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# Agency Overview & Implementation

June 2012

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# Agenda

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- Overview of Personnel Reform
  - What it is and what it is not
- Key Components of Personnel Reform
  - Consolidation of Personnel Systems
  - Workforce
  - Management of the Workforce
- Implementation

# Overview of Personnel Reform

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- What Personnel Reform is not...
  - An effort to return to the days of Tammany Hall
  - The freedom to work our employees excessively

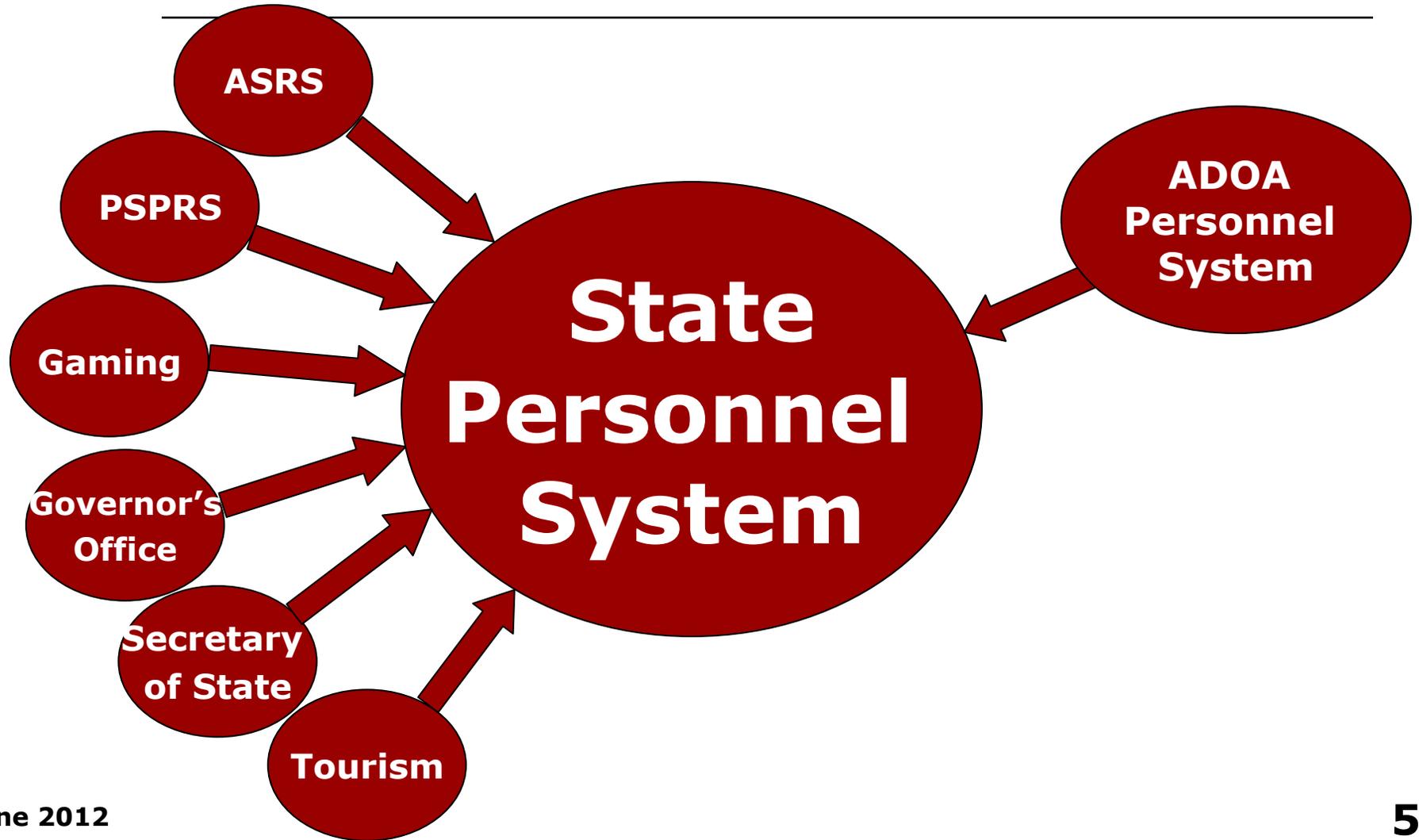
# Overview of Personnel Reform

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- What Personnel Reform is...
  - Creating a system that allows the State to attract the best talent and retain the highest performing employees
  - Good management
  - “Increasing state productivity, eliminating bureaucratic red tape, and ultimately saving our taxpayers money”

# Key Components of Personnel Reform - Consolidation of Personnel Systems

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# Key Components of Personnel Reform - Workforce

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- Current State

Personnel System	Covered	Uncovered
ADOA Personnel Sys	80%	20%
Governor's Office	0%	100%
Gaming	0%	100%
Tourism	0%	100%
Secretary of State	12%	88%
Retirement Sys	0%	100%
PSPRS	0%	100%

# Key Components of Personnel Reform - Workforce

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- ADOA System Agencies with 75% or more Uncovered Employees

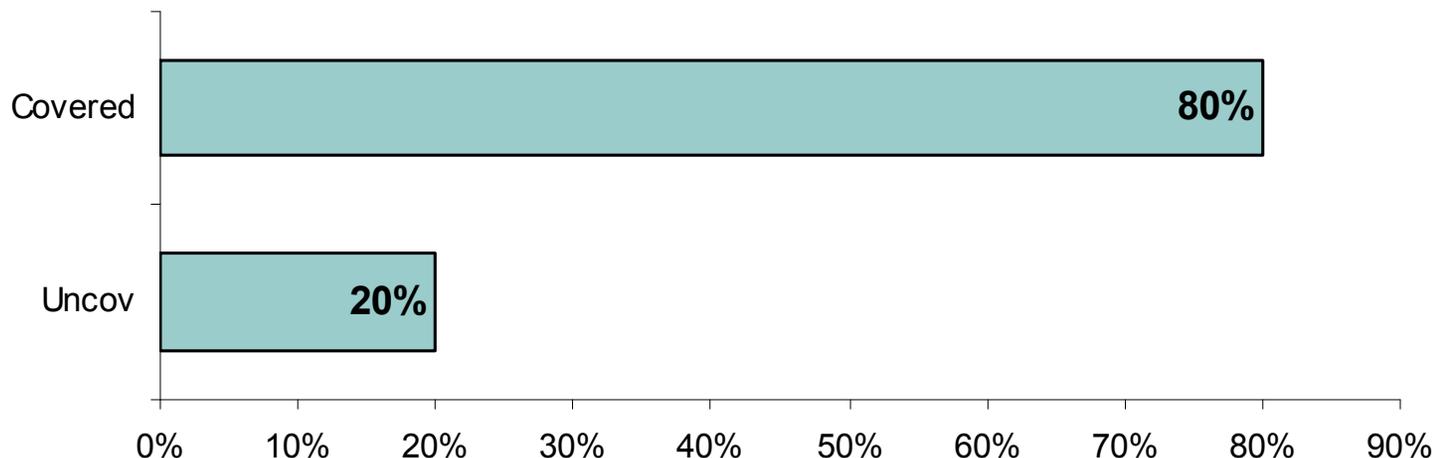
Acupuncture	Highway Safety	Physical Therapy
Administrative Hearings	Homeland Security	Podiatry Examiners
Agriculture	Homeopathic Med Exam	Postsecondary Education
Appraisal	Housing	Power Authority
Arts Commission	Liquor Licenses Dept	Private Postsecondary Ed
Athletic Training	Medical Board	Psychologist Exam
Attorney General	Military Affairs	Racing
Auto Theft Authority	Mine Inspector	Real Estate
Barber Examiners	Naturopathic Board	Residential Utilities (RUCO)
Behavioral Health	Navigable Streams	Respiratory Care
Charter Schools	Nursing Care Exam	School Facilities Board
Clean Elections	Occupational Therapy	Tax Appeals
Criminal Justice Comm	Opticians, Dispensing	Technical Registration
Deaf & Hard of Hrng	Optometry	Veterinary Medical Exam
Dental Examiners	Osteopathic Examiners	Water Infrastructure
Early Childhood	Pharmacy Board	Weights And Measures
Geological Survey		

# Key Components of Personnel Reform - Workforce

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## Before Reform

- The majority of state employees in the Executive Branch are covered by a merit system
- Certain positions are exempted (uncovered) by statute, e.g., elected officials
- ADOA determines if other positions meet statutory criteria to be uncovered



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Data from Jan 25, 2012

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# Key Components of Personnel Reform

## - Workforce

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### **At the time of implementation:**

- Beginning September 29, 2012, the following become at-will uncovered:
  - All supervisors
  - Employees in positions of Grade 19 or higher
  - Employees in Attorney positions
  - Employees in Information Technology positions
  - All new hires
- A covered employee would become at-will uncovered if any of the following occurs beginning September 29, 2012:
  - Voluntarily accepts a change in assignment
  - Voluntarily elects to become an at-will uncovered employee
- Current covered employees not addressed above would remain covered as long as the employee continues in covered status with no break in service
- Employees in positions that require certified Full Authority Peace Officers, Correctional Officers, and Adult Community Corrections Officers would remain covered

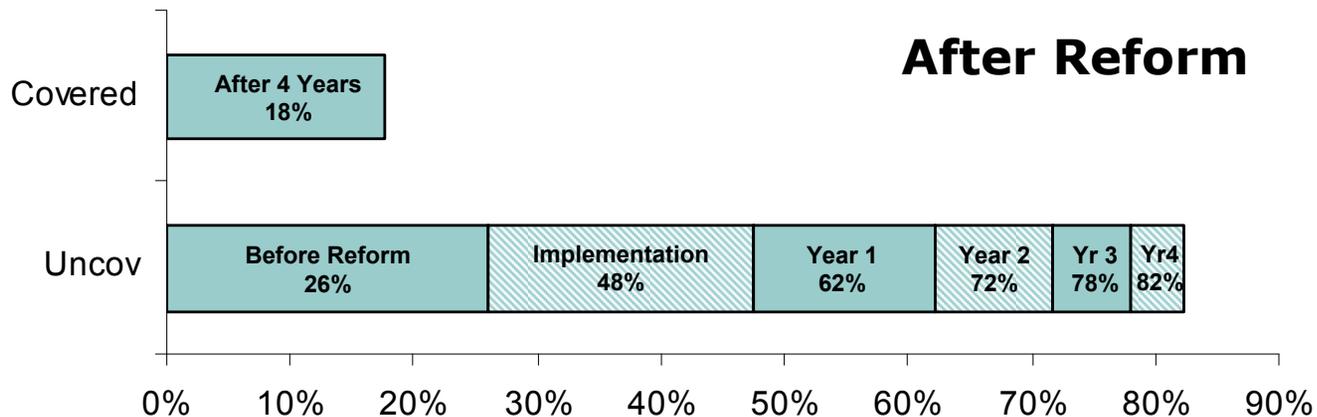
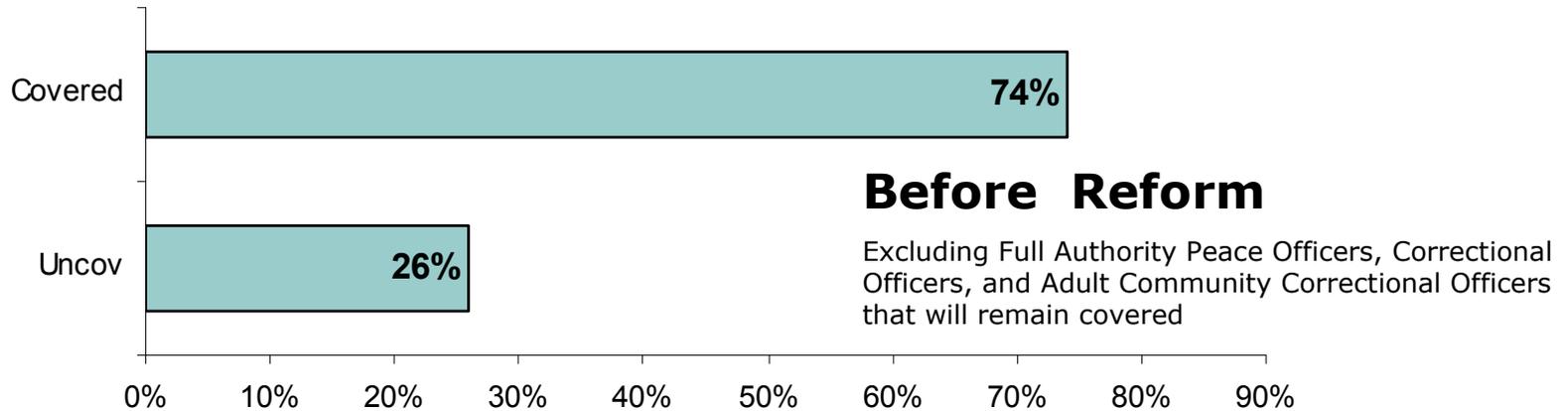
# Key Components of Personnel Reform - Workforce

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- Current State

Criteria	Covered	Uncovered	Covered	Uncovered
Supervisors	3,079	2,265	58%	42%
Grade 19	3,896	3,550	52%	48%
IT Positions	646	799	45%	55%
Attorney	10	345	3%	97%

# Key Components of Personnel Reform - Workforce



- It is estimated that at the end of 4 years, over 82% of the workforce will be at will uncovered employees

Data from Jan 25, 2012 **11**

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# Key Components of Personnel Reform - Workforce

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- Employees may volunteer to become at-will uncovered
  - Employees may volunteer any time after Sept 29 (not eligible for retention payments)
  - Employees that declare their intent to volunteer to become uncovered prior to Sept 29 will be eligible for retention payments

# Key Components of Personnel Reform

## - Workforce

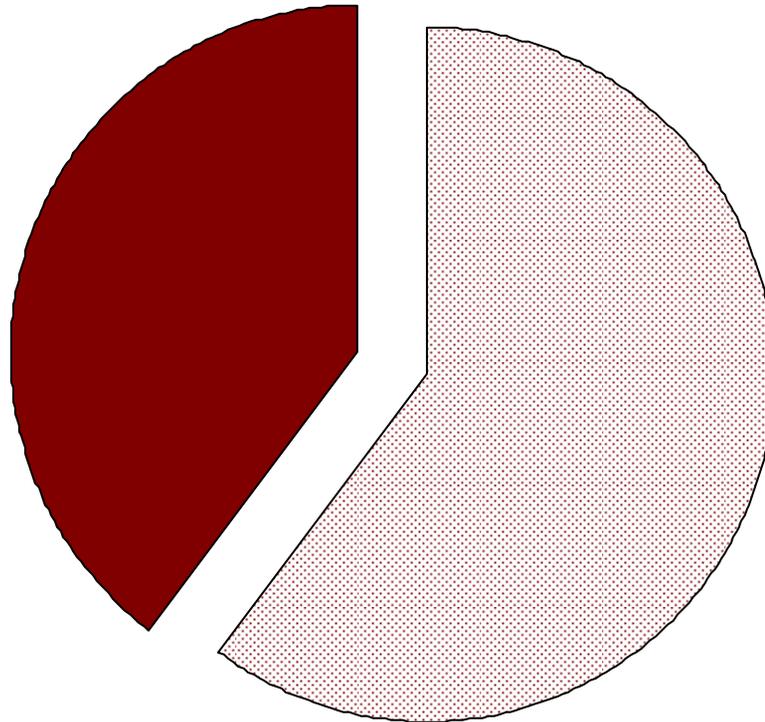
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- Retention Payments
  - Eligibility:
    - Current uncovered employees
    - Employees required to become uncovered
    - Employees that volunteer to become uncovered
  - Will be considered an “add on” to employee’s pay; calculated as 5% of base pay
  - Payments will begin Sept 29 and will first appear on the paycheck of Oct 19
  - Payments will continue for 19 pay periods
  - A covered employee may volunteer to become uncovered; must declare their intention through an open enrollment period

# Key Components of Personnel Reform - Workforce

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Two types of employees  
- Covered and Uncovered



# Key Components of Personnel Reform - Workforce

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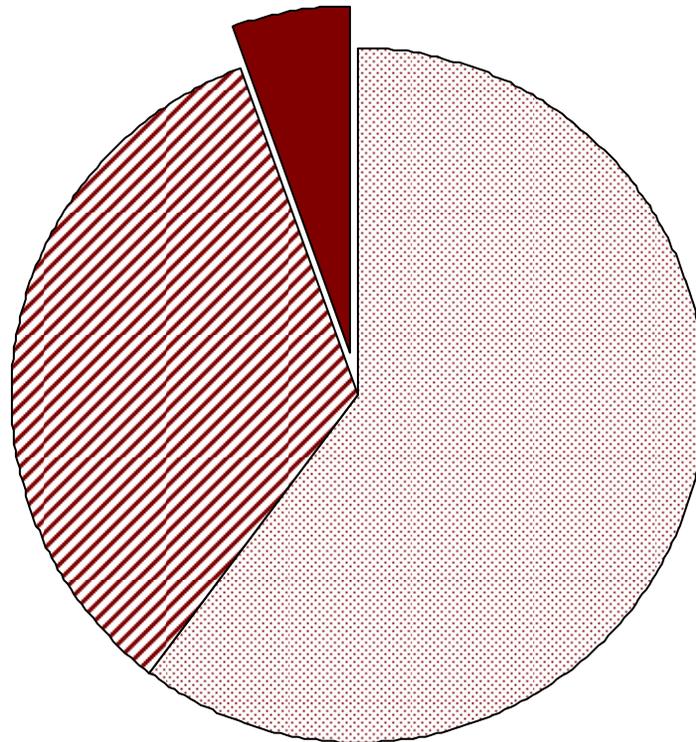
- Personnel Rules
- Guiding Principles
  - Recruit, hire, and promote based on knowledge, skills, and abilities after competition
  - Compensation based on merit, performance, job value, and market
  - Training employees to improve performance
  - Retain employees based on performance, correcting where possible and separating if performance is inadequate
  - Managing without discrimination (race, color, sex, age, political affiliation, religious creed, etc)
  - Protection against coercion for partisan politics

# Key Components of Personnel Reform - Workforce

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Three types of employees

- Covered, Uncovered, and Uncovered Political Appointments



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# Key Components of Personnel Reform - Workforce

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- Political Appointments
  - Governor's Office
  - Elected Officials, Head of a Primary Component
    - Direct Reports
    - Determine Policy
  - Agency Heads, Deputies, Division Directors
    - Direct Reports
  - Attorneys in the Attorney General's Office
  - Investment related positions in the Retirement System or PSPRS

# Key Components of Personnel Reform

## - Workforce

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- Guiding Principles
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# Key Components of Personnel Reform - Workforce

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- Political Appointments
  - Political Activities
    - May be a member of any national, state, or local committee of a political party, including serving as a precinct committee person
    - May become a candidate for nomination or election to any paid public office

# Key Components of Personnel Reform - Workforce

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- Common Misconception

“The difference between covered and uncovered employees is that management can work uncovered employees as many hours in a week as needed without any additional compensation”



# Key Components of Personnel Reform - Workforce

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- Covered – Uncovered
  - Uncovered refers to the at-will status of the employee; they may be separated at any time for any reason other than an unlawful reason
- Exempt – Non-Exempt
  - The Fair Labor Standards Act (FLSA) governs which positions may be exempt from the requirement to pay overtime for hours worked beyond 40 in a work week
- Personnel Reform DOES NOT affect an employee's FLSA status

# Key Components of Personnel Reform - Management of the Workforce

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**Separating**

**Employee  
Life Cycle**

**Hiring**

**Compensating**

**Managing**

**Developing**

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# Key Components of Personnel Reform - Management of the Workforce

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- Classification System
  - Current State:
    - 40 years old
    - Lack of integrity – has been used to address compensation issues
  - Future State:
    - Implement New (sound system “O-Net”)
    - Simplified – Reduced number of classes
    - Consistent – Basic job duties described/classified across all agencies
    - Foundation for integration
  - Will not be implemented by Sept 29

# Key Components of Personnel Reform - Management of the Workforce

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## Hiring

- Interviewing and Relocating out-of-state candidates
- Verifying education and work history
- Opportunities to generate efficiencies

# Key Components of Personnel Reform - Management of the Workforce

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- Hiring – Interviewing and Relocating Out-of-State Candidates
  - Subject to ADOA approval
  - Agencies report to OSPB and JLBC by Sept 1 each year if monies spent
    - ADOA will establish statewide policy; with input from agencies
    - It is anticipated that there will be some limitations (e.g. high level positions, difficult to fill, etc)

# Key Components of Personnel Reform

## - Management of the Workforce

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- Hiring – Verification of Applicants
  - Recruiting the right employee for the right job is one of the most difficult and most critical challenges
  - 51% of resumes contain inaccuracies
  - ADOA will develop, with input from agencies:
    - A toolkit for screening applicants
    - A standard employment application

# Key Components of Personnel Reform

## - Management of the Workforce

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- Hiring – Efficiencies in the Process
  - Significant time spent attracting new employees – effective pre-boarding and on-boarding processes can help retain them
- Pre-Boarding
  - Provide personalized web site for new hires to use PRIOR to their first day of work
  - Keep new hire engaged through on-line “tours” of the organization
  - Eliminate new hire paperwork through on-line reviews and certifications
- On-Boarding
  - An EIN is created when the employment offer is accepted
  - Agency can set up new hire’s PC, LAN, email, YES account, phones, etc, PRIOR to their first day of work
  - Enable mandatory training on the first day
- It is the intent to have functionality in place by Sept 29; personalized agency web sites will take a little longer

# Key Components of Personnel Reform - Management of the Workforce

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## Managing

- Performance Management
- Administrative Leave
- Employee Complaints
- Employee Grievances
- Disciplinary Actions
- Appeals

# Key Components of Personnel Reform - Management of the Workforce

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- Managing – Performance Management
  - Current State:
    - Not all employees participate in a performance management process
    - PASE form is complex, cumbersome, and time consuming
    - No automation support
    - No integration of performance appraisal with other management decision systems (promotion, discipline, compensation)
    - No statewide employee training

# Key Components of Personnel Reform - Management of the Workforce

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- Managing – Performance Management
  - Future State:
    - Performance evaluations for all employees (covered and uncovered)
    - Simplified evaluation form
    - Statewide and agency-specific competencies, employee-specific results
    - Performance standards will be defined for consistency
    - Comprehensive management and employee training
    - Automation support of the process through YES

# Key Components of Personnel Reform - Management of the Workforce

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- Managing – Performance Management
  - ADOA has researched best practices (private and public); still need agency input on key components
  - Goal is to transition all agencies to new system effective January 1, 2013
  - Implemented agency-by-agency to accommodate the transition (i.e. timeline may be modified to address existing agency rating periods)

# Key Components of Personnel Reform - Management of the Workforce

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- Managing – Administrative Leave

Allows agency head to place an employee on administrative leave temporarily to investigate alleged wrongdoing

- Current State:

- There is no restriction on how long an employee may be on administrative leave

- Future State:

- Weekly reporting to ADOA when administrative leave totals 80 consecutive hours
- Administrative leave may not exceed 30 working days without ADOA approval

# Key Components of Personnel Reform - Management of the Workforce

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- Managing – Employee Complaints
  - Requires ADOA to establish procedures for reviewing harassment and discrimination complaints (covered and uncovered)
  - Complaints alleging harassment or discrimination may be elevated to the ADOA Director

# Key Components of Personnel Reform - Management of the Workforce

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- Managing – Employee Grievances
  - Covered employees will still be able to grieve disciplinary actions
  - Final decision by agency director

# Key Components of Personnel Reform - Management of the Workforce

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- Managing – Disciplinary Actions
  - Suspensions over 80 hours, demotions, and dismissals must be reviewed by ADOA (except for uncovered political appointments)
  - Agencies with an on-site ADOA HR Manager will have delegated review authority

# Key Components of Personnel Reform - Management of the Workforce

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- Managing – Employee Appeals
  - Covered employees may appeal suspensions over 80 hours, demotions, and dismissals to the State Personnel Board
  - Covered, Full Authority Peace Officers may appeal suspensions over 40 hours, demotions, and dismissals to the Law Enforcement Merit System Council (LEMSC)

# Key Components of Personnel Reform - Management of the Workforce

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- Managing – Board/Council Authority
  - The Board/Council shall affirm agency decision unless it was arbitrary and capricious or not proven by a preponderance of evidence, otherwise the Board/Council may recommend modification
  - The agency head shall make the final decision
    - LEMSC hearings: if the Director does not accept the Council's recommendation, the Director shall state the reason(s) for rejecting the recommendation

# Key Components of Personnel Reform - Management of the Workforce

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## Developing

- Short-Term Needs
  - Provide training to managers and supervisors
    - Leading people through change
    - Technical aspects of managing an at-will workforce

# Key Components of Personnel Reform - Management of the Workforce

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**We are setting in motion fundamental changes that will challenge leaders at all levels in government to do things differently.**

# Key Components of Personnel Reform - Management of the Workforce

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- Long-Term Needs
  - Transforming the culture of the workforce will require long-term and strategic training
    - Intent to have available in 2013

# Key Components of Personnel Reform - Management of the Workforce

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## Compensating

- Compensatory Leave/Overtime
- Annual Leave
- Salary Strategies

# Key Components of Personnel Reform - Management of the Workforce

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- Compensating – Compensatory Leave/Overtime
  - Current State:
    - Certain employees exempt from FLSA to receive leave for each hour worked over 40 in a work week
    - Creates inequities within the workforce
    - Inconsistent with other employers
    - Limits flexibility of management in the scheduling of the workforce
  - Future State:
    - Employees exempt from FLSA will not receive compensation for hours worked over 40 in a work week
      - Does not impact law enforcement and fire fighting personnel
    - Employees with a current balance of compensatory leave will still be able to use their accrued leave (but they will not be able to earn additional leave)

# Key Components of Personnel Reform - Management of the Workforce

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- Compensating – Annual Leave
  - Consistent practice across the workforce
    - Accrual rates
    - Maximum accumulation
    - Partial Day Absences

# Key Components of Personnel Reform - Management of the Workforce

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- **Compensating – Salary Strategies**
  - A variety of strategies are under consideration:
    - **Salary Adjustments (changes base pay)**
      - Discretionary (case by case)
      - Conditional (agencies design plan, e.g. steps)
      - Counter Offer
    - **Pay Supplements (does not change base)**
      - Retention Payments
      - Conditional (various stipends)
    - **Incentives (one-time payments)**
      - Individual
      - Goal-Based (group payments, similar to PIP)
      - Hiring Incentive
      - Referral Bonus

# Key Components of Personnel Reform - Management of the Workforce

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## Separating

- Reduction in Force
- Dismissals

# Key Components of Personnel Reform - Management of the Workforce

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- Separating – Reduction in Force
  - Applies only to covered employees
  - Currently equal consideration given to performance and seniority
  - Under new system, retention will be based only on performance

# Key Components of Personnel Reform - Management of the Workforce

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- Separating – Dismissals
  - Dismissals must be reviewed by ADOA (except for uncovered political appointments)
  - Agencies with an on-site ADOA HR Manager will have delegated review authority

# Key Components of Personnel Reform - Management of the Workforce

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**Separating**

**Employee  
Life Cycle**

**Hiring**

**Compensating**

**Managing**

**Developing**

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# Implementation

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- **Critical Success Factors**
  - Must be a collaborative effort; work together
    - Agency to appoint an agency lead
    - HR to assign a lead to work with each agency
  - Common implementation plan; leads will tailor the plan to each agency
  - Communicate, Communicate, Communicate

# Implementation

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- Next Steps
  - Assignment of an agency lead
    - Must have the confidence of Director
    - Good communicator
    - Results focused; keep agency on task; get things done
  - Meet with agency to discuss implementation plan
  - Identify employees that will become uncovered
  - Identify employees that will be impacted by other aspects of reform
  - Establish workgroups to address policy issues
  - Establish a web page for agencies/employees to obtain information about reform

# Implementation

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- Next Steps – Transition to Uncovered
  - Identify employees that will become uncovered on Sept 29
    - Supervisors
    - Grade 19 and Above
    - Employees in Information Technology positions
    - Employees in Attorney positions

# Implementation

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- Next Steps – Other Impacts
  - Identify employees
    - Full Authority Peace Officers
    - Political Appointments
    - FLSA-Exempt employees that will no longer be eligible for compensatory leave
    - Employees on Mobility Assignments
    - Employees on Special Detail Assignments
    - Employees on Administrative Leave

# Implementation

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- Work Groups
  - Potential Areas to Include:
    - Performance Management
    - Compensation Strategies and other Incentives (e.g. Recognition Leave)
    - Complaint Process
    - Discipline/Grievance Process
    - Training and Development
    - Classification System
    - Measures of Success

# Implementation

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- Other Issues
  - Review of Agency Employee Handbooks and Agency Policies
  - Personnel Reform Web Page
  - Moratorium on Classification/Personnel Actions
  - End Date (Mobility/Special Detail)

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# QUESTIONS?

Contact Your Agency Human  
Resources Office

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