency and comparison. (Page 125)
-

20. During the implementation of any recommendations for the executive branch, the changes should be discussed with the other two branches to keep them informed and to foster consistency where needed. Adoption of a single human resources management system is possible if all branches see that the new system is more flexible, easily administered, and successfully meets the needs of all users. (*Page 127*)
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INTRODUCTION

Today, the citizens of Minnesota expect an increasing quantity and quality of services from state government at the same time that the state is experiencing acute budgetary constraints. As a result, state government is being asked to deliver more services with fewer resources. In response to this situation, the Commission on Reform and Efficiency (CORE) undertook to examine and recommend changes in a wide range of state operations, including its resources, structures, and processes.

In its first report, *Imperatives for Change: An Assessment of Minnesota State Government*, CORE found that "government is restricted by inflexible bureaucratic systems."¹ Specifically, the commission noted that "human resources systems prevent the development and deployment of workers to meet new needs and circumstances."

This report describes the state's current human resources structures and processes, brings together data from many sources, identifies problems, and proposes solutions. It examines the four central components of this complex human resources system, identifying areas of overlap and explaining systemwide principles. The recommendations in this report are accompanied by specific strategies for implementation and the three most significant constraints and benefits associated with each. Providing more detail than the summary report, this report is directed at practitioners and others interested in the foundation on which the CORE recommendations for reform and strategies for implementation are based.

Project scope

The CORE Human Resources Management Project evaluated systems, procedures, organizational functions, and structures of the current human resources system. The analyses and recommendations of this review focus on the executive branch of state government. Comparative data from the legislative and judicial branches is summarized in the Legislative and Judicial Branches Personnel Systems section of this report. Project goals included:

- Improving the quality of services delivered
- Improving the quality, availability, and accuracy of information required by system users

¹Commission on Reform and Efficiency, *Imperatives for Change: An Assessment of Minnesota State Government* (St. Paul: CORE, January 1993).

- Reducing operating costs
- Increasing efficiency

Project organization

This project is the result of a joint effort of CORE and the Department of Employee Relations. The project teams also included participation by staff from other state agencies and external human resources experts. A complete listing of participants is provided in Appendix A. Generous consulting expertise was donated by Arthur Andersen & Co. and Hewitt Associates.

The CORE Management Systems Working Committee, which included the commissioners of Employee Relations and Administration and Gov. Arne Carlson's deputy chief of staff, functioned as a steering committee. A project management team and four primary project teams led the study with extensive input from a technical advisory group and a project advisory committee made up of representatives of stakeholder groups. The project organization chart is in Appendix B.

CORE studied four major components of the human resources system:

- Hiring and deployment
- Classification and compensation
- Training and development
- Performance management

Project methodology

The project, organized in March-April 1992, began with the creation of a vision, or set of guiding principles, for the state's human resources system, based on input from stakeholders and private-sector human resources professionals. The vision is of a system that is based on performance and outcomes, customer-oriented, simple and user-friendly, proactive and change-based, and reflective of the community. This ideal system values and optimally deploys its employees and fosters and rewards effective managers. The full text of the vision is in Appendix C.

CORE proceeded with its study by:

- reviewing background information related to each component, including current trends and initiatives in the private and public sectors and descriptions of the operation and organization of the function;
 - conducting focus group sessions and interviews with hundreds of customers and stakeholders of the functions, including: agency managers, personnel directors, and training directors and coordinators; line employees; union representatives; employment applicant advocacy group representatives; deputy commissioners; legislators; and legislative staff;
 - synthesizing the information obtained to identify the most critical unmet needs of customers and stakeholders and the causes of those needs; and
 - generating recommendations to efficiently and effectively address those unmet needs and create human resources functions that reflect the principles of the CORE human resources vision.
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BACKGROUND

The state's current personnel system has its roots in the 1939 Civil Service Act. This act established a merit system that was intended to provide an open process for fair competition for state jobs. Knowledge and skills, rather than patronage, determined strategies for recruiting, testing, classifying, and selecting employees. The merit system also established safeguards to prevent promotions and dismissals based on political motivations.

This civil service system, instituted more than half a century ago, was designed to function best in an environment of economic stability, growth, and prosperity and to encourage stability and standardization in a government that had been characterized by chaos, ill-defined or no standardized policies, and political patronage. Although this bureaucratic system has remained fundamentally the same, the environment has since undergone dramatic changes.

In 1971, the Public Employment Labor Relations Act (PELRA) gave state workers the right to bargain collectively. The state has 16 bargaining units represented by 10 exclusive representatives. Several aspects of the human resources system are mandatory subjects of collective bargaining.

Also in the 1970s, several attempts were made to make the structures established in 1939 more responsive to the needs of its users. The Department of Personnel replaced the Department of Civil Service in 1973, and authority for certain personnel decisions was decentralized to state agencies.

In 1980, the Department of Personnel became the Department of Employee Relations (DOER), which administers compensation, benefits, and insurance and manages labor relations, and some staffing and training and development functions.

The human resources system has been the subject of several previous studies, generally undertaken to address concerns with lengthy delays in processing personnel transactions, guards against agency misuse, and inadequate policy administration. In 1979 and 1980, reports recommended additional quality improvements at DOER and improved affirmative action efforts.²

²Office of the Legislative Auditor, *Department of Personnel: Follow-Up Study* (St. Paul: Office of the Legislative Auditor, 1979) and Governor's Task Force on Personnel Management, *Personnel Management for the '80's: Report and Recommendations for the State of Minnesota* (St.

In 1986, the Citizens League came out with the strongest attack yet on the state's personnel system. It pointed out the limits that procedures place on the ability of agencies to hire the individuals they deem most qualified and the inherent conflict between DOER's roles as both a regulator and an operating agency. The report recommended that the civil service system be made more performance-oriented and more accountable.³

The Department of Administration also undertook a study in 1986 of the state's hiring and firing procedures. It identified conflicting demands on the merit system and the length of time taken to fill positions as key problems. The report recommended changes to address the timeliness and availability of lists of eligible applicants and to enhance the service role of DOER.⁴

As a result of these reports, DOER undertook some welcome changes: it delegated several of its staffing responsibilities to agencies and hired staff to administer and enforce affirmative action and pay equity policies. However, the underlying structural problems pointed out in the Citizens League report remain.

Related reform efforts

At the same time CORE examined the state's human resources system, it also undertook an analysis of the state's budgeting and financial management system. These two management systems are the means by which the state controls and monitors its two primary resources — money and people. Because the two systems are interrelated, they must be coordinated and consistent in their emphasis.

The CORE budgeting project recommendations (available in *Budgeting and Financial Management in Minnesota State Government*⁵) support a move toward decentralizing authority and accountability. CORE advocates performance-based budgeting, which ties agency funding to the attainment of measurable goals, as a way to focus state resources.

Paul: Minnesota Governor's Office, 1980).

³ Citizens League, *State Civil Service: People Make the Difference* (Minneapolis: Citizens League, 1986.)

⁴ Minnesota Department of Administration, Management Analysis Division, *Hiring and Firing in State Government: Final Report and Recommendations* (St. Paul: Department of Administration, 1986).

⁵ Commission on Reform and Efficiency, *Budgeting and Financial Management in Minnesota State Government* (St. Paul: CORE, 1993).

Another effort under way is the Statewide Systems Project (SSP). A joint effort of the Departments of Finance, Employee Relations and Administration, the SSP is a redesign, update, and integration of the information systems used to manage accounting, human resources, payroll, and procurement. Scheduled for full implementation by 1996, the updated systems will provide additional information for managerial decision making. The CORE Human Resources Management team was involved in the development of system specifications and continues to work with SSP project leaders to ensure consistency.

Culture and values

The structure and processes of the current human resources system reflect aspects of state government's culture that hinder its ability to change to meet the needs of citizens.

An atmosphere of distrust pervades all levels of state government, reinforced by the overemphasis on review and approval by DOER. Bureaucratic systems also diffuse accountability for decisions. Employees often do not feel empowered to make decisions and take ownership of projects because of the multiple levels of approvals required.

The inertia and resistance to change often found within state government is also partially attributable to frequent turnover at top leadership levels. Some employees feel that they can "hunker down" and ride out initiatives or changes in organizational direction until the next election. By not rewarding or encouraging innovation, the human resources system helps support "business as usual."

Citizens are growing increasingly dissatisfied with slow, impersonal government. Although some agencies are attempting to define their customers, many areas of state government have little understanding of who their customers are and what they may need. Human resources procedures reinforce this isolation, having no connection to customer needs, customer feedback, or organization goals.

Legislative and labor environment

The legislature oversees human resources policies through the Legislative Commission on Employee Relations (LCER). The commission recommends changes to statutes that cover the human resources systems. It also reviews, modifies, and approves compensation and labor agreements. The LCER serves as the legislative monitor of the executive branch human resources system.

PELRA gives state workers the right to bargain collectively. More than 90 percent of the state's 40,000 employees are represented by unions. Union contracts include provisions on hiring, termination, compensation, salary progression, and other issues affecting wages, hours, and conditions of employment. Rights in the contracts protect the most senior employees from layoff. Most state employees enjoy the benefits of both contract and civil service protection.

Future challenges

In contrast to 1939, the environment today is characterized by slow economic growth, rapid changes in technology and information systems, and increased competition. Information processing capabilities allow decentralized decision making, flattened organizations, and improved customer service. The quality improvement movement has encouraged organizations to focus on customer needs and to provide flexibility in decision making at the lowest levels.

Governments are facing growing demands for quality and efficiency in delivering services with limited resources, and they are operating in an increasingly global environment. The role of labor unions in society has also changed. Increasingly, labor is becoming partners with management, helping to address budget shortfalls to avoid layoffs.

The human resources system has to address an increasing number of legal and regulatory requirements, including affirmative action and pay equity. The work force is also changing, growing more diverse, and being asked to acquire skills at a rapid pace.

State government's human resources system must be reformed so that it can function in a challenging environment that will be characterized in the coming decades by the following conditions:

- *Shrinking labor pool.* The supply of new workers entering the work force is decreasing. The number of Americans between the ages of 20 and 29 will fall from 41 million in 1980 to 34 million in 2000, and the proportion of workers aged 16 to 24 will similarly drop from 24 percent of the work force to 16 percent by the end of the century. This will result in a work force characterized by fewer skilled workers at entry levels.⁶

⁶Robert W. Goddard, "Workforce 2000," *Personnel Journal*, February 1989, pp. 65-71. Reprinted in *Human Resources Yearbook 1990*, ed. Craig T. Norback (Englewood Cliffs, N.J.: Prentice-Hall, 1991), p. 8.23.

- *Fewer qualified applicants.* The mismatch between the demands of workplace technology and the kinds of skills offered by the labor force will continue to widen. Exacerbating the problem is illiteracy and a faltering educational system; recent estimates indicate that 27 million U.S. adults are functionally illiterate, or unable to read, write, calculate, or solve problems at a level that enables them to perform their job.⁷
- *Increased impact of technology.* Due to rapidly changing technology in the workplace, an estimated 75 percent of all U.S. workers currently employed will need retraining by the year 2000.⁸ Even line positions will be affected by the installation of new, highly sophisticated technologies, requiring the acquisition of new skills by job incumbents.
- *Changing demographics and increased diversity.* The work force in the year 2000 will no longer be predominantly comprised of white male workers. Almost two-thirds of the new workers entering the work force in the next decade will be women; 29 percent of labor force growth in that period will be accounted for by nonwhites. The work force is also aging; the average age of employees will climb from 36 in 1990 to 39 by the year 2000 and 41 in the year 2020.⁹
- *Global competition and the need for quality improvement.* The next decade will witness greater globalization of the U.S. economy as foreign competitors encroach upon U.S. markets and more U.S. companies are bought by foreign concerns. Increased competition globally and locally has forced U.S. private- and public-sector organizations to examine the quality of their products and services and to adopt quality improvement programs.
- *Need to balance work and family life.* As the numbers of dual-career couples and single-parent workers grow, job and family issues will become increasingly

⁷Laura M. Graves, "College Recruiting: Removing Personal Bias," *Personnel*, March 1989. Reprinted in *Human Resources Yearbook 1990*, ed. Craig T. Norback (Englewood Cliffs, N.J.: Prentice-Hall, 1991), p. 14.3.

⁸Judith Norback, Michael Rosenfeld, and Susan Wilson, *Workplace Literacy: An Overview of Major Current Projects*, Educational Testing Services, 1990. Reprinted in *Human Resources Yearbook 1990*, ed. Craig T. Norback (Englewood Cliffs, N.J.: Prentice-Hall, 1991), p. 14.38.

⁹Mary F. Cook, ed., *Human Resources Yearbook 1991* (Englewood Cliffs, N.J.: Prentice-Hall, 1992), p. 1.3.

important. Employers will need to find more flexible ways of scheduling work and deploying their human resources to allow their employees to fulfill their family responsibilities.

- *Rising health care costs.* Medical costs are one of the largest employer expenses, having accelerated throughout the 1980s and early 1990s at an unprecedented rate. Employers have instituted a wide range of cost-control devices, including health maintenance organizations, preferred provider organizations, and wellness programs, attempting to contain these costs. The cost of retiree medical benefits combined with the graying of the work force will continue to make health care expenditures a vital issue in the coming decades.
- *Increasing government involvement in the workplace.* Legislation will continue to have a major impact on the workplace in the next decades. State and federal laws on drug testing, workplace safety, minimum wages, family leave, health care benefits, employee rights, and discrimination will increase the role of government in private- and public-sector organizations.¹⁰

Organizations in the public and private sectors have developed a number of strategies in response to these trends and challenges. Increasingly, they are employing:

- Effective top-down and bottom-up communication
- Participative management and a team approach to work, including labor and management cooperation
- A long-term customer focus
- Measurement of results and definition of accountability
- Quality improvement
- Training and retraining of workers to meet organizational needs

Many state managers and employees are trying to respond to this evolving environment by changing how their organizations work and do business. But the 50-year-old civil service system as designed prevents change instead of accommodating or facilitating it. Managers spend much of their time trying to get *around* the system to do what they need to do. The system should be changed to respond to its current environment.

¹⁰George F. Kimmerling, "The Future of HRD," *Training and Development Journal*, 1989. Reprinted in *Human Resources Yearbook 1990*, ed. Craig T. Norback (Englewood Cliffs, N.J.: Prentice-Hall, 1991), p. 8.4.

SYSTEMWIDE RECOMMENDATIONS

During analysis of the major components of the state's human resources system, several areas of reform emerged that affect all components of the system. These areas should be addressed if the CORE recommendations are to be effective.

The first area is statewide human resources planning. The recommended changes cut across agency lines at a level higher than that at which any planning is now done. This reinforces the need for a statewide strategic planning process that would allow the state as a whole to address its needs and effectively deploy its employees. Such planning would also provide direction to agencies for defining goals and performance expectations.

Greater decentralization of human resources functions is also needed. Moving the real management of human resources down to the agencies and managers allows for more speed and flexibility in what now are slow and rigid processes. Along with decentralization comes the need for improved communications and sharing of information and expertise with practitioners who are not used to performing human resources functions.

The final systemwide area that should be reformed is the culture of state government. The recommendations for the components address changes to processes, competencies, and motivators, all key components in the performance of the organization. The current culture of state government, however, poorly supports the shift toward more trust and accountability that the recommendations espouse. Efforts should be made to develop a compatible culture to fully benefit from these recommendations.

Recommendations and analysis

- 1. Establish a human resources strategic planning process that includes all three branches of government. This process should be part of a comprehensive strategic plan for state government service and delivery, and it should form the foundation for human resources planning in each state agency.**
-

Problem

The management of state government's human resources is not considered a valued and significant factor in the delivery of services. Agency-level planning does not allow for the effective deployment of human resources. Each stakeholder group appears to have a narrow interest in the management of state employees that does not reflect the long-term quality of service delivery as a consistent priority. The three branches of state government do not have consistent personnel regulations and policies. Staff complement levels tend to receive more attention than program outcomes. As a result, the strategic mission for managing the state's employees is a collection of mandates and policies that may change at least every four years.

Conclusion

The state needs an effective strategic human resources planning process that is an integral part of a broader strategic plan involving the three branches of government and the participation of employee union representatives.

Recommendation

1. *Develop a comprehensive strategic plan for state government service delivery and management.* The process involved in developing this plan would be the foundation of human resources planning for all state agencies and would have the following features:
 - The planning process would be conducted at least every four years, beginning with the first year of a new administration and revised as part of the budget process.
 - The resulting strategic plan would establish a mission and vision for service delivery and management.
 - The planning process would include the active participation of stakeholders, including unrepresented employees, legislators, unions, middle- and upper-level management groups, and private-sector human resources professionals.
 - The planning process would address future work force needs and problems, including the redeployment of employees across agency lines and the retraining of employees to meet future needs.
 - Short- and long-term work force planning would be mandatory for all state agencies and linked to the biennial budget process.
-

Constraints

- Lack of a centralized organizational authority to coordinate and administer a strategic planning process for all branches of state government
- Competing and conflicting political interests of the branches
- Conflicts between short-term mandates and long-term strategic objectives

Benefits

- Reduced cost of developing, operating, and maintaining human resources management systems among agencies and branches of government
- Long-term, integrated missions, goals, and objectives for executive branch agencies based on statewide service delivery strategies
- Long-term policy direction and mission for a statewide human resources management system

Implementation strategies

1. Assign administrative responsibility for centralized statewide strategic planning to an existing agency.
 2. Develop a strategic planning process that includes the participation of the three branches of state government and employee union representatives.
 3. Establish statewide guidelines for agency work force and human resources strategic planning.
 4. Replace complement control with work force planning at the agency level.
-

2. Restructure the state's human resources function through decentralization of authorities and responsibilities to state agencies.

Problem

State agencies lack effective human resources management standards and policies, which results in poor and inconsistent management. Managers are not held accountable for their performance of human resources responsibilities. The system focuses on controlling and monitoring managers' personnel decisions rather than on providing them with service and assistance in carrying out policies.

Conclusion

State managers and supervisors should be trained to carry out and be held accountable for their human resources management responsibilities through an effective performance management system.

Recommendations

1. *Develop statewide standards.* DOER, in partnership with agency management and employee representatives, should establish and publish standards and expectations for effective human resources management.
 2. *Provide training in the standards.* DOER should train agency staff to ensure that the standards are clearly understood and agencies are capable of carrying out human resources functions effectively.
 3. *Hold agency managers accountable for applying the standards by measuring their performance in human resources management.*
 4. *Conduct periodic reviews of each agency's human resources management to identify areas needing improvement.* These evaluations, which would be done by a panel of agency and DOER staff, could also be conducted in cooperation with the departments of Administration and Finance as part of a general management evaluation of customer service, quality, and fiscal management. Training should be provided to agencies in areas needing improvement.
-

Constraints

- Lack of trust in managers' ability to effectively carry out responsibilities for human resources management
- Agency management distrust of outside evaluations and monitoring
- Concerns of organized labor regarding the expanded authority of managers for human resources decisions

Benefits

- Decentralized decision making supported by improved management accountability, resulting in quicker, better decisions
- Improved human resources management practices
- Better human resources management services through a focus on customer service

Implementation strategies

1. Establish a joint labor and management committee to steer the development of a set of human resources standards similar to "generally accepted accounting practices." Agencies would be responsible for complying with these standards and subject to evaluation by an audit committee.
 2. Design and implement a statewide human resources training program for managers and human resources professionals.
 3. Require agency heads to include human resources responsibilities according to the established standards in every manager's performance review.
-

3. Reshape the state's organizational culture and values by: clarifying mission, vision, and values; communicating the new organizational values to employees; training employees in the application of the new values to their work behavior and decision making; and recognizing and reinforcing behavior based on the desired cultural values.

Problem

State government's organizational culture does not emphasize employees' performance or customer needs, nor does it value effective employee training as an important investment. Trust is lacking at all levels of government, starting with the relationship between the executive and legislative branches and continuing down to the relationships between supervisors and front-line employees. The persistent negative public image of state employees and downsizing make it very difficult for state agencies to support and maintain positive organizational values.

Conclusion

A comprehensive training, communications, and management program should be instituted to reshape the organizational cultures and values of state government.

Recommendation

1. *Initiate efforts to reshape the organizational cultures by: clarifying state government's mission, vision, and values; communicating these values to employees; training employees in how to incorporate these values in their work; and recognizing and reinforcing behavior based on these values.*

Constraints

- Investment of time and resources for outcomes that may not be observed immediately
 - Organizational and individual resistance to change
 - Lack of management commitment and long-term leadership
-

Benefits

- Improved quality of services
- More effective investment in human resources
- Reduced conflict between labor and management

Implementation strategy

1. Plan, develop, and implement a comprehensive, long-term program for organizational culture change supported by the governor with the participation of state managers, employees, labor representatives, and the legislature.

4. Continue to develop a human resources management information system that can support the CORE reform recommendations.

Problem

The state's automated payroll and personnel system can do little beyond basic employee and position inquiry functions. In addition, information-sharing capabilities with other major employee-related systems are limited to nonexistent. As a result, personnel processing is extremely paper- and labor-intensive, requires redundant efforts, and often results in poor information integrity, all of which is costly. Furthermore, many long-term changes will be required in this system to support the reforms recommended in this report.

Conclusion

The implementation of the planned Statewide Systems Project (SSP), which encompasses major improvements in the state's current human resources information system, needs to be expedited. Decentralized decision making advocated by these reforms requires greater communications and availability of data between managers, human resources offices, and DOER.

Recommendation

1. *Expedite the implementation of the human resources component of the Statewide Systems Project.*
-

Constraints

- Lack of funding to develop and implement the SSP
- Required consolidation of human resources records that are now kept on a variety of systems at DOER and the agencies

Benefits

- More complete, accurate, and timely management and summary information to allow agencies, DOER, and the Department of Finance to make better-informed (and potentially more cost-effective) decisions
 - Improved integration with existing systems (such as data bases for staffing, workers' compensation, and employee insurance) to reduce or eliminate redundant data entry and improve data integrity
 - Reduced logistical costs, such as for postage, duplication, and paper
-

HIRING AND DEPLOYMENT

In a service-oriented organization, such as state government, the most important factor in determining service quality is the organization's human resources. The greatest single determinant of the quality of the organization's human resources and the fit between position and employee is the hiring process. Even the most innovative performance incentives and discipline policies will not create a high-quality service delivery environment if inefficiencies in the hiring process have resulted in inappropriate selections. Selecting people who do not have the requisite skills to quickly learn and/or perform the job for which they have been hired decreases quality, productivity, and morale.

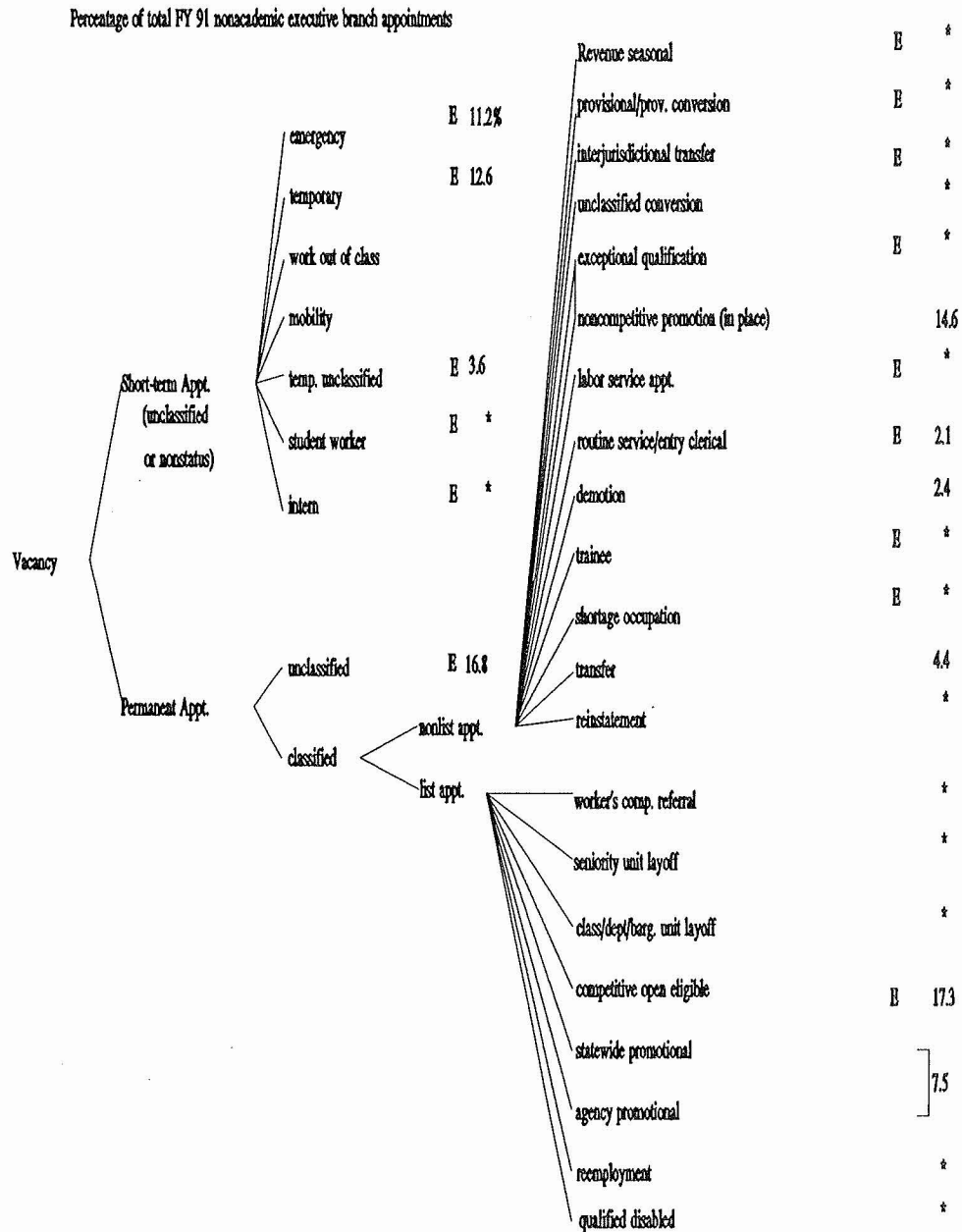
Poor or inefficient hiring procedures also result in losses of productivity from positions remaining open for long periods of time. When organizational change results in the layoff of employees who could, with minimal training, fill open positions, valuable human resources and real dollars are lost. State government should have an efficient, responsive, and equitable hiring and deployment process to ensure the delivery of high-quality services to its citizens.

Current system

The state's human resources system accommodates more than 40,000 employees in the executive branch and processes more than 200,000 transactions yearly. In FY 1990, about 150,000 calls for job information were handled, 80,000 applications processed, 700 exams conducted, and 10,000 vacancies filled.

The hiring process can be broken down into three basic components: recruitment, assessment, and selection. DOER and agency human resources offices and managers are involved at different levels in each of these areas. The individual steps depend on which of more than two dozen appointment types is being pursued. Figure 1 illustrates the range of appointment options available to the hiring authority.

Figure 1. Hiring/Appointment Options



E = appointment types for which those not currently or previously employed by the state are eligible

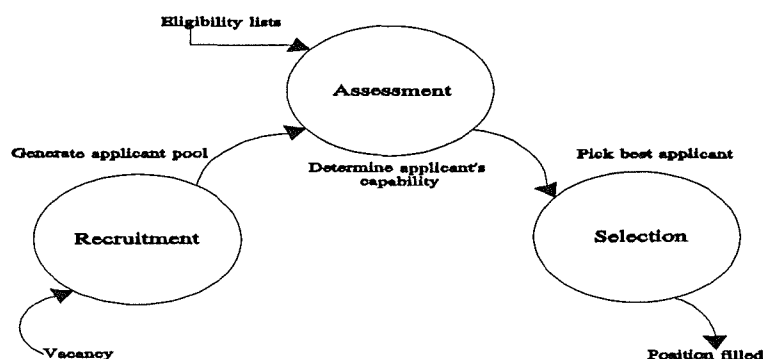
* = less than 2 percent

Once a vacancy has been identified, the agency and DOER review the position's description and classification. Only 10 percent of all current employees are in unclassified positions. These jobs generally take less time and fewer procedures to fill but do not provide the incumbent with the same seniority rights as do classified positions. Most unclassified appointments are short-term. Positions may be open to everyone or only to current or past state employees.

A 1986 study of state hiring found three to 14 weeks can pass between the decision to fill a vacancy and the final appointment.¹¹ Current users of the system indicate that these time estimates are still accurate. The length of time depends most on the requirement to use and the availability of applicant lists.

Figure 2 illustrates the usual steps involved in hiring within any organization. They are described below as they apply to the state.

Figure 2. Hiring/Staffing Process



Recruitment

The goal of recruitment is to generate an acceptable pool of applicants from which the position can be filled. Job classes for which applications are being accepted are announced in DOER's bimonthly publication "Career Opportunities Bulletin" and listed on its telephone "Jobs Line." Positions may also be announced through newspaper classified ads, personnel agencies, the Department of Jobs and Training's Job Service, and word-of-

¹¹Minnesota Department of Administration, Management Analysis Division, *Hiring and Firing in State Government: Final Report and Recommendations*. (St. Paul: Department of Administration, 1986).

mouth. Managers are directed to use these additional avenues as appropriate. Managers who use personnel recruiters or professional contacts to locate qualified individuals must then also guide those applicants through the state system to get them on a hiring list.

Individuals who diligently monitor the jobs bulletin and take tests as they are given are the most likely to benefit from the system. Those who are qualified but otherwise employed or unaware of job openings may be bypassed.

Assessment

Assessment activities seek to determine the capabilities of each applicant. Testing is the primary assessment tool for classified positions. An applicant's performance on a test determines his or her place on the eligible list for the position class. Individuals who do not rank in the top group of scorers are not referred to the hiring authority for further consideration. In FY 91, only 25 percent of all appointments were made using this list process.

Testing takes two forms. Written tests usually assess reading, writing, and mathematical skills and knowledge of subjects appropriate to the job. Experience and training tests are scored based on the qualifications and experience of the applicant; points are assigned for educational degrees or professional certifications and for years of experience deemed relevant to the demands of the class.

Several agencies may use the same list to fill positions. Classes used by more than one agency include a clerk typist series, research analyst, and programmer.

Selection

For list appointments, generally the top 20 candidates are referred to the agency. Supervisors and managers must defend a decision not to hire the first applicant from a layoff or seniority list. In most cases, the hiring authority is allowed to screen and interview candidates from the list before making a selection.

The qualification process uses a set of broad, class-based criteria to prune the field of applicants. Managers attempt to identify position-specific skills and to select an individual who is the most qualified for a position. Problems may arise when the position selection criteria differ significantly from the class qualification criteria.

The flowchart in Figure 3 illustrates the general process used by the manager or supervisor responsible for filling a vacancy and the agency personnel office (or DOER's Staffing Division, in the case of small agencies). The steps involved depend on the

duration and classification of the position. It is not uncommon for a hiring manager or supervisor to have a qualified candidate in mind when a position becomes vacant.

Roles and responsibilities

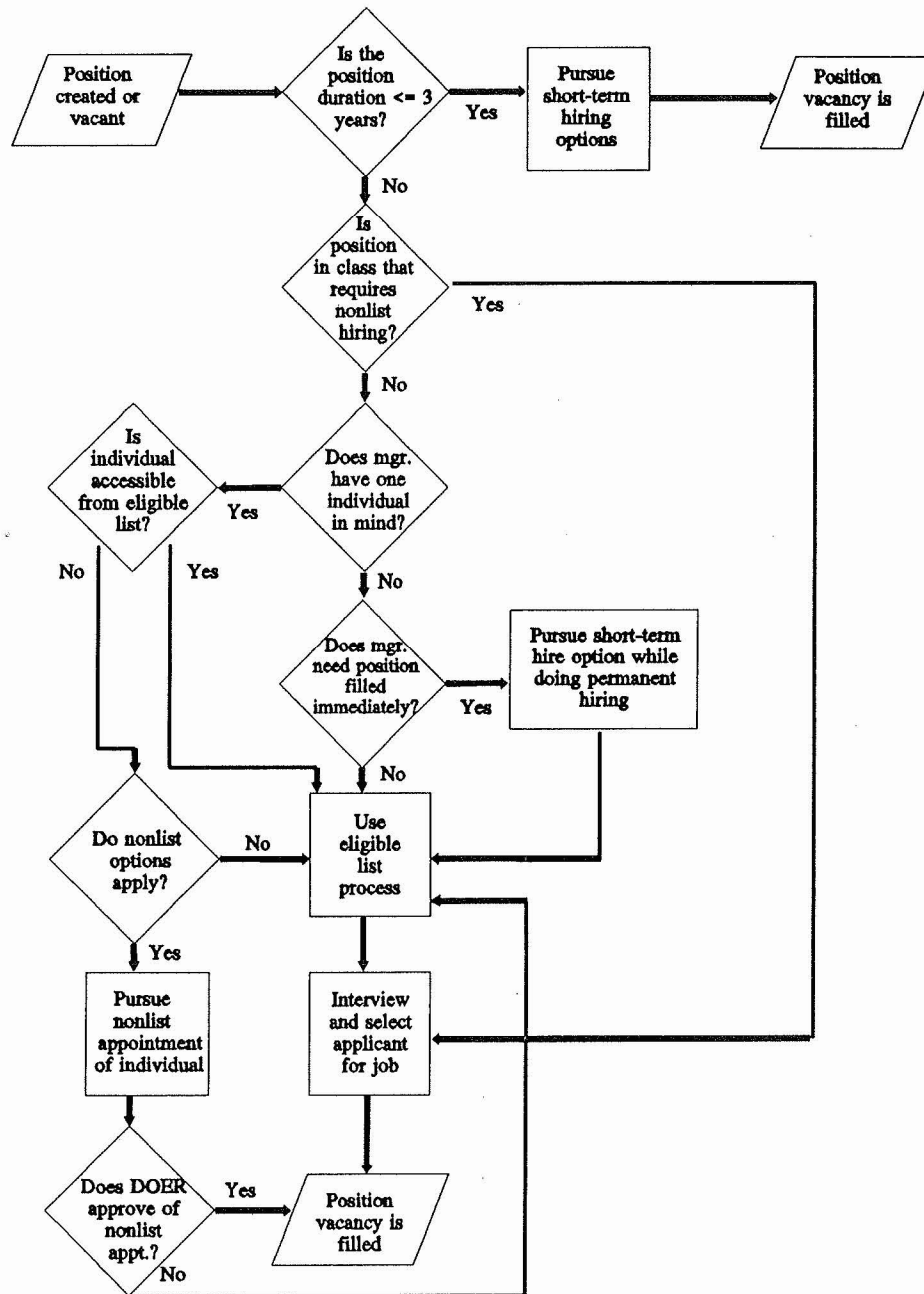
In general, the final selection is made by the manager or supervisor. DOER shares with certain agencies the authority to assess candidates for selected positions. The authority to examine and score applicants is most likely to be delegated to agencies for positions specific to those agencies. Basic recruiting services are provided by DOER and can be supplemented by the agency or hiring authority.

Stakeholder needs

Although CORE has identified hiring managers and supervisors as the primary customers of the hiring system, many other groups and individuals are involved in and concerned with the way in which the state recruits, assesses, and selects its employees. Those stakeholders and their relationship to the hiring system are depicted in Figure 4. During focus groups and interviews conducted with these stakeholders, CORE asked participants to identify needs not being adequately met by the current hiring system. Many expressed similar needs (see Appendix D); the most frequently cited are summarized here:

- *A fast, responsive system.* Stakeholders want a system that enables agencies to post and fill positions more quickly and allows more efficient identification and qualification of applicants.
 - *A system that is easy to understand and use.* Many stakeholders desire a streamlined, user-friendly system that reduces bureaucracy, minimizes administrative control, and simplifies the application and selection process.
 - *Clear accountability for hiring processes and decisions.* Hiring managers, supervisors, and DOER and agency personnel staff expressed need for a system that locates more responsibility and accountability for hiring processes and decisions at the agency level. Applicant advocacy groups and union representatives want a system that clearly holds decision makers accountable for hiring outcomes and processes.
 - *Greater access to job information.* Many focus group participants identified the need for greater availability of current job information to potential applicants, including members of protected classes.
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Figure 3. Hiring Process — Agency and Manager Perspective



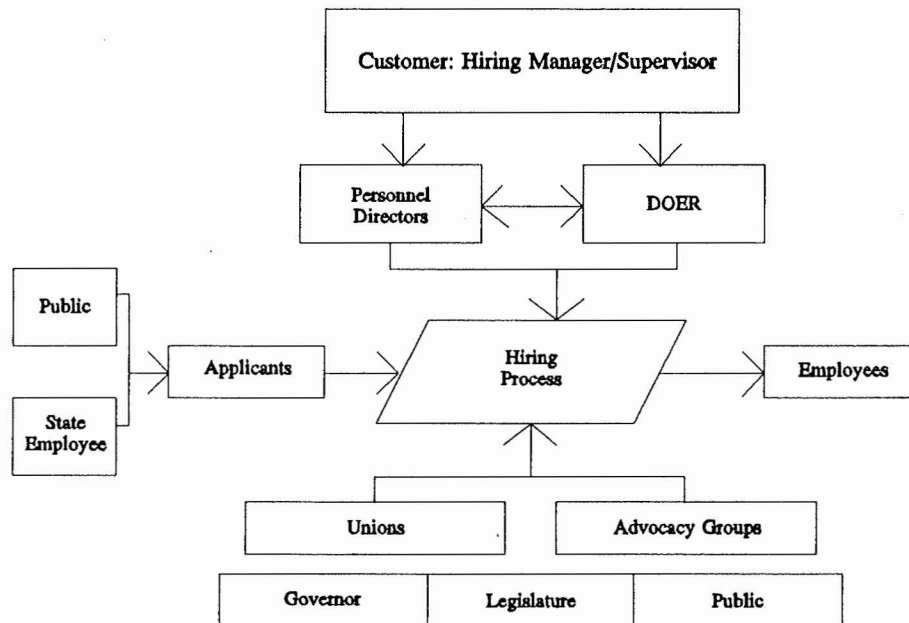
- *A system that facilitates hiring well-qualified individuals.* Stakeholders want a system that better facilitates the selection of well-qualified candidates using both open-competitive and promotional processes to fill positions.
- *Access to qualified, interested applicants.* Stakeholders desire a system that more effectively identifies well-qualified applicants who are interested in and available for current openings. Under the present system, agencies are often provided with one- or two-year-old lists of candidates who may no longer be interested in or available for the position. In addition, the current posting and examining process does not always provide an optimal pool of well-qualified candidates.
- *Flexibility in internal and external recruiting.* Many stakeholders want agencies to have more flexibility in choosing alternative recruiting and assessment methods when appropriate.
- *A system that is fair.* A significant number of focus group participants emphasized the need for a system that treats applicants and current employees in a fair, consistent, and unbiased manner.
- *A system that facilitates the measurement and assessment of hiring outcomes.* Managers, union representatives, applicant advocacy groups, and DOER and human resources staff expressed the need for collecting and measuring hiring-related outcomes to evaluate hiring processes and decisions as well as the progress made toward achieving affirmative action/equal employment opportunity (AA/EEO) goals.

Need for reform

The current system of hiring and deploying state workers is inefficient, unnecessarily complex, and unresponsive to agencies' needs. Position appointments simply take too long; CORE research indicates that the mean appointment time to establish a certified list of candidates and fill a position is 77 days. As a result, nearly 75 percent of all appointments are made using a variety of position types and hiring methods that avoid the lengthy list- and exam-based processes. Even when appointments are made using certified lists, those lists are often outdated and the candidates no longer available. In addition, the state lacks a proactive, flexible approach to recruiting candidates for positions. The state most often announces position openings simply by publishing them in DOER's "Career Opportunities Bulletin," regardless of position type or location.

State government also relies primarily on written examinations as an applicant-qualifying technique even when other methods would be more appropriate or efficient. In addition,

Figure 4. Stakeholders in the State Hiring System



the state fails to maximize its current human resources by not fully exploring the opportunities to redeploy employees who face layoff. Another problem is that policies base applicant qualifications on the job class, not the specific position to be filled; classes encompass diverse but related positions, and applicants with skills appropriate for the general class may not be qualified for the specific position. Finally, the state does not collect and make available hiring- and deployment-related data on current employees and job candidates, which impedes work force planning and prevents the optimal use of available human resources.

Hiring trends and innovations

CORE researched trends and innovations in hiring using a variety of sources. The Human Resources Management team examined reports and studies from New York, Wisconsin, North Carolina, Connecticut, Massachusetts, Florida, and California; reviewed reports

on state hiring from state agencies and the Citizens League; drew upon professional and academic journals and texts; and consulted extensively with private-sector human resources professionals.

Through this research, CORE identified the following trends and innovations that are shaping the selection process in the public and private sectors:

- *Reforming the systems.* In the public sector, reforms are being undertaken to improve hiring speed and responsiveness and to reinvent civil service systems. The private sector is focusing on downsizing and deemphasizing hiring.
 - *Decentralizing.* Most hiring-related activities, such as assessment, training, and selection, are being decentralized to line managers in the private and public sectors.
 - *Centralizing administrative activities.* Both public- and private-sector organizations typically centralize policy development, testing, fair employment and AA/EEO activities, and college recruiting.
 - *Increased use of electronic data systems.* Growing numbers of private- and public-sector organizations are using electronic data processing technology to capture and track employee and applicant data.
 - *Emphasizing work force diversity.* Due to changes in work force demographics, organizations are seeking to recruit, retain, and promote larger numbers of protected-group workers.
 - *Exploring alternative candidate assessment methods.* The shortage of qualified workers has spurred employers to try new assessment methods, such as business simulations.
 - *Emphasizing strategic human resources and work force planning.* Work force planning is fairly common in the private sector, less so in government; the trend is toward making work force planning a part of the strategic business plan.
 - *Emphasizing employee training and development.* The increased use of technology in the workplace has highlighted the importance of employee training in both advanced and basic skills.
 - *Proactive, creative recruiting.* With increased competition for fewer well-qualified workers, employers in both sectors are using a variety of innovative methods to recruit employees.
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Conclusions

Minnesota should reform the way in which it recruits, assesses, selects, and deploys its employees so that the process is more efficient and responsive to the needs of state government and the people it serves. The system should offer more options for recruiting and assessing candidates to better respond to the needs of appointing authorities and hiring managers. In addition, the state should create better systems for deploying its human resources to ensure high-quality service delivery and minimize the effects of downsizing and layoffs. It is also imperative that the state take a proactive approach to recruiting protected-class individuals and candidates for high-demand or highly specialized positions. The state's hiring system should reflect the reality that managers seek to hire for an actual, specific job, rather than for an abstract general class. Finally, to fully plan for and use its human resources, the state should collect and make available to hiring authorities candidate and employee data and information about employee skills and to employees listings of temporary and permanent job opportunities.

Recommendations and analysis

5. Establish systems to enhance and facilitate the flexible deployment of state employees to quickly and efficiently satisfy needs identified through work force planning for short- and long-term temporary assignments throughout the state.

Problem

State government has no system to maintain an inventory of skills of its employees or to match those skills against those required in vacant positions. As a result, positions that could be filled by employees (especially those facing layoff) often go to external hires. Interagency transfers are perceived negatively because of past experience with bumping (a collectively bargained process in which a laid-off employee can displace a less-senior worker in the same job classification). The state also does not support redeployment of employees through work force planning, training, or career development. In addition, recent structural changes and downsizing at agencies have increased the need for retraining and redeployment of employees.

Conclusion

A system that would support more effective deployment of employees is essential to ensure that existing resources are maximized before new ones are added. Redeployment would also foster a work force that has broader skills, experience, and understanding of state government.

Recommendation

1. *Facilitate the flexible deployment of employees to quickly and efficiently satisfy needs identified through work force planning for temporary and permanent positions throughout the state.* The state should accomplish this by:
 - Developing a pool of employees interested in and available for a variety of short- and long-term temporary assignments
 - Offering opportunities throughout the state as employee development options (in conjunction with career planning and development assistance at the agency level)
 - Allowing advancement whereby employees begin at an entry-level position and progress through a series of related positions of increasing complexity and responsibility within a broad occupational family. This would allow progression through a wide range of jobs rather than the limited promotional opportunities available in the current system
 - Retraining valued employees at risk of being laid off
 - Providing outplacement services to help displaced employees find positions inside or outside of state government. These services may be contracted for, where feasible. Also used should be the federal dislocated workers program and the state Employee Assistance Program.

Constraints

- Historical resistance to and lack of incentives for accepting interagency transfers
- Bumping provisions of collective bargaining agreements

Benefits

- Reduced layoffs and related costs
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- More efficient deployment of employee resources
- Enhanced employee flexibility, skills, experience, and understanding of state operations

Implementation strategies

Once a new performance management model and an improved job analysis system have been initiated (as detailed in subsequent sections of this report), this recommendation should be implemented through the following strategies:

1. Revise existing procedures to facilitate interagency transfers.
2. Create rewards and incentives to encourage agency acceptance of redeployed employees.
3. Establish a labor-management group to explore possible alternatives and modifications to bumping provisions of collective bargaining agreements.
4. Establish an inventory of existing employees' skills.
5. Develop an automated system as part of SSP to match existing skills with ones needed in open positions.
6. Integrate redeployment into career planning and training strategies.

6. Develop a centralized recruiting effort to obtain access to more protected-group applicants and to help hiring managers and supervisors recruit for unique, high-level, or hard-to-fill positions.

Problem

State government seldom actively recruits qualified workers. Instead of seeking out applicants for specific openings or establishing productive recruiting relationships with educational and community organizations, the state most often simply announces openings and collects applications. Information about available positions is difficult to obtain, and the assessment and selection processes are complex and hard to understand.

The state also suffers from a negative image as an employer due in part to a perceived absence of career development, uncompetitive salaries for highly skilled positions, and a perception that candidates have been preselected for certain positions. As a result, the hiring system often fails to identify quality internal and external candidates for highly specialized or high-level technical and professional positions and frequently does not generate adequate pools of protected-group candidates.

At the same time, access to positions is often less open than it appears to be. For example, positions are frequently advertised in the state job bulletin as being open, even though the hiring manager already has identified a qualified candidate. In addition, about 25 percent of all appointments are made using the "open access" merit system; the remaining hires are accomplished through the use of many types of appointments that do not require adherence to the exam-based selection process.

Conclusion

The range of recruiting tools and approaches should be expanded to allow more focused, faster hiring and to improve access to various candidate pools. The state should make a concerted effort to improve its image as an employer. Broad, long-term recruiting goals can best be achieved through a centralized recruiting effort. Just as the decision to hire rests with managers and supervisors, so should the determination of the appropriate strategies to attract candidates for specific positions.

Recommendation

1. *Develop a centralized recruiting function to reach more protected-group applicants and to help hiring managers and supervisors recruit for unique, high-level, or hard-to-fill positions.* This would include:
 - Offering a menu of optional recruiting services from which hiring managers and supervisors could choose to tailor recruiting efforts to the positions that need to be filled. Recruiting services available from DOER would include assistance in planning, using recruitment strategies, writing and placing job ads, and screening applicants.
 - Determining the appropriate approach to recruiting and communicating the availability of each specific position, based on the estimated number of qualified applicants. Targeted recruiting and accurate communication of career opportunities and open positions would prevent raising false expectations of advancement opportunities among employees.
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Constraints

- Uncompetitive salaries for higher-level positions
- Perception of poor career advancement opportunities
- Perceived lack of consistency in recruiting practices among agencies or individual managers

Benefits

- Improved recruitment of targeted groups
- Better return on recruiting investment
- More efficient targeted recruitment for specialized positions

Implementation strategies

Once work force planning and an improved job analysis system are in place and compensation and classification structures have been reformed (as detailed in subsequent sections of this report), the following strategies should be used:

1. Establish a centralized recruiting function.
2. Solicit input from hiring authorities and other customers regarding the most useful recruitment options to develop.
3. Integrate redeployment of employees with recruiting efforts.
4. Develop and provide training in an expanded range of recruiting tools.
5. Assign DOER a consultative role in the choosing of recruiting tools.

7. Make available a range of assessment techniques to qualify and evaluate candidates.

Problem

The most commonly used methods of assessing job candidates — multiple-choice and written tests and experience and training ratings — are costly to administer, often take a

long time to produce certified lists of candidates, and do not always identify the best-qualified candidates. In addition, minority groups traditionally score lower on the types of written tests that are frequently used as assessment tools in civil service systems, and disabled applicants may have sensory deficits for which such tests cannot be easily adapted.

Conclusion

A broader array of candidate assessment tools is necessary to support decentralized decision making in the hiring process. An expanded range of alternatives will also make it easier to assess candidates' qualifications and to identify the best candidates for open positions. Assessment methods should be refined to meet the requirements of the Americans with Disabilities Act and to address the needs of certain targeted candidate groups.

Recommendations

1. *Offer hiring managers and supervisors an expanded range of assessment methods by which candidates may be evaluated.* DOER and agency personnel staff could help identify the best methods to assess candidates for particular positions. Consideration should be given to the development and use of the following types of assessment tools:
 - Skills inventories and skills banks
 - Biographical data profile
 - Peer ratings and overall team performance assessment (for promotions)
 - Résumé review
 - Interview
 - Referral to hiring authorities of lists of all candidates who pass a preliminary screening examination
 - Assessment centers that employ business simulations and work-related exercises to evaluate candidates for high-level positions
 - Search committees
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- Search firms and assessment services
- Supervisor and/or subordinate ratings (for promotions)
- 2. *Offer training through DOER on selecting assessment methods.* DOER also would offer advice as requested.
- 3. *Allow hiring managers and supervisors greater flexibility and more options in using application, referral, and assessment processes.* Options may include:
 - Continuous application
 - Continuous assessment
 - Flexible recruitment periods

Constraints

- Need for training in the use of new assessment methods
- Difficulty in evaluating the relative success of different assessment methods
- Perceived lack of consistency in assessment practices among agencies or individual managers

Benefits

- Better fit of assessment techniques with position type and skills requirements
- Improved return on investment of time and money in candidate assessment
- Reduction in the time needed to assess and identify qualified candidates

Implementation strategies

Once an improved job analysis system is in place, the following strategies should be used:

1. Develop and provide training in the use of an expanded range of assessment methods.
 2. Assign DOER a consultative role in choosing assessment methods.
-

8. Hire for specific jobs, not general job classifications. Revise the current system to encourage the conduct of the hiring process on a position-specific basis whenever feasible. Focus on assessing candidates on the particular knowledge, skills, abilities, and experience related to the specific position that the hiring authority is seeking to fill.

Problem

Position vacancies are advertised and exams are given for job *classes* as a whole, whereas hiring managers and supervisors select for individual *positions*. The need to select for a particular position is not always best served by a process that qualifies candidates for a general class. The long period of time required to fill certain positions increases the likelihood that very desirable applicants will not be available by the time job offers are extended.

Conclusion

The approach to filling individual positions should be determined in large part by the volume of positions to fill and the expected number of qualified applicants. Where the position to be filled has extensive qualification requirements or the applicant pool is expected to be limited, position-specific hiring is recommended. For low-qualification, high-volume positions, economies of scale should be considered, and a centralized approach to filling those positions should be used.

Recommendations

1. *Revise the system to encourage the use of a hiring process (recruitment, assessment, and selection) on a position-specific basis whenever feasible.* The practicality and appropriateness of position-specific hiring increase for positions with specific location or extensive skill and/or experience requirements and for those with a relatively small pool of potential applicants.
2. *Screen applicants into broad categories (using a centralized hiring approach) for positions requiring limited qualifications and having large applicant pools and for groups of positions that have similar qualification requirements.*
3. *Assess candidates on the particular knowledge, skills, abilities, and experience related to the specific open position.*

Constraints

- Union concerns over modifying hiring processes and the use of job classifications
- Lack of training for determining when position-specific hiring is appropriate
- Lack of time agency managers and supervisors have to devote to position-specific hiring

Benefits

- More efficient recruitment for location-specific and highly specialized positions as well as for jobs with small applicant pools
- Improved recruitment of qualified employees from protected classes
- Increased productivity through better fit of employees and positions

Implementation strategies

1. Develop guidelines for position-specific hiring.
2. Train agency staff in appropriate use of position-specific hiring.
3. Adopt a job classification system with fewer and broader classes, thus avoiding the creation of more single-person classes.

9. Implement a data base of hiring-related information accessible to all agencies.

Problem

The state lacks a central data base that adequately captures and tracks hiring-related information. On-line access to job openings or applicant and employee information is limited, and no central repository of data exists for use in measuring hiring outcomes, tracking costs, and forecasting hiring needs. Because some applications are made to a specific agency but others are accepted statewide, there is no central source of information

on all candidates and their qualifications. As a result, agencies may not be aware of candidates already in the system who possess the desired knowledge, skills, and abilities for positions the agencies are trying to fill.

Conclusion

A statewide data base containing applicants, employee skill sets, job opportunities, and other hiring-related information would enable the state to better plan and deploy its human resources.

Recommendations

1. *Establish human resources information systems (HRIS) to capture hiring-related data and serve as a data base for applicant and employee information.* This integrated system, part of the Statewide Systems Project, should be accessible to DOER and agency personnel directors. This system would:
 - Allow on-line application through computer terminals.
 - Expand applicant access to information about open positions.
 - Eliminate redundant tasks, thereby decreasing costs.
 - Allow access to more timely applicant information.
 - Provide cost data by which hiring outcomes can be measured.
 - Provide hiring-related data for outcomes for which hiring managers and supervisors will be held accountable, such as retention rates and AA/EEO data.
 - Provide accurate, timely AA/EEO information.
 - Allow better management of the more than 80,000 applications received yearly.
 - Facilitate the flexible deployment of employees.
 - Enable hiring managers and supervisors to select qualified candidates by identifying individuals who have the skills and background for vacant positions.
-

- Increase access to protected-group applicants.
- Provide hiring-related data for use in work force planning.
- Ensure applicant privacy as appropriate.

Once the systems are installed, the state should:

2. *Encourage managers and agency personnel staff to use this data base to identify qualified candidates for open positions.*
3. *Provide terminals in convenient locations for employees and the general public to inquire about positions and to enter and update application information.*

Constraints

- Contingent upon the implementation of the comprehensive statewide system proposed by the SSP
- Significant initial investment
- Time, training, and technology necessary to prepare agency and DOER staff to use data base to its fullest

Benefits

- Improved access to applicant and skills information
- Tracking and measuring of hiring outcomes
- More timely employee access to mobility opportunities, temporary assignments, and job postings

Implementation strategies

1. Establish an SSP subcommittee to study the technical and data requirements of the HRIS portion of the statewide system.
 2. Have this HRIS subcommittee and/or DOER work with agency personnel staff to determine skill areas on which the skills and data bank will focus, as well as other information to be included and tracked.
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3. Begin agency gathering of job-related data on employees' skills and other information to be tracked via the HRIS system according to the parameters established by the subcommittee.
 4. Plan to incorporate HRIS systems already in place at state agencies or convert their data to the SSP network.
 5. Provide just-in-time training for using statewide HRIS resources as agencies go on-line with the SSP.
 6. Train agency managers to use information systems to post positions and publicize mobility opportunities. Appropriate DOER and agency personnel should also receive training, and have incentives, to use skills bank data to identify individuals with appropriate skills for position openings.
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CLASSIFICATION AND COMPENSATION SYSTEMS

CORE's recommendations for reforming state government's job evaluation, classification, and compensation systems help address problems and needs identified in CORE research. The proposed model for job structure and compensation strategies in state government, called broad-banding, supports a flatter organization, values generalists and the knowledge and skills of workers, allows greater job-to-job mobility, and encourages employee development.

The following are the guiding principles within which needs were analyzed and recommendations developed:

- *The treatment of employees should be fair and the results equitable.* Recommendations are made with the intent that current employees will not lose pay as a result of implementation.
- *Pay equity must be inherent in the new system.* Pay equity is a remedy to correct historic gender bias in wages paid for female-dominated jobs. This objective takes precedence in the recommendations.
- *The roles of labor and management should be cooperative and should support effective performance and achievement of agencies' missions.* Implementation of the new systems should be planned jointly, information should be freely shared, and issues that are bargainable should be debated and agreed upon through the bargaining process.
- *Consistency and flexibility should be balanced.* Agencies need management controls to ensure consistency, employees need to understand the total system, and managers need clear guidelines within which to make decisions. Ongoing training and communication, as well as regular customer feedback, are essential for the success of the new system.

Current system

More than 20 years ago, the executive branch adopted the Hay system to evaluate managerial jobs. This system is a process in which points are assigned to such factors as

knowledge, skills, abilities, accountability, problem solving, and working conditions to determine a job's compensation.

In the mid-1970s, classification and compensation were reviewed in the first systematic study of the system since its inauguration in 1939. Using the Hay method, jobs were compared between jurisdictions and to those in the private sector. Classification specifications were reviewed in 1979 to remove gender-specific language.

In 1981, the Public Employee Labor Relations Act (PELRA) was changed to organize bargaining units by occupation rather than by agency. The law mandated that supervisory and nonsupervisory positions had to be in separate classifications. As a result, more than 300 job classes were added. Pay equity soon followed this reorganization.

The executive branch employed 41,016 employees in 2,179 classifications as of October 1992; of these, 1,390 were managers (3.4 percent) and 3,318 were supervisors (8 percent).

The Compensation Data table in Appendix E includes salary information about classified managers, supervisors, professionals, and technical and support staff. Almost 33 percent of managers are in one-person classes. The total turnover rate (caused by death, termination, layoff, or retirement) is more than 5 percent. Turnover by resignation ranges from 1.0 to 2.8 percent by category. Many employees are within 15 percent of the top of their pay range, including 81 percent of the managers.

Job classification results from the analysis of the work content of individual positions through a job audit. DOER receives between 2,500 and 3,000 requests for individual job audits annually.

The job audit process (see Appendix F) involves the review of a position to determine its appropriate classification. Results of the job audit can be a new classification, a promotion, a demotion, or the same classification. An employee may have to reapply for the job if it is determined that the current job is a sudden and not a gradual change of responsibilities.

Although about 90 percent of executive branch employees are represented by unions, job classification is not a mandatory subject of bargaining. While classification issues have not been bargained, the state has periodically agreed to "meet and confer" with unions or to conduct classification studies to address problems. Attempts to change the law to make classification a mandatory subject of bargaining have not succeeded.

Negotiated components of compensation

Compensation is a mandatory subject of bargaining and takes various forms in the contracts, including:

General adjustments. These are across-the-board increases in which all ranges and salaries are adjusted by specific amounts. Most contracts for the 1992-1993 biennium had a series of four general adjustments of 2 percent, 0.5 percent, 2 percent, and 0.5 percent at approximately six-month intervals. General adjustments have been flat percentages since 1983, before which some were based on cost-of-living adjustments (COLAs).

Salary adjustments. These affect the pay ranges of individual classifications. The ranges for classifications may be adjusted to reflect changes in market considerations or evaluations by DOER. Most negotiations result in some salary adjustments, although none was made in the last round of bargaining.

Pay equity. Based on statutory requirements in effect since 1981, DOER must assess whether any classifications require adjustments to remedy gender-based pay inequities. Most pay equity adjustments were accomplished in the 1983 and 1985 negotiations, with very few made in the last three rounds of bargaining.

In-range adjustments. Referred to as progression or step increases, these are specified in the contracts. For instance, under the contracts for professionals, supervisors, engineers, and nurses, progression is annual through the midpoint of the range and biennial after that. Nonexempt employees typically progress one step every six months through the first three steps of the range and yearly after that. Craft and trades positions have a two-step range consisting of an orientation rate and a base rate, which may be attained after six months.

Performance reviews. Contracts specify that performance reviews must occur at least annually. Managers can deny progression increases based on unsatisfactory or less-than-satisfactory performance, depending upon the contract. Contracts recognize that if a progression increase is denied, the supervisor's judgment is not grievable but the grounds on which it was based are.

Achievement awards. Contracts for professionals, supervisors, nurses, and engineers and plans for managers allow a percentage of employees to be eligible to receive achievement awards. These are lump-sum payments based on outstanding performance. Typically, an achievement award cannot exceed 4 percent of an employee's salary or the dollar maximum specified in the applicable contract. Management has full discretion in granting achievement awards.

Differentials and premiums. The state pays time and one-half overtime for all nonexempt employees under the federal Fair Labor Standards Act. For exempt employees such as professionals, supervisors, and engineers, the state pays straight time for special projects outside of the normal scope of responsibilities. Nurses employed in an institutional setting receive time and one-half for overtime to ensure competitiveness with the marketplace; all other nurses receive straight time. Most contracts contain a 40 cent per hour differential for night shifts; no other time differential is paid. The state also pays differentials for heavy equipment operation; pay is determined by the time actually spent operating the equipment.

Other compensation. This has taken the form of matching contributions up to \$200 per year in deferred compensation in three of the contracts.

Negotiated components of work force reduction

Layoff, bumping, and claiming are three different but related processes used in work force reduction. These terms in current bargaining unit use are defined as:

Layoff. A layoff occurs when an employee is given notice that his or her position is being abolished for reasons that are outside the control of the employee and do not discredit the service provided. Layoff is a mandatory subject of bargaining and is based on seniority within a classification. Seniority is based upon the time spent within a classification, and individuals are laid off based on the classification of their position. Employees remain on layoff lists based on the time specified in the contract, the amount of time employed in the classification and in the state, and the type of layoff list. Employees who have been laid off are recalled to positions based upon their seniority, with the most senior employees being recalled first. Seniority-based layoffs provide basic immunity from lawsuits under the state Human Rights Act and/or federal equal opportunity law because they are recognized as being equitable.

The financial impact of layoffs is considerable. Even after laying off individuals, the state continues to have financial obligations, such as unemployment compensation and accrued vacation and severance payments (the latter is based on a percentage of accrued sick leave), along with six months of paid medical insurance for employees who have more than three years of service.

Bumping. Bumping occurs when the employee who is in the position being eliminated exercises the option to take the position of the least senior employee in the same classification, class option, or another option within that class for which the state determines the employee is qualified. Options are specializations within a

classification with distinctive attributes, such as in knowledge and skills. Employees are limited to bumping within class options unless they pass a test for a related (within the same class) option. Bumping occurs within a seniority unit. Broadly defined, a seniority unit is either an entire department (such as the Department of Natural Resources) or an institution within a department (such as the regional treatment centers within the Department of Human Services). Employees may not bump outside of their seniority unit.

Generally, contracts recognize that an employee must first choose to move into a vacancy before bumping another employee. In addition, employees may only bump into a class in which they have previously served or for which they are determined to be qualified by the state using civil service tests.

Claiming. Claiming is a process whereby the employee who is in the position being eliminated may request a transfer or demotion to a vacant position in another seniority unit in the same, transferable, or lower classification (or class option) in which the employee previously served or for which the state determines the employee is qualified.

Claiming was instituted in 1985 as a compromise to union demands that bumping be available statewide to provide employees who are being laid off the opportunity to move to jobs elsewhere and to lessen the financial impact of layoffs.

Need for reform

Stakeholder needs

Focus groups and interviews with employees, managers and supervisors, human resources professionals, union representatives, and legislators identified their problems with and needs of the current classification and compensation system (see Appendix G for a matrix detailing these problems and needs). Key areas of concern were:

- *Trust and dependency.* DOER operates in confusing roles of both control and consultation, creating dependency on it among agency staff and scapegoating on all sides. There is also a general lack of trust and respect for the competencies of managers and supervisors among human resources staff, legislators, and union representatives.
 - *Consistency, clarity, and flexibility.* The system is not understood by all stakeholders and functions too slowly. Processes are not consistent and appear to
-

be manipulated by management. The rules seem to be different for different agencies. At the same time, there are "too many people checking on the process," and "no balance [exists] between consistency and flexibility and speed." Team roles and emerging jobs are not recognized or considered in classification and job evaluation processes, nor is the importance of the job to the agency evaluated.

- *Communication and training.* Employee requests for information seem to fall into a "black hole." Generally, employees do not know the reasons for how a position is classified and are not informed about the processes involved. Managers and supervisors need better training in classification and compensation processes.
- *Compensation strategies.* There are too many small steps in salary. Supervisor and subordinate pay differentials are too small, and market rates are not considered. Achievement awards are not consistent, tied to performance, or available to all employees. Poor performers are perceived to be treated the same as good ones.
- *Employee growth and development.* Few career development options exist, and the lack of dual career tracks forces employees to become supervisors to advance.
- *Layoffs and bumping.* The layoff process is too complicated, especially due to bumping, and too few alternatives to layoff, such as retraining or redeployment, exist. Layoffs appear to be made without adequate planning and a review of their impact on morale, quality, and productivity. Laid-off employees have limited options for getting other state jobs, and agencies do not readily accept laid-off employees.

Job audit interviews

Classification decisions are often based on job audits as part of the job evaluation process. A job audit is a review of a specific job held by an employee. Because of the audit's central role in classification, 19 employees and their supervisors were interviewed about the audit process (see Appendix H). Results from both employees and supervisors were comparable.

The employee responses clustered in six major themes:

- Employees do not understand the job audit process.
 - They are unhappy with the time the process takes.
 - They believe that DOER does not understand the positions being audited.
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- Employees believe that the involvement of agency human resources staff is important.
- They believe that communication in the process should be improved.
- Employees believe the resulting classification decisions are not accurate.

Manager and supervisor responses also clustered in six related areas:

- Managers and supervisors need more information on how the process works.
- They need agency human resources staff to be involved to facilitate communication.
- The process does not provide enough information on technical positions for DOER to make accurate decisions.
- The criteria used in the Hay system of classification do not apply well to current jobs.
- Managers and supervisors believe that communication in the process should be improved.
- The classification system does not accommodate technical skills and jobs, and the process takes too long.

Other states' systems

Thirty-nine states responded to a questionnaire about their classification, compensation, and job evaluation systems (see Appendix I). Many of the comments on current issues and future trends are summarized in this statement from one human resources director:

Civil service systems and private-sector compensation plans are moving slowly together, integrating the best features of both. Critical focus must be placed on expediting the process of attitude change to enable reform to gain momentum.

Most respondents said the primary purpose of a classification system is to provide a rational means for sorting and naming positions. Others said it is an important administrative tool used to group positions and employees to assist in selection, work execution, pay administration, and developing position specifications.

Job evaluation was seen as assisting in the classification process by allowing comparison of job differences and ensuring correct classifications. Respondents also saw job evaluation primarily as a tool to ensure internal pay equity.

Most respondents said a compensation system was a key element in attracting and retaining a high-quality work force. Others saw it as ensuring that employees are paid equitably based upon a consistent, objective methodology and supporting organizational values and goals.

Additional phone interviews were conducted on the questions of decentralization, geographic pay differentials, and layoff policy.

Decentralization

States that have converted to a more decentralized classification process were happy with the outcomes. South Carolina has had delegation of authority to agencies for seven years. In the beginning, responsibilities of the central and decentralized functions were clearly outlined, and process audits were performed every six months. Audits are now performed annually. The state reported that once the individual agencies received the authority to classify positions, the quality of agency decisions improved dramatically.

Pennsylvania has also had success with the delegation of authority to classify positions but does not delegate this authority for supervisory or managerial jobs. The process, begun nine years ago, was initially started to eliminate duplication of effort and because the central department already agreed with agency decisions 95 percent of the time (this is similar to the ratio in Minnesota). Monitoring is done with 10 percent random sampling and corrective action is taken; no authority has ever been rescinded.

Geographic pay

In Colorado, the human resources staff is working to formulate a policy on geographic pay; they believe that both pay increases and decreases will be necessary to recruit and retain employees and to control costs. Illinois has a provision for geographic pay differentials in the law but has not exercised it; for certain positions in the Chicago area, authority is given to hire above the "hire rate."

Texas does not have a geographic pay policy per se but has significantly decentralized its human resources function, allowing agencies a great deal of discretion in setting pay for their employees. Agencies can now hire employees anywhere in the range set for the position by the legislature.

Layoffs

Colorado recently changed its layoff policies and now includes performance and at least one other factor (such as diversity of skills) chosen at the agency level in determining layoffs. A job that had a wider variety of tasks is awarded more points and is more secure. The new process also bands employees into categories of seniority in three-year intervals. All employees in the same band are evaluated on performance and the additional factor.

South Carolina also includes employee performance when making decisions about which employees to lay off. The weighing of criteria is left to the discretion of the agencies within certain guidelines. Wisconsin, a highly unionized state, includes seniority as the main criteria but reports that exceptional performance can be protected from the bumping process. Managers can protect up to 20 percent of the unrepresented employees if the individuals have skills vital to the work unit.

General trends

Classification and work management

- Budget constraints are requiring existing or reduced numbers of employees to accomplish more; reorganizations have resulted in greater decentralization of responsibilities and the elimination of middle manager positions.
 - Traditional government hierarchies are being flattened. Greater emphasis is being placed on teamwork, and more generalist positions are being created.
 - Quality improvement initiatives are pushing responsibilities downward. As empowered employees can do more, there will be a move toward broad-banding, which is the broadening and/or generalizing of job classifications and the creation of classes that encompass many jobs, often with different skills required.
 - Increased technology will necessitate a higher skilled work force than is currently available. At the same time, job shortages may force workers to take positions for which they are overqualified.
 - Political candidates increasingly are criticizing public employees, and the public's regard for government employees continues to be low.
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- Privatization is being emphasized.
- Authority is being decentralized to work groups.
- Flexibility is needed to quickly and effectively adapt to organizational changes.
- Values of the organization are being reinforced, customer services are being improved, and performance management is increasingly demanded.

Job evaluation

- Promotion potential is limited, and job evaluation must recognize the value of nonmanagerial as well as managerial jobs. The job evaluation system must reflect the increased need for generalists.
- The focus on teamwork will require employees with different skills. Job evaluation must consider teamwork skills and reward employees with these valued skills.
- Legal mandates, such as the Americans with Disabilities Act, may cause a change in essential job functions. Other public policies, such as comparable worth, will affect job evaluation methods.
- Increased technology will affect jobs and the process of job evaluation, improving its effectiveness while reducing the time needed to carry it out.

Compensation

- Due to the lack of resources, budgetary constraints, and reorganization, employees are doing more, but increased compensation is usually not available.
 - The direction is toward broad-banding.
 - Career tracks need to be designed to attract new employees and provide alternatives to the managerial track.
 - Increased health care costs will significantly affect the ratio of salary to benefits; benefits and services provided by the organization will grow as a means of attracting employees.
 - Governments will be less able to compete financially as markets drive up the cost of obtaining experts.
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- Pay equity challenges, affirmative action issues, and paying employees fairly and equitably will affect compensation costs.
- Coalitions with the constituent groups affected by compensation policy will be essential to create positive change.

Responding to the trends

A growing number of public- and private-sector organizations are opting for fewer pay grades for all types of jobs and more horizontal (lateral) movement. Employers see advantages in having some specialists in a few highly technical fields and more generalists who possess a breadth of skills and wider perspectives. There is less emphasis on the chain of command; management layers and jobs are being reduced, and participative management processes and teamwork are increasing. Flatter and more empowered organizations are the results of these changes, and alternative approaches to pay must follow.

In the 1991 local government compensation survey prepared by the Minnesota State Auditor, some comparison was made of state government salaries to those in both local government and the private sector.¹² Results showed that most local government professionals making more than \$50,000 were compensated comparable to their private-sector counterparts but that the private sector clearly pays more for senior management.

The study also reported that the levels of unionization are clearly related to salary levels. One major recommendation from the study was to develop incentives for public employee unions to participate in cost-containment efforts.

The concept of what constitutes a job has changed from the definition of a job as a set of tasks that are essentially unchanging to a continuous focus on the more important tasks of the work unit and the organization. This new concept suggests that as employees grow in their abilities, they assume tasks that provide higher value to the organization and eliminate (or transfer to less experienced people) those tasks that have lower value.

A broader view of jobs does not support the traditional approach of separating the pay for the position and the pay received by the individual performing the job. Using traditional salary increases as the primary form of reward also is limited because it simply increases fixed costs without necessarily increasing productivity.

¹²Office of the State Auditor, Research and Government Information Division, *1991 Local Government Salary Study* (St. Paul: Office of the State Auditor, March 1992).

NAPA model

The National Academy of Public Administration (NAPA) recently completed a study of job classification for the federal government.¹³ The NAPA model classifies work rather than positions because “classifying work places an organization in the best posture to develop, promote and use the skills of its work force.” Position classification ignores fundamental factors that affect work, such as motivation, creativity, and interaction with other people. Focusing on work rather than positions creates incentives for employees to take on new tasks and develop new skills.

The NAPA model groups current government job classifications into 10 to 20 occupational families based on similarities in career progression, skill requirements, recruitment methods, training needs, and performance management. Classification standards for each occupational family are developed by defining the family on a governmentwide basis, including three classification levels that correspond to the logical career paths of entry/developmental, full performance, and senior/expert. New employees generally begin work in a position at the entry/developmental or full performance level. Employees with technical expertise or superior performance may rise to the senior/expert level.

The NAPA model proposes to decentralize control over progression within the pay range and to relate pay more to performance. This model could give managers flexibility in managing pay and performance. The model has three parts: broad-banding, decentralizing to line managers, and managing to budget without artificial constraints. It also envisions eliminating centralized position-based management reflected in ceilings on the number of full-time equivalent employees.

Broad-banding

A recent Hewitt Associates study on broad-banding¹⁴ describes it as “a way to promote a career orientation versus a salary grade orientation.” (*Broad-banding* and other terms used in this section are defined in Appendix J.) The five reasons most often cited for implementing broad-banding programs are to:

1. Facilitate internal transfers and job mobility

¹³National Academy of Public Administration, *Modernizing Federal Classification: An Opportunity for Excellence* (Washington, D.C.: NAPA, July 1991).

¹⁴Hewitt Associates, *Company Experience with Broadbanding* (Lincolnshire, Ill.: Hewitt Associates, May 1992).

2. Deemphasize promotions
3. Support a new organization culture or climate
4. Foster a flatter organization
5. Simplify and reduce administrative effort

Other reasons for implementing broad-banding include fostering a broadly skilled work force, increasing management flexibility, emphasizing individual performance, and minimizing the need for job evaluation and analysis. Broad-banding has radically fewer vertical levels and job titles and wider salary range boundaries than other classification systems. It is less concerned with level of the job in the organization and more concerned with employee involvement in the total organization.

Broad-banding has five key design features:

1. Fewer grade levels (bands) and titles
2. Wider salary ranges with no midpoints but with target salaries based on market pricing and pay equity
3. Two or more market-based pay ranges or broad classifications per band
4. Career tracks for both managerial and technical employees
5. Skill- and knowledge-based pay for nonmanagerial employees

In developing the number of bands for the organization, the most important consideration is the number of management layers required. One band for each management layer is preferable. A second consideration in setting the total number of bands is the number of levels necessary for individual contributor (nonmanagerial) bands. A banded structure will have no more than three professional levels, though one or two levels is more typical and desirable. Bands 5 and 6 in Figure 5 are the two professional levels in this hypothetical model of a broad-band structure. The goal is to eliminate excess and redundant levels in a system.

Seven of the 13 bands in Figure 5 are management layers. The issue of dual career tracks is addressed in the five "individual contributor" levels from "Advisor" to "Executive Expert." Most professional jobs are within the specialist and senior specialist job family bands in this model. Support and technical jobs are contained within bands 1 through 4.

Figure 5. Broad-band Model

BAND	MANAGER	INDIVIDUAL CONTRIBUTOR
13	Governor	
12	Secretary	
11	Agency Head	Executive Expert
10	Deputy/Assistant	Senior Expert
9	Director	Expert
8	Senior Manager	Senior Advisor
7	Manager/Supervisor	Advisor
6		Senior Specialist
5		Specialist
4		Senior Technician
3		Senior Administrative Support/Technician
2		Administrative Support; Senior Service Associate
1		Clerical Support; Service Associate

Each band may have more than one target salary (A and B in the figure); for example, accountants and engineers may be in the same band but have different target salaries established by market value.

The dual career-track component is critical because without it, broad-banding reduces management grades and leaves fewer advancement opportunities. The challenge in designing this component is to define the differences between each individual contributor band, which will eventually become the basis for promotion and internal equity.

Broad-banding can be adapted to respond to differences in target salaries and market conditions by installing two or more target salaries for each band (A and B in the model), thus accommodating various professional jobs, for example, in one band. Target salaries are identified within broad bands through market pricing. Target salaries communicate to employees, given certain performance standards, where and when they can expect to reach a target. Target salaries shift attention from the amount of the increase to the proximity to the target. Increases to the base salary generally decelerate after the target salary is achieved. The target level for a particular job is based on meeting performance criteria over a certain period.

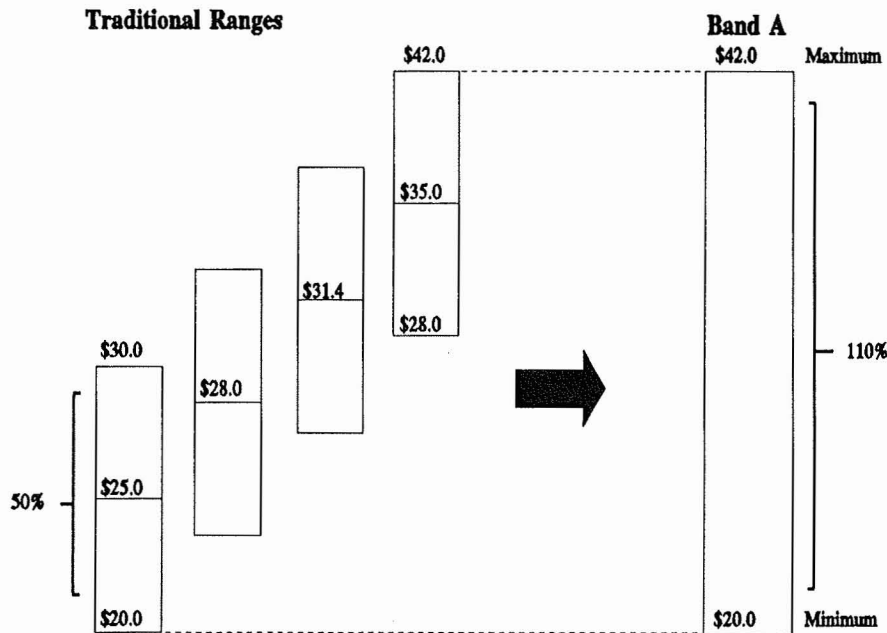
Market pricing defines pay opportunity for individual jobs that is sensitive to the current employment market. It is prompted by recruitment and retention needs, diverse employment markets, and the need to minimize compensation costs. The internal flexibility inherent in broad-banding creates a greater need for market comparisons and managers' being able to use and interpret market data.

Salary ranges in a broad-banded pay structure are much wider than in a conventional structure. A banding range spread for exempt jobs will be about 100 percent between maximums and the minimums. For nonexempt jobs, the salary range maximums will be 60 to 70 percent above the minimums. Figure 6 shows how traditional salary ranges can be grouped into one broad band. The range spread shown is 50 percent from minimum to maximum salary; most executive branch salary range spreads are about 35 percent.

Banded jobs are priced according to zones or levels within the band. Three levels are recommended: entry/developmental, full performance, and senior/expert. The target salary, based on internal equity and market pricing, is the top of the full performance level. Most, if not all, compensation at the senior/expert level is in the form of bonus pay and not added to base salary. Figure 7 demonstrates the concepts of levels within the band and the use of target salaries.

The concept of merit pay fits banding as well as it does traditional systems. In fact, performance-based pay assumes greater prominence in a system that deemphasizes grade-

**Figure 6. Broad-band Model Salary Ranges
(dollars in thousands)**

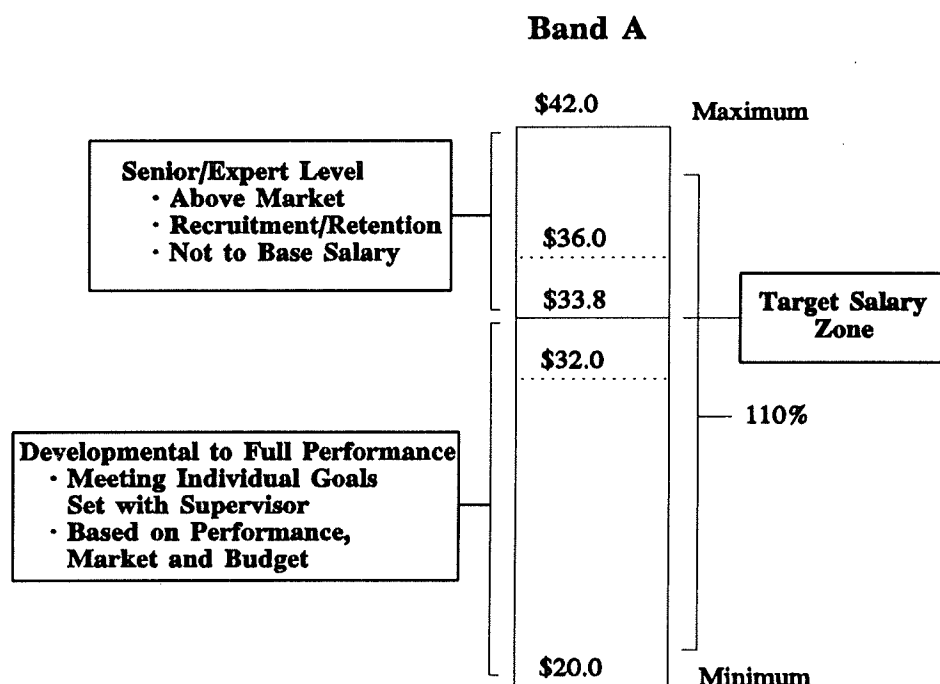


to-grade promotions. When band-to-band promotions do occur, they typically yield greater promotional pay increases than do a grade-based system.

Three types of pay are suggested in this new system: merit pay, to continue to reward in-band, in-job performance; promotion pay, to encourage the acceptance of greater responsibility as an employee moves vertically, band to band; and knowledge- and skill-based pay, to stimulate in-band, job-to-job skill development. Knowledge- and skill-based pay links individual pay opportunity to the acquisition of specific knowledge and skills that add value to the work unit, spurs employee career development, and assumes that workers with greater skills will provide better results.

The move to banding is a good time to rethink job evaluation criteria, especially the traditional command-and-control points (number of people supervised, reporting levels, financial responsibilities). The factors selected should recognize the role of the professional knowledge worker. Identifying distinctions in competency and work require-

Figure 7. Broad-band Model Job Levels
(dollars in thousands)



ments between nonmanagerial bands should be the focus in a broad-banding job evaluation system.

Once jobs are banded, they need to be matched to a salary survey benchmark. Jobs identified as benchmarks are common to most organizations, and the work involved is not subject to frequent change. Since pay equity is defined as one of the guiding principles in the development of the new model, any market pricing must be adopted within pay equity guidelines. The market pricing component includes the development and application of a pay equity-sensitive salary survey. Accurate market data is difficult to obtain, and if the market zone for compensation falls below acceptable internal equity levels, compensation will follow pay equity guidelines.

Banding requires a reexamination of reward system values, approaches, and processes. Some positive results of banding can be:

- Improved employee communication and teamwork due to fewer distinctions in level, title, and status and to placing all employees in the same structure
- A simpler, less bureaucratic and fairer system. Less time is spent documenting, analyzing, and evaluating jobs
- A change in employee career focus to consider and reward lateral skill development moves, fostering workers who have a breadth and a depth of knowledge of the organization
- Organizational flexibility to reassign people without job evaluation studies and the negative motivational impact of demotions

Conclusions

The state's current classification and compensation system seems poorly suited to meet the needs of the 1990s. It attempts to differentiate job worth based on fine distinctions using criteria that are weighted on management responsibilities and focuses on a vertical organization structure. The modern organization is flatter and values generalists and knowledge workers. The state should abandon systems that do not align with these new directions.

Recommendations and analysis

The classification and compensation systems recommended here reflect the CORE vision for a human resources system. They are outcome-based, customer-oriented, and focused on flexibility and change. Human resources professionals in agencies and DOER become facilitators and consultants rather than controllers. State managers are responsible and accountable for human resources decisions. The proposed systems recognize that employees are a critical resource, respect their needs as individuals, and acknowledge their contributions by rewarding them for performance and for knowledge and skills. When implemented, the systems will promote an atmosphere that will be conducive to change and risk taking and will reward the outcomes of these behaviors.

10. Establish a job evaluation structure that modifies the current system to clearly identify compensable factors and introduce market considerations.

Problem

The executive branch does not use a standardized instrument for job analysis. Managers do not believe that the factors used for job evaluation are the right factors for today's jobs. Employees are unclear about how the process works and how it is tied to compensation. The process is not linked to the external market in any overall, formalized way. Managers do not make decisions in the job evaluation process.

Conclusion

The current process of job evaluation, including the Hay method, is difficult to understand, is very slow, and does not consider all aspects of all positions.

Recommendations

1. *Delegate authority to agencies for job analysis, classification, job audits, and job evaluation.* Give managers the authority to make final decisions about job evaluations.
2. *Train managers, DOER staff, and agency human resources directors in the new policies and procedures.*
3. *Simplify the factors for which a job is compensated and incorporate market data to arrive at a pay structure that supports pay equity.*
4. *Communicate to employees how the job evaluation process, including market data, is used to determine compensation.*

Constraints

- Gender bias of market factors
- Fear of change and its impact on each stakeholder group
- Need to train managers and DOER and agency staff in job analysis, job evaluation, and market pricing

Benefits

Job analysis

- A quantitative analysis instrument can be computer-analyzed and used for job evaluation, recruitment, testing, and selection, performance appraisal, job skills identification, determination of job similarity, development of job families, vocational counseling, determination of training needs, job design, and organizational analysis.

Compensable factors

- Focused on knowledge, skills, customer service, and achieving the organization's mission

Job evaluation system

- Quick classification decisions by agencies and ability to monitor agency decisions to ensure quality and consistency
- Focused on the needs of the service unit rather than on the human resources function
- Clear communication to employees and managers of how jobs are valued

Using market data

- Preservation of pay equity concepts and practices
- Linking of internal equity and external market forces
- Incorporation of market data with wider statewide salary ranges to accommodate local job markets

Implementation strategies

1. Develop clear policies and procedures that eliminate unnecessary processes and identify responsibilities.
 2. Identify and use a computerized quantitative job analysis instrument that thoroughly analyzes job requirements in accordance with organizational needs and the law.
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3. Define simplified compensable factors by modifying the Hay system.
4. Design and implement a pilot study to evaluate the automated job analysis instrument and a modified Hay evaluation system with one or more employee groups and/or agencies.
5. Design a process to collect and analyze accurate, reliable, and stable market data from appropriate markets. Reduce ongoing administrative effort by establishing market benchmark jobs.
6. Establish and compare a market-based trend line or zone to the internal trend line as currently determined. A trend line is established by developing a scattergram or graph showing the relationship between job evaluation points and salaries for job classes within the organization and placing a line midway through the points on the scattergram. Identify differences and make adjustments, through bargaining, to the appropriate broad bands and salary ranges. Market pricing will not be used to undo pay equity.

11. Develop compensation strategies that integrate broad-banding, target salaries, skill- and knowledge-based pay, variable pay programs, and reward systems to support a move to flatter organizational structures, allow greater job-to-job mobility, and encourage employee development.

Problem

The few incentive pay and reward programs for individuals and teams are ineffective. Regular, across-the-board increases are perceived as entitlements and are not usually based on performance. The wage structure is inflexible and does not address individual skills and abilities. Compensation decisions are not controlled by managers. Salary progression is limited for some management and professional employees by a state law that prohibits salaries higher than those of agency heads. The lack of periodic review of compensation for agency heads contributes to salaries being unresponsive to the market.

Conclusion

Effective compensation options and reward systems do not exist to motivate employees. Compensation policy does not recognize differences between employees and employment situations.

Recommendations

1. *Shift responsibility for compensation determination to agency heads, and base flexible pay administration practices on agency and work unit needs.*
2. *Train managers and supervisors to apply compensation policies, and define and communicate total compensation, including salary, insurance, leave accruals, and other items, to all employees.*
3. *Implement broad-banding and skill-based pay to focus wage structure on skill and career development, along with variable pay programs and reward systems as incentives for good performance.*

Constraints

- Managers inadequately trained to manage compensation without well-defined guidelines and procedures
- Employee expectation of regular pay increases as entitlements
- Perception that managers and supervisors will abuse the system and favor their friends

Benefits

Broad-banding

- Controlled compensation costs tied to productivity and performance
- Technical staff compensated appropriately without having to move to supervisory positions
- Reduction in time and costs of administering compensation system, including documenting, analyzing, and evaluating jobs

Target salaries

- Salary tied to performance; increases not automatic and available only to good or superior performers
 - Shift of employees' attention from small increases in salary steps to how close they are to the targeted salary amount
-

- Incorporation of market data within pay equity guidelines

Performance-, skill-, and knowledge-based pay

- Compensation for and encouragement of employees' acquisition and broadening of skills
- Acknowledgment of employees' contributions
- Focus of organization on skills needed now and in the future

Implementation strategies

1. Develop one job structure for the organization by developing bands and placing all current jobs in a band. Discuss with employee groups and bargain with unions to analyze results, make changes, and develop individual applications.
 2. Design with employee groups and their representatives incentive and skill- and knowledge-based pay programs.
 3. Allow salaries to rise to the top of the salary range, even if that amount exceeds the salary of the agency head. Draft legislation to repeal or change M.S. 43A, Sec. 17, Subd. 1, which establishes agency head salary ranges and caps the salaries of other employees below the minimum agency head salary.
 4. Establish a periodic process for reviewing agency head salary ranges.
 5. Develop pay programs, such as group incentives, team awards, pay for knowledge and/or skills, and on-the-spot or immediate response awards, that recognize individual contributors, teams, and superior performers.
 6. Project salary savings based on the reduction of grade-to-grade promotions (which are greatly reduced in broad-banding) and on the amount used for achievement awards. Use this projected salary savings to design and finance incentive pay programs.
 7. Explore educational and sabbatical leaves as rewards to support employee growth and development.
 8. Use the products and services of the state, such as passes to state parks and the zoo, as rewards.
-

9. Design reward programs of minimal cost that encourage exceptional performance, recognize efforts related to special projects, and reinforce values. Examples are tickets, dinners, travel opportunities, and symbolic awards, such as certificates, plaques, and public recognition.

12. Develop a classification system that organizes work within occupational families and broad classifications, defining within each family three levels of the career path: entry/developmental, full performance, and senior/expert.

Problem

The current classification structure is confusing with both broad and narrow, specific and general classifications. Classification specifications are out-of-date and inconsistent. Classification decisions are not based on good job analysis, and classifications are manipulated to promote employees. Managers use the classification system as a scapegoat when employees are dissatisfied with pay. Different jobs are grouped in the same classification, reinforcing the incorrect belief that compensation should be the same for those different jobs. The layoff process, dependent on seniority and classification, is disruptive and affects employees and jobs that were not intended to change.

Conclusion

The structure and processes of the current classification system defined by administrative policies and legislation are inconsistent and cumbersome.

Recommendations

1. *Simplify the structure to include 10 to 20 occupational families or career bands, 2,179 classifications consolidated to fewer than 1,000, and classification standards for each occupational family or career band.*
 2. *Delegate human resources activities within occupational families or career bands, such as allocation and reallocation, to agencies.*
-

Constraints

- Employee reluctance to give up classification titles, which bestow prestige
- Dependence on improvements in job analysis and simplification of job evaluation factors
- Increased complications in the new system caused by seniority and bumping if changes are not made through bargaining

Benefits

New structure

- Simplification of job audit and classification processes
- Reduced administrative efforts in moving employees to different jobs and in maintaining the structure
- Encouraged skill and competency development

Changes in bumping

- Focused on organization needs and individual performance

Implementation strategies

1. Group the 2,179 current classifications into 10 to 20 occupational families or career bands based on similarities in career progression, skill requirements, recruitment methods, training needs, and performance management. Merge classifications into broader, more generic classifications.
 2. Develop classification standards for each occupational family or career band on a governmentwide basis, including three levels that correspond to the logical career paths of entry/developmental, full performance, and senior/expert. New employees will generally begin work in a position at the entry/developmental or full performance level. The senior/expert level rewards superior performance with bonus pay, not increases to base salary.
 3. Allow agencies to determine what constitutes entry/developmental, full performance, or senior/expert status within classification standards developed centrally. Agencies can establish finer distinctions in occupations essential to their missions.
-

4. Base layoff decisions involving management positions on the needs of the organization and individual performance.
 5. Provide protection from bumping for a defined number or percentage of unrepresented (managers' and commissioner's plan) employees who possess vital skills or demonstrate superior performance. Managers and supervisors may determine those protected within clear guidelines. Determine timing and strategy for negotiating the same protections with employee union representatives.
 6. Modify bumping and claiming language in collective bargaining agreements to allow matching individual job skills and experience to specific positions. Add performance evaluation as a factor in addition to seniority and classification to determine layoffs.
-

PERFORMANCE MANAGEMENT SYSTEM

A performance management system is a set of human resources practices designed to ensure that individual and organization goals are linked through the organization's mission and work planning, feedback, appraisal, and development processes. Effective performance management systems contribute to increased individual and organizational productivity, employee development, quality of work life, and readiness for change. The performance management system links agency strategic planning and performance-based budgeting goals to work assignments and performance evaluations of individuals and of work teams.

Current system

The executive branch performance appraisal process was implemented in 1974 and last revised in 1979. It focuses on formal evaluation of individual employees by their immediate supervisor. An administrative procedure issued in 1982 and titled "Job Clarification/Performance Appraisal" lays out responsibilities and procedures relating to the performance appraisal cycle.

Under Minnesota Statutes Chapter 43A, DOER is responsible for establishing a system of annual performance appraisals for employees. This appraisal process is described in a handbook for supervisors issued in 1979 and is still distributed to new supervisors as part of their training. Individual agencies are responsible for scheduling and completing appraisals of their employees.

Although the state has a system of annual performance appraisals, it does not have a performance management process connecting individual performance to work group and organizational performance.

The present performance appraisal process uses a cycle of four steps: clarifying the job; defining acceptable performance; reviewing performance; and developing the employee. These steps are the responsibility of individual supervisors, who meet at least annually with each employee to conduct an appraisal and to complete a standard appraisal form.

Employees have an opportunity to review and comment on their formal appraisal. The appraisal is summarized using a standard form, which is signed by the supervisor and the

employee, then reviewed and signed by the supervisor's supervisor before being forwarded to the agency personnel office and placed in the employee's personnel file. Some agencies have developed customized appraisal interview and evaluation forms.

Overall performance ratings are determined by the supervisor and summarized on the appraisal form. Ratings may be appealed by the employee to the appointing authority within 30 days. The decision of the appointing authority is final. Employees also may respond in writing to the evaluation; this response is placed in their personnel file.

Salary step increases are granted or denied to bargaining unit employees based on achievement of satisfactory performance ratings. The withholding of a salary step increase is grievable under some of the collective bargaining agreements. Performance-based salary increases are provided for managers and for members of other salary plans. Cash achievement awards for outstanding performance can be given to individual employees in some bargaining units and plans. Performance appraisal ratings are often submitted to justify these awards.

Some supervisors and employees see performance appraisals as related primarily to salary decisions. Because of this perception, appraisals may not occur if employees are already at the top of their salary range and thus are not eligible for step increases.

The performance appraisal cycle is designed to identify and informally resolve minor job performance problems. More serious performance problems and instances of misconduct are dealt with through a process of formal discipline. Formal discipline occurs within the context of the performance appraisal process. Serious performance and conduct problems are reflected on performance evaluations and may result in "unsatisfactory" ratings of performance.

Need for reform

The CORE Human Resources Management Project has critically evaluated current state performance management systems and practices; reviewed alternative public- and private-sector practices; and studied the state's termination process and its relationship to performance management. As part of this effort, it identified stakeholder needs and problems with the current system and important trends in performance management.

Stakeholder needs

An evaluation of the current appraisal system by a variety of stakeholders, including employees, managers, supervisors, union representatives, human resources directors, training directors, and legislative staff, revealed several needs and weaknesses.

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Stakeholder needs

An evaluation of the current appraisal system by a variety of stakeholders, including employees, managers, supervisors, union representatives, human resources directors, training directors, and legislative staff, revealed several needs and weaknesses.

Employees

Employees in focus groups consistently expressed the need for better communication about performance issues. Employees want clear and consistent job expectations and expressed frustration that expectations sometimes changed without explanation or before performance was evaluated. Employees see coworkers as an important and underused source of feedback and support for job performance. In general, coworkers are seen as a more accurate source of feedback than supervisors. Employees also expressed interest in getting more feedback from their customers and more support for trying new approaches to meeting customer needs.

Employees expressed concern about having sufficient resources — staff, equipment, and space — to perform effectively. When such resources are extremely limited, it is difficult for employees to give credibility to management efforts to improve individual performance.

The need for training and development was frequently listed as a barrier to improved performance. Better training for supervisors was also identified as an important need. Supervisors are often seen as needing more skill in coaching and in communicating about performance problems. Employees also see supervisors as needing more time to train and coach employees.

Employees said that annual performance evaluations did not usually involve goal setting and did not provide enough specific information on job performance. When specifics were discussed, they were often negatives. Employees want greater input into setting their performance goals and evaluating their performance. They would also like greater incentives and support for development.

Managers and supervisors

Managers and supervisors in focus groups expressed a need for practices designed to improve performance and to focus on achieving results rather than just performing activities. Salary increases and other rewards are not seen as linked to individual and team performance. Greater flexibility is needed in how jobs are defined and compensated. As job demands expand and employees develop greater knowledge and skills, managers and supervisors want rewards to increase to match performance. They cited a pressing need for improved communication with employees about performance issues.

According to managers and supervisors, greater focus should be placed on developing employees and identifying performance problems early. More effective tools are needed to correct performance problems once they are identified. Training needs should be

systematically identified and addressed. Both managers and supervisors want to be rewarded for effectively coaching employees. They want more opportunities to get feedback from employees and greater access to ongoing training in performance management skills. They said that performance management practices should be easy to use and should involve minimum paperwork. They cited a need for more opportunities to reward and recognize high performers. Managers want to be rewarded for both their personal performance and the results achieved by their work unit.

Human resources and training directors

Human resources and training directors in focus groups expressed the need for a system that ties organizational goals to individual evaluation and accountability. Human resources directors expressed the greatest concerns about the need for improved employee accountability. Both groups see a need for a greater stress on development and for better communication and understanding of job expectations. A stronger emphasis on setting and evaluating performance goals is needed. The present system focuses too much on work activities instead of results.

Supervisors need more training in developing employees. The present appraisal process is not seen by supervisors, managers, or employees as an effective tool for performance development. Performance management practices must originate at the top of an organization and must emphasize the values of high performance and good service.

Union representatives

Union representatives are concerned that resources must be adequate and expectations realistic before performance management can be effective. They see a substantial need for more training and development in technical areas and human relations skills. There should be more rewards for supervisors and managers who provide effective coaching and development opportunities for their employees.

They also expressed concern that the current system may unfairly blame individual employees for performance problems caused by unclear expectations or inadequate resources and training.

In contrast to other stakeholder groups, bargaining unit representatives saw the present centralized and standardized approach to performance management as being simple to work with and effective in situations where the interests of employees and managers conflict.

Trends in performance management

Several trends in public- and private-sector performance management were identified through review of recent literature and consultation with researchers and consultants.

Organizations are adapting their performance management systems to reflect overall organizational trends. Increased focus on customer needs includes customer input and feedback concerning missions and performance measures. Organizations are establishing performance measures for budgeting purposes and relating those to individual performance. Employees are working on more teams and exercising more discretion than ever before.

Quality and process improvements are shifting the focus of performance evaluations from individuals to processes. Organizations are emphasizing performance management as an essential responsibility of managers and training them in appropriate coaching techniques. The focus is also shifting from annual appraisal to ongoing informal communication, with employee participation in defining and evaluating job performance.

Increasingly, performance management is conducted separately from compensation administration. More organizations are linking pay to specific performance and using a separate process to provide feedback to employees.

Conclusions

- Performance evaluations in state government are not typically linked to the organization's mission and goals or to customer needs.
 - The consequences for good or poor performance are not consistent.
 - Position descriptions by themselves are often a poor basis for performance evaluation because they do not reflect the fluid nature of changing job responsibilities.
 - The purposes of performance evaluations are unclear and conflicting.
 - Managers and supervisors have no sense of ownership in the system.
 - Performance management and employee development are not high priorities of many agencies.
-

- The system does not support two-way communication, self-evaluations, or evaluations by peers or subordinates.
- The system focuses only on the individual's performance, not the organization's, the work unit's, or the individual's as part of a team.

Recommendation and analysis

13. Replace the present employee performance appraisal process with a performance management model built around customer needs and designed to improve organizational, work unit, and individual employee performance.

Problem

The present performance evaluation system is not linked to customer needs, results in inconsistent consequences, has unclear and conflicting purposes, and does not support continuous improvement.

Conclusion

The state should have a new performance management system that incorporates customer needs and encourages employee improvement.

Recommendations

1. *Adopt a performance management model that incorporates new management and human resources trends, including: quality improvement, focus on customer service, self-directed teams, more flexible compensation strategies, and performance-based budgeting.*

This model encourages an organizational culture that values individual, team, and organizational performance. The work of employees and work teams would be based on the mission, goals, and objectives of the organization. These objectives would, in turn, be based on the needs of the citizens and customers served.

The model provides a framework for agency decisions and defines the essential

steps of the performance management process. In some areas, practices must be consistent across all agencies, to meet, for example, legal, labor contract, and compensation plan requirements. DOER would develop these statewide guidelines.

A systematic approach to improving performance is built into the model, along with an informal communication process that represents a major change from the present top-down focus on formal evaluation and comparison of individuals. The new communication process would require such tools as self-evaluations, upward and horizontal evaluations, client focus groups, and customer and employee surveys. Supervisors would devote more time to coaching and facilitating performance. Individual employees and teams would have greater responsibility for self-managing their performance.

Performance management is a cycle of four activities (Figure 8) that occur across all levels of an organization. Agency management would be responsible for establishing and actively supporting the performance management system.

Figure 9 presents a more detailed model of this process. Each of the four activities is shown as it occurs across different levels of an organization. Each column represents a different level of activity in the organization. The shaded areas represent the current performance appraisal system. All of the unshaded areas and bold items within them represent recommended additions to the present system.

Figure 8. Performance Management Cycle

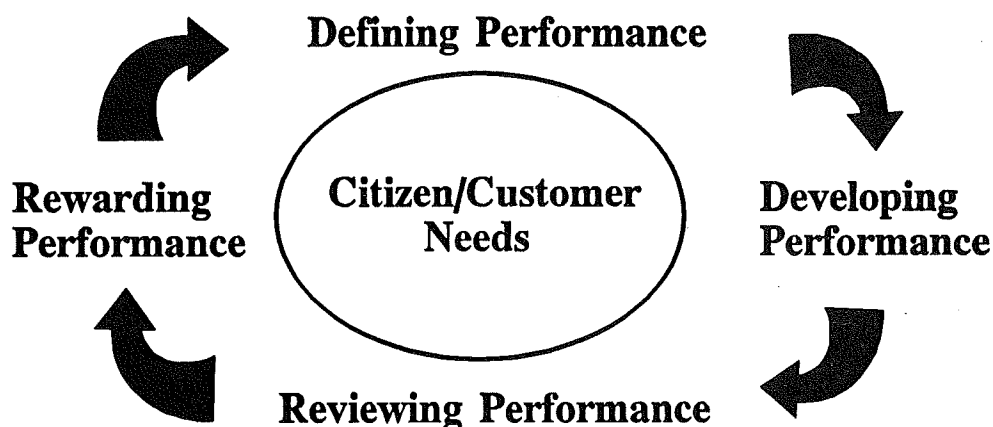


Figure 9. Performance Management Detailed Model

ORGANIZATION LEVEL	GROUP/UNIT LEVEL	INDIVIDUAL LEVEL*
	DEFINING PERFORMANCE	
Customer needs Strategic planning Agency mission Agency values Service strategy Outcome measures	Customer needs Unit/group mission Goal setting Define work process Performance strategies Outcome measures Team work plan	Customer needs Clear goals Employee work plan Performance communication Key performance measures
	DEVELOPING PERFORMANCE	
Align organizational design to mission, strategy Quality improvement process Performance management process	Team development plan Group development Team building Communications & coordination Remove barriers to performance	Employee development plan Development of skills and understanding Performance communication Remove barriers Identify and help poor performers Training and development
Training and development	Training and development	
	REVIEWING PERFORMANCE	
Customer review outcomes	Review, analyze work process and results	Review, analyze work process and results
Organization reviews/outcomes, service strategy	Review by all participants in work process	Self-evaluation process Performance communication and documentation Identify and help poor performers
	REWARDING PERFORMANCE	
Accountability for organizational performance	Team rewards match value of team contribution	Rewards and recognition match team performance and individual contribution
Recognize improvements	Recognize improvements	Recognize work improvements

* Shaded areas represent current appraisal system. All unshaded areas and bold items in shaded areas are new.

SOURCE: A.M. Mohrman, Jr., "Deming versus Performance Appraisal: Is There a Resolution?" In G.N. McLean, S.R. Damme, and R.A. Swanson, eds., *Performance Appraisal: Perspectives on a Quality Management Approach* (Alexandria, Va.: American Society for Training and Development, 1990).

The model illustrates how performance management occurs throughout an organization. Effective management of individual performance depends on activities on all three levels. For example, if a supervisor and an employee are to agree on key performance standards that will result in better customer service, they must know what key outcome measures the organization has established and how these outcome measures are defined for their own division or work unit. The three levels of the model are interdependent. Performance must be defined, developed, reviewed, and rewarded at every level.

The following is a description of key components of the model and how they would be used in the performance management process. Additional detail is provided in Appendix K.

- Use of team and individual work plans to supplement more permanent position descriptions. These allow ongoing adjustment of work goals and priorities and specific performance measures to be agreed upon as work is assigned.
 - Outcome-based measures of performance to tie customer needs to work planning and review. These focus on the results of the work process rather than the activities of individuals.
 - An informal, ongoing performance communication process including internal and external customers and suppliers and everyone involved in the work process. The role of supervisors and managers shifts toward facilitating this communication process and away from controlling it. In contrast to the traditional top-down flow of information, the performance management process requires communication with customers, coworkers, and managers.
 - Training and development in key communication and performance management skills for all members of the system.
 - Development plans for improving job-related skills for individuals and work teams.
 - Rewards and recognition for individuals and teams that reflect their contribution to meeting customer needs and organization goals. More consistent and creative use would be made of noncash rewards. Compensation plans that directly reward individual and team performance, recommended in the Classification and Compensation chapter of this report, are consistent with this model.
 - An evaluation process that focuses on evaluating and improving the work process and helping employees improve their performance and develop their skills. Overall ratings of performance are deemphasized. Instead, the details of job performance and the specific results achieved are stressed. This type of
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Figure 10. Performance Correction Process

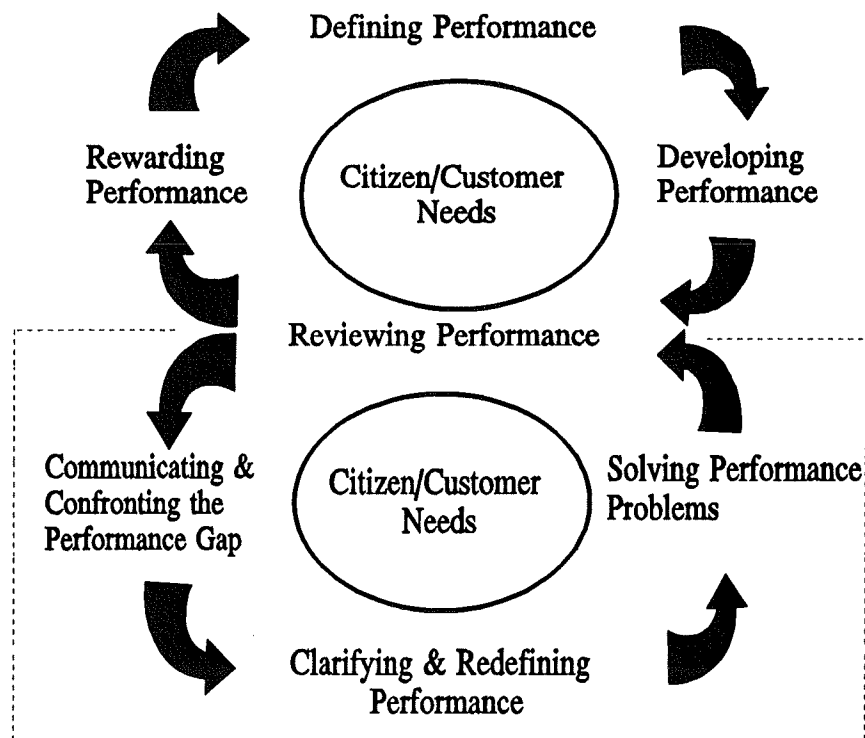
information, rather than overall ratings, is most valuable in improving performance because it identifies specific ways to improve.

- A performance correction process to identify and help eliminate performance problems (Figure 10). This process begins with informal problem solving and coaching. When an individual performance problem persists, a formal correction process begins, including more frequent performance review and documentation, progressive discipline, and eventual discharge, if required.

The steps in the correction process are similar to those in the general model, but here the focus is on bringing performance up to expectations. The first step is communication: Supervisor and employee discuss the performance gap. Next, the original performance expectations and standards are reviewed, priorities and standards are clarified, and new performance goals are set. Performance problem solving is the third step, during which these questions are considered:

- Are goals, standards, and priorities clear?
- Are there barriers that prevent performance (for example, a lack of resources)?
- Does the individual have the mental and physical abilities necessary to perform?
- Does the individual have the knowledge and skills necessary to perform?

Figure 11. General Model of Performance Management



As the result of reviewing these questions, causes of the performance problems are identified and addressed. If performance problems continue after each cause has been addressed, then the supervisor begins a formal process of documentation, progressive discipline, and discharge if necessary.

This correction process is tied directly to the general model of performance management. It can be thought of as a "special case" where performance has not met expectations. During the correction process, the same cycle of activities occurs; only the focus has changed from improving already good performance to correcting a performance problem. Figure 11 illustrates the connection.

2. *Develop a climate in state agencies that encourages high performance by establishing clear expectations and standards.* Agencies should also have the flexibility and authority to adapt performance practices as their needs change. This climate can be achieved by implementing the third overall human resources recommendation to reshape the state's organizational cultures and values.

Constraints

- Limited sense of trust and shared purpose among key stakeholder groups or within specific organizations
- Unrealistically high expectations for rapid implementation or for quick results, which might trigger frustration and resistance
- Inadequate performance management knowledge and skills among managers and supervisors

Benefits

- A sharper focus on organization goals and customer needs for organizations, teams, and individual employees and consistent rewards for meeting those goals and needs
- Better tools for managing and developing the performance of work teams
- Earlier identification of performance problems and their causes and solutions

Implementation strategies

1. Customize specific practices for defining, developing, reviewing, and rewarding performance to meet the needs of individual agencies; for example, the formats for work plans, development plans, and performance reviews.
2. Develop guidelines for consistent performance management practices to comply with policies, contracts, compensation plans, and legal requirements. These guidelines, developed by DOER, would, for example, define the minimum requirements for documenting performance reviews.
3. Provide training, technical assistance, and consultation services on performance management for agency managers, supervisors, and employees through DOER. While this support would be especially important in the early planning and implementation stages, the need for it would decrease as agencies gain experience with these new practices.

Appendix L contains a summary of the principles of performance management, which serve as an additional guide to implementation.

TRAINING AND DEVELOPMENT

The goal of the CORE training and development recommendations is to reform the structure and delivery of training and development of state employees so that they will be able to perform their jobs effectively and feel positive about their work environment. Redefining the role of training, along with the responsibilities of the individual, the supervisor, and the organization, will result in better focused training, more efficient use of resources, and clearer expectations for everyone involved.

Training is also an important support for the other human resources components discussed in this report and vital to the successful implementation of many of the recommendations. Line employees, managers, and supervisors will need training in the new performance management, classification, compensation, and hiring procedures and philosophies.

Current system

Training data

The state has no central repository of training data, and data is inconsistently tracked at the agency level. The current accounting system and agencies' fear of budget cuts discourage budgeting and tracking expenditures for training.

Lacking a comprehensive data source, CORE analyzed DOER records and surveyed state training directors and coordinators in an attempt to compile more accurate data. Thirty respondents representing 20 agencies, boards and commissions submitted what were frequently "best guesses" about the hours and money devoted to training activities.

Types of training available

The state offers training to its employees for three primary reasons: to satisfy federal and state statutes and mandates, to meet professional requirements, and to enhance job skills for current and future positions. A brief description of these activities follows.

- *Job-related training.* Training is often provided to eliminate discrepancies between expected and actual performance of the employee's job functions or to prepare the employee for new job responsibilities or technology that will affect the job. Job-related training is categorized as being "assigned" or "nonassigned." DOER defines "assigned training" as training that is organizationally required, whereas "non-assigned" training is organizationally approved or permitted but not required.
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- *Training required by federal or state organizations or regulatory agencies.* Training is also conducted by the state in order to meet various state and federal training requirements, such as the federal Occupational Safety and Health Administration's required "right-to-know" training about hazards in the workplace and the mandated training on state sexual harassment policies and practices. In addition, many regulatory agencies require certain kinds of periodic training for their staff. CORE survey results indicate that 57 percent of employee training is mandated.
 - *Training for professional licensure.* Many professional organizations require their members to obtain a certain number of continuing education credits to maintain their professional credentials; examples include physicians, registered nurses, and lawyers. The degree to which such courses are offered through, or paid for by, state agencies varies according to an employee's occupation and (to a lesser extent) the employing agency and division.
 - *Organizational development and change.* Many agencies offer organizational development training in the form of seminars, workshops, and consulting relationships as part of structural or operational changes or improvements and to improve relationships within or outside of the organization.
 - *Elective training.* The state also offers a range of elective courses and training experiences on basic skills, such as clear writing, effective communication, time management, and computer literacy. The state also offers (usually through DOER) training on performance management, preparing for retirement, and informational courses on state programs. Because 57 percent of training is mandatory, agencies have limited resources for additional focused, need-based training.
 - *Management development training.* DOER includes first- and second-line supervisors and entry-level, middle- and upper management in its definition of managers. DOER states that management development may include training activities; structured special work assignments; supervisory coaching; and mobility assignments, including job rotations and task force assignments. Included in this category are DOER's courses titled "Supervisor's Role in State Government" and "Supervision: Managing the Human Resource," mandatory for all new management personnel.
 - *Career development.* The state also offers limited career development assistance. DOER Administrative Procedure 21C defines career development as "training that facilitates upward mobility in state service by preparing employees to perform higher level or more complex responsibilities than those of the position they currently hold." These may represent promotional opportunities, lateral movement, or job enrichment. However, in practice, movement between agencies occurs infrequently.
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Some state positions are designed to be part of a "career cluster," which allows the incumbent to progress upward through related levels of the same general position. For example, a clerk typist can enter the system as a Clerk Typist 1 and progress upward through the series as his or her performance and skill level dictates. Career development opportunities have decreased as organizations have been downsized, their structures flattened, and opportunities for upward movement have dwindled.

The state inconsistently implements its career development policy and has no central source of information on career development options. Employees who participate in a yearly performance review discuss with their supervisor the types of courses, seminars, and other learning opportunities in which they should participate in the next year. Some focus group participants indicated that managers may hesitate to help employees design and realize these educational plans for fear of losing them to other employment.

The range of career development assistance available also varies greatly from agency to agency. Assistance includes leadership training, handbooks, seminars, career resource libraries, DOER's course on career renewal, and various tuition reimbursement programs.

Role of DOER in state training

DOER is charged with developing and coordinating a consistent training policy for all executive branch agencies. DOER is also responsible for conducting programs in training and development for state employees to promote individual, agency, and group efficiency and effectiveness. In addition, the legislature has directed DOER to design and implement a management development program for managers. DOER has responded to this directive by creating what it calls the "Management Development Core," an eight-day course designed to provide public managers with essential competencies.

Although DOER is charged with coordinating a consistent training policy for all executive branch agencies, training has become increasingly decentralized. DOER offers a considerable amount of training statewide, but many agencies have developed their own extensive training programs. In fact, some larger agencies have their own training director or manager and staff. Smaller agencies typically have fewer training resources and offer a more limited range of opportunities to their employees.

DOER's training role has declined since 1984, when about 69 percent of training was conducted through agencies. A 1984 study by the Task Force on Employee Development reported that the agencies tended to take the lead in providing technical and position-specific training, while DOER played a more dominant role in managerial skills

training.¹⁵ DOER offers about 45 courses covering a wide range of topics from "Advanced Situational Leadership" and "Managing Yourself through Change and Chaos" to "Defensive Driving."

In Fiscal Year 1992, 5,364 participants attended training courses offered by DOER, a decline from 6,082 in FY 91. DOER-sponsored conferences drew slightly more than 2,000 participants in both years. These figures represent only a fraction of the training activity occurring in state government. The CORE survey indicates that about 82 percent of all training is conducted not by DOER but by agencies and outside providers.

DOER is also to serve as a clearinghouse for training information. Toward this end, each agency is required to submit an annual training plan to DOER for review. It is unclear, however, whether DOER has the power to approve or reject such plans; in practice, it simply accepts the annual plans as written. In addition, no executive branch agency is to offer management or supervisory training without the review and approval of DOER; however, focus group participants indicated that agencies resent this oversight and often sidestep this review and approval with no negative consequences.

Training providers

State employees receive training from several sources. DOER offers training in a variety of areas, such as job skills, state policies and programs, labor relations, and supervisory and management skills. Agencies provide or contract for the majority of training to state employees, although the amount of training offered by each agency varies greatly.

Agencies may also employ their own training staff and subject matter experts, as well as outside consultants, as providers of training. Current rosters list 79 state employees within the "training cluster" of positions, meaning that they work full time as training and development professionals in various state departments and divisions. Many other employees also perform training and development functions, including managers, personnel directors, and human resources staff. These individuals regularly provide on-the-job training, plan and contract for training, and conduct formal training in their areas of professional expertise. CORE survey respondents reported an average of 0.88 full-time employees per agency or facility devoted to training and development activities.

Training provided at the agency level covers a wide range of topics, including training on skills development, quality improvement, sexual harassment, and customer service.

¹⁵Minnesota Department of Employee Relations, *Employee Development in the State of Minnesota: Report of the Task Force on Employee Development* (St. Paul: Department of Employee Relations, December 1984).

Agencies have occasionally shared training resources, bringing consultants in to provide training to employees from more than one agency. In most cases, however, agencies that provide their own training will develop programs and/or contract for training services independent of DOER or other agencies. Thus, it happens that agencies simultaneously and separately develop training programs covering the same subject.

In the Department of Administration, the Management Analysis Division (MAD) and the Employee Assistance Program (EAP) provide training and development services to state employees. MAD's offerings include management development, organizational development and restructuring, strategic planning, and quality improvement. EAP consults on managing troubled employees and diversity and transitions in the workplace.

State colleges, universities, technical colleges, and other outside training programs also provide training to state employees. Most often, this training is in the form of continuing education classes and courses for career development; however, several agencies have brought in higher education personnel to provide training to various groups of employees.

Funding for training and development

Training is paid for in a variety of ways. Most agencies budget training dollars from their general fund allocation, although a few budgets list training as a separate line item. Some agencies, such as the Department of Transportation, receive federal funds earmarked for certain kinds of training. Some agency training professionals hesitate to reveal their budgets because training has been an early and easy target for budget cutting in the past.

CORE survey results indicate that no one method is employed by agencies to determine the amount of resources to be allocated for training. Fourteen percent of the agencies base fund amounts on previous years' levels, and 6 percent base them on needs. Some agencies (9 percent) finance training from their travel budgets, while others (6 percent) have separate training budgets.

Analysis of accounting reports and CORE survey data indicates that the state spends an estimated 0.45 to 0.88 percent of payroll on employee training and development. The American Society of Training and Development (ASTD) reports the national average is 1.4 percent. President Bill Clinton is recommending a level of 1.5 percent of payroll. Such companies as IBM, Texas Instruments, Motorola, Saturn, and Honeywell spend from 2.6 to 6 percent. If the state were to increase its spending to the national average, employees would benefit from up to an additional \$10 million in training each year.

DOER funds its Training Division with a combination of general fund and revolving fund revenues. DOER charges participants a nominal fee (usually \$30 to \$60) for its courses,

the receipts of which go into a revolving fund.

The degree to which departments and agencies pay for employee training varies greatly, as do agency policies and practices regarding releasing employees from work for training and compensating them for that time. According to DOER Administrative Procedure 21B, agencies must pay for all state-, agency- or federally mandated training and all training required by or contracted for by agency or department management. Furthermore, Procedure 21A asserts that "appointing authorities shall grant time off with pay to employees attending [assigned] training which may include time for travel to and from assigned training programs."

The amount of funding available for elective or optional training also varies. DOER policy states that "approval for non-assigned training is at the discretion of the appointing authority." Some agencies pay much of an employee's tuition for DOER training or for participation in professional training or seminars. Some focus group participants said that some agencies either do not have a policy on tuition or training reimbursement or they apply such a policy inequitably. For example, if two clerk typists from the same department who work under different managers attend the same seminar, one may have to pay for the seminar out of his or her own pocket while the other's tuition is paid by the agency. Survey respondents estimated that the current per-employee training expenditures in their facility or agency range from \$10 to \$1,500 annually.

Need for reform

Stakeholder needs

The CORE Human Resources Project team conducted 11 focus groups with individuals interested in training and development issues. Each group was asked to discuss their needs, barriers to meeting those needs, and possibilities for surmounting the barriers. Representatives of the following stakeholder groups participated: managers, agency personnel directors, line employees, agency training directors and coordinators, DOER Training Division staff, legislative staff, union members and representatives, and the Bemidji Intergovernmental Training Exchange, a successful interagency regional consortium.

Participants ranged in position from line employees to managers, union leaders to personnel directors. Although differing in their emphasis, many stakeholders mentioned common themes or categories of needs (see Appendix M for a matrix identifying these needs by stakeholder group).

The questions to the focus groups addressed training, career development, and organizational development. The most frequently mentioned needs concerned training and career development.

Common training needs

- Top management support for and commitment to training
- Examining trends and planning for work force skills needs
- Sharing of training resources
- Methods for evaluating the effectiveness of training
- Consistent content and delivery of management, supervisory, and mandated training
- More autonomy for agencies to design and deliver training
- Additional training funds

Common needs for a centralized function

- Proactive training development
- Facilitating the sharing of training resources
- Professional support for trainers
- Consistent content for mandated training
- Cutting-edge expertise

Common career development needs

- More mobility assignments
- Improved awareness of career options
- Rewards for pursuing self-development

Organizational development needs

- Support for agency reorganization
- Preparation for the implementation of organizational changes

Trends in training and development

To assess developments and trends in both public- and private-sector training, the CORE Human Resources Project team interviewed training consultants, academicians, and

human resources professionals and reviewed academic and professional journals. The following trends emerged from its research:

- *An emphasis on self-directed lifelong learning and the "learning organization."* The accelerating pace of change in technology and business environments has created the need for a culture of lifelong learning and a need for "learning organizations," that is, organizations that can quickly acquire and use new information. As one researcher said, "White collar workers need to learn how to learn. No amount of formal training will be sufficient to teach them everything they need. Learning to learn requires skills in problem analysis, problem solving, and building learning and support networks."¹⁶ As the ASTD points out, organizational learning is the way companies and government entities will learn to adapt and prosper in an ambiguous, rapidly changing environment.

The trend toward employee-directed lifelong learning is also reflected in efforts by employers to help employees identify opportunities for growth within their current position or to develop portable skills that employees may carry to another organization.

- *An emphasis on evaluating all human resources activities, including training, as to their effectiveness, the measurable results they achieve, and their contribution to the bottom line.* In an environment of shrinking resources, there is increased pressure on personnel professionals to demonstrate the cost-effectiveness of their function and its contribution to both the organization's goals and its bottom line. Training programs that cannot demonstrate their return on investment or contribution to organizational goals are likely to be eliminated. However, few public- or private-sector organizations are actually calculating such costs regularly. Studies of returns on training investments have recorded cost-benefit ratios ranging from 1:2 to 1:60.¹⁷
- *An increased emphasis on training employees in basic skills and providing remedial training.* Employers are recognizing the need to educate their employees in the basic skills required for satisfactory job performance. A 1992 study on employer-provided training in U.S. organizations by *Training* magazine found that 19 percent of the 1,597 organizations surveyed provide their workers with remedial training,

¹⁶Terry Newell, "The Future and Federal Training," *Public Personnel Management*, 17 (Fall 1988): 264.

¹⁷Michael Mercer, *Turning Your H/R Department into a Profit Center* (New York: AMACOM, a division of the American Management Association, 1989), pp. 224-25.

up from 11 percent in 1989.¹⁸ This training covers such subjects as basic math, English as a second language, and reading and writing skills.

- *Greater use of advanced technology in training and a greater range of training methods and strategies.* Training professionals more and more are turning to alternative techniques of training instruction and delivery to increase cost-effectiveness and maximize learning. According to the 1992 *Training* survey, 92 percent of those surveyed use videotape as an instructional tool, 54 percent use games and simulations, 17 percent use multimedia instructional approaches, 11 percent use teleconferencing, and 10 percent employ video teleconferencing.¹⁹
- *Fast-changing business conditions and environments resulting in rapid and frequent job and career changes, as well as greater job complexity and responsibility.* As company structures flatten and the nature of work changes, jobs and the skills they demand will change. The ASTD asserts that in these new organizations, flexible work teams and information networks will be the basic units of production. The networks will tie together suppliers, information systems, customers, regulators, and even competitors. Because the performance of a network depends more on the ability of network partners to communicate and work together than on individual performance, new, flexible technologies and organizations require flexible employees who have more skills. Employee responsibilities will be less job-specific, and job assignments will be more flexible and overlapping.
- *A renewed emphasis on investing in human resources and adoption of the concept of a well-trained, highly skilled work force as a competitive advantage.* An increasing number of companies are investing more in employee training as a method of gaining a competitive advantage. Employees working in new network-based, information-intensive organizations will need both hard competencies and job knowledge, as well as the ability to interact with and influence others. Therefore, forward-looking companies are beginning to view employees as assets to be developed in the new service- and information-intensive economy.²⁰ Employees in these network-based organizations should be viewed as assets to develop in order to add value, not as costs to be reduced.

¹⁸"Industry Report," *Training*, October 1992, pp. 25, 48-49.

¹⁹*Ibid*, p. 46.

²⁰Anthony Patrick Carnavale, "America and the New Economy," *Training and Development Journal*, November 1990.

- *The quality-oriented work environment and the need for training and human resources development that support it.* The quality movement and the increasing use of Deming methods for measuring and improving work outcomes and processes also have significant implications for employee training and development. Total Quality Management or Continuous Quality Improvement approaches are being introduced into public- and private-sector workplaces at an accelerating rate, due to competitive concerns and the visibility of the Malcolm Baldrige National Quality Award. Significant employee training should take place to introduce the concepts and techniques of statistical process control, teamwork, customer service, and problem-solving that are central to the quality improvement process.
- *Training as an integral part of the organization's strategic plan and as a tool for achieving organizational goals.* Among the recurring themes in a *Training* magazine survey of organizations that do the best job of training their employees is that training is linked to achievement of the organization's strategic goals. As the manager of corporate training and education for Xerox said, "Training . . . linked directly to business objectives . . . is seen as an enabling process to meet goals."²¹

NCR has attempted to link training with organizational goals. In 1989, it refocused its decentralized training function so that all training would be aligned with business goals. Although separate divisions of the company remain responsible for the majority of employee training, the centralized corporate education function is responsible for keeping training focused on business goals.²²

Conclusions

CORE has concluded that the current structures and processes for training and development are not adequately meeting the needs of the state or those expressed by stakeholders. Improved planning and mechanisms to facilitate access to quality training and development would enable state employees to perform in a manner that meets the needs of citizens.

The state can no longer afford to view its training efforts as a set of isolated classroom-based experiences, in which knowledge is transferred by one expert to the masses. Agencies should acknowledge the need to better develop and deploy their existing human

²¹"Excellence in Training," *Training*, October 1984, p. 80.

²²Bob Filipczak, "The Business of Training at NCR," *Training*, February 1992, pp. 55-60.

resources and provide challenging opportunities for employees to grow, stay motivated, and improve services. Successful organizations have come to view training as an investment that, when planned and managed to link to the goals of the organization, can improve both productivity and employee morale.

Both the nature of the work being done by the state and the skills of its work force are constantly changing. To keep up with these changes, the state should plan for development needs. The decentralized nature of training and development decision making requires strong coordination to prevent program duplication and ensure need-based access to resources. The state is also entering a period of little job growth: associated challenges include optimizing employee deployment (retraining and redeployment) and providing interesting and challenging work assignments.

Recommendations and analysis

Proposed model linking training and development to organizational performance

To make the best use of financial and human resources, organizations should focus developmental activities on achieving their goals. Definition of training priorities and design of training plans should follow from the outcomes articulated for the organization. Figure 12 illustrates the steps in the planning process that lead to the setting of developmental priorities for the organization.

Components of performance

As the organization analyzes its performance gaps, it should examine four factors identified by Professor Richard A. Swanson that contribute to the performance of individuals and the organization: 1) the *work environment* must support the desired outcomes (influenced through organizational development); 2) individuals must have the mental and physical *aptitude* to perform (influenced through selection and deployment options); 3) deployment systems and training support developing adequate levels of *expertise* and knowledge; and 4) *motivation* is supported by appropriate incentives (recognition and compensation).²³

²³G.R. Sisson and R.A. Swanson, "Improving Work Performance," *Educational Technology* 30 (1990):16-20.

Figure 12. Performance Accountability System Model

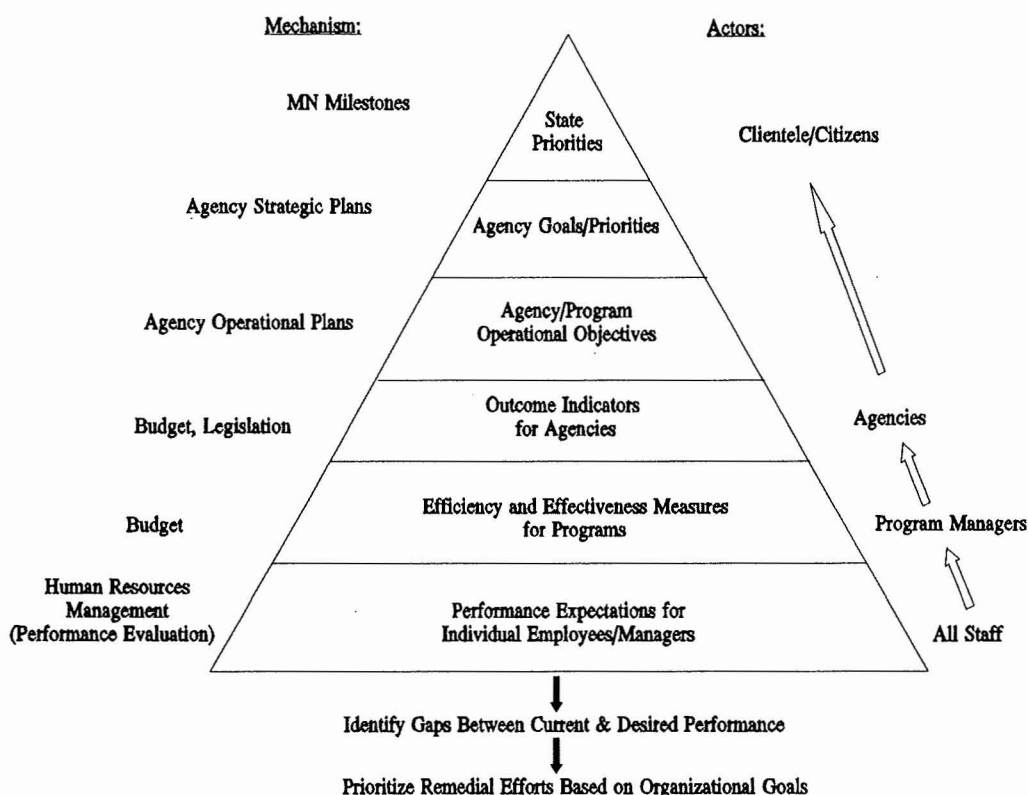
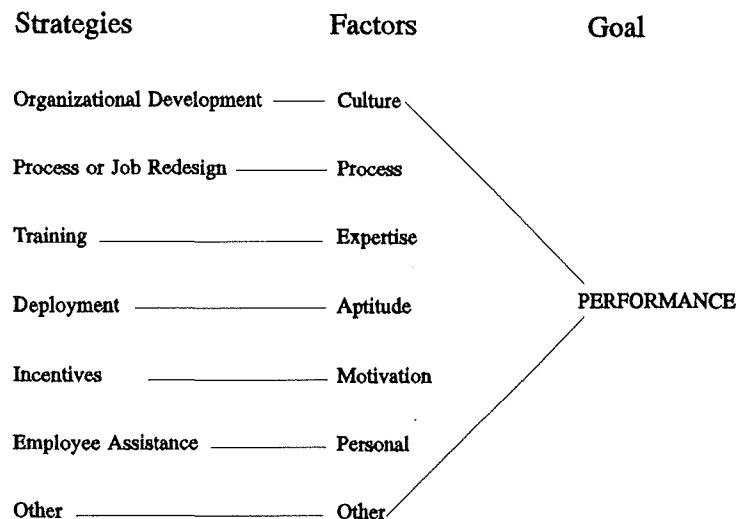


Figure 13 is based on Swanson's theory. CORE has broken down the work environment factor into two components: *culture*, or the general atmosphere and norms of the workplace, and *process*, or the specific steps or tasks in the job. Also added is a *personal* factor, to acknowledge the effects on performance of personal, nonwork-related distractions. Most performance deficiencies involve a combination of these factors. The different strategies for addressing each cause are listed.

Often perceived as the quickest and most accessible methods for closing a performance gap, training and development represent only part of the strategy for attaining organizational and individual goals. Too frequently, the other inputs to performance are not considered when deciding on a remedial course of action. In addition, state managers currently are limited in their ability to use selection, deployment, and reward strategies to encourage performance.

Figure 13. The Many Components of Performance



The crucial step in determining which aspects of a performance deficit will respond to training and development is the “triage” that occurs following the performance needs analysis. In this, knowledgeable professionals can break down the performance problem into its components and obtain the appropriate resources to fill the needs.

In proposing this model for the state, CORE sets the foundation for clearly defining the purpose of training and highlights the central role of human resources requirements in organizational planning. Human resources and training personnel should work together in assessing needs and using training to achieve the goals identified in organizational planning. Proposed developmental efforts should have defined outcomes that support the objectives and activities outlined in the agency’s budget document.

Redefining the purpose of training and development

The scarce training resources of the state are being used in an unfocused manner. As employees and their managers are asked to take more responsibility for identifying training needs, they need a clear idea of which problems can be solved through training and which through other mechanisms. In addition, development resources should be channeled into activities that will improve the performance of the organization.

The new model implies a new definition of the purpose of development:

Employee development resources at the state will be used to enable individuals and teams to support the goals and achieve the outcomes of the

organization. Individuals and the employer will share responsibilities for identifying needs and accessing appropriate opportunities. Development will focus on reinforcing statewide values as well as acquiring specific skills. Resources will be accessible, according to need, to employees at all levels and in all locations.

This statement reflects the concerns of stakeholders, acknowledges the broadest definition of training and is consistent with the CORE visions for state government (see inside front cover) and human resources (see Appendix C). The first training and development recommendation suggests specific ways in which this purpose statement can help focus the use of resources.

14. Link training and development decisions to organizational goals, objectives, and performance, using performance-based budgeting, performance management, and compensation to reinforce the link.

Problem

As resources become scarcer, state agencies can no longer follow a hit-or-miss strategy for training. It does not make financial sense to pursue activities not in line with customers' needs and agency goals. Training is frequently viewed as a cure-all for performance deficits and applied to situations that may be best addressed through other approaches.

In addition, training is not seen as a legitimate budget expenditure. Agencies try to conceal training expenditures because they make easy targets in times of budget-cutting. Although skimping on training saves money today, the agency and its customers suffer in the long run from reduced productivity and inability to meet customer needs. Agencies have no strong, immediate impetus to allocate money to adequately train their work force.

Conclusion

Agencies should focus their training and development activities to justify expenditures.

Recommendations

1. *Require that agencies define their mission and outcomes using the performance-based budgeting process.* Emphasize in the budget instructions the role that training is expected to play in agencies' pursuit of their goals. Encourage agencies to use the outcomes and goals as the criteria for planning, prioritizing, and arranging training and development activities. This recommendation requires agencies and individuals to consider and make linkages between their training activities and their program outcomes. It also encourages human resources professionals to justify their training budgets in terms that relate to organizational goals and outcomes. Clearly defining the role that training plays in the agency will help to legitimize it as a budget expenditure.
2. *Encourage agencies to continue the planning process and develop training indicators and outcome measures that reach down to line employees.* An example would be: "train X people to operate Y equipment to perform Z, which supports a certain program or goal of the organization."
3. *Assess and reward actions and behaviors that support the purpose statement for training.* Make it clear to managers and employees that they are responsible for developing their employees and themselves. Reinforce these responsibilities through the performance management and compensation systems. Encourage the incorporation of pieces of the CORE purpose statement for training into agency mission statements and outcome measures, as well as into individual performance appraisals.
4. *Change administrative procedures to reflect the new statement of purpose and development model.*

Constraints

- Need for state and agency strategic planning and clearly stated goals before training decisions can be clearly linked to those goals
 - Employees unaccustomed to thinking about how training activities are linked to the goals of the organization
 - Fears that training budgets, if identified, will be easy targets for budget cutters
-

Benefits

- Stronger focus on training and development activities
- Legislators better able to see clearly the role of training and development in achieving agency outcomes and more likely to support additional investment in training activities
- Clearer understanding by employees of their roles in achieving the outcomes of the organization

Implementation strategy

1. Pursue pilot projects with agencies that have well-defined goals (including those that participated in the CORE budgeting case studies).

Training directors and coordinators, working in partnership with managers and supervisors, would serve as translators to link operational needs and agency goals. Managers and supervisors would be evaluated on their ability to promote and articulate the linkages between training and organizational performance.

15. Refocus the state's centralized training function on coordinating, facilitating, and tracking, rather than on delivering, training.

Problem

DOER's Training Division focuses on the development and delivery of training. However, since the training needs of more than 40,000 state employees cannot be adequately met by the division's staff of seven training professionals, agencies often must develop and arrange for the delivery of training independently of DOER. In addition, because there is no central repository of information regarding available training resources and little coordination of training activities within the state, many agencies have reinvented training programs similar to those already developed in other agencies. DOER's mandate to monitor and approve agency training plans creates an unnecessary step in the process and discourages cooperative efforts.

Conclusion

Training and development information and assistance should be centralized, while delivery and decision making should be pushed down as close as possible to those affected.

Recommendations

1. *DOER should serve as a clearinghouse and coordinator of training and development resources and consulting services rather than focusing on the control or delivery of training to state employees.* DOER should also help agencies to find training resources. The department should, however, retain responsibility for curriculum development, quality control and delivery (or contracting for delivery) of courses that have a statewide policy impact, such as prevention of sexual harassment, managerial and supervisory core courses, and training in cultural diversity.
2. *Establish a training and development task force to oversee the planning and implementation of the new system of training design and delivery.* This task force, which is essential to the execution of the training and development recommendations, should be composed of the DOER training and development manager; employee representatives, including a member from any labor-management committees on training; state training and development and personnel professionals; a representative from the state's higher educational institutions; and other individuals with expertise in employee development. The task force would call in experts in training and development and other resources as needed.

DOER and the task force would:

- A. Oversee the development of curriculum for and delivery of courses involving issues and subjects that have a statewide impact. DOER training professionals may not actually deliver this training but would contract for training services from appropriate providers, assist in curriculum development, coordinate delivery, and ensure quality control. To facilitate the change in DOER's role, Subdivision 3 of M.S. 43A, Sec. 21, which requires DOER to approve agency training plans and management training programs, should be repealed.
 - B. Have DOER's training and development professionals act as consultants to agencies on trainer and course selection, course design, curriculum development, and the development of training plans for individual employees and the organization as a whole. In addition, these professionals would assist agencies with analyzing performance needs, identifying causes of performance deficits, and determining whether training is the proper approach to remedy performance
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problems. In many larger agencies, training directors or other human resources employees may have or acquire the skills to conduct such assessments independently.

- C. Conduct frequent environmental scans for pending changes in rules, regulations, legislation, and work force demographics that may have training implications for state government. The task force should also identify the best strategies with which the state may prepare for those changes.
 - D. Oversee the effort to identify employee needs on a statewide basis and encourage agencies to share their needs assessments. The task force should then ensure that an effort is made to identify and coordinate the effective and efficient fulfillment of those training needs.
 - E. Develop a network of preferred training providers who meet task force-defined criteria relating to cost effectiveness, quality, and effectiveness of training. Agencies would be able to contract for training from providers outside the network but would not have to use the formal request-for-proposal process to use the preferred trainers. The task force would ensure that the state negotiates prices for training design and delivery that realize cost savings resulting from economies of scale.
 - F. Establish a repository of information about course offerings and training opportunities available to state employees, listings of certified providers and subject-matter experts (SMEs), course evaluations, training needs assessment data, and listings of technological training resources in the state. Some of these capabilities have been specified within the Statewide Systems Project proposal.
 - G. Initiate the process of establishing networks for sharing training resources among agencies and between the state and other public- and private-sector organizations (for more detail, see Recommendation 16).
 - H. Serve as an advocate for training in the state, building support by sharing training-related success stories, innovations, and information regarding the benefits of training and development with employees, state leaders, legislators, and the general public.
 - I. Assist agencies in identifying and applying for training-related grants administered by DOER.
 - J. Develop and assist agencies in developing methods for evaluating the process
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and outcomes of training activities.

- K. Ensure instructor quality for both SMEs and training consultants by creating pools of certified training providers through selection or screening and by providing train-the-trainer instruction.
- L. Require that providers use training in a way that reinforces employees as valued resources. DOER should incorporate ethical considerations, subject-matter expertise, teaching expertise, and trainer responsiveness and flexibility into the training certification and evaluation process. The same elements should be part of the performance management processes for state employees who provide training.
- M. Make course information and contact names available to individuals and agencies. This information could be maintained on a data base available to agencies and employees seeking training information. DOER could consider issuing a variety of training resource guides, including course catalogs or calendars of training offered by state agencies. Such calendars could be organized regionally and supplemented by an annual training resource directory listing the names, addresses, and phone numbers of key training contacts and SMEs in the public and private sectors, as well as appropriate resources at community colleges, technical colleges, universities, and colleges.
- N. Coordinate training and development conferences for which there is general statewide interest.

Constraints

- Insufficient skill base in DOER's Training Division to perform all of the functions assigned to it. Possible inability to mobilize resources and gain access to information from agencies.
- Reluctance among agencies to share information or resources
- Questionable effectiveness of training and development task force members

Benefits

- Reduction in duplication of effort at the agency level
 - Consistent messages statewide about policies, procedures, and norms for employees
 - Better understanding of performance needs and when to use training and development
-

Implementation strategies

1. Carefully select task force members so that there is a balance of interests and all are committed to improving state training and development and understand their roles and the time commitment inherent in accepting the assignment. Many stakeholders have expressed interest in participating in the setting of policies and the activities of a training and development task force. Selecting individuals who understand the expectations and will make a significant commitment to the task force is critical if the group is to accomplish what needs to be done.
2. Retrain or restaff the DOER Training Division so that it can perform all of the functions assigned to it. Fill the vacant division manager position as soon as possible.
3. Communicate to stakeholders throughout the transition about what is expected of agencies, individuals, managers, and human resources professionals.

16. Establish mechanisms and interagency, interorganizational relationships to maximize training resources and facilitate cooperation and the sharing of employee learning opportunities.

Problem

With the exception of DOER-sponsored general training and supervisory and managerial core courses, most training for state employees is developed and offered independently by each state agency. This results in an unnecessary duplication of training programs and a failure to maximize training opportunities and resources.

Some training and development needs of the state are shared by organizations beyond the executive branch. There are also many outside entities providing training that could benefit state employees. Few mechanisms, however, exist for identifying such opportunities to share resources.

Conclusion

The state should maximize its training resources by enabling greater sharing of those resources between state agencies, boards, and other institutions in both the public and private sectors.

Recommendations

1. *Establish regional training hubs and consortia.* This effort could be led by DOER with assistance from the training and development task force. These consortia would include interested state agencies and other regional public- and private-sector organizations. Members would assess common training and development needs and determine ways of cooperating and sharing resources and opportunities. A similar effort is now under way with the Bemidji Intergovernmental Training Exchange.
2. *Have state universities, technical and community colleges, and the University of Minnesota identify programs they can offer and experts they can loan or contract out to state agencies to provide training for state employees.* The state should also pursue arrangements with these institutions to include their experts in the state's pool of certified training providers and to gain access to training at a reduced fee or at no charge on a space-available basis.
3. *Establish and encourage training cooperatives with federal, state, and local government agencies to jointly conduct, contract for, and/or share training.* DOER and the training and development task force should lead this effort.
4. *Develop a way to identify state employees who have teaching skills and expertise in needed training areas.* Train-the-trainer instruction in adult learning techniques should be provided to ensure that these SMEs can deliver high-quality training.
5. *Develop training programs on video, CD-ROM, and other interactive media for use by individuals unable to participate in group training and in situations in which such technologies are cost effective.* Agencies should share the necessary technology to develop and produce such materials, particularly for topics with broad application.
6. *Identify and use technology for distance learning, such as satellite, microwave, fiber optics, and modems.* The training and development task force should spearhead this effort, and DOER should coordinate access to such technology to encourage widespread participation in high-tech training efforts, thus spreading costs and achieving economies of scale.

Constraints

- Reluctance of agencies to share information, open up courses, or offer employees as trainers unless they see a clear benefit from this extra effort; also, fear that DOER will seek to control or monitor their activities
 - Resistance of managers to move SME employees from their "regular" job to teach or advise others
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- Lack of a central computer system for communication and information sharing accessible from all locations

Benefits

- Lower travel and associated costs
- Better use of training and development resources, resulting in lower per-pupil costs
- Improved relationships with other agencies and organizations

Implementation strategies

1. Inform agencies about what is needed and expected from them, along with what they stand to gain, as participants in sharing training. Part of this communication should include testimonials from those currently involved in shared training. DOER also should provide contact names and a suggested "road map" for individuals who want to start a cooperative program.
2. Encourage partnerships between small and large agencies within the agency clusters and suggest ways of sharing expenses (for example, booking the facilities, coordinating and mailing notices, providing beverages) to address resource imbalances.

17. Redefine *career development* as *employee development* to emphasize professional growth rather than promotion. Improve employee access to training and development options and opportunities.

Problem

Like many U.S. organizations, Minnesota state government is undergoing a period of organizational change. As agencies adopt a flatter hierarchical structure and eliminate managerial positions, many employees are experiencing career plateauing. Employees who entered state employment in the 1970s and '80s expecting to progress through the organization are now frustrated by a lack of promotional opportunity. In addition, little is done in many agencies to address career development. For many employees, career development planning consists of a brief conversation about training during the yearly performance review. Access to training varies greatly between agencies, divisions, and even between similar positions because of the availability of training resources.

Conclusion

The state should refocus and reenergize its approach to career development to reflect organizational and structural changes.

Recommendations

1. *Establish in each agency a model employee development plan (EDP) similar to that used at the departments of Public Safety and Transportation.* The model could be adapted by each agency to fit its culture, mission, and other unique environmental and occupational factors. However, the major features and elements of the EDP would be retained.

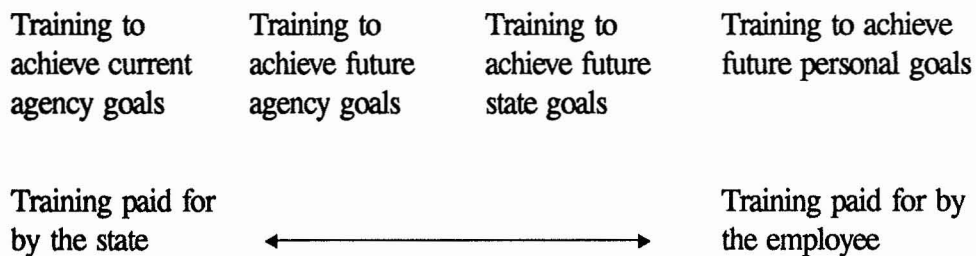
This plan would form an important link between the performance management and compensation systems. With their managers, employees define their responsibilities and the tasks they need to accomplish in an employee work plan. The EDP helps assess current and needed skills associated with the work plan. Progress and skill development as defined in the EDP help determine compensation levels (see the classification and compensation recommendations in this report for more information on skill-based pay and progress through pay bands).

To ensure a link between organizational goals and employee training, the development activities specified in the EDP should center around skills and competencies necessary to achieve agency objectives. The EDP could also contain plans for learning experiences relating to the employee's personal development; however, the priority must be on training directly related to agency objectives.

Each agency's EDP would include an employee self-assessment, feedback on how others see the employee, a discussion of individual employee development options, and an opportunity for the employee to set goals and develop an action plan by which to reach them. Because any individual's development is a constantly evolving process, the EDP could be modified at any time. However, after the EDP has been formulated, agencies would approve employee requests only for training experiences (other than mandated training) that have been planned for in the EDP.

2. *Expand the use of mobility assignments and interjurisdictional agreements (employee exchanges between units of governments) as development activities.* Encourage agencies to consider mobility assignments as an alternative to hiring consultants or creating new positions. Doing so would allow the state to optimize its deployment options and make better use of its employees while providing them with more diverse work experiences and opportunities for growth.
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3. *Inform employees about opportunities for mobility assignments and transfers.* Agencies should explore ways to increase employee awareness of mobilities, such as using electronic mail to announce job and mobility opportunities.
4. *Establish a system for providing mobility-type exchanges through which employees may take temporary or part-time assignments in the private sector.* These arrangements would have to comply with current ethics policies.
5. *Expand the use of flexible work schedule arrangements, such as sabbaticals and part-time and temporary work assignments, as a means to provide employees more flexibility to pursue mobility and development opportunities.*
6. *Concentrate the majority of state government's training resources on skills directly related to the performance of an employee's current job tasks and those likely to be needed by the agency in the near future.* The state, however, should also encourage lifelong learning and employee initiative in developing skills and knowledge for the future. Accordingly, it should vary its contribution toward tuition reimbursement and payment for employee training as outlined on the following continuum:



Agencies would determine the exact percentage of state and employee contribution to the various kinds of training according to union contracts, available resources, and agency priorities. The approach outlined above supports a focus on achieving organizational goals, as outlined in Recommendation 14.

7. *Create a career and employee development resource and reference center in DOER that would make available to employees books, videotapes, software, self-assessment instruments, and career information.* Agencies could establish their own on-site career libraries, if resources permit. In Greater Minnesota, the regional hubs might do this.
-

Constraints

- Scarcity of advancement opportunities obscuring employees' and managers' ability to see value in career planning
- Managers' fear of losing good employees if other opportunities become more accessible
- Customization of development plans now in use and EDP training for employees and managers

Benefits

- Improved opportunities for employees to develop skills in their current positions and to take on new challenges through mobility assignments
- Less frustration that "there is no place to go" within the state system

Implementation strategies

1. As soon as possible, introduce the model EDP to agency training directors and coordinators. Provide them with assistance in adapting the model to their work environments.
2. Clearly state the purpose and use of the EDP to employees and managers. Emphasize its link to the recommended performance management system.
3. Encourage the use of EDPs by stressing to managers their focus on performance of the work unit. Stress also that the EDP is a tool to encourage communication and coaching.

18. Respond to the following specific needs that were expressed by stakeholders:

- Retraining
 - Managerial skills
 - Technology skills
 - Customer service skills
 - Knowledge of quality improvement principles and tools
 - Employee orientation
 - Training for changes resulting from CORE
-

Although an assessment of specific employee skills needs is not within the scope of the CORE project, a significant number of focus group participants mentioned seven specific needs. Recognizing that more research and planning is necessary to pinpoint the best approaches to bridge these performance gaps, CORE suggests the following methods for evaluating these specific needs and developing courses of action.

Retraining

Problem

Workers are being displaced due to downsizing and changes in organizational focus. The state incurs layoff costs and disruption when these employees cannot find another state job.

Conclusion

More energy and effort need to be focused on retraining state employees.

Recommendation

1. *Retraining should be emphasized as a deployment strategy for decisions resulting from an agency's strategic planning.* Managers should be reminded of the costs of laying off employees and that, in some cases, investing in retraining will actually save money.

All of the training and development recommendations address retraining as well as training for current positions. Employees in need of retraining will benefit from increased planning for and improved access to development opportunities. Retraining is also addressed in the recommendations dealing with improved deployment and with long-term work force planning.

Managerial skills

Problem

Employees in managerial and supervisory positions may not have adequate interpersonal, communication, and problem-solving skills to perform their duties. The mandatory DOER supervisory and managerial core courses do not adequately prepare new managers and supervisors for the challenges they will face. In addition, the new management systems recommended by CORE would require that managers spend more time managing their human resources.

Conclusion

The state's managers and supervisors should be prepared and held accountable for exercising the knowledge, skills, and ability to manage.

Recommendations

1. *DOER, in conjunction with the Council of Managers and external management experts, should develop a plan for improving managerial skills, along with continuing required managerial and supervisory courses for new managers and supervisors.* The plan should include a course of development that uses both classroom and on-the-job experiences. It should also assess the needs of the organization, define a set of core competencies required in managerial and supervisory positions, explore appropriate instructional methods (classroom or on-the-job), and develop a curriculum or set of steps for skill development. For example, the state may follow the lead of many corporations that directly assign managers to perform as trainers for a period of time as part of their development. Other development opportunities may include job rotation, mentoring relationships, and observing more experienced managers.
2. *Opportunities for managerial skill development should be made available to those holding or wanting to hold managerial or supervisory positions.* Enrollment in core courses should be discussed as part of the employee development plan (see Recommendation 17) and should not be mandatory. Demonstration of competency in the core skills areas (which should include such things as communication, problem solving, and quality improvement principles) will be required by the performance management system and rewarded by the compensation system.
3. *A program like the managerial and supervisory core courses should continue to be required that would offer information needed by new managers and supervisors.*

Technology skills

Problem

Employees often do not have the skills to master new equipment. Formal or on-the-job training is often inadequate or nonexistent. In deciding to purchase new equipment, managers may not anticipate and budget for training costs. As technology advances, the state is only more likely to rely on equipment for improved productivity. Associated training needs should not be neglected.

Conclusion

Employees should be trained to use the technology needed to do their jobs.

Recommendations

1. *Require managers and employees to assess specific individual skills needs as part of the EDP process and obtain access to courses through the use of the recommended training information clearinghouse.*
2. *Require as part of the budgeting process that proposals for the purchase of new equipment include an explanation of the required training and its cost.*

Customer service skills

Problem

The public has a poor image of state employees that is fueled by stories and experiences of the "moments of truth," when employees come in direct contact with citizens, such as renewing a driver's license, filing for a benefits program, or calling for program information. That perception, in turn, dampens employee morale and performance.

Conclusion

Every state employee should demonstrate customer service skills.

Recommendation

1. *Require all state employees, even those who have no contact with citizens, to demonstrate customer service skills. All jobs require dealing with coworkers or internal customers. This competency should also be encouraged and reinforced through the hiring, performance management, and compensation structures.*

Implementation strategies

1. Customer service skills should be a factor in the work and development plans for every state employee.
 2. Organizational units and each employee should be encouraged to examine their work to define their customers and their needs.
-

Knowledge of quality improvement principles and tools

Problem

As state agencies are applying the principles of quality improvement, they are asking employees to think differently about their jobs and their behavior. Many people lack knowledge of the specific techniques and theories that are being or could potentially be applied in their workplaces.

Conclusion

Employees need to be informed about and involved in agency quality improvement programs.

Recommendation

1. *Involve and educate employees as part of any quality improvement program.* Because CORE recommends, in its *Minnesota's Quality Initiative* report,²⁴ that agencies and work groups use the quality improvement philosophy and tools that fit their needs. Decisions about specific content and the form for training should be made at the agency or work unit level.

Employee orientation

Problem

New employees, including political appointees, are often unaware of the unique culture of state government and its ethical, political, and organizational idiosyncracies. As a result, they often waste time and become frustrated trying to maneuver through the bureaucracy, or they act inappropriately. State employees are also frequently unaware of the interconnections between agencies and how their work relates to that of others.

Conclusion

The state needs to communicate basic orientation information to all employees.

²⁴Commission on Reform and Efficiency, *Minnesota's Quality Initiative* (St. Paul: CORE, January 1993).

Recommendation

1. *Offer two general orientation programs to state government employees, one for permanent employees and one for political appointees.* DOER should gather input for the content of these courses from a group of individuals representing diverse agencies and functional backgrounds, then make that curriculum available to agencies. The courses should be mandatory, coordinated by DOER, and should include participants from more than one agency, scheduled regularly, and delivered by a group of employee volunteers. This program should also assist employees in establishing a network for cross-agency communication and sharing of ideas.

Training for changes resulting from CORE**Problem**

For the CORE reforms to be meaningful, employees must be informed about the reason and intent behind them and how their behavior and role will change because of them. The recommendations also may not take hold if the culture and other mechanisms do not support them.

Conclusion

Employees need to understand how their roles and responsibilities will change as a result of the adoption of the CORE reforms.

Recommendation

1. *Implementation plans for each of the CORE projects should include a proposal for training affected employees.* Each agency should also commit the resources necessary to see that the training is completed and that employees demonstrate an adequate level of comprehension of the new behaviors required under the new systems.

Implementation strategy

1. Provide human resources and culture change training (for more detail, see the Implementation chapter in this report).
-

How these recommendations are different

In the past, other groups have proposed changes to the way the state organizes and delivers training and development services. The CORE recommendations are aimed at solving many of the same problems and occasionally in the same ways. If the CORE human resources recommendations are implemented, however, other performance-based management systems will be in place to support the changes.

The probability of implementation has also been improved through working closely with and involving those most directly affected by the reforms. These stakeholders understand the need for change and their roles in making it happen.

The CORE training and development recommendations represent a change in the structure and direction of employee development. They aim to improve the availability of and efficiency in the delivery of development resources, and they suggest a stronger centralized coordinating role for DOER, along with more planning, diagnosis of needs, and accountability by agencies.

Implementing these recommendations, along with the other CORE management systems reforms, would position the state to meet its future development needs and to focus its resources on meeting the needs of its citizens.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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VARIATIONS IN THE THREE BRANCHES

This section of the report describes the differences among the human resources systems of the three branches of state government. The state is one employer but operates as three distinct businesses. The executive branch governs and provides services to the people, the legislative branch represents the citizens by passing laws, and the judicial branch adjudicates differences that arise over the law. As part of the same employer, each branch should have the same standards of equity, fairness, and consistency for its work force. CORE examined the three branches' approaches to recruitment, selection, promotion, classification, compensation, performance evaluation, training, and termination and recommends directions to be taken to improve and change these systems.

Differences among the branches

The three branches of state government — executive, legislative, and judicial — vary in size, function, and structure and have separate personnel structures. A detailed analysis of the human resources systems of the legislative and judicial branches is presented in Appendix N.

Size of work force

The executive branch has more than 40,000 employees, while the legislative has 645. The judicial branch includes 1,015 state employees and 1,300 county employees.

Type of employees

The employees of the branches differ in expected length of employment. Most executive branch employees are long-term, while legislative branch employees may be short-term due to inherent political turnover. The judicial branch has a mix of long- and short-term employees.

Location of work force

All legislative branch employees work in the Twin Cities metropolitan area. In contrast, significant numbers of both executive and judicial branch employees work outside the metropolitan area.

Civil service tenure

Minnesota Statutes Chapter 43A gives executive branch employees who do not work directly with elected officials civil service tenure protection. Similar tenure protection is provided by the judicial branch personnel plan to employees who do not work directly for elected officials. In the legislative branch, only employees of the legislative auditor receive civil service tenure coverage. Legislative employees in nonpartisan positions, such as those in the supply, publications, and other administrative offices, do not have any type of civil service tenure protection, but such protection could be extended to them.

Collective bargaining

Executive branch employees have the right to collectively bargain and are organized into 16 bargaining units. Only county-employed judicial branch employees have the right to collectively bargain, although a study is being conducted to explore the possibility of court employees having the right to collectively bargain with the Supreme Court or its designated agent. Legislative branch employees do not have the right to bargain collectively.

Affirmative action/equal employment opportunity

Only the executive branch is mandated by law to maintain an AA/EEO policy, although the other two branches must comply with such a policy. The legislative branch policy is mandated by administrative policy. House staffing is closely monitored, and reports are made to the House Rules Committee. Similarly, the Senate's employment practices are reviewed by its Affirmative Action Committee to ensure compliance with federal and state AA/EEO requirements. The judicial branch policy is mandated by rule. Percentages of work force representation of protected classes vary slightly among the three branches.

Classification and compensation

The executive branch uses a Hay system of classification.²⁵ The judicial branch established its classification system by using benchmarks²⁶ based on executive branch

²⁵The Hay system assigns points to these compensable factors in rating a job: know-how, accountability, problem solving, and working conditions.

²⁶Jobs identified as benchmarks are common to most organizations and involve work that is not subject to frequent change.

positions. The legislative branch uses a DCA Stanton-based classification system.²⁷ The legislative branch does not have a mandated pay equity policy but does use a job evaluation system comparing both internal and external data. The DCA Stanton and Hay systems use different class titles and methods of indicating supervisory responsibility.

Termination

The civil service system in the executive branch provides employees with a process to appeal termination. Judicial branch employees with similar civil service protection have an appeal process. Legislative branch employees and employees of elected officials in the executive and judicial branches do not have an appeal process. For nonpartisan employees, terminations generally occur only because of performance problems or political turnover.

Centralization

The executive branch personnel system uses a combination of centralization and decentralization of its functions. The judicial branch uses a central office for administration only. The rest of the personnel system functions are decentralized to the appointing authorities within the limits established by the judicial branch personnel plan. The legislative branch decentralizes its personnel administration and functions to the House, the Senate, and the Legislative Coordinating Commission (LCC). The Senate uses a more centralized system than either the House or the LCC.

Employee perspective

Employees in the legislative and judicial branches apply for a specific position and are hired by the supervisor. In contrast, executive branch employees apply for a class of positions and are hired more slowly through a process that may minimally involve the supervisor. Once hired, both sets of employees receive yearly performance evaluations and must apply for promotions in an open, competitive system. They receive similar salaries, benefits, and training opportunities. The legislative and judicial branches' pay increases depend upon available resources, while most executive branch employees' pay increases come through collective bargaining. Legislative branch employees are employed at will; judicial branch employees, depending on the job, are employed at will or have a termination appeal process; and executive branch employees have an appeal process.

²⁷The DCA Stanton method is a point-factor job evaluation system that uses these compensable factors in rating a job: knowledge and skills, mental effort, accountability, working conditions, and interpersonal skills.

Appointing authority perspective

In contrast to executive branch managers who hire from eligible class lists, legislative and judicial branch managers can recruit and consider a fresh selection of candidates every time they need to fill a position. Legislative and judicial branch managers have more latitude; in essence, they may operate like private-sector managers in hiring. As a check on this latitude, hiring decisions are reviewed by the personnel administrator for compliance with AA/EEO policy.

Executive, legislative, and judicial branch managers are limited in attracting employees by set compensation ranges, sparse training opportunities, and the absence of career ladders. The executive and judicial branches offer greater job security based on seniority than the legislative branch. Legislative branch managers can fire employees at will. In contrast, the tenure and appeal structures of the executive and judicial branches often limit managers' latitude in firing employees.

Recommendations and analysis

In conducting research on the personnel systems of the legislative and judicial branches, CORE has identified some areas that need change or improvement.

The state, as a single employer, should maintain high standards of equity, fairness, and consistency regarding its work force while recognizing the unique needs of each branch.

Each branch has similar human resources needs, and each has attempted to satisfy these by creating a set of personnel rules, policies, and procedures rather than using a centralized personnel function. The result is systems that are responsive to the branch and its purposes but that are also unnecessarily duplicative and often lead to inequities in pay and opportunities for promotion and movement.

Adoption of these recommendations would increase equity across the three branches of government and achieve greater economies of scale while still allowing the human resources system to respond to the unique culture and mission of each branch.

Hiring

The legislative and judicial branches allow for substantial managerial involvement and discretion in hiring, while executive branch managers are given little such authority. Consistent with CORE's recommendation to decentralize the hiring decision to the agency level, this should be corrected by changing the executive branch hiring process to more closely resemble the legislative and judicial model.

19. Because the state is one employer, the three branches of government should increase equity and consistency in their human resources management practices by:

- **Having one policy governing affirmative action, equal employment opportunity, and sexual harassment to ensure that each branch is equally accountable for its actions.**
- **Mandating pay equity for all branches to ensure that positions that are valued equally by the employer receive equitable pay.**
- **Using a common job evaluation system for all three branches to allow the state to monitor and compare employee compensation across all three branches.**
- **Adopting one classification system to facilitate employee deployment and enable cross-branch comparison. The classification model recommended by CORE is broad enough to accommodate the diverse needs of each branch while allowing for statewide consistency and comparison.**

AA/EEO and sexual harassment policies

The legislative and judicial branches should be subject to the same laws and policies on AA/EEO and sexual harassment as the executive branch. The state should have one policy governing each of these issues to ensure that each branch is held to the highest ethical standards in the recruitment, selection, and promotion of protected classes and in creating a harassment-free work environment. The legal basis and effective outcome of sexual harassment policies should be uniform throughout all three branches. The same policy, however, does not imply that there should be a single enforcer; administration and enforcement could be vested in different authorities.

Benefits

Under M.S. 43A, Sec. 24, Subd. 2, the legislative and judicial branches are considered independent billing units, and they are eligible to participate in the executive branch insurance contract. Although they may opt out of the plan at any time by giving notice

to DOER, they should continue to allow the state to contract with providers for benefits to ensure equitable and just levels of benefits for all state employees. This practice also saves the state money because premiums decrease as more employees are included in the plan.

Collective bargaining

Collective bargaining is most applicable to the executive branch, where few employees are subject to employment at will. Legislative and judicial branch classes should have compensation and benefits that keep pace with similar organized classes in the executive branch.

Pay equity

The state needs to hold itself to the highest standards when compensating employees for work performed. Compensation should reflect compensable factors that reinforce organizational values, not discriminatory market distortions. The pay equity policy needs to be mandatory for all branches to ensure that positions that are valued equally by the employer receive equitable pay.

Compensation and job evaluation

Substantially similar work should earn similar compensation, regardless of the branch of government. This recommendation does not imply that employees with similar titles should be paid the same. No two jobs are identical, and pay should reflect the position, the work environment, and the unique skills and knowledge of the person in that position. Under the current systems, similar pay for substantially equal work is hard to monitor or ensure. The three branches use different job evaluation systems, making direct comparison impossible. A common job evaluation system for all three branches would allow the state to easily monitor and compare compensation across all three branches.

Classification

The state should adopt one classification system to facilitate the deployment of human resources. Currently, cross-branch transfer takes place only if the employee leaves his or her current branch and takes a job in another. Similar classification would enable cross-branch organizational comparison as well. The new model of classification recommended by CORE is broad enough and flexible enough to accommodate the diverse needs of each branch while allowing for statewide consistency and comparison.

Termination

Although different employment conditions will always demand different termination procedures, the state should employ progressive discipline and due process across all three branches for employees who are not political appointees. This is consistent with the high ethical standards of governing in Minnesota.

Performance management

The state should move from performance appraisal to performance management as recommended for the executive branch in this report. The performance management process identifies sources of performance deficits, communicates organizational goals, and links performance to organizational goals. Performance management differs from performance appraisal in that management takes a coaching rather than judging or disciplinary role and communication regarding employee performance is an ongoing, two-way process. If implemented properly, performance management has the potential to significantly benefit the operation of all three branches, because all employees will understand and participate in setting their goals. Some managers in all three branches already use a comprehensive system for managing employee performance. A single performance management system would help to ensure its widespread use.

Training and development

The legislative and judicial branches should continue to use executive branch training resources. CORE recommends that DOER focus on training coordination and facilitation rather than on delivery. As a result, legislative and judicial branches should consult with DOER about training needs and available resources in order to obtain cost-effective training.

20. During the implementation of any recommendations for the executive branch, the changes should be discussed with the other two branches to keep them informed and to foster consistency where needed. Adoption of a single human resources management system is possible if all branches see that the system is more flexible, easily administered, and successfully meets the needs of all users.

Ensuring commonality should be a concern as the executive branch works to implement the CORE recommendations. The other branches rely in part on the executive branch to

assist in designing human resources policy. As executive branch human resources policies diverge from current practice, a void may develop because informal consultation will not be effective unless the other two branches also move toward the new system.

IMPLEMENTATION

The CORE human resources recommendations represent a radical departure from the way the state now manages its human resources. Phasing in the implementation of the reforms would minimize the disruption and allow for gradual, cumulative change. Central to the implementation strategy would be training and communication to inform and involve stakeholders and to create a climate that supports change.

Implementation strategy

For these reforms to take root, individuals must be committed to replacing old attitudes of distrust and blame with new support for performance management, employee development, and customer service. Labor and management both should recognize and pursue improved employee morale, self-esteem, and public image. To achieve lasting change, executive branch leaders should support, reinforce, and reward the new values and recognize a productive work force.

Through the inclusion of all stakeholders as partners in the reform process, negative and inefficient behaviors and relationships in the management of the state's human resources can be changed. Teamwork and cooperation at all levels would be imperative due to the magnitude and interdependency of the systemic and organizational reforms recommended.

The leaders of the executive branch should solicit and support the strategic involvement of the employee unions, the legislature, and other stakeholder groups throughout the implementation process. Including union representatives and interested legislators in the early stages to respond to their concerns about how constituencies would be affected would help to develop needed support and leadership for the reform effort.

Strategic goals

The following goals would be used to measure the long-term success of the implementation process in achieving a smooth transition to the new systems and organizations for human resources management:

- Involve employees in system design and implementation to improve their productivity.
 - Insulate reforms from political changes and motivations.
-

- Minimize layoffs due to reform implementation through effective redeployment of current employees.
- Improve the state's image as an employer and the image of public employment.

Critical success factors

The following factors would be essential to the successful implementation of these reforms:

- Active leadership and support from the governor's office and the commissioner of employee relations
- Cooperation by labor and management at all levels, with recognition of and respect for the labor unions' role and responsibilities and the need for the collective bargaining process
- Active support by the legislature and other stakeholder groups
- Organizational culture change through management training, integrated statewide strategic human resources planning, and the development of an executive branch mission for state government
- Training for all phases of the implementation at all levels of the organization
- Incorporation of currently successful human resources management models and practices within agencies
- Implementation of the performance management model before a new classification and compensation system is installed

Organizational structure for implementation

The organizational structure for implementation should include but not be limited to these key stakeholder groups: union representatives, state managers, agency human resources directors, training directors, and deputy commissioners. An implementation committee composed of representatives of these groups should guide the implementation process. This committee should convene groups of DOER and agency staff members to assist it, along with labor-management committees as appropriate. Staffing and administrative support should be provided by DOER.

Implementation process

Legal and administrative processes

Although many reforms could be accomplished through administrative action, full implementation would require timely and deliberate negotiation of changes to labor agreements. The legislature must also approve some changes to Minnesota Statutes Chapter 43A. DOER's rules and many agency policies and procedures would also need to be changed. Appendix O, which outlines the CORE human resources recommendations, identifies the key changes that would be required.

Timeline

The recommendations should be implemented in phases. During the first phase, a major training effort should begin to change the organizational culture and instruct managers and human resources professionals in using the new performance management model. The timeline in Figure 14 provides a general description of the implementation process beginning with FY 1994.

Figure 14. Implementation Timeline

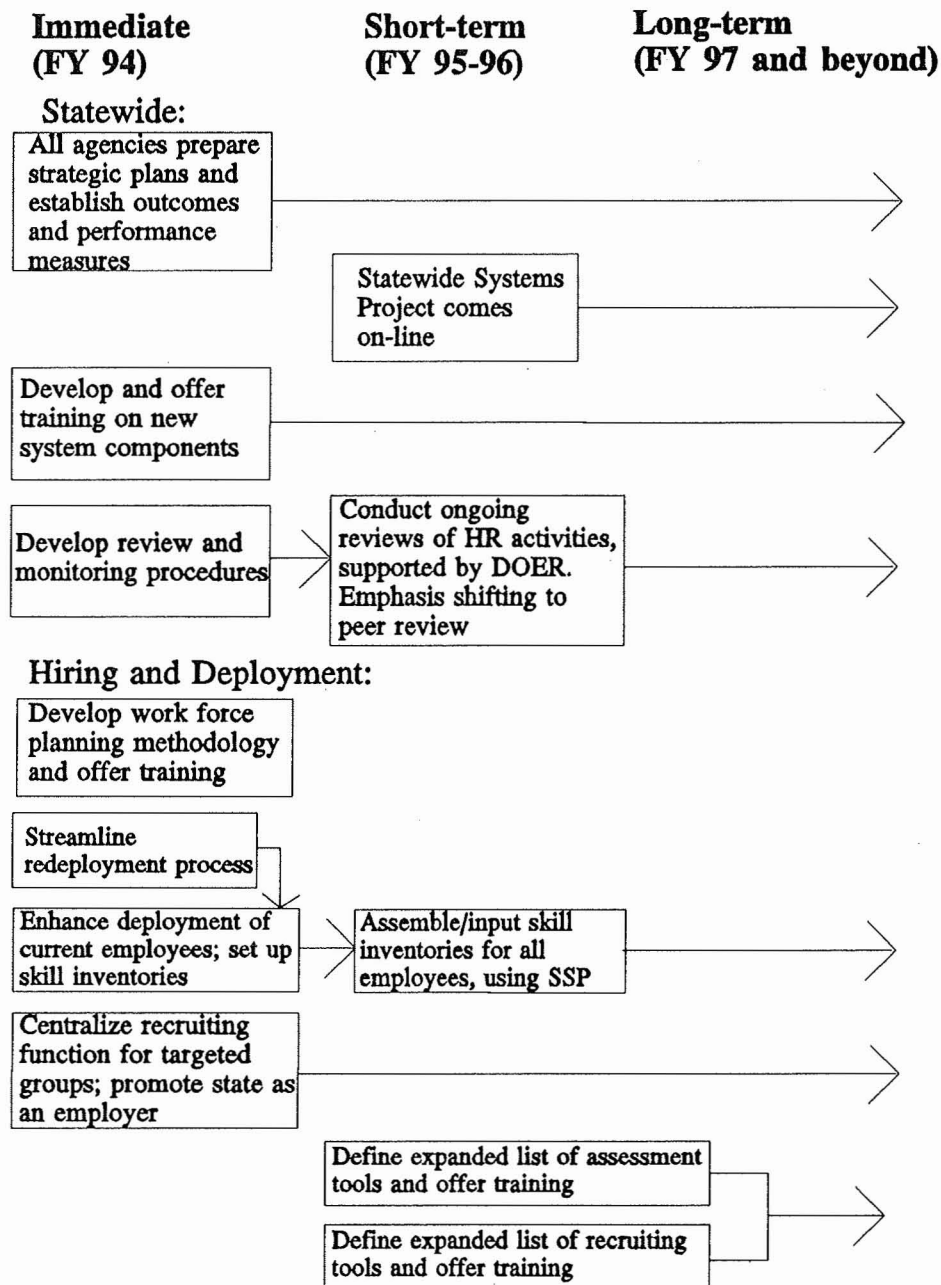


Figure 14. Implementation Timeline, cont.

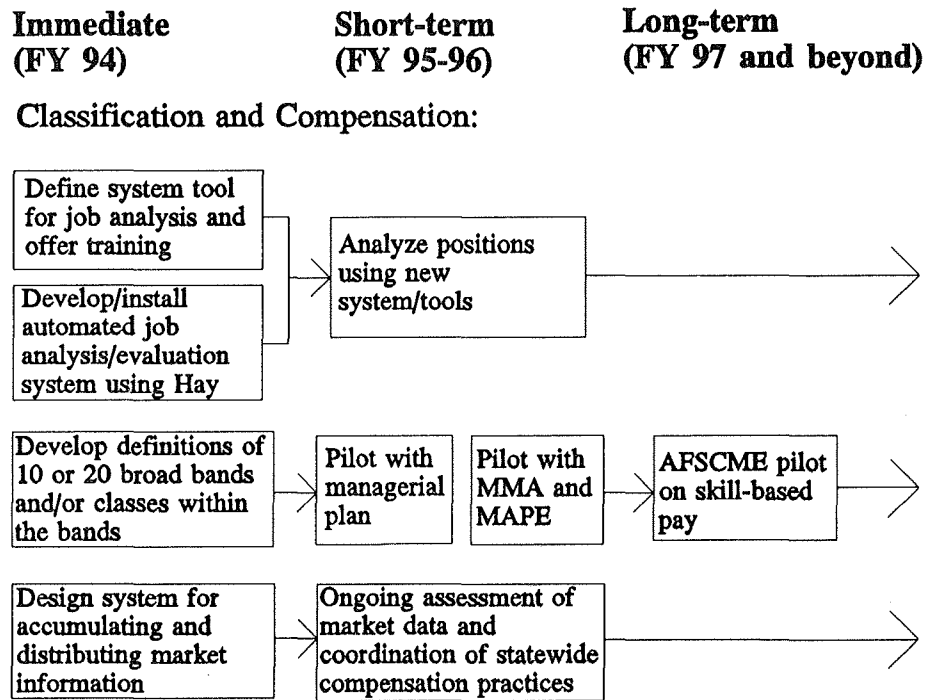
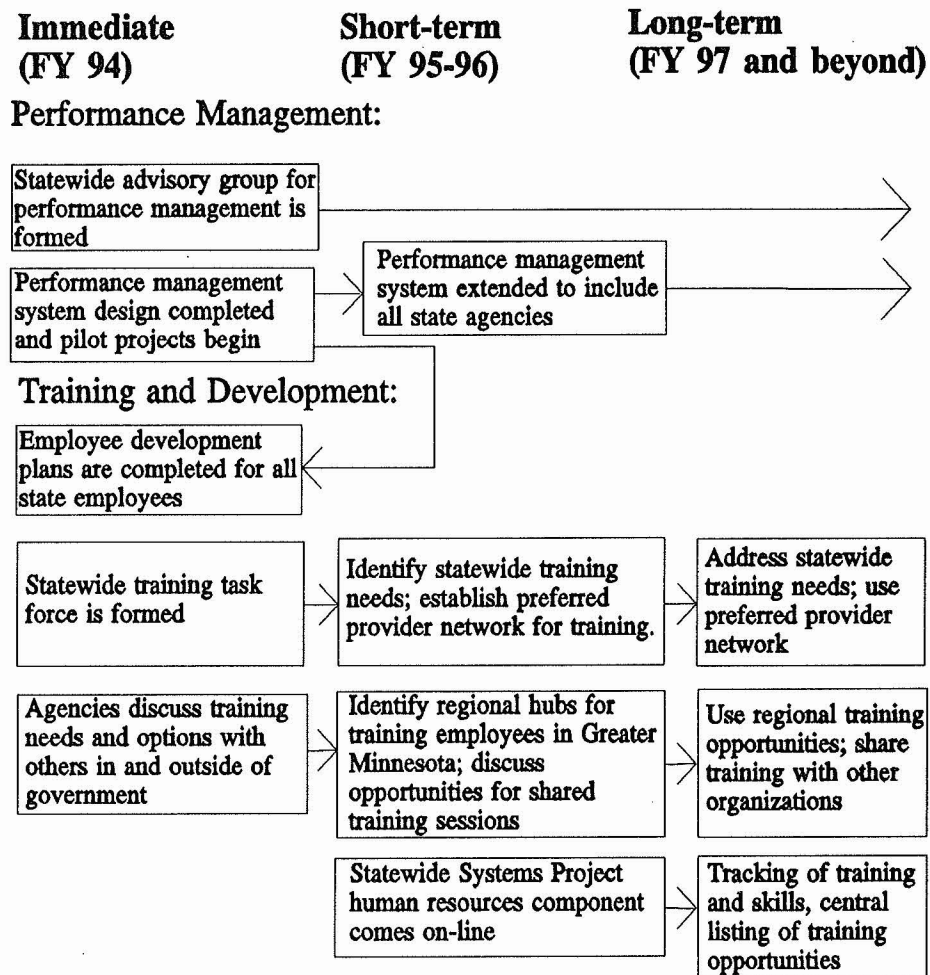


Figure 14. Implementation Timeline, cont.



Investments and benefits

Investments

The implementation budget shown in Table 6 would support this transition over the first four years of the project. It includes investment in the work force through training and redeployment to change the organizational culture from a static, process-driven bureaucracy to a dynamic, service-oriented delivery system.

Training and communication are critical components in moving to a performance-based system with new classification and compensation structures and new roles for employees, managers, and human resources professionals. Managers and human resources staff would need training in performance management and cultural change and in the technical aspects of job evaluation and compensation policy. Employee orientation curriculum development would ensure that the overall organizational culture is understood by all current and future employees.

DOER should administer retraining grants allocated by the legislature for state agencies to use for training staff in the skills they would need to achieve organization, work unit, and individual goals. These grants should be useful in the redeployment of employees and the prevention of layoffs.

Both the central recruitment and redeployment functions should be centralized in DOER to help agencies hire skilled employees from internal and external sources. The recruitment service should use current employees to develop recruitment materials and methods. Major goals of recruitment would be to achieve an identity for the state as a quality employer, improve access to state employment for all citizens and particularly members of protected groups, and more quickly identify candidates for highly specialized positions. The redeployment service should include two full-time-equivalent (FTE) employees for the first biennium to develop and establish the service. This service should seek to place current employees in state jobs and should assist in preventing layoffs, identifying and matching individual skills to jobs, and coordinating strategic planning for work force needs.

Regular, consistent communication on the transition and its impact should ensure that all employees have the same information, that organizational values are communicated, and that trust in the organization's support of employees and the recommended changes is established. An employee handbook, employee newsletter, and other communications tools should be developed.

Table 6

HUMAN RESOURCES REFORMS IMPLEMENTATION BUDGET
(in thousands of dollars)

Description	Total	FY 94	FY 95	FY 96	FY 97
Training					
Perform./Culture	1,000	400	385	215	
Class./Comp.	240		120	120	
Employee Orient.	50			50	
Retraining Grants	700	100	100	250	250
Central Recruit.	100	50	50		
Redeployment (2.0 FTE)	200	100	100		
Communications	200	50	50	50	50
Policy Development	25	25			
Modified Hay System	150	150			
Agency Hay Systems	140		70	70	
Salary Survey Design	100		100		
Automated Survey	300			150	150
Band Development (1.5 FTE)	150	75	75		
Project Evaluation	45			45	
TOTAL	3,400	950	1,050	950	450

Total FY 94-95 = 2,000

Total FY 96-97 = 1,400

A policy manual should be developed that clearly identifies the responsibilities of DOER staff, agency human resources professionals, and managers in the new human resources management system. This manual should communicate "generally accepted human resources principles" against which agency human resources processes should be measured by a Program Evaluation Office established at DOER. This office should consist of current DOER and agency staff who will design and implement management controls for the organization's new (centralized and decentralized) human resources processes. Regular audits of state agency human resources practices by this office should ensure statewide consistency with established policies.

The Hay system, the job evaluation system now used by the executive branch, should be modified; a customized, quantitative job analysis instrument(s) should be developed; and the process should be automated. In a later phase, the system should be integrated through all agencies so that decentralized job evaluation and analysis can occur, accurate information can be shared and used statewide, and monitoring by DOER can be possible.

To introduce external market influences into the compensation structure, a salary survey should be designed by a consultant and should include pay equity considerations and multiple criteria for job comparisons. The consultant should also develop the analysis protocol for the ongoing application of market data. In a later phase, the salary survey should be automated with access available at the agency level to provide current information on target salaries and other data necessary for managers to make compensation decisions.

All automated systems should be integrated with the Statewide Systems Project as much as possible, both in the planning and implementation phases.

The development of broad bands, merged classifications, and new classification standards should be accomplished by current employees on mobility assignments for this project. The estimated cost includes temporary employees to continue the tasks usually performed by those who are on mobility assignment during the transition, should that be necessary.

Implementation evaluation costs include a formal evaluation of the project at midpoint, although evaluation mechanisms and checkpoints should be built into the planning and implementation phases. These should include customer surveys, focus groups, and other feedback to be used in refining the implementation plan.

Benefits

The human resources management system recommended by CORE offers many benefits for both Minnesota citizens and state government employees. The new system would link employee performance to organization goals and citizen needs.

Evaluation tools would be available to guide management decisions for the organization, the work unit, and the individual. Employees would have a clear understanding of job responsibilities and expected results. Managers would be held accountable for human resources operations through the performance management system.

Better deployment and redeployment of employees would result in reduced layoff costs. The average cost of a layoff is about \$12,500. For every 50 layoffs avoided, \$625,000 would be saved.

Savings from conducting cooperative regional training are estimated at 50 percent for travel and overtime. One agency calculated that the cost of a regional supervisory core program for 15 participants would be \$7,500, vs. \$18,000 if participants attended the courses in St. Paul. Just 10 additional regional training programs could save the state more than \$100,000.

Additional savings would be realized by simplifying the classification structure. Reducing the number of classifications from more than 2,000 to less than 1,000 would decrease the cost of maintaining classification standards and improve their quality.

The most significant benefits would be in productivity improvements in service delivery. Goals would be clearly defined through strategic planning at the state and agency levels and would focus on quality customer service. The new system would respond quickly and with flexibility to the needs of citizens, with streamlined processes requiring minimum time and expense. For every 1 percent of productivity improvements, the state would receive more than \$10 million (1 percent of payroll) in value-added services.

The new human resources system would acknowledge the major role of managers in directing state service delivery and would provide them with the competencies and authority to manage. The new organizational culture would support quality service and accountability and would reward these behaviors.

CONCLUSION

This study has benefited from many individual contributions. Comments and suggestions came from diverse stakeholder groups, personnel experts, and professionals at other states. One hallmark of the project was the continual communication with stakeholder groups. The individuals who would be acting within the redesigned system were asked for input and reaction throughout the project.

In some cases, the needs or desires of the various stakeholder groups conflicted. There are recommendations in this report that do not have universal support. Every effort should be made, however, to keep all stakeholders involved in the implementation of these reforms.

Once fully implemented, the new human resources system would allow employees to adapt to changes in the environment. Planning and feedback mechanisms would allow the system itself to be fluid and flexible. With fewer rigid rules, systems, and procedures, human resources management tools and practices could more easily adjust to meet the demands of the changing environment.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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APPENDIX A

CORE Human Resources Project Participants

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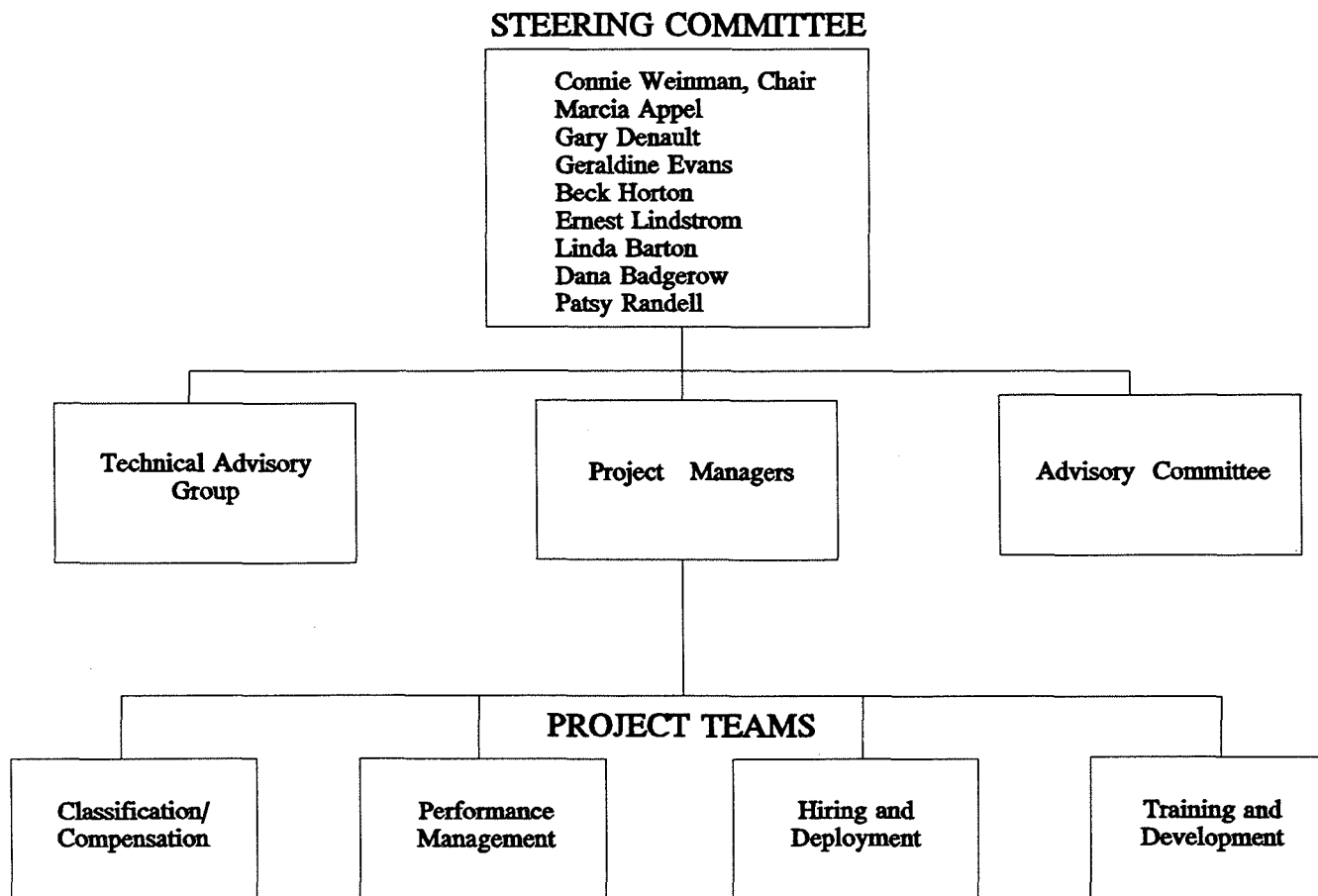
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CORE Human Resources Project Organization





CORE

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VISION FOR THE STATE'S HUMAN RESOURCES SYSTEM

The following set of principles will be reflected in the creation and operation of the state's human resources system. This ideal system relates to both those functions which manage and motivate state employees and to the overall work environment. The ideal system reflects a constructive labor-management partnership. In order to succeed, this vision must be embraced by state employees and policy makers at all levels. All employees should be empowered, responsible and accountable for promoting these principles.

Outcome-Based Human Resources System

The HR system will support the goals of state government and the provision of effective state services to the public. The focus of the system will be on achieving results, rather than following procedures.

Customer-Oriented

The HR system will be driven by the needs of its primary customers, while considering the interests of other stakeholders. HR professionals will understand their roles and responsibilities, and how to help their customers fulfill the missions of their organizations.

Simple, User-Friendly

The HR system will be accessible, flexible, easy to use, consistent and fair, and at the same time require a minimum of time and expense. The system will respond quickly and with flexibility to the needs of stakeholders. Processes will be streamlined. The HR function will be viewed as a facilitator rather than a controller.

Strategic, Proactive, Change-Based Human Resources Function

The HR system will search out and adapt to changes in both the internal and external environments. Mechanisms will be in place to gather and analyze relevant information. The system and the culture will be flexible to respond to the future needs of its customers. In addressing these changes, the HR system will strive to obtain a balance between the competing needs of its various customers and stakeholders and, with these groups, develop partnerships for change.

Reflects the Community and Maximizes Opportunity

The HR system will seek, reward and value work force diversity. Real opportunity and access will exist for all individuals at all levels of employment.

Performance-Based Management Systems

The HR system will focus on recognizing employees for the outcomes of their work, rather than for the activities which they pursue. Recognition, promotion and compensation will reflect the proven ability of the individual or team to produce results.

Quality Employer that Values Employees

The HR system, recognizing that employees are a critical resource, will respect their needs as individuals, value their dignity, acknowledge their contributions, treat them consistently, support a healthy work environment and foster a constructive labor-management partnership. Employees will take pride in working for the state. The public will understand and value the role of the state employee and the state as an employer.

Creative Optimal Work Force Deployment

The HR system will facilitate the selection, development and retention of well-qualified employees and provide them with the skills, responsibility and authority to deliver services. Workers will be deployed in a manner that is personally rewarding and accomplishes the mission of the organization. Individual skills will be fully utilized and accessible to agencies across the state. The system will encourage the development of flexible work schemes to accommodate the needs of a diverse work force.

Increased Effectiveness of Statewide Management Team

The HR system will acknowledge the important roles played by managers, and provide them with the skills and information required to do their jobs. It will promote an atmosphere which is conducive to change and risk taking and which rewards outcomes of these behaviors. Elected officials and state managers will share a commitment to common values and principles for the state overall.

July 1, 1992

Stakeholder Needs: Hiring and Deployment

Desired System Characteristics:

	Advocacy Groups	Unions	Legislative Staff	General Public	Applicants	Current State Employees	Governor's Staff	Managers	DOER Staff	Personnel Directors
Fast, responsive	X				X	X		X	X	
Simple, easy to use	X		X	X	X				X	
Clear accountability			X	X			X			X
Access to job information	X	X			X	X				
Well-qualified hires								X		
Flexible recruiting options								X		
Fairness and equity	X	X			X			X		
Outcome-oriented	X		X					X	X	X
Access to available, diverse applicants	X							X		
Input/influence	X	X				X		X		X
Rights preservation; representation		X								
Efficient, cost-effective			X	X						
Job security	X	X				X				
Responsive to change							X			X
Allows mobility		X				X				
Quality employer					X	X				

**Desired
System
Characteristics:**

	Advocacy Groups	Unions	Legislative Staff	General Public	Applicants	Current State Employees	Governor's Staff	Managers	DOER Staff	Personnel Directors
Opportunity for career development	X	X				X				
Flexible hiring assessment tools								X		X

X= Need expressed by stakeholders during focus groups.

The absence of an X does not mean that individuals from that group do not have the listed need; it merely indicates that the need was not expressed during the focus group.

APPENDIX E

Compensation Data

(classified employees only)

	MGRS ¹	MMA ²	MAPE ³	AFSCME ⁴
Classified employees	629	2,686	6,424	18,035
Average salary	55,996	40,957	35,548	26,539
Highest salary	77,736	62,848	59,508	40,716
Lowest salary	35,203	23,260	25,474	16,620
Percentage within 5% of top	43.2%	57%	35.9%	67.3%
Total	(272)	(1,535)	(2,304)	(12,135)
Percentage within 15% of top	81%	81%	59%	88.6%
Total	(509)	(2,180)	(3,798)	(15,977)
Top of all salary ranges	83,395	69,927	75,502	42,533
Bottom of all salary ranges	33,846	20,922	25,474	14,386
Percentage in one-person classes	32.6%	6.3%	1.5%	.2%
Total	(205)	(171)	(99)	(35)
Turnover rate — total	7.6	5.0	4.6	5.5
Turnover rate — resigned	1.9	1.0	2.8	2.7

1. MGRS = managers

2. MMA = Middle Management Association

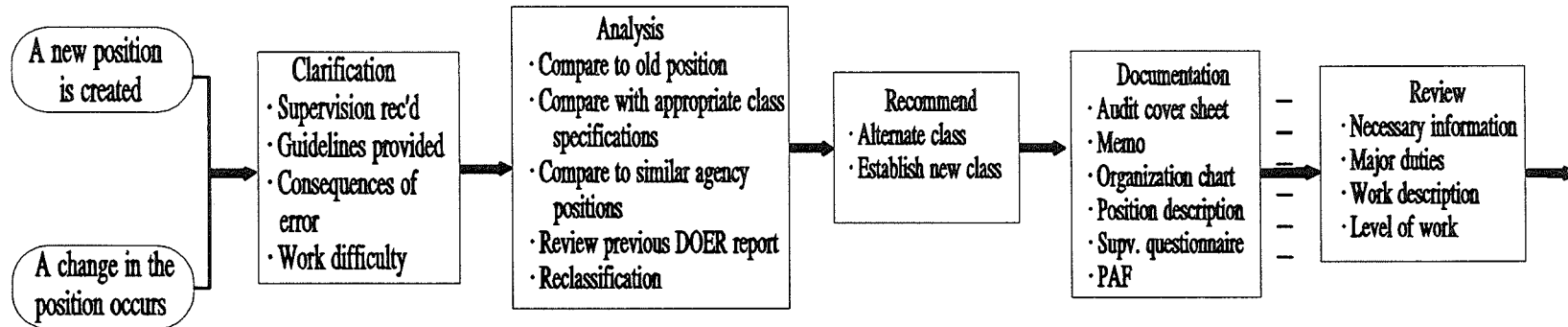
3. MAPE = Minnesota Association of Professional Employees

4. AFSCME = American Federation of State, County and Municipal Employees

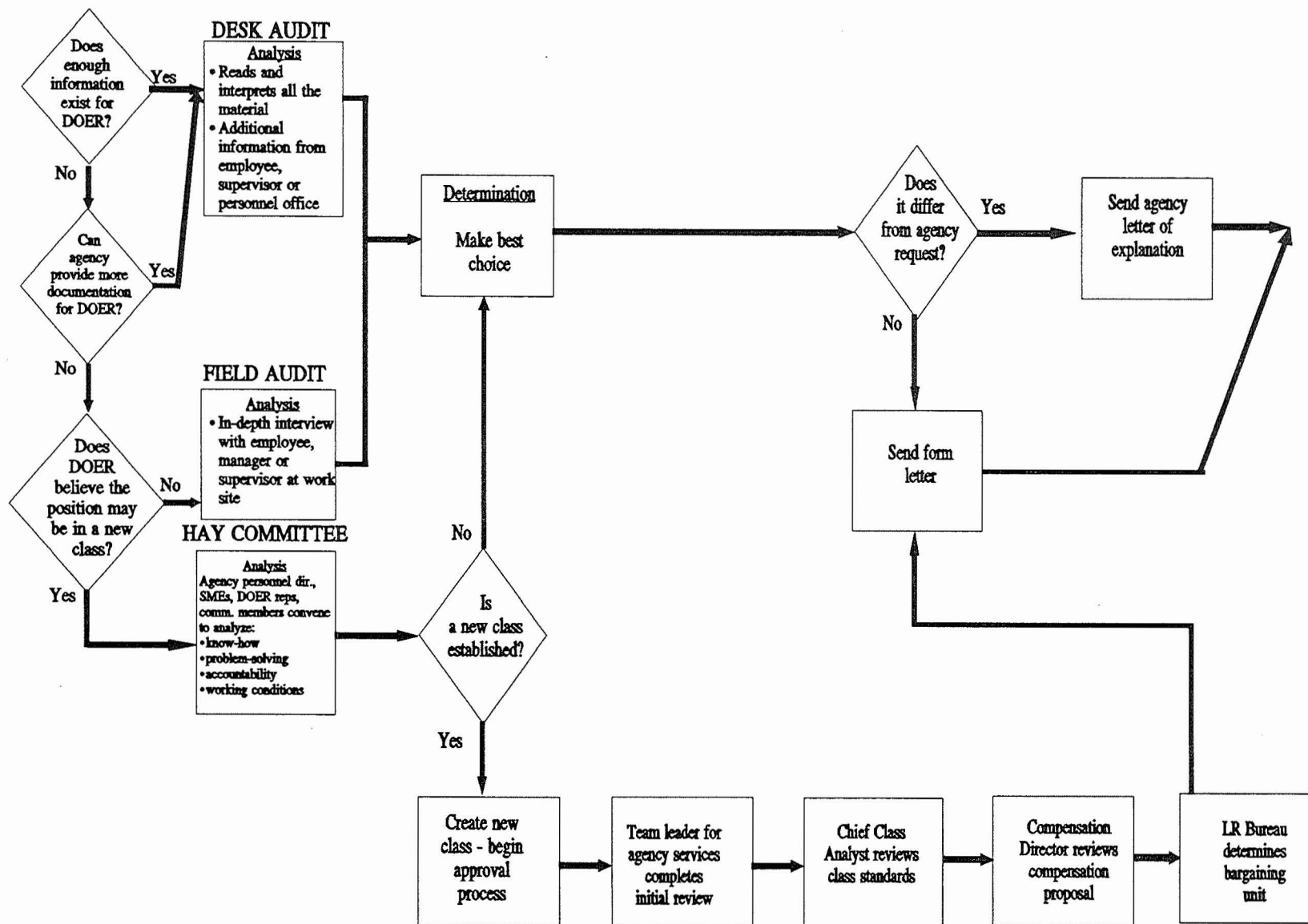
Job Evaluation Process

APPENDIX F

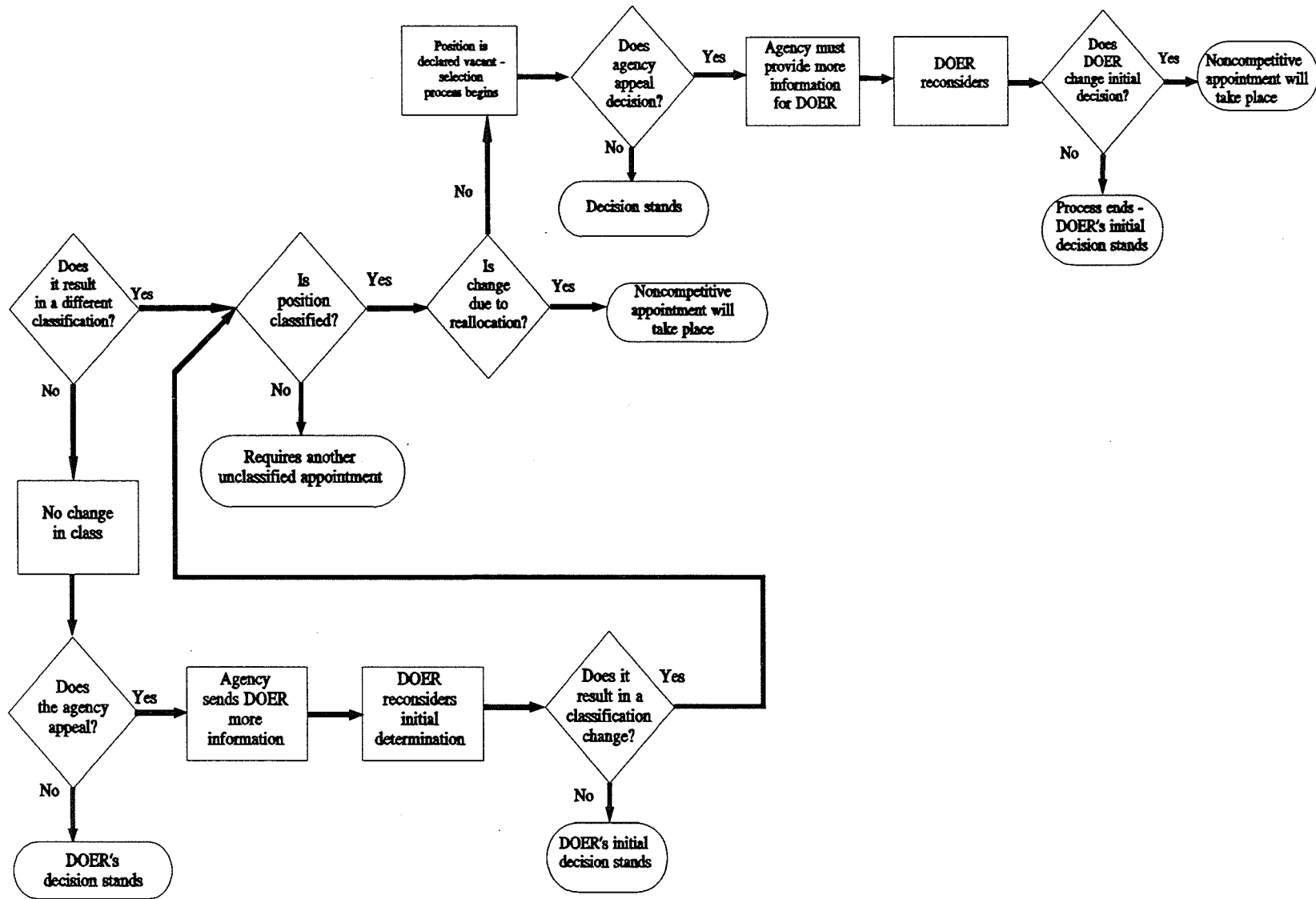
AGENCY LEVEL - focus on gathering information



DOER REVIEW



APPEAL PROCESS





Analysis of Stakeholder Problems and Needs

The CORE Classification and Compensation Project conducted focus groups and interviews with employees, managers and supervisors, human resources professionals, union representatives, and legislators to identify key problems and needs.

The resulting data is organized by problem within six major themes:

- A. The structure as defined by administrative policies, legislation, and labor contracts and the processes used to implement the system supporting this structure are inconsistent, cumbersome, and yield uneven results.
- B. The system of job evaluation (the Hay method) is difficult to understand, very slow, and does not measure all aspects of all positions.
- C. A variety of compensation options and reward systems is not available to reward and motivate employees. Compensation policy does not recognize differences between employees and employment situations.
- D. The roles of the Department of Employee Relations, agency human resources staff, and managers and supervisors within the state human resources system are not clearly defined.
- E. Communication about the system, through regular training and information, is inadequate.
- F. The executive branch does not act as one employer. Beliefs and values are not clearly identified. Managers are not held accountable for their actions.

The stakeholders citing a particular problem are indicated by the following codes:

- A: Council of Managers focus group
- B: Supervisor focus group
- C: Human resources director focus group
- D: DOER staff focus group
- E: Employee focus groups (3)
- F: Legislative focus group
- G: American Federation of State, County and Municipal Employees interview
- H: Minnesota Government Engineers Council interview
- I: Middle Management Association interview
- J: Minnesota Nurses Association interview
- K: Minnesota Association of Professional Employees interview

- A. The structure as defined by administrative policies, legislation, and labor contracts and the processes used to implement the system supporting this structure are inconsistent, cumbersome, and yield uneven results.

PROBLEMS	A	B	C	D	E	F	G	H	I	J	K
CLASSIFICATION											
1. Too many, too broad, and too narrow.	X	X	X	X	X	X	X	X	X		X
2. Outdated; no regular review process.	X	X	X		X		X			X	
3. System is not clear and understandable.	X	X	X	X	X	X		X	X	X	X
4. Decision making by top management is not consistent.		X			X						
5. Political appointments may mean unqualified management.		X		X							
6. There are few career development options.	X	X	X		X		X		X	X	X
7. The only path to promotion is to a supervisory position.					X					X	X
8. Outcomes are based on personal relationship with DOER.	X				X	X					
9. Effective appeal processes do not exist.	X	X			X	X		X			
10. The system is too slow.	X	X	X		X	X			X		X
11. Generalists are not valued.	X				X				X		
12. Team roles are not addressed.	X	X	X					X			X
13. Emerging jobs are not recognized.	X	X	X	X	X		X				
14. There are too many unclassified positions.		X				X					
15. Unclassified positions are used inappropriately.		X			X	X					
16. Hierarchical structures prevent positive change.	X	X			X						X

PROBLEMS	A	B	C	D	E	F	G	H	I	J	K
COMPENSATION											
1. Statewide salary rates ignore local job markets.	X		X	X		X					
2. Managers have no real incentives or compensation.	X	X	X						X		
3. The sick leave bank is a disincentive.		X									
4. Supervisor-subordinate pay differentials are minimal.	X	X							X	X	
5. Inadequate dual career tracks force employees to become supervisors.	X		X		X						X
6. Achievement awards are inconsistent and not tied to performance.		X	X		X	X		X			
7. Classification and compensation are too closely tied and inflexible.	X	X	X			X					
8. AFSCME and MAPE salary ranges cannot be adjusted between bargaining periods.		X			X						
9. There are too many small steps in salary.		X		X	X				X		
LAYOFF											
1. The process is too complicated, especially due to bumping.	X	X	X	X							
2. There are few alternatives to layoff.	X	X	X					X	X		X
3. Bumping is a negative consequence: jobs are taken without skills.	X					X					
4. No planning; no review of policy impact.	X		X	X				X			X
5. Few options exist for other state jobs.		X	X						X	X	X
6. More time is needed for retraining.					X		X		X		

- B. The system of job evaluation (the Hay method) is difficult to understand, very slow, and does not measure all aspects of all positions.

PROBLEMS	A	B	C	D	E	F	G	H	I	J	K
CLASSIFICATION											
1. The process is viewed as a black hole and has little accountability.	X	X			X	X		X			
2. Effective appeal processes do not exist.		X			X	X		X			
3. The Hay method is manipulated; helps employees at the top of the salary range.		X			X		X	X			
4. Generalists are not valued.	X				X	X					
5. Team roles are not considered.	X	X	X		X			X			X
6. Emerging jobs are not recognized.	X	X	X	X	X		X				
7. The importance of the job to the agency is not evaluated.	X				X	X				X	
8. Evaluation depends on words used in documentation.					X		X	X			
9. A higher evaluation in points does not guarantee higher pay.					X						
10. The class structure is not regularly reviewed and evaluated.	X	X	X		X	X	X			X	
11. Office management positions are undervalued.					X		X				

- C. A variety of compensation options and reward systems is not available to reward and motivate employees. Compensation policy does not recognize differences between employees and employment situations.

PROBLEMS	A	B	C	D	E	F	G	H	I	J	K
CLASSIFICATION											
1. There are few career development options.	X				X		X		X		X
2. The system is unfair and does not encourage promotion.	X	X			X					X	X
3. A higher evaluation in points does not guarantee higher pay.					X						
COMPENSATION											
1. No compensation is available for education and other differentials.	X	X	X		X				X	X	X
2. Market rates are not recognized.	X	X	X	X		X					X
3. Managers have no real incentives or compensation.											
4. Reward opportunities are needed; they are not available to all employees.	X	X	X		X			X			X
5. Individual salary adjustments not based on performance.			X		X	X		X	X		
6. The sick leave bank is a disincentive.		X	X								
7. Supervisor-subordinate pay differentials are minimal.	X	X							X	X	
8. Inadequate dual career tracks force employees to become supervisors.	X				X						X
9. Supervisor/professional is not paid overtime.		X			X						
10. Overtime selection can result from favoritism.					X						
11. There are too many small steps in salary.	X	X	X	X					X		

- D. The roles of the Department of Employee Relations, agency human resources staff, and managers and supervisors within the state human resources system are not clearly defined.

PROBLEMS	A	B	C	D	E	F	G	H	I	J	K
CLASSIFICATION											
1. Too many classification decisions are made by DOER.	X		X	X		X					
2. Decision making by top management is not consistent.		X	X		X						
3. The process is viewed as a black hole and has little accountability.	X	X			X	X		X	X		
4. Outcomes are based on personal relationship with DOER.	X				X		X				
5. Too many people are checking on the process.	X		X	X		X					
6. There is no balance between consistency and flexibility and speed.	X	X	X	X	X	X	X	X			
7. There are too many unclassified positions.		X			X	X					
8. Unclassified positions are used inappropriately.					X	X					
COMPENSATION											
1. DOER decides initial salaries and salary promotions for agency staff.	X	X	X			X					
LAYOFF											
1. The layoff process takes too much time.			X								
2. Human resources staff should be advocates.		X									
3. The work and employees left after layoff are not considered.	X				X					X	

E. Communication about the system, through regular training and information, is inadequate.

PROBLEMS	A	B	C	D	E	F	G	H	I	J	K
CLASSIFICATION											
1. Too broad and too narrow.	X	X	X			X	X	X	X	X	X
2. Class specifications are outdated.	X	X	X	X		X	X			X	
3. Managers and supervisors need training, especially in human resources management.	X		X	X	X		X			X	
4. The system is not clear and understandable.	X	X	X	X		X	X	X	X		X
5. Decision making by top management is not consistent.		X	X		X						
6. Political appointments may mean unqualified management.		X			X						
7. The process is viewed as a black hole.	X	X				X		X			
8. Employees are not informed about the process.	X	X	X	X	X	X		X	X	X	X
9. Employees do not know what classification is used for.	X	X	X	X	X	X					
10. The Hay method is manipulated by management.	X			X	X		X	X		X	
11. Rules are different for different agencies.	X	X	X	X		X	X				
12. Evaluations depend on words used in documentation.	X				X		X	X			
13. DOER does not understand jobs enough to evaluate them.		X	X		X	X	X			X	
LAYOFF											
1. Employee morale is affected.	X	X			X		X		X		X
2. The layoff process takes too much time.			X								
3. Communication on layoffs is not provided early enough.		X			X						

PROBLEMS	A	B	C	D	E	F	G	H	I	J	K
4. Leadership is not aware of layoff options.		X									
5. Work and employees left after layoff are not reviewed.	X				X					X	

F. The executive branch does not act as one employer. Beliefs and values are not clearly identified. Managers are not held accountable for their actions.

PROBLEMS	A	B	C	D	E	F	G	H	I	J	K
CLASSIFICATION											
1. There is no balance between consistency and flexibility and speed.	X	X	X	X	X	X	X	X			
2. Rules are different for different agencies.	X	X	X	X	X	X	X		X		
3. There are too many unclassified positions.					X	X					
4. Unclassified positions are used inappropriately.					X	X					
COMPENSATION											
1. State salaries ignore local job markets.	X	X	X	X		X					
2. Reward opportunities are needed; they are not available to all employees.	X	X	X		X						X
3. Achievement awards are inconsistent and not tied to performance.		X	X		X			X			
LAYOFF											
1. Layoff process is different for different unions.			X								
2. Laid-off employees are not easily accepted by other agencies.	X	X	X	X	X		X	X	X	X	X
3. Laid-off employees are seen as poor performers.	X		X		X		X	X	X		

Job Audit Interview Analysis

Job audits are an integral piece of the classification system. Through job audits, critical information is gathered for placing positions in classifications that ultimately affect the salary assignment. The job audit process is the foundation for classification decisions.

During FY 1992, 3,242 job audits were performed: 2,416 by DOER and 826 by agencies. Nineteen employees and supervisors involved in these audits were interviewed about their experiences. They were each asked the following questions:

1. *What were the reasons for the job audit? Added responsibilities, gradual change in duties, overall study, or reorganization, etc.*
2. *Who initiated your job audit?*
3. *Who prepared or revised the position description?*
4. *Were you interviewed about your job during the job audit process? By whom?*
5. *Did the interview questions apply to the job? What were the questions? Did you have enough time to explain the job?*
6. *Was it clear to you why you were having a job audit and what the possible outcomes were? (employee)*
7. *Describe the role your personnel office played during your job audit. From your point of view, what was DOER's role?*
8. *How did you learn about the results of your job audit? Who told you?*
9. *From your experience, what worked well in the job audit?*
10. *From your experience, what did not work well in the job audit?*
11. *What changes would you make in the job audit process or in the state classification system in general? (Be specific.)*
12. *What should your personnel office be doing in the job audit process? What should DOER be doing?*
13. *What, if anything, would you have done differently in submitting your job audit request?*
14. *Do you agree with the outcome of the job audit? Do you believe you (or your employee) are in the right classification now?*
15. *Do you have any other comments on job audits/classifications?*

Findings

Employees

The employee responses can be clustered into six major areas:

1. Employees do not understand the job audit process.
2. Employees are unhappy with the time it takes to do an audit.
3. Employees feel that DOER does not understand the position being audited.
4. How employees view agency personnel staff assistance.
5. How employees are notified of results.

6. Employees feel that the decision is not accurate.

Lack of understanding of the process

Seven of the 19 employees said they did not have as much information about the process as they wanted. Four employees indicated that they were not sure how to request an audit when their job started to change. Five employees expressed frustration at not knowing where the paperwork was and where it had to go. Two employees indicated that a flowchart detailing the process would take away the mystery and ease the feeling of being excluded. Generally, employees did not have a clear idea of DOER's role; common responses were, "I'm not sure" and "They check to see if the paperwork is in order and make a decision, I guess." This lack of information was said to be detrimental to employees. Employees' expectations are raised after a reallocation has been requested, but the lack of knowledge about the process and the length of time it takes demoralize employees. One particular employee going through a reallocation request was worried about the possibility of losing her job because she was under the impression that it may be declared vacant.

Time

Seven employees expressed frustration over the time required to complete the job audit process. Two employees indicated that the process was extended in their situation because upper management "sat on" the requests. Two employees felt that the process was slow because DOER needed to be convinced "above and beyond" what should have been necessary; little consideration was given to managers' input. Frustration over the bureaucracy was another common response. In one instance, DOER lost the paperwork for over a year, and in another case, a letter was not signed, requiring the process to start over again.

Lack of understanding of position

Two persons occupying highly technical jobs expressed concern that DOER was classifying the position without full information. The technical aspect of the job made it very difficult to explain to the DOER representative. These people indicated that subject-matter experts were needed to evaluate these positions. Three other individuals felt that DOER should have performed a field audit to get a full understanding of their position. Two employees expressed frustration at the current system because little trust is placed in managers who, they feel, have the knowledge of what would work best. They believe that those who know the jobs have little or no power in the process: "DOER knows the least but has the most control."

Agency personnel staff assistance

Six employees indicated that their agency's human resources staff was integrally involved in the job audit process. These employees also indicated that the process went smoothly. This type of involvement usually meant that agency staff conducted a field audit. Another employee, however, saw the agency personnel office as just an additional step that did not serve to expedite the process. One employee reported needing more assistance from the agency staff in writing a revised position description. Another employee felt that the

agency personnel office did not apply the same procedures to all employees and required this employee to jump through more hoops than coworkers.

Notification of results

Two employees felt that a photocopied, impersonal form was an inappropriate means of notifying of promotion. A simple letter of congratulations was preferred. In two instances, information was leaked to the employee before any official notification came. In one of these cases, the employee was falsely notified of a promotion.

Accuracy of decision

One employee perceived no distinction between the engineering specialist and senior engineering specialist classes; promotion to the higher of the two, according to this employee, depends on winning the favor of the manager. Another employee was concerned that too much emphasis was placed on organizational size in determining class. Positions in smaller organizations are evaluated at lower levels, even though they may require the employee to perform a wider range of duties. The evaluation process does not reward these people for being generalists. Smaller organizations are relegated to second-tier status and have difficulty retaining employees.

Managers and supervisors

The responses of the managers and supervisors can also be grouped into six categories:

1. Level of involvement of agency human resources staff
2. Not enough information on requirements
3. DOER does not understand position
4. Notification method
5. Hay system
6. Problems with the classification system

Level of involvement of agency staff

When the agency personnel office is fully participating in the audit, the process seems to go smoothly. Supervisors and managers tended to lay a fair portion of blame on their agency offices when the process failed to go smoothly. A major concern was no information or not enough information on the procedures. Thirteen managers felt that the personnel office did not explain the procedures clearly or did not take the time to learn about the jobs well enough to be of assistance. Seven managers felt that once the request was submitted, the personnel office should follow up diligently and keep the managers informed. Six managers were very critical of the agency offices, citing incompetence, politicking, and the overexertion of control. One manager said that the agency human resources staff could not articulate the guidelines that were being used in the audit.

Lack of information

Once the paperwork left their agency, supervisors and managers rarely knew where it went or what process it went through. One supervisor indicated that a flowchart would be helpful. Two managers felt that certain jobs were more heavily scrutinized by DOER than others. Another felt that DOER did not operate on a first-in, first-out basis. One supervisor felt extremely uninformed when asked to make recommendations about proper classifications because of a lack of access to class specifications, which made proposing a position classification little more than choosing between names. A manager felt that many of the difficulties of the current system would disappear if DOER provided managers with proper training on the class system and job audit process.

DOER understanding of the position

Two supervisors stated that for very technical positions, DOER did not grasp what the job really accomplished. Subject-matter experts should be involved.

Notification method

Two managers indicated that the means of notification was inappropriate; a letter of congratulations would be in order. A personal letter means a great deal to employees and is necessary, according to these managers.

Hay system

Four managers or supervisors criticized the Hay system. They described it as deadly and militaristic, relying only on body counts and funds controlled. Another manager felt that the system did not reflect the value of the job to the organization. Two managers indicated that more emphasis on decisions made might be appropriate. Another manager felt that the factors considered were okay, but different weightings might be more appropriate, deemphasizing control over money.

Classification problems

In very technical fields, the classification system is not able to reflect what employees are doing. One manager has employees performing work that DOER has not been able to classify in more than 10 months. The system is said to hurt, not help. Another manager expressed frustration with the number of classes; it is very difficult to distinguish between "junior" and "senior" classes. Another manager said the current system does not offer an incentive for further education in his or her position; no differential is given for having a master's degree. Another supervisor said that no differential is given for increased skills, even when, as in this person's case, the skill takes two years to learn.

Summary

The current job audit process is not understood by employees, and there is a perception that its structure leads to a classification decision that does not reflect the position. Structures need to be added to ensure that those who make classification decisions have



[illegible]

State Government Questionnaire Analysis

[The following was sent to states that completed the questionnaire developed by CORE to identify other states' human resources practices.]

In August, your state completed a questionnaire inquiring about classification, job evaluation, compensation, productivity issues and future trends in your state. The thirty-seven responses and individual interviews were useful in our efforts to restructure Minnesota's human resources management system. Presentation of results are listed below for your information.

Job evaluation

In Minnesota, we currently use the Hay method of job evaluation for evaluating all jobs. In our internal analysis we found that many of our employees and managers were dissatisfied with this particular method. Their dissatisfaction was caused by a variety of reasons: lack of input in the rating panels, not understanding the process, or a belief that Hay used the wrong compensable factors in assigning a point value to a job. We asked you questions about job evaluation to discover what methods you used, how it was administered and how accepted it was by stakeholders.

The states that responded used four basic types of job evaluation methods: Classification, Hay, Point Factor System, and the Whole Job Method. States were grouped according to their method of job evaluation to look for commonality or similar trends. Specifically, we were looking to see if certain job evaluation systems lent themselves to decentralization or fewer overlapping tasks between the agency and the centralized personnel unit. Additionally, we were looking to see what the trend in centralization/decentralization was for state government.

Statistics for states using classification

(CA CO FL GA HI ID IL KS MI MO NE PA VA)

- 13 states or 35% of the respondents used this method
- Primary purpose of this job evaluation system for these states was to classify positions and set salary
- 100% have used this system for more than 10 years
- 46% of these states have had a systematic review of their system in the last five years
- 77% characterized their system as centralized
- 92% had a centralized job evaluation unit

Responsibility for job evaluation tasks

<u>Tasks</u>	<u>Delegated</u>	<u>Overlapping</u>	<u>Centralized</u>
<i>Job Audit</i>	1	8	4
<i>Job Clarification</i>	2	7	4
<i>Job Design</i>	6	5	1
<i>Job Rating</i>	2	3	5

The results show that the administration of this type of job evaluation system tends to be shared or centralized. One state using classification for job evaluation was completely centralized, where no tasks were delegated to the agency level. This state has not gone through a systematic review process within the last five years. Five states had completely or substantial overlapping tasks. Three of the five states that have significant overlap in tasks have gone through a systematic review process in the last five years. The one state that was completely decentralized had gone through a systematic review in the last five years.

Job evaluation method strengths and weaknesses

<u>Strengths</u>	<u>Weaknesses</u>
6 <i>Accepted by stakeholders</i>	<i>Not accepted by stakeholders</i> 1
3 <i>Accurate and precise</i>	<i>Needs frequent revision</i> 3
9 <i>Comparable to other orgs.</i>	<i>Complex</i> 4
7 <i>Comprehensive</i>	<i>Not applicable to all jobs</i> 1
4 <i>Objective and Consistent</i>	<i>Subjective and Inconsistent</i> 5
3 <i>Easy to Administer</i>	<i>Difficult to Maintain</i> 6
2 <i>Easy to Understand</i>	<i>Difficult to understand</i> 4
4 <i>Fair and Equitable</i>	<i>Unfair and Inequitable</i> 0

Subscribers to the classification method of job evaluation find that this method allows them to make comparisons to other organizations and that the system is comprehensive. There was not a weakness expressed by the majority of respondents. The most frequent comment was that the classification system was difficult to maintain, constantly in a state of evolution. Interestingly, one of the states indicated that its system possessed all of the strengths listed above, while simultaneously admitting that it was not accepted by management or employees.

Statistics for states using Hay

(CT DE MN NJ OK OR SD WA)

- 8 states or 27% of the respondents used the Hay method or methods similar to Hay
- Primary purpose of this job evaluation method was to set salary
- 75% of the respondents have used this method for over 10 years
- 25% of these states have had a systematic review of their method within the last five years
- 75% of these states characterized their system as centralized
- 62% of these states had a centralized job evaluation unit

Responsibility for job evaluation tasks

<u>Tasks</u>	<u>Delegated</u>	<u>Overlapping</u>	<u>Centralized</u>
<i>Job Audit</i>	2	0	6
<i>Job Clarification</i>	3	0	5
<i>Job Design</i>	5	0	3
<i>Job Rating</i>	3	0	5

All states using the Hay system of job evaluation did not have overlapping tasks. Two states delegated responsibility for all tasks to the agency level. Four states indicated that these tasks were only performed within the centralized personnel function, and the two remaining states split the tasks between agency and the centralized unit.

Job evaluation method strengths and weaknesses

<u>Strengths</u>	<u>Weaknesses</u>	
2 <i>Accepted by stakeholders</i>	<i>Not accepted by stakeholders</i>	1
3 <i>Accurate and precise</i>	<i>Needs frequent revision</i>	0
1 <i>Comparable to other orgs.</i>	<i>Complex</i>	3
6 <i>Comprehensive</i>	<i>Not applicable to all jobs</i>	1
4 <i>Objective and Consistent</i>	<i>Subjective and Inconsistent</i>	0
2 <i>Easy to Administer</i>	<i>Difficult to Maintain</i>	0
1 <i>Easy to Understand</i>	<i>Difficult to understand</i>	3
5 <i>Fair and Equitable</i>	<i>Unfair and Inequitable</i>	0

Subscribers to the Hay method of job evaluation generally felt that the major strengths of the system were its ability to cover all jobs in the organization and that the system was fair and equitable in its evaluation. No majority weakness emerged from the Hay users.

Statistics for states using the point factor system

(AK IA IN KY MO MT NC ND NH NY OH PA RI UT WA WI WY)

- 16 states or 43% of the respondents used this method of job evaluation
- Primary purposes of this job evaluation system is to set salary and classify positions
- 62% have used this system for less than 10 years
- 62% of these states have had a systematic review of their method within the last five years
- 85% of these states described their method of job evaluation as centralized
- 94% of these states have a centralized job evaluation unit

Responsibility for job evaluation tasks

<u>Tasks</u>	<u>Delegated</u>	<u>Overlapping</u>	<u>Centralized</u>
<i>Job Audit</i>	1	4	10
<i>Job Clarification</i>	3	2	8
<i>Job Design</i>	8	2	6
<i>Job Rating</i>	3	1	9

Three states were completely centralized in the administration of their job evaluation system. One state had completely overlapping tasks. These states have all gone through a systematic review process within the last five years. The remaining six states that had gone through a review process had the tasks divided between agency and centralized unit. For these states, it does not appear that there is a trend toward decentralization.

Job evaluation strengths and weaknesses

<u>Strengths</u>	<u>Weaknesses</u>	
5 <i>Accepted by stakeholders</i>	<i>Not accepted by stakeholders</i>	2
6 <i>Accurate and precise</i>	<i>Needs frequent revision</i>	9
6 <i>Comparable to other orgs.</i>	<i>Complex</i>	6
10 <i>Comprehensive</i>	<i>Not applicable to all jobs</i>	6
9 <i>Objective and Consistent</i>	<i>Subjective and Inconsistent</i>	8
4 <i>Easy to Administer</i>	<i>Difficult to Maintain</i>	6
3 <i>Easy to Understand</i>	<i>Difficult to understand</i>	8
9 <i>Fair and Equitable</i>	<i>Unfair and Inequitable</i>	1

The most common strengths indicated by the point factor subscribers were that the system was applicable to all jobs, objective, and equitable. Major weaknesses lie in the system's need for frequent revision, the subjectivity involved, and the difficulty in understanding.

Statistics for states using the whole job method

(SC TX)

- Both states indicated that the primary purpose of this method was position classification
- Both states have used the whole job method for over 10 years
- Neither state indicated there had been a systematic review in the last five years
- One state characterized the administration of job evaluation as decentralized
- One state had a centralized job evaluation unit; the other did not

Responsibility for job evaluation tasks

<u>Tasks</u>	<u>Delegated</u>	<u>Overlapping</u>	<u>Centralized</u>
<i>Job Audit</i>	<i>1</i>	<i>1</i>	<i>0</i>
<i>Job Clarification</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Job Design</i>	<i>2</i>	<i>0</i>	<i>0</i>
<i>Job Rating</i>	<i>1</i>	<i>0</i>	<i>1</i>

States using the whole job method in general did not have many overlapping tasks.

Job evaluation strengths and weaknesses

<u>Strengths</u>	<u>Weaknesses</u>	
- <i>Accepted by stakeholders</i>	<i>Not accepted by stakeholders</i>	-
- <i>Accurate and precise</i>	<i>Needs frequent revision</i>	-
- <i>Comparable to other orgs.</i>	<i>Complex</i>	-
- <i>Comprehensive</i>	<i>Not applicable to all jobs</i>	-
- <i>Objective and Consistent</i>	<i>Subjective and Inconsistent</i>	-
- <i>Easy to Administer</i>	<i>Difficult to Maintain</i>	-
- <i>Easy to Understand</i>	<i>Difficult to understand</i>	-
- <i>Fair and Equitable</i>	<i>Unfair and Inequitable</i>	-
<i>1 Other (unknown)</i>	<i>Other (time-consuming)</i>	<i>1</i>

Summary

A common strength of the three major types of position evaluation methods was the ability to evaluate all jobs. More than half of the respondents using classification listed this as a strength. Ten of sixteen states using the point factor method identified it as a strength, and 75% of states using Hay indicated that the system was comprehensive. Of those states using position classification, half or more indicated that the system was accepted by stakeholders and allowed them to make comparisons with other organizations. Of those states using the point factor method of job evaluation, nine felt that system was objective and consistent and fair and equitable. Five of eight states using the Hay system also felt that this method was fair and equitable. The sample size did not allow

for common themes to emerge for the other types of job evaluation.

The weaknesses indicated by the states vary by type of job evaluation method used. Of those using classification, half felt that it was subjective and inconsistent. Point factor subscribers in nine instances indicated that frequent revision was necessary. Eight respondents said the system was difficult to understand, and just under half indicated that it was not comprehensive and was inconsistent. Half of the Hay users indicated that Hay was complex and also difficult to understand.

From our analysis, there was not a clear pattern between type of job evaluation system and the level of decentralization. There was also not a pattern between the recency of a systematic review and the level of decentralization.

Compensation

Minnesota state employees have the majority of their compensation tied to their length of service. For professional and managerial jobs, performance can be recognized through achievement awards, which are one-time cash bonuses. Pay for performance for all employees was an area CORE was interested in investigating, and the following analysis looks to see how pay policies are related to level of employee organization.

States were categorized by level of involvement with employee unions on compensation issues.

Low involvement by unions

(DE OK KY ID TX UT NC SD SC CO WA MO GA WY VA ND AK)

Seventeen states indicated that they did not negotiate with employee unions on the following: general adjustments to salary ranges, salary range assignments of existing classifications, individual salary increases within a salary range, differentials, or other salary issues. In states where unions are not involved in these areas, individual salary increases in employee pay were determined as follows:

<u>Step</u> <u>Increase</u>	<u>Perf.</u>	<u>Length</u>	<u>Step Inc.</u> <u>& Perf.</u>	<u>Perf.</u> <u>& Length</u>	<u>Step Inc.</u> <u>& Length</u>	<u>All</u>
1	2	1	3	2	0	1

Remaining states used some other method such as relation to midpoint or used guidelines established by the legislature. Others did not have salary increases due to salary freezes.

Performance pay programs included managerial, supervisory, professional, technical, and clerical groups in six instances.

High involvement by unions

(IA PA CT WI RI NJ IL CA OH OR MT MN HI KS)

Thirteen states negotiated with unions on at least three of the following issues: general adjustments to salary ranges, salary ranges assignments, individual salary increases, differentials, or other salary issues.

In states where unions are involved in compensation issues, individual salary increases were determined as follows:

<u>Step Increase</u>	<u>Perf.</u>	<u>Length</u>	<u>Step Inc. & Perf.</u>	<u>Perf. & Length</u>	<u>Step Inc. & Length</u>	<u>All</u>
1	0	1	1	0	5	4

Two other methods mentioned were relating individual pay to midpoint and setting pay as a result of collective bargaining agreements.

Of these thirteen states, eight had some type of pay for performance policy. In only one state were all groups affected (WI). Three states had pay for performance for supervisors or managers. One state did not indicate who was included in their plan and the final state included all groups but clerical employees.

Moderate involvement by unions

(MI NH NE IN NY FL)

Six states negotiated with the unions on one or two of the issues. In these states where union involvement was moderate in compensation issues individual salary increases were determined as follows.

<u>Step Increase</u>	<u>Perf.</u>	<u>Length</u>	<u>Step Inc. & Perf.</u>	<u>Perf. & Length</u>	<u>Step Inc. & Length</u>	<u>All</u>
1	1	0	1		1	1

One state did not respond to this question. Of these states, only one had a pay for performance policy. In this state, all occupational categories were included.

Classification

States are ranked by width of classes. Utah has the most narrowly defined classes, with 5.87 employees per class. Texas has the broadest classes, with 165 employees per class. The median number of employees per class is 25.86. The average number of employees per class is 36.51.

The first quartile break is at 13.21 employees per class. The second quartile break is at 26.66 employees per class, and the third quartile break is at 48.37.

Twenty-seven states have a classification system based on statute. Six are based on rules and regulations. One is based on executive order.

Four states have a classification system less than five years old. One state has a class system between five and ten years old. The remaining states have a system older than ten years.

This information is presented in the following table.

CHARACTERISTICS OF STATE CLASSIFICATION SYSTEMS

State	Number of Employees	Classes	Incumbent-Class Ratio	Legal Basis 1-Statute 2-Rules 3-Exec. Order	System Age 1 < 5yrs. 2 < 10yrs. 3 > 10years
UT	13500	2300	5.87	1	3
DE	10500	1400	7.50	1	3
WY	7220	780	9.26	1	1
NJ	75753	6500	11.65	1	3
RI	19000	1600	11.88	1	3
MT	16000	1335	11.99	1	3
CT	49240	3867	12.73	1,2	3
ID	21800	1650	13.21	1,2	3
ND	13350	1000	13.35	1	3
NE	17601	1300	13.54	1	3
AK	22406	1539	14.55	1	3
SD	11600	700	16.57	1	2
MN	40000	2300	17.39	1,2	3
HI	29721	1692	17.56	1	3
IA	20000	1038	19.27	1	3
WA	50300	2200	22.86	2	3
NC	80000	3500	22.86		3
IN	37500	1539	24.37	1	3
KY	42777	1654	25.86	1	3
SC	60328	2263	26.66	1	3
PA	77127	2700	28.57	1	3
OK	42464	1475	28.79	1	3

State	Number of Employees	Classes	Incumbent-Class Ratio	Legal Basis 1-Statute 2-Rules 3-Exec. Order	System Age 1 < 5yrs. 2 < 10yrs. 3 > 10years
WI	58525	2000	29.26	1	3
NY	187496	620	30.24	1	3
OH	60765	2000	30.38		1
CA	150000	4500	33.33	1	3
OR	43374	1085	39.98	1	1
VA	71433	1761	40.56	1	3
KS	48369	1000	48.37	1	3
GA	77613	1500	51.74	2	3
CO	69000	1300	53.08	1	3
FL	107046	1622	66.00	1	3
MO	82333	1085	75.88	1	3
IL	119690	1520	78.74	2	3
NH	10590	100	105.90	2	1
MI	63100	500	126.20	3	3
TX	214500	1300	165.00	1	3

Primary purposes of classification, job evaluation, and compensation systems in state governments

When asked what the primary purpose of a classification system was, three varying themes emerged. The most common response was that the classification system provided a **rational means for sorting and naming positions**. The sorting process ensures that grouped positions will have similar responsibilities, titles, education, training and experience requirements. The final outcome of the sorting process will ultimately be an equitable assignment of a position to a pay range on the salary schedule commensurate with like positions. The second most common response given by states indicated that the classification system was an **important administrative tool**. It allows the employer to group positions and employees however the employer sees fit to assist in selection, work execution and pay purposes. Lastly, three states viewed the classification system as a **distinct tool in developing position specifications**.

When listing the primary purpose of the job evaluation system, eleven respondents indicated that job evaluation was used to **assist in the classification process**, allowing states to compare job differences and ensure that positions are correctly classified. Eight states saw job evaluation primarily as a **tool to ensure internal pay equity**.

When identifying primary purposes for the compensation system, eleven states saw the compensation system as a key element in **attracting and retaining a high-quality work force**. Nine states indicated that a compensation system's primary purpose is to **ensure that employees are paid equitably based upon a consistent, objective methodology**. Three states indicated that the compensation system is a powerful tool that can work to **reinforce organizational values or to meet organizational goals**.

Classification and Compensation Term Definitions

Broad-banding	Using broader salary ranges covering multiple job levels to integrate both market and performance and/or growth into one structure.
Classification	The categorization of jobs.
Development levels	Defined for each occupational family:
▪ Developmental	Individuals perform less than the full range of tasks, elements, or components generally encountered for the occupation within the assigned organization. They receive specific technical supervision.
▪ Full performance	Individuals perform the full range of tasks, elements, and components generally encountered in the occupation within the assigned organization. The individual defines the basic approach for accomplishing assigned work, adapts as required to meet the requirements of typical assignments, and receives general technical supervision.
▪ Senior/Expert	Individuals provide program direction and expert technical advice for issues in the occupation. They also initiate, plan, and direct complex efforts, carry out functions with wide-spread impact, and receive very little, if any, technical supervision.
Job analysis	A procedure for gathering, documenting, and analyzing information about three basic aspects of a job: content, skill requirements, and context.
Job audit	The review of a position to determine its appropriate classification through analyzing written materials and/or interviewing the employee and the supervisor.
Job evaluation	A process of comparing jobs using a common scale of measurement. The current system used is the Hay method, which evaluates the job factors of know-how, accountability, problem solving, and working conditions.
Occupational family	A collection of occupations for which work is similar in

terms of basic skills, recruitment strategies, career progression, training strategies, and performance management.

Target salary

Payment up to targeted market level for job understanding and satisfactory job performance; target level for a particular job is established based on meeting certain performance criteria over a certain time (full performance).

Variable pay programs

- **Gainsharing** Production-oriented workers share a percentage of the value of increased productivity, calculated under a designated formula.
- **Group incentives** Any arrangement for a group of employees (large or small) to receive a variable award based on increased performance against a target.
- **Team proposal** Structured, short-term program that rewards employee participation in suggesting improvements in productivity, quality, and revenue-generating activities.
- **Individual incentives** Management-by-objective-type incentives, individualized to apply to technicians, professionals, managers, and individual contributors.
- **Lump-sum payments** Periodic (often annual) payments in lieu of part or all of normal base-pay increases.
- **Knowledge/skills pay** Creation of a "ladder" within a job level, which employees can climb at their own pace, based on their acquisition of additional skills.
- **Spot awards** Cash and nonmonetary awards recognizing significant individual or team contributions for one-time events.

Summary of Key Components of the Performance Management Model

PRESENT SYSTEM

1. A position description (PD) is written for each employee and is revised annually by the supervisor with employee input.

Changes in priorities and assignments during the year are not incorporated into the PD until the next time it is revised.

Responsibilities and standards are often described in general terms in the PD, anticipating that duties will change during the year. This general language is a barrier to clarifying specific job responsibilities.

2. Individual performance standards are often unrelated to customer needs or to current agency priorities.

PROPOSED

Employee and supervisor jointly develop and continuously update a work plan for the employee. This supplements the PD for the purpose of work planning and performance development.

The work plan describes the employee's specific responsibilities and the results expected during a given period (e.g., three months). Plans are revised as often as needed. Standards and priorities are revised as work is assigned and completed.

Teams, as well as individuals, develop work plans.

The organization's outcome-based performance measures are used to derive performance measures for teams and for individuals.

BENEFITS

Improved communication and documentation of work assignments and standards.

Greater flexibility in assigning work and adjusting current priorities.

Agencies and work units can easily include key performance dimensions in each employee's work plan. For example, an agency might want each work plan to include a section addressing customer service, quality improvement, or team work.

Support for team assignments and team accountability.

Greater focus on customer needs and organizational goals in assigning and evaluating work.

PRESENT SYSTEM

3. The supervisor's primary roles are giving direction and judging employee performance against standards. This inhibits two-way communication and can be a barrier to employees' assuming greater responsibility for improving their performance.

4. Development of employees is often not a priority for agency time and resources.

Managers and supervisors typically receive few rewards for employee development efforts.

Employee development planning is optional.

5. Performance problems are often not confronted until they become serious. Prevention of performance problems is given low priority.

PROPOSED

The supervisor's primary roles change dramatically under the new model. The new roles are facilitating communication and coaching/developing employees and teams for better performance. This represents a major shift in how supervisors are selected, trained, and evaluated. This change in roles reflects a change in organizational culture that is addressed elsewhere in this report.

Developing employees is one of the four defining activities of effective performance management.

Development needs are addressed in each work plan.

Managers and supervisors are evaluated on how well they develop subordinates.

A specific step-by-step process of informal performance problem solving is defined as part of performance management.

BENEFITS

The supervisor's role shifts away from a traditional "command and control" function toward facilitating increased employee responsibility and performance.

Employees are expected to take greater responsibility for their work and their development.

Performance improves as training needs are addressed.

Training is understood and used as a performance-improvement tool. This promotes efficiency and effectiveness.

Managers and supervisors are held accountable and rewarded for developing employees.

Performance problems are identified early and routinely. Since everyone is expected to continuously improve his/her performance, it becomes easier for supervisors and employees to admit that problems exist.

PRESENT SYSTEM

When performance problems occur, they are often assumed to be the fault of the employee rather than due to other factors, such as unclear goals or inadequate training.

6. When performance problems occur, they often require substantial additional documentation by supervisors. This is frustrating and time-consuming for supervisors.

7. Supervisors receive only limited training in performance communication, performance problem solving, and problem prevention.

PROPOSED

Possible causes of performance problems are systematically considered. Supervisors are trained and held accountable for performance improvement.

Routine revision and review of the work plan generate much of the necessary documentation of performance problems and correction efforts. This review process directly supports formal discipline and discharge processes.

Training in communication and performance problem solving skills is provided to managers, supervisors, and employees.

BENEFITS

Performance problems caused by inadequate systems of training and management can be addressed without unnecessarily blaming employees.

Documentation of performance problems is easier.

There is greater accountability of supervisors, managers, and employees for correcting performance problems.

Supervisors, managers, and employees gain greater skill in communicating about and solving performance problems.

Everyone receives training on performance management skills.

Performance Management Principles

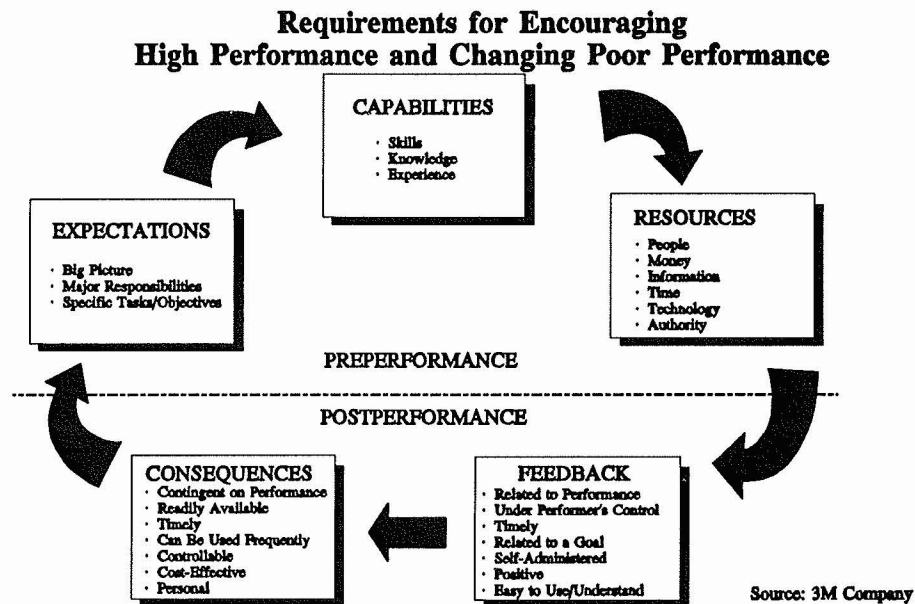
These principles of effective communication, performance, development, and management are the basis for the new model of performance management, and they would guide the implementation of the model.

- Performance management practices will work only when the culture and values of an organization support and reward good performance.
- Establishment of a performance management process begins with and builds on the organization's mission and goals. Employees are then measured and evaluated on their contributions to these organizational goals and plans.
- Top management and agency heads provide leadership by promoting outcome-based performance criteria, managerial accountability, employee involvement, circular communication, training, and continuous improvement.
- Managers and supervisors should be accountable, rewarded, and recognized for improving performance of the teams and individuals they supervise and manage.
- Performance management starts with the governor and goes down through agency heads, managers, supervisors, and employees.
- Performance management objectives should be communicated to everyone. This ensures a common purpose within the organization.
- Employees should be rewarded for their contributions to achieving state and agency goals and objectives, using both compensation plans and intangible or alternative (noncash) awards.
- Alternative (noncash) rewards can be powerful and flexible motivators for individuals and teams.
- Consequences of poor performance should be linked to performance problem solving and, if this is unsuccessful, to discipline and/or discharge.
- When an employee is experiencing a performance problem that may be related to a chemical dependency or an emotional or physical illness, early intervention and problem-solving approaches should be tried before discipline is used.
- The following diagram illustrates five key requirements for good performance. To encourage high performance, individual employees and teams need each of the first three elements shown here:

- clear expectations
- capability to do the assignment
- essential resources

Once performance occurs, high performance is maintained through:

- feedback
- effective consequences



Training and Development Needs Matrix

Common Training Needs (Identified through focus groups)	Managers	Personnel Directors	Employees	Training Directors	DOER Training Staff	Legislative Staff	Unions	*BITE
1. Top management support for and commitment to training.	X	X	X	X	X		X	X
2. Equity in employee access to training.			X		X		X	X
3. Administrative orientation to state systems and programs.	X			X			X	
4. Employee orientation to state service and to the specific hiring agency.			X				X	
5. Scanning future trends and planning for work force skills needs.	X	X	X	X	X	X	X	X
6. Alternatives to classroom training (e.g., teleconferencing, computer-aided learning, OJT, and interactive video).	X			X	X			X
7. Methods for evaluating training effectiveness.		X		X	X	X	X	X
8. Link training to agencies' goals and integrate into agencies' strategic planning.	X		X				X	
9. Consistent content and statewide delivery of management, supervisory, and mandated training.	X	X	X	X			X	X
10. Retrain employees as an alternative to layoff.			X	X		X	X	X
11. Sharing of training resources with other agencies (e.g., programs, equipment, videos, and expertise).	X	X	X	X	X		X	X
12. Release time to get away for training.		X	X				X	
13. More autonomy for agencies in the design and delivery of training.	X	X	X	X	X			X
14. Keeping up with rapid changes in computer technology.	X	X	X	X		X		
15. Training opportunities in more locations (especially Greater Minnesota), offered at time convenient to employees.		X	X	X			X	X

Common Training Needs (Identified through focus groups)	Managers	Personnel Directors	Employees	Training Directors	DOER Training Staff	Legislative Staff	Unions	*BITE
16. Management and supervisory training beyond basics of core training programs (e.g., improving interpersonal skills).	X	X	X			X		
17. Remedial skills training.			X	X	X		X	
18. More training dollars.	X	X	X	X	X	X	X	X
19. Timely updates on changes in laws, rules, policies, and procedures.		X	X	X				
20. Partnership with higher education systems to provide developmental opportunities.	X	X		X				X
21. Training and support in quality improvement initiatives.	X	X	X	X			X	
22. Interagency collaboration in providing training.	X		X	X			X	X
23. Involvement of agencies in mandated training decisions.	X	X	X				X	X
24. Soft skills training (e.g., communication, interpersonal, and customer service skills).	X	X	X	X			X	

* BITE = Bemidji Intergovernmental Training Exchange

Common Needs for Centralized Functions (Identified through focus groups)	Managers	Personnel Directors	Employees	Training Directors	DOER Training Staff	Legislative Staff	Unions	*BITE
1. Clearinghouse for information regarding training resources.	X	X		X	X			
2. Coordination and facilitation of joint training ventures between state agencies, local governments, and private sector (e.g., regional hubs).			X	X	X			X
3. Records of all employee training received through state agencies, vendors, institutions of higher learning.	X	X		X	X		X	
4. Consistent content for mandated training (e.g., supervisor core)	X	X	X	X	X		X	
5. Professional support for trainers (e.g., program/curriculum development and needs analysis).	X	X	X	X	X		X	X
6. Instructional skill development for subject-matter experts (e.g., train the trainer).		X	X	X	X		X	
7. Master consultant/vendor training contracts for agencies' use; work toward achieving competitive pricing on products.	X	X		X				
8. State-of-the-art expertise on training.	X	X		X	X		X	X
9. Environmental scanning and proactive training development.	X	X	X	X	X		X	X
10. Statewide recognition programs for excellence in leadership and management.	X							
11. State training needs assessment.		X	X	X	X			
12. Maintain a library of training materials for use by agencies and individuals.	X	X						

Common Career Development Needs (Identified through focus groups)	Managers	Personnel Directors	Employees	Training Directors	DOER Training Staff	Legislative Staff	Unions	*BITE
1. Mobility assignments across functions and agencies statewide, including private sector, for developmental purposes.	X	X	X	X	X	X	X	X
2. More junior/senior plans; apprenticeships.			X				X	
3. Rewards for pursuing self-development.	X	X	X	X		X	X	
4. Awareness of career options and career paths.	X	X	X	X	X	X	X	X
5. Mentoring, coaching, interning, peer tutoring, and OJT programs in agencies.	X	X	X	X			X	
6. Rewards and challenges within the same position.	X	X	X	X			X	
7. Managerial rotation within and between agencies.	X						X	
8. More opportunities for networking to gain knowledge of other agencies.	X		X	X			X	X
9. Managerial and supervisory responsibility for developing employees.		X	X					

Common Organizational Development Needs	Managers	Personnel Directors	Employees	Training Directors	DOER Training Staff	Legislative Staff	Unions	*BITE
1. Support for agencies' reorganizations.		X	X	X				
2. Prepare agencies for implementation of changes.		X	X	X				
3. Help with resolving internal agency problems.		X			X			

Legislative and Judicial Branches Personnel Study

Legislative branch personnel system

The legislative branch contains the House, the Senate, the LCC,¹ and the Legislative Audit Commission. Employees of the House, the Senate, and the LCC, excluding elected officials, are covered by the branch's personnel system. Legislators, as elected officials, are covered by statute and other administrative policy. Employees of the Legislative Audit Commission are covered under the executive branch policy.²

Table 1
LEGISLATIVE BRANCH DESCRIPTIVE DATA

DATA CATEGORY	SENATE	LCC	HOUSE
Permanent employees	213	96	269
Temporary employees	101	Few	68
% who work in Twin Cities metropolitan area	100%	100%	100%
Racial minority:			
Permanent employees	2.4%	3.1%	4.9%
Temporary employees	9.9%	N/A*	10.1%
Women	63.4%	76%	66.5%
Disabled	N/A	N/A	4.5%
Average salary	\$33,600	\$35,000	\$32,000

¹The LCC coordinates certain activities of the House and the Senate. It also supervises all legislative commissions and joint agencies and determines benefits (for both legislators and staff) for both houses and all joint agencies.

²There are 67 positions in the legislative auditor's office. By statute, six positions are unclassified and covered under the LCC plan. The remaining positions are classified and included in the commissioner and manager plans of the executive branch. The classified employees are covered by the civil service system tenure but not by collective bargaining. The classified positions are paid through the statewide accounting system and divided into two divisions, Program Evaluation and Financial Audit. DOER maintains the lists for the Financial Audit Division but has delegated exam authority to the Program Evaluation Division. DOER also handles much of the personnel administration, including processing the paperwork, classification, and training. Because these classified employees are legislative branch employees, they have autonomy from executive branch policies and rules. See M.S. 3, Sec. 971.

DATA CATEGORY	SENATE	LCC	HOUSE
Classes	97	54	91
Levels	14	14	14

* Data not available

The legislative branch personnel system has always been separate from the executive branch. The current system began in the early 1970s. The Senate hired its first personnel director in 1974, who then established formal job descriptions. The LCC was established in 1973. The aide to the president of the Senate and the aide to the speaker of the House acted as staff person in alternate years until 1981, when the LCC hired its first full-time director. The House had an informal personnel system at this time and was the first to contract with DCA Stanton, a personnel consulting company, to perform a personnel and salary administration study. Out of the 1981 study of the House system came a formal structure for personnel administration. The LCC and the Senate hired DCA Stanton in 1984 and 1985, respectively, for the same purpose. Since the 1980s, the increase in computer technology and media positions has been the only major change in the systems.

The legislative branch personnel system maintains no formal relationship with the administrator of the executive branch system, DOER. They have an informal relationship of vendor, consultant, and associate, and they share information through informal networks.

The House and Senate personnel systems are governed by published rules, rather than statute (*Permanent Rules of the House*, Sections VII and VIII, and the *Permanent Rules of the Senate*, Rules 62-65). The LCC is governed through motion of the LCC. All three have administrative policies and procedures as part of their systems.

Recruitment, selection, and promotion

Senate

For permanent positions for which there are no identified candidates (open permanent positions), the Senate personnel officer recruits candidates by posting a notice internally (distributing the position opening to the House, the Senate, and the LCC); running advertisements in the two major Twin Cities and the minority community newspapers; sending the notice to schools; and sometimes advertising nationwide. The personnel officer recruits for temporary positions and positions with an identified candidate through internal posting outside the personnel office for a minimum of two weeks and sending notice to all offices in the Senate, the House, and the LCC. The personnel officer acts as the AA/EEO officer for the Senate and implements its affirmative action policy.

In the centralized selection system of the Senate, the personnel officer performs the initial

interviewing and examination of applicants. Only clerical positions require a test. Candidates for other positions are selected on the basis of position criteria, including education, experience, knowledge, skills, and abilities. Then, depending on the job, either a senator or a staff advisory group composed of five senior staff members interviews finalist candidates. Senators select the person to fill a position with the assistance of the personnel officer. The Senate Rules Committee approves all appointments.

Seniority promotions occur in a limited number of career track positions. A promotion from secretary I to secretary II after three years is one example of a track position promotion. Promotion, however, is not automatic; minimum performance standards must be met. The Senate posts all open positions — temporary, permanent, and those that may have an identified internal candidate. Thus, employees can compete for promotion into a different job. However, if a senator is moved to a leadership position, his or her staff may receive appropriate promotions.

House

The House's recruiting process is similar to that of the Senate. For about 90 percent of all jobs, recruiting involves internal posting, advertising in the Twin Cities Sunday papers and at least one minority community newspaper, and notices to a network of 25 organizations representing minorities, women, and the disabled. For the remaining approximately 10 percent of the positions that involve lateral movement or require prior specific legislative experience, recruitment is limited to internal posting and notice to the protected-group organizations. The House personnel services administrator acts as an AA/EEO officer in monitoring the recruitment and hiring of protected-group employees. The administrator reports the staffing activity to the House Rules Committee and presents to it the short- and long-term affirmative action plan goals. In its hiring efforts, the House tries to reflect the population of the state.

The House uses a decentralized hiring process. In the first step, the supervisor submits a request to the director of staff for approval. Then the personnel services administrator assists the supervisor in updating the job description and drafting the notice. Next, the personnel services administrator advertises the position. The supervisor receives the applications, selects, interviews, and hires for the position, with training and consultation by the personnel services administrator and the director of staff. Clerical and some writing and research positions require tests; other positions are filled on the basis of education, experience, knowledge, skills, and abilities. The House Rules Committee approves all appointments.

Most House promotions occur in serialized (track) positions. Track position promotions have both seniority and performance requirements. Employees are assessed annually on these criteria before a promotion occurs. The House posts ongoing nonserialized promotional opportunities internally, giving current employees an opportunity to apply. If a representative is moved to a leadership position, his or her staff members often receive appropriate promotions. In addition, House staff are employed at will. Thus, if an election results in a change in the majority party, significant personnel movement occurs, including promotions, demotions, transfers, appointments, and terminations.

Legislative Coordinating Commission

The director of the LCC handles the recruiting and interviewing (upon request) for small commissions. The director posts all openings in the House, the Senate, and the LCC and advertises in the major Twin Cities and two minority-community newspapers. Organizations representing protected classes also get the notices. Postings may go elsewhere, such as universities, depending on the specialty needed. In addition, the LCC advertises a few positions nationally. However, the Office of the Revisor of Statutes recruits its own staff by advertising entry-level positions and promoting internally.

The LCC uses a decentralized hiring process, with the director of the LCC ensuring that procedure is followed. In the process, a staff committee usually reads and selects résumés for legislators to review. The LCC does not test applicants, relying instead upon a set of criteria to screen résumés. The legislators make hiring decisions for the top jobs and often delegate the responsibility for filling other positions to the director of the particular commission. The Office of the Revisor of Statutes bases selection on review of résumés, internally developed exams, and interviews by committees.

Some internal promotions occur within the LCC. For example, the Office of the Revisor of Statutes promotes internally. Most LCC positions, however, are open to competition.

Classification, compensation, and evaluation

The Senate, the LCC, and the House assign classification and compensation based on DCA Stanton salary administration and performance review consultations. All three maintain position descriptions for each job.

The legislature does not have a statutorily mandated pay equity policy but does consult with DOER on pay equity issues. The salary administration and classification policies were put together in the 1980s with the assistance of DCA Stanton. Both internal and market considerations were used in pricing jobs. Computer-related positions are evaluated annually because they are subject to frequent technological change.

The DCA Stanton system was originally designed for the legislative branch to accommodate two salary increases a year; one for performance and one across-the-board. The House uses across-the-board increases similar to COLAs and closely resembling increases given to American Federation of State, County, and Municipal Employees (AFSCME) members in the executive branch. In the Senate for the last two years, a lump-sum payment has been given instead of an across-the-board increase; an amount equal to 2.5 percent of total annual payroll was distributed in payments of \$850 to each of the 211 employees.

Legislative branch employees whose salaries are not capped and are at the top of their range may receive performance pay, which is tied to annual performance appraisals. Higher-level employees can receive zero to 5 percent of their salaries (the amount determined by their manager) for exceptional performance. Managers are given a

percentage of their salary budget to distribute for performance pay.³ In lower-level positions, employees who perform satisfactorily can move up to the next step. Those whose performance needs improvement may be kept at the same step or go up half a step, at the manager's discretion. Ninety percent of employees receive a full step increase. Both types of salary increases are subject to financial constraints. No increases have been given since December 1991, and any future increases will depend on available resources.

Legislative branch benefits are based on the AFSCME settlement and current executive branch policy. The legislative branch consults with DOER on benefits.⁴

For LCC positions, the annual evaluation is not always tied to compensation or promotion. In years where there is sufficient money, performance evaluations are linked to performance increases. However, the evaluations consistently act as a communication mechanism.

Training

The Senate uses DOER training, allows employees to attend seminars, and arranges joint Senate-House-LCC training. Training topics include employment law, sexual harassment, and gender and race sensitivity. The Senate also offers computer applications training. In addition, the personnel officer provides orientation to new staff and senators that includes video training on the legislative process and the history of the Senate. All new employees receive an orientation manual.

House supervisors attend an employment law seminar taught by three of its staff attorneys. In addition, they receive training on developing selection criteria and interview questions. DOER provides nontechnical and additional internal training. The House trains all employees in the prevention of sexual harassment. Specialized training on parliamentary procedure and the legislative process is provided by the Chief Clerk's Office to new representatives, House leaders and their staff, and select employee groups.

The LCC uses DOER, House, and Senate training. The Revisor's Office conducts its own training.

Termination

Legislative branch employees are unclassified civil service employees and do not have just cause protection. The firing of employees usually occurs during a party leadership change. For this reason, the severance pay policy⁵ covers all employees.

³In recent years, managers have been given about 3 percent of their salary budgets to distribute as performance pay. This percentage is not fixed and fluctuates, depending on available resources.

⁴Legislative branch employees are not eligible for matching grants in the form of deferred compensation as are executive branch employees under three contracts.

⁵The legislative branch severance policy entitles all employees to some amount of their accrued sick leave. When employees are fired, retire, or leave involuntarily due to political turnover, they get the equivalent of up to 40 percent of their accrued sick leave in cash. In voluntary terminations, 2 percent per year of service is granted.

In the Senate, the personnel officer coordinates the firing of an employee, including attempts to resolve the problem. If fired, the employee is given a two-week notice. The Senate does not have a termination appeal process.

In the House, the director of staff coordinates the firing of employees in consultation with House leadership. Employees are usually given the opportunity to voluntarily resign. The House does not have a termination appeal process.

The LCC has no formal termination process. Most supervisors document situations and give warnings or discuss problems during the annual review. The top leadership coordinates the firing of employees in those positions for which the LCC has responsibility for hiring (the director of the LCC, the revisor of statutes, and the director of the Reference Library). Each LCC committee is responsible for the hiring and firing of its director and other employees. There is no formal appeal process.

Table 2
DIFFERENCES WITHIN THE LEGISLATIVE BRANCH

	SENATE	LCC	HOUSE
RECRUITMENT	<p>2 PROCESSES:</p> <ul style="list-style-type: none"> *INTERNAL AND EXTERNAL POSTING FOR OPEN PERMANENT POSITIONS * INTERNAL POSTING FOR TEMPORARY POSITIONS AND WHERE AN IDENTIFIED CANDIDATE EXISTS <p>THE PERSONNEL OFFICER ACTS AS AFFIRMATIVE ACTION OFFICER AND COORDINATES THE SENATE AFFIRMATIVE ACTION POLICY</p>	<p>1 PROCESS:</p> <ul style="list-style-type: none"> * ALL POSITIONS ARE POSTED INTERNALLY AND EXTERNALLY <p>THE DIRECTOR ACTS AS AFFIRMATIVE ACTION OFFICER</p>	<p>2 PROCESSES:</p> <ul style="list-style-type: none"> * INTERNAL AND EXTERNAL POSTING FOR OPEN PERMANENT POSITION * INTERNAL POSTING FOR LATERAL MOVEMENT AND PRIOR LEGISLATIVE EXPERIENCE POSITIONS <p>THE PERSONNEL SERVICES ADMINISTRATOR ACTS AS THE AFFIRMATIVE ACTION OFFICER AND COORDINATES THE AFFIRMATIVE ACTION POLICY</p>
SELECTION	PERSONNEL OFFICER INTERVIEWS AND TESTS SUPERVISORS, LEGISLATORS, OR STAFF GROUP SELECT RULES COMMITTEE APPROVES APPOINTMENTS	DECENTRALIZED DIRECTOR OR LEGISLATORS INTERVIEW AND SELECT	DECENTRALIZED REPRESENTATIVES OR SUPERVISORS INTERVIEW AND SELECT RULES COMMITTEE APPROVES APPOINTMENTS
PROMOTION	TRACK PROMOTIONS LIMITED NUMBER OF INTERNAL PROMOTIONS OCCUR MOST POSITIONS ARE COMPETITIVE	TRACK PROMOTIONS LIMITED NUMBER OF INTERNAL PROMOTIONS OCCUR MOST POSITIONS ARE COMPETITIVE	TRACK POSITIONS LIMITED NUMBER OF INTERNAL PROMOTIONS OCCUR MOST POSITIONS ARE COMPETITIVE
CLASSIFICATION	BASED ON DCA STANTON REPORT	BASED ON DCA STANTON REPORT	BASED ON DCA STANTON REPORT
COMPENSATION	DCA STANTON-BASED COMPENSATION GRID EMPLOYEES AND NONGRID EMPLOYEES PERFORMANCE AND ACROSS-THE-BOARD INCREASES LEGISLATIVE BRANCH BENEFITS PLAN	DCA STANTON-BASED COMPENSATION ALL NONGRID EMPLOYEES PERFORMANCE AND ACROSS-THE-BOARD INCREASES LEGISLATIVE BRANCH BENEFITS PLAN	DCA STANTON-BASED COMPENSATION GRID AND NONGRID EMPLOYEES PERFORMANCE AND ACROSS-THE-BOARD INCREASES LEGISLATIVE BRANCH BENEFITS PLAN
EVALUATION	TIED TO COMPENSATION/PROMOTION, IF MONEY IS AVAILABLE	NOT FORMALLY TIED TO COMPENSATION OR PROMOTION	NOT FORMALLY TIED TO COMPENSATION OR PROMOTION
TRAINING	PROVIDES INTERNAL TRAINING PURCHASES DOER TRAINING USES JOINT HOUSE-SENATE-LCC TRAINING PURCHASES PRIVATE-SECTOR TRAINING	PROVIDES INTERNAL TRAINING PURCHASES DOER TRAINING USES JOINT HOUSE-SENATE-LCC TRAINING PURCHASES PRIVATE-SECTOR TRAINING	PROVIDES INTERNAL TRAINING PURCHASES DOER TRAINING USES JOINT HOUSE-SENATE-LCC TRAINING PURCHASES PRIVATE-SECTOR TRAINING
TERMINATION	EMPLOYED AT WILL NO APPEAL PROCEDURE	EMPLOYED AT WILL NO APPEAL PROCEDURE	EMPLOYED AT WILL NO APPEALS PROCEDURE

Judicial branch personnel system

The court system contains three levels of administration — the Supreme Court, the Appellate Court, and the district courts (which are organized into 10 districts for administrative purposes). Both the state and the counties employ judicial branch employees. The 1,015 state employees are covered by the judicial branch personnel system: they include those who work for the Supreme Court; the Appeals Court; the state court administrator; the Boards of Professional Responsibility, Law Examiners, Continuing Legal Education, and Legal Specialization; the state Law Library; judicial district administrators; district administrative staff (except in the second and fourth districts); trial court law clerks; court reporters; referees; and judicial officers. Because they are elected officials, judges are covered by statute, other administrative policy, and the Judicial Standards Board. The 87 counties employ 1,300 people, and each county has its own personnel plan.

Since 1989, the judicial branch has been in the process of integrating its employees under one funding source. As this occurs, the employees become covered under the judicial branch personnel plan. However, during FY 1994, no new transfer of personnel will take place due to the state's fiscal situation.

The judicial branch personnel system has always been separate from that of the executive and legislative branches by statute and constitution. The state court administrator, the administrative services director, and the Supreme Court established written personnel policies in the late 1970s.

While no formal relationship with the executive or legislative branch personnel systems exists, the judicial branch system has historically been sensitive to the policies and procedures of the other branches. The judicial branch salary plan incorporates the AFSCME COLA, and salary ranges are based on benchmarks established on executive branch positions. In addition, the judicial branch adopted the executive branch leave accrual plan and uses the executive branch payroll system and forms. DOER, in an informal relationship, provides technical assistance upon request.

The judicial branch personnel system is governed by the following Minnesota statutes: 2.724, 480.07-480.15, 480.181, 548.19, 481A.04, 484.545, 484.68, and 486. In addition, Chapters 43A and 16A describe what the judicial branch personnel system is not required to cover. The statutes covering the judicial branch are broader than Chapter 43A, which established and maintains a civil service system for the executive branch.

Table 3
JUDICIAL BRANCH DESCRIPTIVE DATA

DATA CATEGORY ⁶	
Permanent employees	368
Temporary employees	40
% who work in Twin Cities metropolitan area	83 %
Racial minority:	
Permanent employees	19
Temporary employees	3
Women	280
Disabled	0
Average salary	\$29,700
Classes	106
Levels	106

NOTE: Information is based on 1991 judicial branch EEO report for court employees on state payroll. Does not include judges. Does not include referees, judicial officer or court reporters added to the state payroll from county payrolls on Jan. 1, 1992.

Functional relationships

The personnel system is controlled through the judicial branch personnel plan. Individual appointing authorities⁷ work within the parameters set by the plan. To seek clarification of the plan or to go beyond its parameters, the individual appointing authority places requests with the administrative services director, who makes a report to the Supreme Court for a decision.

⁶Table 3 uses 1991 data on the number of people actually on the state payroll in the judicial system.

⁷The following are vested with authority to hire for designated positions: the Supreme Court; boards subject to Supreme Court approval; justices; judges and chief judge of the Court of Appeals; commissioner subject to Supreme Court approval; state court administrator subject to Supreme Court approval; state law librarian subject to Supreme Court approval; director of the Board of Lawyers Professional Responsibility, the Board of Law Examiners, and the Board of Continuing Legal Education; chief judge of the district (with consent of the majority of judges of the district and subject to Supreme Court approval for some positions); executive committee of the Minnesota Judges Association; and the district administrator.

Recruitment, selection, and promotion

Vacancies in all nonelected appellate court positions in the judicial branch are advertised by the administrative services director. Candidates for Law Library positions are recruited by the state law librarian, and those for trial court positions are recruited by each judicial district. The extent of advertisement depends upon the labor pool identified. For certain court manager positions, the administrative services director advertises nationally. For clerical and professional positions, the director advertises in the five-state edition of both the St. Paul and Minneapolis newspapers. For attorney positions, notices are placed in the St. Paul and Minneapolis newspapers, legal publications, and the placement offices of the three law schools in Minnesota. For appellate court law clerks, the administrative services director receives applications from students at law schools across the country. The law clerk positions constitute the branch's greatest number of vacancies.

The Supreme Court is responsible for establishing, maintaining, and operating the state court personnel system through the promulgation of the rules in the judicial branch personnel plan. These rules include an AA/EEO policy.⁸ The Supreme Court has amended the personnel rules to incorporate law clerks, court reporters, district administration staff, referees, and judicial officers as they have transferred from county to state employment.

Appointing authorities hire in accordance with the standards defined in the judicial branch classification plan. In the case of a dual reporting authority or when court managers are being recruited, a selection committee is used. Appointing authorities may also use a selection committee.

The court system is flat, with few opportunities for promotion. For example, 260 of the employees are court reporters or law clerks, positions that have no career ladder. The information systems office has the most opportunity for promotion. Performance evaluations are used in this process; generally, each opportunity is treated as a new job open to competition. Staff and others apply for these open positions. However, a current employee should receive preference for promotion if the candidates are equal.

Classification, compensation, and evaluation

The director of personnel prepares and maintains the classification plan, which establishes an appropriate title and pay grade for each class, describes the typical duties and responsibilities in the class, and indicates the minimum qualifications. Changes to the classification plan occur through appointing authority requests to the director of personnel, who seeks a decision from the state court administrator. The classification system uses benchmarks based on executive branch positions established under the Hay method.

At least annually, the director of personnel, after conferring with the appointing authorities, recommends revisions in pay grades due to changes in living costs, availability of labor supply, prevailing rates of pay, and the state's financial condition.

⁸The Administrative Services Office is preparing an AA/EEO plan to include the addition of trial court positions during the last 19 months.

The judicial branch uses three types of pay increases depending upon the circumstances: a COLA similar to that given to AFSCME employees; a merit increase ranging from zero to 3 percent, depending on the employee's rating; and a stability payment that recognizes good performance and longevity for employees at the top of their range.⁹ Only positions in the tables of organization¹⁰ are funded. Additions or subtractions to the tables of organization are submitted to the director of personnel for consideration. The judicial branch personnel plan includes the benefit plan for state employees. District court employees choose either the state or county benefits plan.

Appointing authorities recommend merit salary increases or decreases, order of layoff, demotions, and dismissals to the director of personnel based on performance evaluation standards and other pertinent data. Employees receive evaluations at three months, six months, twelve months, and then annually.

Training

Appointing authorities are responsible for providing employee orientation and training as appropriate. The Office of Continuing Education provides training for both judges and other court personnel. The administrative services director coordinates additional training with DOER for district court employees. The branch also uses DOER and other state-sponsored training.

Termination

Employees who work for elected officials are employed at will; these include secretaries, clerks, and reporters. Law clerk positions by nature usually are short-term. The branch, however, has a low overall turnover rate. When there is turnover of judges, the personnel director attempts to place the employees of exiting judges with the new judges or elsewhere in the system. As in the executive branch, most employees have a termination appeal procedure.

⁹Judicial branch employees are not eligible for matching grants in the form of deferred compensation as are members of three bargaining units in the executive branch.

¹⁰Tables of organization show the number of positions authorized for each court, board, or office; the grade and title of each position; and other related information as prescribed by the judicial branch personnel plan.

Table 4
JUDICIAL BRANCH PERSONNEL SYSTEM

Recruitment	Means of recruitment vary by type of position.
Selection	Appointing authorities select under guidance of judicial branch personnel plan.
Promotion	Few avenues for promotion. Most open to competition.
Classification	Director of personnel prepares and maintains benchmarks based on executive branch positions.
Compensation	Hay-based compensation. Director of personnel makes annual recommendation on compensation to reflect changes in living costs, labor supply, and the state's financial condition.
Evaluation	Used along with other data in merit salary increases or decreases.
Training	Office of Continuing Education. Purchase DOER training. Administrative services director coordinates.
Termination	Employees of elected officials employed at will with no appeal process. Other employees are tenured and have an appeal procedure.

Table 5
HOW THE BRANCHES MEET THE COMMON REQUIREMENTS OF A PERSONNEL SYSTEM

Requirement	Executive	Legislative	Judicial
Hiring	Minn. Stat. 43A	Administrative procedure	Judicial branch personnel plan (rule)
AA/EEO	Minn. Stat. 43A	Administrative policy	Judicial branch personnel plan (rule)
Compensation	Collective bargaining agreements. Rates based on Hay classification	Rates based on DCA Stanton; salary administration plan	Judicial branch personnel plan (rule); executive branch benchmarks

Requirement	Executive	Legislative	Judicial
Benefits	Collective bargaining agreements; Minn. Stat. 43A	Legislative plan for employee benefits	Judicial branch personnel plan (rule); county personnel plans
Classification	Hay classification system	DCA Stanton classification system	Judicial branch personnel plan (rule); executive branch benchmarks
Performance appraisal	Minn. Stat. 43A	Administrative procedure	Judicial branch personnel plan (rule)
Promotion	Minn. Stat. 43A	Administrative procedure	Judicial branch personnel plan (rule)
Training and development	DOER	Legislative branch personnel; joint Senate-House-LCC; purchases DOER training	Office of Continuing Education; personnel director; purchases DOER training.
Sexual harassment	Administrative policy	Legislature's sexual harassment policy	Judicial branch personnel plan (rule)
Termination	Minn. Stat. 43A; collective bargaining agreements	No formal procedure or appeal process	Judicial branch personnel plan (rule)

Case	Age	Gender	Duration of symptoms (months)	Onset of symptoms	Initial symptoms	Current symptoms	Current treatment	Current status	Current location
1	12	Male	12	12	12	12	12	12	12
2	12	Male	12	12	12	12	12	12	12
3	12	Male	12	12	12	12	12	12	12
4	12	Male	12	12	12	12	12	12	12
5	12	Male	12	12	12	12	12	12	12
6	12	Male	12	12	12	12	12	12	12
7	12	Male	12	12	12	12	12	12	12
8	12	Male	12	12	12	12	12	12	12
9	12	Male	12	12	12	12	12	12	12
10	12	Male	12	12	12	12	12	12	12
11	12	Male	12	12	12	12	12	12	12
12	12	Male	12	12	12	12	12	12	12
13	12	Male	12	12	12	12	12	12	12
14	12	Male	12	12	12	12	12	12	12
15	12	Male	12	12	12	12	12	12	12
16	12	Male	12	12	12	12	12	12	12
17	12	Male	12	12	12	12	12	12	12
18	12	Male	12	12	12	12	12	12	12
19	12	Male	12	12	12	12	12	12	12
20	12	Male	12	12	12	12	12	12	12
21	12	Male	12	12	12	12	12	12	12
22	12	Male	12	12	12	12	12	12	12
23	12	Male	12	12	12	12	12	12	12
24	12	Male	12	12	12	12	12	12	12
25	12	Male	12	12	12	12	12	12	12
26	12	Male	12	12	12	12	12	12	12
27	12	Male	12	12	12	12	12	12	12
28	12	Male	12	12	12	12	12	12	12
29	12	Male	12	12	12	12	12	12	12
30	12	Male	12	12	12	12	12	12	12
31	12	Male	12	12	12	12	12	12	12
32	12	Male	12	12	12	12	12	12	12
33	12	Male	12	12	12	12	12	12	12
34	12	Male	12	12	12	12	12	12	12
35	12	Male	12	12	12	12	12	12	12
36	12	Male	12	12	12	12	12	12	12
37	12	Male	12	12	12	12	12	12	12
38	12	Male	12	12	12	12	12	12	12
39	12	Male	12	12	12	12	12	12	12
40	12	Male	12	12	12	12	12	12	12
41	12	Male	12	12	12	12	12	12	12
42	12	Male	12	12	12	12	12	12	12
43	12	Male	12	12	12	12	12	12	12
44	12	Male	12	12	12	12	12	12	12
45	12	Male	12	12	12	12	12	12	12
46	12	Male	12	12	12	12	12	12	12
47	12	Male	12	12	12	12	12	12	12
48	12	Male	12	12	12	12	12	12	12
49	12	Male	12	12	12	12	12	12	12
50	12	Male	12	12	12	12	12	12	12
51	12	Male	12	12	12	12	12	12	12
52	12	Male	12	12	12	12	12	12	12
53	12	Male	12	12	12	12	12	12	12
54	12	Male	12	12	12	12	12	12	12

CORE Human Resources Recommendations

Recommendation	Admin. Change	Legal Change	Contract Language Change	Specific action needed
<i>Overall</i>				
1. Establish a human resources strategic planning process that includes all three branches of government. This process should be part of a comprehensive strategic plan for state government service and delivery, and it should form the foundation for human resources planning in each state agency.	X			Agreement by leadership of the three branches to strategically plan their human resource needs
2. Restructure the state's human resources function through decentralization of authorities and responsibilities to state agencies.	X	X		Under M.S. 43A, Sec. 36, Subd. 1, the commissioner of DOER can delegate administrative functions; as experience with delegation is gained, legislation may be required to transfer responsibility and accountability.
3. Reshape the state's organizational cultures and values by: clarifying mission, vision, and values; communicating the new organizational values to employees; training state employees in the application of the new values to their work behavior and decision making; and, recognizing and reinforcing behavior based on the desired cultural values.	X			Increase training and communication of goals and values of the state as employer

Recommendation	Admin. Change	Legal Change	Contract Language Change	Specific action needed
4. Continue to develop a human resources management information system with the added capability to support the CORE reform recommendations.	X			
<i>Hiring and Deployment</i>				
5. Establish systems to enhance and facilitate the flexible deployment of state employees to quickly and efficiently satisfy needs identified through work force planning for short- and long-term temporary assignments throughout the state.	X	X	X	No changes would need to be made for pilot projects because M.S. 43A, Sec. 4, Subd. 9, allows the commissioner of DO-ER to develop experimental or research projects to improve filling of classified positions. Long-term changes in the process will require changes in the law and in collective bargaining agreements.
6. Develop a centralized recruiting function to obtain access to more protected-group applicants and to help hiring managers and supervisors recruit for unique, high-level, or hard-to-fill positions.	X			
7. Make available a range of assessment techniques to qualify and evaluate candidates.	X	X		Under M.S. 43A, Sec. 10, Subd. 2, exams must be job-related, but the law does not specify a particular type. Some long-term changes in the certification statutes may be appropriate.

Recommendation	Admin. Change	Legal Change	Contract Language Change	Specific action needed
8. Hire for specific jobs, not general job classifications. Revise the current system to encourage the conduct of the hiring process on a position-specific basis whenever feasible. Focus on assessing candidates on the particular knowledge, skills, abilities, and experience related to the specific position that the hiring authority is seeking to fill.	X	X	X	Changes need to be made to M.S. 43A, Sec. 13, Subd. 1, on selective certification. Possible changes may need to be made in the posting and bidding process.
9. Implement a data base of hiring-related information accessible to all agencies.	X			
<i>Classification and Compensation</i>				
10. Establish a job evaluation structure that modifies the current system to clearly identify compensable factors and introduce market considerations. <ul style="list-style-type: none"> ▪ Simplify the factors used for job evaluation and delegate the process to agencies. ▪ Improve job analysis by designing a standard format and automating results for use in training, performance management, and organizational development. ▪ Add market pricing to compensation structure to control costs and improve recruitment and retention. 	X X X		X	<p>Hire consultants to modify system</p> <p>Hire consultants to improve job analysis process</p> <p>The actual implementation of a mechanism to collect market data for salary purposes is an administrative procedure. It becomes a bargaining issue when this information is used to determine salary ranges for a job.</p>

Recommendation	Admin. Change	Legal Change	Contract Language Change	Specific action needed
<p>11. Develop compensation strategies that integrate broad-banding, target salaries, skill- and knowledge-based pay, variable pay programs, and reward systems to support a move to flatter organization structures, allow greater job-to-job mobility, and encourage employee development.</p> <ul style="list-style-type: none"> ▪ Establish broad bands and ranges within bands. <ul style="list-style-type: none"> • Reduce number of salary ranges • Change Minn. Stat. 43A, Sec. 17 to allow salaries to potentially rise above those of agency heads ▪ Compensate employees for performance, knowledge, and skill. ▪ Support use of programs that reward employee development. ▪ Control base salary costs through target salaries. 	<p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p>	<p>If salary ranges are going to be altered, they must be bargained.</p> <p>Changes in M.S. 43A, Sec. 17, are necessary to solve compression problem</p> <p>Pay is currently linked to length of service; pay for performance would have to be negotiated with unions.</p> <p>Program development and increased communication and training</p> <p>Pay issues are a mandatory bargaining item</p>

Recommendation	Admin. Change	Legal Change	Contract Language Change	Specific action needed
<p>12. Develop a classification system that organizes work within occupational families and broad classifications, defining within each family three levels of the career path: entry/developmental, full performance, and senior/expert.</p> <ul style="list-style-type: none"> ▪ Define bands and merge classifications. ▪ Modify layoff and bumping provisions to incorporate organizational needs and employee performance. 	X	X	X	<p>Simplify classification structure. Redefine in M.S. 43A, Sec. 2, Subd. 11.</p> <p>Current language bases bumping and claiming rights on length of service and classification</p>
<i>Performance Management</i>				
13. Replace the present employee performance appraisal process with a new performance management model built around customer needs and designed to improve organizational, work unit, and individual employee performance.	X			Training and communication
<i>Training and Development</i>				
14. Link training and development decisions to organizational goals, objectives and performance, using performance-based budgeting, performance management and compensation structures to reinforce the link.	X			Increased communication

Recommendation	Admin. Change	Legal Change	Contract Language Change	Specific action needed
15. Refocus the state's centralized training function on coordinating, facilitating, and tracking, rather than on delivering, training.	X	X		Change M.S. 43A, Sec. 21, Subd. 3, so DOER will no longer need to approve all managerial training. Restructure the DOER Training Division.
16. Establish mechanisms and interagency, interorganizational relationships to maximize training resources and facilitate cooperation and the sharing of employee learning opportunities.	X			Communication
17. Redefine <i>career development</i> to <i>employee development</i> in order to emphasize professional growth rather than promotion. Improve employee access to training and development options and opportunities.	X			Communicate change to managers and employees
18. Respond to the following specific needs that were expressed by stakeholders: <ul style="list-style-type: none"> ▪ Retraining ▪ Managerial skills ▪ Technology skills ▪ Customer service skills ▪ Knowledge of quality improvement principles and tools ▪ Employee orientation ▪ Training for changes resulting from CORE 	X			Communicate needs with training coordinators and managers

Recommendation	Admin. Change	Legal Change	Contract Language Change	Specific action needed
<p>20. During the implementation of any recommendations for the executive branch, the changes should be discussed with the other two branches to keep them informed and to foster consistency where needed. Adoption of a single human resources management system is possible if all branches see that the new system is more flexible, easily administered, and successfully meets the needs of all users.</p>	<p>X</p>			<p>Increase communication across the three branches of government</p>

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