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# A COMPARATIVE ANALYSIS OF STATES' CIVIL SERVICE REFORMS

A Report by the  
NATIONAL ACADEMY OF PUBLIC ADMINISTRATION  
for the STATE CHAMBER OF OKLAHOMA RESEARCH FOUNDATION



STATE  
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FOUNDATION



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*A Report by the*

**NATIONAL ACADEMY OF  
PUBLIC ADMINISTRATION**

*for the State Chamber of Oklahoma Research Foundation*  
**January 2020**

# ***A Comparative Analysis of States' Civil Service Reforms***

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# Table of Contents

<b>Acronyms and Abbreviations .....</b>	<b>i</b>
<b>Executive Summary .....</b>	<b>iii</b>
<b>Chapter 1: Background.....</b>	<b>1</b>
<b>1.1 Project Overview and Study Scope .....</b>	<b>1</b>
<b>1.2 Methodology.....</b>	<b>1</b>
<b>1.3 The Merit System .....</b>	<b>2</b>
<b>Chapter 2: Overview of Oklahoma’s Civil Service System .....</b>	<b>5</b>
<b>2.1 History of Oklahoma’s Merit System .....</b>	<b>5</b>
<b>2.2 HR Management Structure.....</b>	<b>7</b>
<b>2.3 Recruiting and Hiring.....</b>	<b>8</b>
<b>2.4 Compensation and Classification.....</b>	<b>8</b>
<b>2.5 Merit Award Programs .....</b>	<b>9</b>
<b>2.6 Learning and Development .....</b>	<b>10</b>
<b>2.7 Grievance and Appeal Processes.....</b>	<b>10</b>
<b>2.8 Major Concerns About the Current Merit System .....</b>	<b>12</b>
<b>2.9 Recent Attempts at Reform .....</b>	<b>13</b>
<b>Chapter 3: Civil Service Reform in Six States.....</b>	<b>16</b>
<b>3.1 Texas.....</b>	<b>16</b>
<i>HR Decentralization/Centralization.....</i>	<i>17</i>
<i>Recruiting and Hiring .....</i>	<i>18</i>
<i>Compensation and Classification.....</i>	<i>19</i>
<i>Merit Award Programs .....</i>	<i>20</i>
<i>Learning and Development .....</i>	<i>20</i>
<i>Grievance and Appeal Procedures .....</i>	<i>20</i>
<b>3.2 Georgia.....</b>	<b>22</b>

	<i>HR Decentralization/Centralization</i> .....	22
	<i>Recruiting and Hiring</i> .....	23
	<i>Compensation and Classification</i> .....	24
	<i>Merit Award Programs</i> .....	24
	<i>Learning and Development</i> .....	25
	<i>Grievance and Appeal Procedures</i> .....	25
<b>3.3</b>	<b>Florida</b> .....	27
	<i>HR Decentralization/Centralization</i> .....	27
	<i>Recruiting and Hiring</i> .....	28
	<i>Compensation and Classification</i> .....	28
	<i>Merit Award Programs</i> .....	29
	<i>Learning and Development</i> .....	30
	<i>Grievance and Appeal Procedures</i> .....	30
<b>3.4</b>	<b>Tennessee</b> .....	32
	<i>HR Decentralization/Centralization</i> .....	32
	<i>Recruiting and Hiring</i> .....	33
	<i>Compensation and Classification</i> .....	34
	<i>Merit Award Programs</i> .....	34
	<i>Learning and Development</i> .....	36
	<i>Grievance and Appeal Procedures</i> .....	36
<b>3.5</b>	<b>Utah</b> .....	38
	<i>HR Decentralization/Centralization</i> .....	38
	<i>Recruiting and Hiring</i> .....	39
	<i>Compensation and Classification</i> .....	40
	<i>Merit Award Program</i> .....	40
	<i>Learning and Development</i> .....	41
	<i>Grievance and Appeal Procedures</i> .....	41

<b>3.6 Wisconsin</b> .....	43
<i>HR Decentralization/Centralization</i> .....	43
<i>Recruiting and Hiring</i> .....	44
<i>Compensation and Classification</i> .....	45
<i>Merit Award Program</i> .....	46
<i>Learning and Development</i> .....	46
<i>Grievance and Appeal Procedures</i> .....	47
<b>Chapter 4: Reflections on States’ Civil Service Reforms</b> .....	<b>49</b>
<b>4.1 At-will Employment</b> .....	50
<b>4.2 Pay for Performance</b> .....	52
<b>4.3 Decentralization</b> .....	53
<b>4.4 Other States’ Civil Service Reform Efforts</b> .....	54
<i>Michigan’s Efforts to Increase Employee Engagement</i> .....	54
<i>Vermont’s New Talent Acquisition Approach</i> .....	56
<i>California’s Civil Service Reform</i> .....	57
<i>Pennsylvania’s Commonwealth Mentoring Program</i> .....	58
<b>4.5 Concluding Thoughts</b> .....	59
<b>Appendix A: Expert Advisory Group and Study Team Member Biographies</b> .....	<b>60</b>
<b>Appendix B: Comparison of the Oklahoma Civil Service System to Other States</b> .....	<b>62</b>
<b>Appendix C: Bibliography</b> .....	<b>66</b>
<b>Appendix D: Participating Individuals and Organizations</b> .....	<b>75</b>
<b>Appendix E: Number of Oklahoma Classified and Unclassified Employees</b>	<b>77</b>
<b>Appendix F: Breakdown of Classification Status by Oklahoma’s Executive Cabinet</b> .....	<b>78</b>

## Acronyms and Abbreviations

<b>The Academy</b>	The Academy of National Public Administration
<b>Act 10</b>	Wisconsin Budget Repair Bill
<b>Act 150</b>	2015 Wisconsin Act 150
<b>CalHR</b>	California Department of Human Resources
<b>CLO</b>	Chief Learning Officer
<b>CMP</b>	Pennsylvania's Commonwealth Mentoring Program
<b>CSRO</b>	Utah's Career Service Review Office
<b>CFE</b>	Utah's Center for Excellence
<b>DHRM</b>	Utah's Department of Human Resource Management
<b>DMS</b>	Florida Department of Management Services
<b>DOHR</b>	Tennessee's Department of Human Resources
<b>DPM</b>	Wisconsin's Division of Personnel Management
<b>DTS</b>	Utah's Department of Technology Services
<b>EAG</b>	Expert Advisory Group
<b>EEO</b>	Equal Employment Opportunity
<b>ETD</b>	Wisconsin DPM's Enterprise Training & Development
<b>FTE</b>	Full-time equivalent
<b>FY</b>	Fiscal year
<b>HCM</b>	OMES Division of Human Capital Management
<b>HR</b>	Human resources
<b>HRA</b>	Georgia's Human Resource Administration Division
<b>HRM</b>	Florida's Division of Human Resource Management
<b>JCCP</b>	Georgia's Job Compensation and Classification Plan
<b>Merit rules</b>	Oklahoma's Merit System of Personnel Administration Rules
<b>OGG</b>	Michigan Office of Good Government
<b>OMES</b>	Oklahoma's Office of Management and Enterprise Services
<b>OPA</b>	Oklahoma Personnel Act



<b>OPM</b>	Oklahoma’s Office of Personnel Management
<b>PERC</b>	Florida’s Public Employee Relations Commission
<b>SAO</b>	Texas State Auditor’s Office
<b>SACC</b>	Texas’ State Agency Coordinating Committee
<b>SLS</b>	OMES Statewide Learning Services program
<b>SMART goals</b>	Specific, Measurable, Achievable, Relevant, and Time-Bound goals
<b>SPB</b>	Georgia’s State Personnel Board
<b>SPS</b>	Florida’s State Personnel System
<b>TEAM Act</b>	Tennessee Excellence, Accountability and Management Act
<b>TMC</b>	Texas Merit Council
<b>TSHRA</b>	Texas State Human Resource Association
<b>TWC</b>	Texas Workforce Commission
<b>WERC</b>	Wisconsin Employment Relations Commission

## Executive Summary

The State Chamber of Oklahoma Research Foundation, an initiative of the Oklahoma State Chamber, engaged the National Academy of Public Administration (the Academy) to review civil service reforms in six states—Texas, Georgia, Florida, Tennessee, Utah, and Wisconsin—highlighting promising practices, lessons learned, and reform options that promote accountability, efficiency, transparency, and fairness in the states’ management of public employment.

The Academy’s observations are presented throughout the report. Chapter 1 and 2 provide needed background on the project scope, methodology, and the current civil service system in Oklahoma. Chapter 3 provides a detailed analysis of efforts to reform civil service and human resources (HR) policies and processes in the six other examined states. Chapter 4 presents the key observations from these case studies as well as some illustrative promising practices the team observed in additional states.

Overall, improving efficiency and flexibility is a key focus of the reforms in all of these states. The merit system was established to ensure the presence of a productive government workforce and has served as the foundation of public employment in the United States for more than a century. Given the rapidly changing roles and responsibilities of government, there is growing recognition that traditional merit systems impose constraints that may no longer meet the needs of 21<sup>st</sup> century governments. All six states studied have made significant changes to their civil service systems.

Four of the six states converted a large number of state employees to at-will status. At-will public employment is the most controversial component of the civil service reforms examined in this report. Currently, there is no consensus among academics and practitioners on what type of employment is optimal for government. While proponents of at-will employment emphasize flexibility and responsiveness, opponents argue that because government operates in a political environment, a merit-based civil service system, with some due process protections, protects public employees and the work they do from partisan political influences. This type of protection can entail delays and costs, and there should be a balance between efficiency and fairness.

A consensus among stakeholders is that there are some aspects of the merit protection process that require improvement. For example, a common concern is that the process for removing poor

performers can be lengthy and tedious. As part of their reforms, many states studied in this report, such as Tennessee and Wisconsin, accelerated the timeline for employee grievance and appeal processes and specified the types of adverse employment actions employees are allowed to appeal.

Pay for performance is another major component of many states' civil service reforms. The idea of pay for performance can sound appealing in principle; however, it overlooks the challenges of implementing pay for performance in the context of government. The foundation for effective pay for performance is a robust performance management process. A long-standing performance management challenge in government is the difficulty of defining, observing, and measuring performance outcomes. Government performance appraisals largely rely on subjective assessments by supervisors and, as a result, do not always provide a solid basis for pay decisions.

Tennessee's experience offers a good example of how a state strengthened its performance management process to support pay for performance. The state devoted considerable resources to helping employees develop performance standards and to enhancing objectivity in performance appraisals. Tennessee took three years to reform its performance evaluation process before formally launching pay for performance. This is just one example of why it takes time and effort to implement effective civil service reforms. Large-scale change does not occur overnight.

Some states studied in this report suspended their pay for performance programs because of state budget restrictions. An effective pay for performance program requires adequate funding to reward high performers. For example, in January 2019, Tennessee provided a 3.5 percent merit increase to base pay for all employees who received a rating of valued, advanced, or outstanding in the 2017-2018 performance cycle. Those receiving ratings of advanced also received a one-time bonus equal to 1 percent of salary while those with a rating of outstanding received a 3 percent bonus.

There are various ways to reform a state's merit system, such as implementing pay for performance programs, streamlining HR processes, and changing structures. However, it is critical to recognize that reforms like these require significant financial investment. Private-sector experiences also offer compelling evidence for the connection between human capital investments and individual or organizational performance. Investment in human capital pays off in the long run.

The case studies in this report identify a variety of promising practices to enhance a state's ability to attract and retain top talent. These practices are well-grounded in human capital management theories. For example, many states have taken actions to streamline recruitment and hiring. Tennessee hired external recruiters to strengthen the government's ability to recruit qualified candidates. States, such as Wisconsin, Georgia, and Tennessee, introduced automated tools and systems to improve hiring efficiency and effectiveness. In addition, several states examined in this report provide their employees with a wide range of training, leadership development programs, and career development opportunities. Learning and development offerings are viewed by many experts and stakeholders as an important tool for government to boost employee morale, improve individual and organizational performance, and retain talent.

Some states have adopted a decentralized HR management structure that provides broad personnel authority to line administrative agencies, while other states have moved to a more centralized structure to promote consistency across state agencies. This dichotomy illustrates the long-standing debate about HR decentralization and centralization. Decentralization offers agency managers the flexibility to make HR policies and decisions based on their needs, culture, and environment. However, the state leaders interviewed for this report agreed that some degree of centralization is necessary. All six states in the case studies, including those with highly decentralized structures, have some level of external central oversight to enhance HR management accountability. Moreover, some states with decentralized HR structures formed formal or informal processes/networks for HR professionals to share practices and improve state HR management.

The promising practices, lessons learned, and reform options identified in this report can serve as useful input for Oklahoma, as it considers reforming its civil service system. Even so, promising practices in one state might not be ideal for another state. There is no single best way to reform a civil service system. The key is to adapt these principles and practices to meet the state's own needs and human capital goals.

Finally, how a reform effort is carried out is as important as the reform's structure. Experience shows that successful state reform efforts tend to: 1) involve managers and employees in identifying opportunities for improvement and in providing feedback on what is and is not working well; 2) invest in training and development for managers and HR staffs; 3) provide reasonable funding for both the implementation and maintenance of the new approaches; and 4)

establish some oversight or accountability mechanisms to ensure that the states are achieving their reform objectives and take corrective actions when they are not.

# Chapter 1: Background

## 1.1 Project Overview and Study Scope

Human capital management has been a longstanding challenge at all levels of government. To effectively deliver public services, government must have the ability to attract, develop, and retain top talent. Since the 1990s, a number of states have implemented civil service reforms that dramatically changed state public employment rules and policies directing how state employees are hired, compensated, evaluated, and rewarded.

The State Chamber of Oklahoma Research Foundation contracted with the National Academy of Public Administration (the Academy) to conduct a comparative analysis of the current merit protection systems of Oklahoma and that of other states. This study examines in detail recent civil service reforms in Texas, Georgia, Florida, Tennessee, Utah, and Wisconsin, highlighting promising practices, lessons learned, and reform options that promote accountability, efficiency, and fairness in the states' public employment. Additionally, the report includes some snapshots of reform activities in other states that serve to further inform the analysis.

## 1.2 Methodology

The Academy assembled a three-member Expert Advisory Group (EAG) of Academy Fellows to direct and oversee the study. The EAG represents leading experts in the fields of merit systems, public human resource management, workforce development, and state government operations. The EAG held a meeting to offer guidance concerning the study team's research and review the draft report. [Appendix A](#) contains a short biographical sketch of each EAG member.

The study team carried out extensive primary and secondary research to develop observations. The study team conducted a thorough review of a multitude of documents including relevant statutes and regulations, policy documents, previous studies, and academic research. [Appendix C](#) includes a bibliography of the secondary research documents and research reviewed by the study team. Additionally, the study team conducted telephone interviews and discussions with dozens of knowledgeable individuals during the one month of data collection. Interviewees include present and former state government HR officials, human capital management and civil service reform experts, and selected Academy Fellows. All interviews were conducted on a not-for-attribution basis. [Appendix D](#) contains a complete list of the interviewees.

### 1.3 The Merit System

The merit system was created in the late 19<sup>th</sup> century to protect government employees from political influences and minimize the favoritism and patronage that existed in the old spoils employment system. In a merit system, government employees are hired and promoted based on their competencies rather than political connections. The ultimate goal was the creation of a well-qualified and productive government workforce. The merit system has long formed the foundation for public employment in both federal and state government, and in many local governments.<sup>1</sup> The U.S. Civil Service Reform Act of 1978 formally identifies nine merit system principles (see Figure 1-1 below). Although these principles were developed for the federal government, they are also relevant to states.

**Figure 1-1: Merit System Principles (5 USC 2301)<sup>2</sup>**

1. Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge and skills, after fair and open competition which assures that all receive equal opportunity.
2. All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for their privacy and constitutional rights.
3. Equal pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance.
4. All employees should maintain high standards of integrity, conduct, and concern for the public interest.

<sup>1</sup> National Academy of Public Administration, *No Time to Wait: Building a Public Service for the 21<sup>st</sup> Century*, (2017) [https://www.napawash.org/uploads/Academy\\_Studies/No-Time-to-Wait\\_Building-a-Public-Service-for-the-21st-Century.pdf](https://www.napawash.org/uploads/Academy_Studies/No-Time-to-Wait_Building-a-Public-Service-for-the-21st-Century.pdf).

<sup>2</sup> U.S. Merit Systems Protection Board, *Merit System Principles (5 USC § 2301)*, <https://www.mspb.gov/meritsystemsprinciples.htm>.

5. The Federal work force should be used efficiently and effectively.
6. Employees should be retained on the basis of adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.
7. Employees should be provided effective education and training in cases in which such education and training would result in better organizational and individual performance.
8. Employees should be--
  - a. protected against arbitrary action, personal favoritism, or coercion for partisan political purposes, and
  - b. prohibited from using their official authority or influence for the purpose of interfering with or affecting the result of an election or a nomination for election.
9. Employees should be protected against reprisal for the lawful disclosure of information which the employees reasonably believe evidences--
  - a. a violation of any law, rule, or regulation, or
  - b. mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety.

*Source: U.S. Merit Systems Protection Board*

Over time, government's roles and responsibilities have evolved dramatically, and civil service reform has also occurred at all levels of government. An Academy Panel 2017 white paper, *No Time to Wait: Building a Public Service for the 21<sup>st</sup> century*, addressed how the federal government can address human capital management challenges. This report stressed the importance of recognizing that the basic merit principles are still valid. As the Academy Panel concluded, "those problematic constraints are in fact produced not by the basic merit system principles, but by the particular ways those principles have been brought to life."<sup>3</sup> The government should reform and modernize its HR system and adopt innovative workforce strategies; however, these core merit principles are still relevant and should continue to guide government's HR management practices. Civil service reforms should focus on how to implement these basic principles in a way that address the needs of a modern public workforce.<sup>4</sup>

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<sup>3</sup> National Academy of Public Administration. *No Time to Wait*, p. 3.

<sup>4</sup> Ibid.

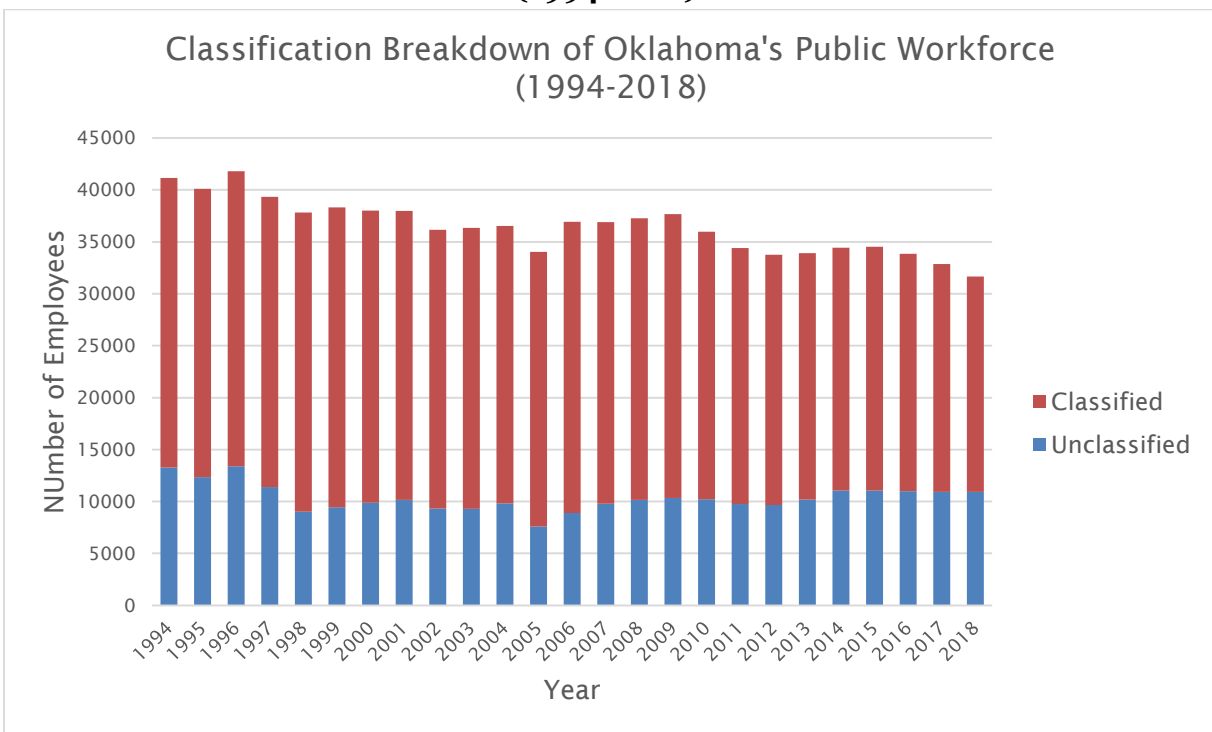


It would be very useful, in any efforts to revise a merit-based civil service system, to put into place a set of outcome metrics and measures to evaluate the impact of any changes over time and to inform any mid-course corrections or modifications. For example, are efforts to improve hiring resulting in more timely hiring decisions and better qualified hires? Are changes to employee due process protections resulting in more productive, responsive, and engaged employees? Soliciting feedback from employees, supervisors and managers on a regular basis may be useful in this regard. The federal government, for example, administers an annual employee survey (responses are anonymous but the aggregated results are made public).

## Chapter 2: Overview of Oklahoma’s Civil Service System

The State of Oklahoma had a total of 31,674 state employees at the close of FY 2018. Sixty-five percent of Oklahoma’s workforce is classified (i.e., employees have property rights in their jobs). Figure 2-1 shows the classification breakdown of Oklahoma’s state employees. Over the past ten years, the state government workforce has declined by approximately 16 percent, and most of the reduction has come from positions in the classified workforce.<sup>5</sup>

**Figure 2-1. Classification Breakdown of Oklahoma’s Public Workforce (1994-2018)<sup>6</sup>**



### 2.1 History of Oklahoma’s Merit System

After passage of the Pendleton Act in 1883, which established a merit system for the federal government, about one third of states followed suit in the years after—but Oklahoma was not one

<sup>5</sup> [Appendix E](#) contains a table showing the number of classified and unclassified employees in Oklahoma for each year between 1994 and 2018.

<sup>6</sup> State of Oklahoma, *Workforce Classified/Unclassified Headcount*, <https://data.ok.gov>, (August 2018).

of them.<sup>7</sup> It was not until the 1959 legislative session that Governor J. Howard Edmondson signed into law the *Merit Act*, a merit-based civil service system that transitioned Oklahoma away from a spoils system.<sup>8</sup> State agencies receiving federal grants-in-aid had already been required to operate under a merit system as a result of the 1939 Social Security Act, but this legislation expanded protections to all state agencies. The process for passing the legislation was tumultuous, with strong opposition coming from rural state representatives, but Governor Edmondson successfully achieved one of his campaign platform goals and implemented a statewide merit system.

The law established a personnel board that would establish merit rules for state employees and hear appeals from those employees. The board, consisting of seven members serving staggered terms, could not have more than four members belonging to the same political party—a requirement aimed at minimizing political influence on state employment. Also included were provisions that prohibited state employees from donating to political campaigns or participating in certain kinds of political activity.

The merit system established in 1959 survived several challenges from legislators who sought to alter the system over the next two decades. Often, the bills drafted to change the system jeopardized federal funding for the state. In 1982, the *Oklahoma Personnel Act* (OPA), which replaced the original *Merit Act*, modernized the state’s merit system, abolished the original personnel board, and created two agencies to split the duties of protecting employee interests and the administration of state employment. The administrative agency became the Office of Personnel Management (OPM), and the organization built to protect employee interests was the Ethics and Merit Commission, which is now the Merit Protection Commission.<sup>9</sup> The law gives agencies rulemaking authority to carry out the policies set forth by the state. The OPA and the *Merit System of Personnel Administration Rules* (Merit Rules) are the major statutes and rules that guide workforce management in Oklahoma state government.

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<sup>7</sup> Housel, Steve. *Oklahoma’s Adoption of the Merit System: J. Howard Edmondson and Cooperative Federalism*. (Edmond: Oklahoma Political Science Association, 2013), 67-72.

<sup>8</sup> A spoils system is a practice in which government employees are hired/promoted based on political affiliation.

<sup>9</sup> Office of Management and Enterprise Services, “OPM History,” [https://www.ok.gov/opm/About\\_OPM/Our\\_History/](https://www.ok.gov/opm/About_OPM/Our_History/), (2019).

In 2011, Oklahoma consolidated OPM, along with the Department of Central Services, the Oklahoma State Employees Benefits Council, and the State and Education Employees Group Insurance Board, into the Office of Management and Enterprise Services (OMES).<sup>10</sup> OMES today remains the agency responsible for carrying out the statutes within the OPA and the Merit Rules for Employment.<sup>11</sup>

## **2.2 HR Management Structure**

There have been no major changes to Oklahoma’s merit system since the 1982 reform. Two agencies in Oklahoma—OMES and the Merit Protection Commission—share the responsibilities of managing the state’s merit system/rules. Within OMES lies the Division of Human Capital Management (HCM), which oversees human resources services for state employees.<sup>12</sup> HCM has approximately 60 employees and is led by the Human Capital Management Administrator, who reports to the OMES Director. HCM is responsible for supporting agencies in a range of HR areas, such as workforce planning, compensation, benefits, recruitment, and employee training and development. HCM develops and maintains statewide personnel rules, standards, and procedure manuals, while agencies manage their day-to-day HR activities. Classified employees are governed by the OPA and the Merit Rules. Unclassified employees, while not afforded all of the employment protections of the Merit Rules, are still subject to some of those provisions. Generally speaking, agencies have more flexibility in managing their unclassified employees. For example, agencies have greater latitude to determine salaries and pay raises for unclassified employees.

The Oklahoma Merit Protection Commission, the state’s quasi-judicial body for handling state employment disputes, consists of nine members who serve staggered three-year terms.<sup>13</sup> Two members are appointed by the president pro tempore of the Senate, and five members are appointed by the governor—no more than four of whom may be from the same political party. The commission appoints an executive director, who leads the commission’s operations, and administrative law judges, who hear employment disputes. The commission has jurisdiction over

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<sup>10</sup> 62 OK Stat. §62-1-34.3.1 *Consolidation of Certain Agencies into Office of Management and Enterprise Services*, (2011), <http://www.oscn.net/applications/OCISWeb/DeliverDocument.asp?CiteID=463488>.

<sup>11</sup> 74 OK Stat. §74-840-1.1 *Oklahoma Personnel Act*, (2014).

<sup>12</sup> Office of Management and Enterprise Services, “Divisions,” <https://omes.ok.gov/about/divisions>, (2019).

<sup>13</sup> 455 OK Stat. §455-10-1 *Merit Protection Commission - General Provisions*.

classified employees and has limited jurisdiction over unclassified employees and citizens who apply for state employment.

### **2.3 Recruiting and Hiring**

The Merit Rules and the OPA provide some statewide procedural requirements for hiring and recruitment. For classified positions, agencies are required to post job announcements for at least five business days. HCM is responsible for creating a register of qualified applicants for positions in the classified service, and the applicants are listed in order of their scores from competitive examinations or other selection criteria.<sup>14</sup> Unclassified jobs are also posted publicly, but there are no requirements for the number of days the job advertisement must remain up. Unclassified job applicants are not ranked by HCM, and agency hiring managers are not limited to a pre-selected list of applicants.

### **2.4 Compensation and Classification**

OMES is in charge of developing and maintaining the state's classification and compensation system.<sup>15</sup> OMES produces salary schedules for classified and unclassified employees, which respectively have 18 and 26 pay bands.<sup>16</sup> Career and executive service positions must be paid in accordance with the OMES salary schedule. The appointing authorities must submit a compensation plan for classified employees and receive approval from the director of OMES.<sup>17</sup> For each pay band, the schedules identify the minimum, midpoint, and maximum pay rates. The salary for an employee may not go beyond the minimum or maximum for their respective pay range.<sup>18</sup> OMES/HCM is required to prepare a compensation report to compare the state's current salary rates (classified positions) with the pay rates in the competitive labor market annually and issue pay adjustment recommendations to the state legislature biennially.<sup>19</sup>

Agencies have more flexibility in determining pay for unclassified employees because they do not require prior approval of the schedule from the director of OMES as long as it remains within the

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<sup>14</sup> 260 OK Stat. §260-25-9-3; §260-25-9-50, *Merit System of Personnel Administration Rules*, (2019).

<sup>15</sup> 260 OK Stat. §260-25-5-2.

<sup>16</sup> Office of Management and Enterprise Services, "Salary Schedule," <https://omes.ok.gov/employee-benefits/salary-schedule>, (2019).

<sup>17</sup> 260 OK Stat. §260:25-7-1.

<sup>18</sup> 260 OK Stat. §260:25-7-2.

<sup>19</sup> Office of Management and Enterprise Services, *Fiscal Year 2018 Annual Compensation Report*, (2019), <https://omes.ok.gov/sites/g/files/gmc316/f/2018AnnualCompensationReport.pdf>.

agency's budget and does not surpass the minimum or maximum of the employee's rate of pay within the unclassified pay schedule.

Until repealed on April 23, 2019, the Oklahoma Compensation and Unclassified Positions Review Board was responsible for making recommendations to the state legislature and the governor based on agency requests for compensation or classification changes that were submitted to OMES.<sup>20</sup> Effective November 1, 2019, the board was abolished and the Appropriations Committee of the Oklahoma State Senate now fields agencies' requests to add unclassified positions or reclassify positions if their classification is not already specified by law.<sup>21</sup>

## **2.5 Merit Award Programs**

The Oklahoma Merit Rules allow agencies to offer performance-based salary adjustments (a salary increase or lump-sum payment) to employees whose performance rating is "meets standards" or better. Performance-based adjustments are given based on employees' most recent annual performance evaluation. While agencies have the discretion to give unclassified employees performance-based awards, an agency seeking to provide a performance-based merit award to classified employees must submit a performance-based adjustment plan for approval by the director of OMES. Classified employees may receive a performance-based increase only if it does not exceed the maximum of their designated pay range.<sup>22</sup>

In 2014, the state legislature mandated that OMES create a performance management system for all executive branch employees in state agencies, both classified and unclassified, with the exception of certain unclassified positions specified by Oklahoma statute.<sup>23</sup> An employee and their immediate supervisor will prepare a set of SMART performance goals for the year and will meet halfway through to discuss progress towards those goals.<sup>24</sup> At the close of the year, the immediate

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<sup>20</sup> Office of Management and Enterprise Services, *State HR Related Statutes outside of the Oklahoma Personnel Act*, (2016), <https://omes.ok.gov/sites/g/files/gmc316/f/HRStatutes.pdf>.

<sup>21</sup> Stanislawski, Gary, and Harold Wright, *Enrolled Senate Bill No. 234*, (2019), [http://webserver1.lsb.state.ok.us/cf\\_pdf/2019-20%20ENR/SB/SB234%20ENR.PDF](http://webserver1.lsb.state.ok.us/cf_pdf/2019-20%20ENR/SB/SB234%20ENR.PDF)

<sup>22</sup> 260 OK Stat. §260:25-7-27.

<sup>23</sup> 260 OK Stat. §260:25-17-31.

<sup>24</sup> Office of Management and Enterprise Services, *Performance Management Process*, <https://www.ok.gov/opm/documents/PMPHandbook.pdf>.

supervisor must meet with the employee to discuss the employee’s performance evaluation and then offer the employee the opportunity to provide written comments about the evaluation.

This award program differs from the pay for performance program in some other states studied in this report. Most Oklahoma employees receive a bonus when the agency budget allows for one, because the benchmark of meeting performance standards is relatively easy to achieve (agencies have the authority to offer performance-based salary adjustments to employees whose performance rating is “meets standards” or better).<sup>25</sup> In addition, agencies are constrained in the amount they can give out by their annual budget and the state’s appropriations for that purpose.

## **2.6 Learning and Development**

OMES sponsors the Statewide Learning Services (SLS) program, which offers classes to all public employees to develop their skillsets.<sup>26</sup> SLS teaches courses related to professional development, interpersonal skills, personality assessments, leadership and management skills, business acumen, rules and compliance, and diversity awareness. Unless otherwise mentioned, courses are free and open to state employees. OMES changes the course offerings throughout the year and offers a number of pre-selected course tracks to help employees gain a full understanding of different professional development topics. Depending on the course, participants may receive credit for mandatory supervisory training or even a professional certification. Through these courses, state employees may hone their hard and soft skills, leadership abilities, and other professional skills that can help them succeed in the workplace.

## **2.7 Grievance and Appeal Processes**

In Oklahoma, classified employees are required to complete a one-year probationary period. Classified employees, who have property rights to their job, are afforded the opportunity to appeal both adverse actions and alleged violations to the Commission.<sup>27, 28</sup> The grievance procedure is an

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<sup>25</sup> 260 OK Stat. §260:25-7-27.

<sup>26</sup> Office of Management and Enterprise Services, *Statewide Learning Services Course Catalog 2019/2020*, (2019), <https://omes.ok.gov/sites/g/files/gmc316/f/CourseCatalog2019-2020.pdf>.

<sup>27</sup> Adverse action appeal: an appeal by a permanent classified employee appealing a discharge, suspension without pay, or involuntary demotion. Alleged violations of the Merit Rules, the OPA, or federal law and may include claims of discrimination, sexual harassment, or retaliation against the employee or individual.

<sup>28</sup> Alleged violation: an allegation is made that a violation of law or rules has occurred.

attempt to internally resolve the issue with the agency at the lowest level possible before bringing the issue to the Merit Protection Commission (the Commission), the state's independent, quasi-judicial body. A wide range of issues (both adverse actions and alleged violations) may be addressed in grievance procedures, such as reduction in force, work assignments, classification, promotion, discrimination, and performance appraisals.<sup>29</sup> Agencies have the discretion to use the grievance resolution process or other procedures established for unclassified employees.<sup>30</sup>

An employee has 20 days to file the grievance with the agency's grievance manager, who is occasionally the agency's appointing authority. The grievance procedure at the agency level includes the following steps:<sup>31</sup>

1. The employee and their supervisor have an informal discussion in an attempt to resolve the dispute before the employee files a formal grievance.
2. Once filed, the grievance should be resolved by the agency's grievance manager within 45 days, unless the agency's grievance manager and employee agree to extend the process, but that resolution process is not to exceed 90 days. When necessary, a mediator may assist in resolving a grievance at the agency level.
3. If the employee wishes to appeal the grievance resolution decision with the Merit Protection Commission, they have 20 days after receiving that decision to do so.

If an employee decides to appeal the resolution decision from the grievance process, the employee has the opportunity to present their case to the Commission in front of an Administrative Hearing Officer.<sup>32</sup> This appeal must be submitted within 20 days after receiving the resolution decision or the expiration of the resolution time. Before the hearing, the Commission's executive director assigns the appeal case to an analyst with the Commission who then investigates for violations of Oklahoma or federal law. If the preliminary findings from the analyst's investigative report indicate that the appeal should be heard, the executive director may schedule a hearing before an administrative law judge.

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<sup>29</sup> Oklahoma Merit Protection Commission, "Frequently Asked Questions – Grievances," [https://www.ok.gov/okmpc/FAQ/faq\\_grievance.html](https://www.ok.gov/okmpc/FAQ/faq_grievance.html), (2019).

<sup>30</sup> For alleged violations, unclassified employees and job applicants may also appeal through the Commission's process.

<sup>31</sup> 455 OK Stat. §455-10-19 *Merit Protection Commission – Internal Agency Grievance Resolution Procedures*.

<sup>32</sup> 455 OK Stat. §455-10-9 *Merit Protection Commission – Hearing Process*.



Based on the evidence presented in the hearing, the administrative law judge files the decision with the Commission within 10 days after the hearing ends. The Commission’s decision is final, unless the employee or job applicant chooses to appeal the decision in district court. The executive director of the Commission notifies both the employee and agency of their decision within five days of receiving the administrative law judge’s ruling.

The employee or agency may petition the commissioners for a rehearing if they disagree with the decision. The commissioners must receive the request within 10 days of the decision from the hearing. If approved, the commissioners will hear the case. In the event of a rehearing, the commissioners’ ruling is final, unless the employee or agency opts to take their case to district court.

In the case of an alleged violation, the burden of proof rests with the employee. In cases of an adverse action involving a classified employee (about issues such as suspension without pay or involuntary demotion or discharge), the burden of proof rests with the agency’s appointing authority.

## **2.8 Major Concerns About the Current Merit System**

A commonly cited criticism from some officials in the state is that the system is too rigid and prevents managers from effectively managing their agencies. Interviewees noted that agency heads and cabinet members say they have difficulty rewarding high-performing employees with pay raises unless they “manipulate” the system. In some cases—especially if a classified employee is already at the maximum of their pay range rendering them unable to receive a performance-based increase<sup>33</sup>—the only way to give classified employees a pay raise is to promote them to a different job classification or change their job titles.<sup>34</sup>

Another concern raised by interviewees is that the process for dismissing poor-performing employees can be time-consuming, especially when proper documentation procedures are not followed. The Merit Protection Commission processed about 150 cases last year, and the

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<sup>33</sup> Agencies can award classified employees with a performance-based salary increase until they hit the maximum of their pay range.

<sup>34</sup> National Academy of Public Administration, *An Organizational Assessment of the Oklahoma Corporation Commission*, (2018), [https://www.napawash.org/uploads/Academy\\_Studies/NAPA\\_OCC\\_Final\\_Report\\_110818.pdf](https://www.napawash.org/uploads/Academy_Studies/NAPA_OCC_Final_Report_110818.pdf).

commission's ability to handle cases was impeded by the number of its staff (3 FTEs) and limited funding. Some interviewees pointed out that the Commission receives too many cases to handle, and the process is lengthy and requires a lot of resources and effort. In Oklahoma, employees are allowed to appeal a wide array of adverse actions, including performance ratings should the employee disagree with their evaluation. Some cases can take six months to a year to complete. Interviewees explained that adverse action appeals do not require investigations and go directly to a hearing. It generally takes about nine months to process these cases, the delays typically occurring when the employee requests an extension. Alleged violation<sup>35</sup> cases require investigations which generally take four to six months. While some interviewees highlight the value of merit protections, they also recognize that certain aspects of the process require improvement.

## 2.9 Recent Attempts at Reform

In recent years, there have been a handful of attempts to reform Oklahoma's merit system coming from both the legislative and executive branches. State legislators have proposed bills that would update the merit system or transfer the duties and powers of the Merit Protection Commission to another agency or commission, for example.<sup>36</sup>

In early 2019, Senator Kay Floyd filed Senate Bill 913 in the first session of the 57<sup>th</sup> Legislature that would have overhauled the merit protection system by revising the Oklahoma Personnel Act.<sup>37</sup> The bill renames classified and unclassified employees to career and executive service employees, respectively. Major provisions of the bill would authorize the Administrator of HCM to determine classification and compensation systems, modify the list of unclassified positions, eliminate the right to return to classified service for some positions, and transfer the Merit Protection Commission's responsibilities to OMES.<sup>38</sup> That bill was referred to the Senate

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<sup>35</sup> Alleged violations of the Merit Rules, the OPA, or federal law and may include claims of discrimination, sexual harassment, or retaliation against the employee or individual.

<sup>36</sup> Oklahoma House of Representatives, "Bill Summary of Senate Bill No. 946,"

[http://webserver1.lsb.state.ok.us/cf\\_pdf/2017-18%20SUPPORT%20DOCUMENTS/BILLSUM/House/SB946%20ENGR%20BILLSUM.PDF](http://webserver1.lsb.state.ok.us/cf_pdf/2017-18%20SUPPORT%20DOCUMENTS/BILLSUM/House/SB946%20ENGR%20BILLSUM.PDF) (2018)

<sup>37</sup> Sweeney, Catherine, "Executive orders target lobbyists, planes, hiring freeze and Cabinet," *The Journal Record*, <https://journalrecord.com/2019/01/24/executive-orders-target-lobbyists-planes-hiring-freeze-and-cabinet/>, (January 2019).

<sup>38</sup> Floyd, Kay, *Senate Bill No. 913*, (2019), [http://webserver1.lsb.state.ok.us/cf\\_pdf/2019-20%20INT/SB/SB913%20INT.PDF](http://webserver1.lsb.state.ok.us/cf_pdf/2019-20%20INT/SB/SB913%20INT.PDF).

Appropriations General Government and Transportation Subcommittee in February 2019, but no further action was taken.

In preparation for the upcoming legislative session, Rep. Mike Osburn and Sen. Floyd launched a task force on the need for merit system reform through Senate Bill 145 of the first session of the 57<sup>th</sup> Legislature.<sup>39</sup> The task force's report will include recommendations for modifying the Merit Protection Commission's duties and powers and making changes to the Merit System of Personnel Administration and/or the Whistleblower Act. In November 2019, as this report was being finalized, the task force was planning a forum to allow stakeholders to voice their perspectives.

In just his third executive order as governor, Governor Kevin Stitt ended a hiring freeze on unclassified state positions, citing the need to give agency heads more flexibility in managing their workforce.<sup>40</sup> Former Governor Mary Fallin instituted these hiring freezes on both classified and unclassified employees through several executive orders eight years earlier when the state experienced a significant budget shortfall.<sup>41</sup> Governor Stitt maintained the freeze on classified positions, effectively preventing agencies from filling positions that fall under the classified system of employment.<sup>42</sup> Agencies may not hire, reinstate, give salary raises or performance bonuses, promote, or transfer classified employees to another position while the freeze on classified employees remains in place.

While no major merit system reform has occurred recently, the Legislature recently revised positions' classifications in the Office of the Secretary of State and moved several from classified to unclassified status. Oklahoma House research staff found that these revisions will increase the agency's flexibility in paying its employees, as they will not need approval from the director of

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<sup>39</sup> Mike Osburn and Kay Floyd, *Engrossed Senate Bill No. 145*, (2019), [http://webserver1.lsb.state.ok.us/cf\\_pdf/2019-20%20ENGR/SB/SB145%20ENGR.PDF](http://webserver1.lsb.state.ok.us/cf_pdf/2019-20%20ENGR/SB/SB145%20ENGR.PDF).

<sup>40</sup> Ben Felder, "Stitt's first orders cover workers, lobbyists, governor's plane," *The Oklahoman*, <https://oklahoman.com/article/5621091/governor-announces-four-executive-orders>, (January 2019).

<sup>41</sup> Dale Denwalt, "Despite improved economy, state government freeze on hiring remains," *The Oklahoman*, <https://oklahoman.com/article/5601227/despite-improved-economy-state-government-freeze-on-hiring-remains>, (July 2018).

<sup>42</sup> J. Kevin Stitt, "Amended Executive Order 2019-3," <https://www.sos.ok.gov/documents/executive/1850.pdf>, (February 2019)

OMES for the pay schedule for these positions.<sup>43</sup> Over the years, other state agencies have received approval from the Legislature to alter the classification of certain positions.

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<sup>43</sup> Oklahoma House of Representatives, “Bill Summary of House Bill 1391,” [http://webserver1.lsb.state.ok.us/cf\\_pdf/2019-20%20SUPPORT%20DOCUMENTS/BILLSUM/House/HB1391%20CCR%20A%20BILLSUM.PDF](http://webserver1.lsb.state.ok.us/cf_pdf/2019-20%20SUPPORT%20DOCUMENTS/BILLSUM/House/HB1391%20CCR%20A%20BILLSUM.PDF), (2019).

## Chapter 3: Civil Service Reform in Six States

This chapter combines analyses of civil service reforms and HR policies and processes in Texas, Georgia, Florida, Tennessee, Utah, and Wisconsin. All six states have adopted some type of civil service reforms. Some decentralized their HR functions and established at-will employment systems, some streamlined their hiring and recruitment processes, some revised compensation plans and created pay for performance programs, and others reformed appeal and grievance processes. For each state, the analysis focuses on six aspects: HR management structure, recruiting and hiring, classification and compensation, merit award programs, learning and development, and appeal and grievance procedures. The purpose of this analysis is to identify and describe reform approaches, practices, and lessons learned that Oklahoma could adopt or adapt to its own unique environment.

[Appendix B](#) summarizes in chart form the key characteristics of the civil service systems/HR management functions in the six states and Oklahoma.

### 3.1 Texas

Texas state government has 147,486 employees.<sup>44</sup> The vast majority of these employees, except for a small number of federally paid state employees,<sup>45</sup> are employed on an at-will basis. Texas is viewed as “the grandfather of civil-service-free states” and has never had a strong merit protection system.<sup>46</sup> In 1985, the state legislature eliminated the Texas Merit Council (TMC), which was established in the 1970s to serve as the central merit protection agency for federally-funded state employees. Other agencies were allowed to participate, but only a few agencies chose to.<sup>47</sup> There have been no major changes to the state government’s HR management functions since the elimination of TMC.

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<sup>44</sup> Texas State Auditor’s Office, “A Summary Report on Full-time Equivalent State Employees for Fiscal Year 2018,” <http://www.sao.texas.gov/reports/main/19-705.pdf#page=5>, (February 2019), 5.

<sup>45</sup> Texas Government Code § 655.002.

These agencies must, by rule, establish intra-agency policies and procedures to ensure compliance with the federal requirements and the recruitment, selection, and advancement of highly competent agency personnel

<sup>46</sup> Jonathan Walters, *Life after Civil Service Reform: The Texas, Georgia, and Florida Experiences*, (2002), <https://sites.duke.edu/niou/files/2011/05/Walters-Life-after-Civil-Service-Reform-The-Texas-George-and-Florida-Experiences.pdf>, 16.

<sup>47</sup> *Ibid.*, 16.

## **HR Decentralization/Centralization**

Texas has a highly decentralized, fragmented HR system. There are over 100 state agencies, all of which have their own HR divisions or offices. The State Auditor's Office (SAO) develops the *Texas Human Resources Management Statutes Inventory*, a compilation of all major federal and state HR rules and regulations, to serve as a general guide for agencies to manage their workforces. While agencies are required to follow this policy guidance, they have a great deal of flexibility in developing their own HR policies and processes and making personnel decisions. HR management structures and practices vary by agency. Some agencies have established comprehensive HR programs to manage their workforce, while agencies with more limited resources operate without a dedicated HR staff.<sup>48</sup>

Texas has developed some central oversight functions in its highly decentralized HR system. To some degree, the SAO, as an entity within the state's legislative branch, serves as the state's central HR agency. The State Classification Office, a unit within the SAO, manages the state's classification and compensation system to ensure appropriate employee classification and promote pay equity.<sup>49</sup> In addition, SAO maintains statewide HR policies and also serves as an advisor to state agencies on HR issues.<sup>50</sup> Moreover, SAO requires each agency to develop and submit a workforce plan as part of its strategic plan. All agencies' workforce plans are available on the SAO website.<sup>51</sup> Furthermore, SAO maintains a statewide personnel database, the *Electronic Classification Analysis System*,<sup>52</sup> which contains information such as state employee turnover rates, number of employees, number of terminations, employee salary, and length of service.

The Texas Comptroller of Public Accounts (also called the Comptroller's Office) is responsible for managing payroll and personnel reporting for all state agencies. The Comptroller's Office is in the process of implementing a Centralized Accounting and Payroll Personnel System. The Texas

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<sup>48</sup> Ibid.

<sup>49</sup> Texas State Auditor's Office, "The State of Texas Compensation and Classification System," <http://www.hr.sao.texas.gov/CompensationSystem/>, (2019).

<sup>50</sup> Texas State Auditor's Office, "Annual Report for Fiscal Year 2018," (October 2018), [http://www.sao.texas.gov/Documents/AnnualReports/SAOAnnualReport\\_FY2018.pdf](http://www.sao.texas.gov/Documents/AnnualReports/SAOAnnualReport_FY2018.pdf), 10.

<sup>51</sup> Texas State Auditor's Office, "Agency Workforce Plans," <http://www.hr.sao.texas.gov/WorkforceAnalysis/WorkforcePlans>, (2019).

<sup>52</sup> Texas State Auditor's Office, "Electronic Classification Analysis System (E-Class)," <http://www.sao.texas.gov/apps/eclass/>, (2019).

Workforce Commission reviews agencies' HR policies and procedures every six years to ensure agencies' compliance with federal and state employment laws and regulations.<sup>53</sup>

Previous research highlights the importance of a professional network in a decentralized HR model.<sup>54</sup> The State Agency Coordinating Committee (SACC), composed of representatives from thirteen large state agencies in Texas, examines management practices and challenges. SACC hosts quarterly meetings for agency HR directors to discuss recent policy changes and potential impacts on agencies. There are also some informal coordinating committees for HR professionals from medium-sized HR agencies. The Texas State Human Resource Association (TSHRA), a nongovernment entity, was established to "provide information exchange, guidance, and avenues for camaraderie to human resources professionals in state government."<sup>55</sup> TSHRA hosts four meetings a year to bring together state HR professionals to share information, experiences, and best practices to improve HR management in Texas state government.

Texas's decentralized model has received considerable attention in academic literature. For instance, previous research suggests that agency HR managers are generally satisfied with their autonomy and believe that flexibility is critical for them to carry out their functions effectively. On the other hand, researchers also emphasize the challenges presented by HR decentralization. It is difficult to ensure that small agencies with limited resources have the HR expertise to manage their workforces effectively.<sup>56</sup> The state's rule on HR staffing is that large agencies (with 500 or more FTEs) should have HR staff-to-employee ratio of 1:85.<sup>57</sup>

## **Recruiting and Hiring**

Overall, state agencies have considerable discretion in developing their processes for recruitment and hiring. The only statewide requirement is that agencies post their job announcements to the website maintained by the Texas Workforce Commission for at least 10 business days.<sup>58</sup> State

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<sup>53</sup> Texas Government Code § 2.21., <https://statutes.capitol.texas.gov/Docs/LA/htm/LA.21.htm>, (2019).

<sup>54</sup> Jerrell Cogburn, *The Decentralized and Deregulated Approach to State Human Resources Management in Texas*, (January 2006).

<sup>55</sup> Texas State Human Resources Association, <http://www.tshra-austin.org/>.

<sup>56</sup> Jerrell Cogburn. *The Decentralized and Deregulated Approach*.

<sup>57</sup> Texas State Auditor's Office, *Texas Human Resources Management Statutes Inventory*, (2018) <http://www.sao.texas.gov/reports/main/18-303.pdf>, 157.

The Statutes Inventory does not identify a rule on HR staffing for small agencies.

<sup>58</sup> Texas State Auditor's Office, *Texas Human Resources Management Statutes Inventory*.

agencies have adopted a resume-based hiring process, and there is no formal written test required for obtaining most state positions in Texas.<sup>59</sup> Interviewees noted that, compared with the traditional civil service model, Texas has a more simplified hiring process (i.e., less time and less administrative barriers). Some agencies outsource part of their recruitment process (e.g., initial screening) to third-party vendors.

Earlier studies point out that informal contacts serve as an essential recruitment tool in Texas. In many cases, agency HR managers or hiring managers rely on their networks to identify qualified candidates. “Word-of-mouth recruiting” plays an important role.<sup>60</sup>

### **Compensation and Classification**

As mentioned, SAO centrally manages the compensation and classification system. SAO develops and maintains the state’s Position Classification Plan (the Plan) that establishes job classification titles and salary ranges (minimum, midpoint, and maximum pay rates) for all state employees. Individual agencies have the authority to determine pay rates within the appropriate salary ranges for new hires.<sup>61</sup> The Plan includes three salary schedules<sup>62</sup>—A, B, and C—and there are a number of salary groups within each schedule. SAO conducts classification compliance audits to ensure that agencies follow the state’s classification plan. In addition, SAO is in charge of conducting biennial salary studies to identify necessary modifications to the compensation plan (e.g., additions of new job classifications, changes to job classification titles, adjustments to salary ranges).<sup>63</sup> Agencies are required to conduct classification reviews at least annually.

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<sup>59</sup> Formal tests are required for some positions, such as law enforcement officers, highway patrol offers, and prison guards.

<sup>60</sup> Walters, *Life after Civil Service Reform*, 18.

<sup>61</sup> At the time of initial employment, rehires or transfers. Texas Human Resources Management Statutes Inventory

<sup>62</sup> Schedule A includes paraprofessional, administrative support, maintenance, service, and technical positions; Schedule B includes primarily professional and managerial positions; Schedule C covers commissioned law enforcement officers who are employed by the Department of Public Safety, the Parks and Wildlife Department, the Alcoholic Beverage Commission, the Department of Criminal Justice, and the Office of the Attorney General.

<sup>63</sup> Texas State Auditor’s Office, *Texas Human Resources Management Statutes Inventory*.



## **Merit Award Programs**

Texas has limited explicit, statewide policies or procedures that govern agencies' pay for performance programs. The *Texas Human Resource Management Statute Inventory* instructs that agencies are allowed to award "merit salary increases and one-time merit payments" to employees if their job performance is consistently above expectations.<sup>64, 65</sup> Employees covered under salary Schedule A and Schedule B do not receive automatic pay raises. For Schedule C employees (e.g., law enforcement officers), seniority is an important factor in determining pay raises.

Agencies are required to establish performance management policies and procedures to determine whether an employee is eligible for merit awards. Some agencies set their merit award criteria (e.g., the top 35 percent of employees receive bonuses) at the beginning of every year based on their budgets. Though agencies have the authority to provide merit awards, some interviewees noted that agencies usually have limited ability to offer these types of pay increases or bonuses due to budgetary limitations.

## **Learning and Development**

Texas's statewide requirements on training are limited. The Statutes Inventory identifies a few types of mandatory training, such as employment discrimination training, information resources technology training, and cybersecurity awareness training (for employees who handle sensitive information).<sup>66</sup> Agencies have latitude to develop their own training and education programs and are required to prepare training policy requirements to ensure public funds are spent in a cost-effective way to support training specifically related to employees' duties.

## **Grievance and Appeal Procedures**

All state employees in Texas are at-will employees and do not have property rights to their jobs.<sup>67</sup> The *Texas Human Resource Management Statute Inventory* says "Unless explicitly exempted by

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<sup>64</sup> There is no minimum or maximum amount that may be awarded for a one-time merit payment.

<sup>65</sup> Texas State Auditor's Office, *Texas Human Resources Management Statutes Inventory*.

<sup>66</sup> *Ibid.*, 139.

<sup>67</sup> with the exception of employees working in federally-funded state agencies

written contract, statute, or policy, all state employees are employed ‘at-will’ and there is no implied contract of employment.”<sup>68</sup>

There is no mandatory probationary period or appeal process for state employees. However, most state agencies have developed their internal grievance policies and processes to provide some level of employment protections,<sup>69</sup> and agency heads have the authority to make final decisions. Employees may submit employment discrimination complaints with the Texas Workforce Commission (TWC).<sup>70</sup> If the TWC gets more than three complaints about the same agency in a single year, all managers and supervisors in this agency must complete mandatory Equal Employment Opportunity (EEO) training.<sup>71</sup> Employees can also go directly to the courts to file discrimination complaints.

Some interviewees pointed out that, even though Texas is an at-will state, most employees are removed for cause. There is a high turnover rate (19.3 percent in 2018); however, it is not inherently a result of the at-will employment system. In FY 2018, the total statewide number of separations in Texas was 28,684, and only 338 were “termination at-will.” Most of the separations were voluntary separations (21,562) or dismissal for cause (3,893).<sup>72</sup>

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<sup>68</sup> Texas State Auditor’s Office, *Texas Human Resources Management Statutes Inventory*, 15.

<sup>69</sup> Jerrell Cogburn. *The Decentralized and Deregulated Approach*, 222.

<sup>70</sup>Discrimination related to race, color, national origin, religion, sex, age, or disability.

<sup>71</sup> Texas State Auditor’s Office, *Texas Human Resources Management Statutes Inventory*,139.

<sup>72</sup> Classified Employee Turnover for FY 2018. December 2018.

## 3.2 Georgia

Georgia implemented a sweeping civil service reform in 1995 and 1996. This civil service reform included three major elements—establishment of a pay for performance system, implementation of at-will employment, and decentralization of personnel functions. The reform occurred in two phases: in 1995, Governor Zell Miller launched the pay for performance system through executive order. Then, in 1996, the legislature enacted civil service reform legislation (Act 1816). There have been many studies and discussions on the effects of Georgia’s 1996 reform.

Twenty-three years after the law was enacted, Georgia’s state government has 67,782 employees, 98 percent of whom are at-will.

### **HR Decentralization/Centralization**

The Department of Administrative Services Human Resources Administration Division (HRA) has about 30 employees and is the central HR agency in Georgia. The mission of HRA is to “empower state agency HR leaders to manage their workforce in an effective and efficient manner.”<sup>73</sup> Decentralization of human capital management was an important component of Georgia’s 1996 reform. HRA develops and maintains statewide HR rules and guidance and manages the state’s job classification and compensation plan, employee flexible benefits plan, and a charitable contribution program. In addition, HRA plays an advisory role by providing a range of services to executive branch agencies, such as performance management tools and systems, policy interpretation, and assistance in implementing HR tools. Moreover, HRA tracks state workforce data and develops an annual workforce report that provides an overview of the state’s workforce demographics, turnover, voluntary resignation, retirement, and salaries.<sup>74</sup>

The 1996 reform granted wide discretion and flexibility to individual agencies in managing their workforces. Agencies do not have to follow statewide policy guidance or use the tools provided by HRA. However, in practice, most agencies do so. There are only a few areas where HRA has the authority to enforce state policies, such as performance evaluation factors and rating scales, complaint procedures, and sexual harassment policies.

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<sup>73</sup> Georgia Department of Administrative Services, “Human Resources Administration,” <http://doas.ga.gov/human-resources-administration>, (2019).

<sup>74</sup> Georgia Department of Administrative Services, “Workforce Reports,” <http://doas.ga.gov/human-resources-administration/hr-tools/workforce-reports>, (2019).

The State Personnel Board (SPB), consisting of five members appointed by the governor, is involved in the process of developing and modifying state HR policy guidance and rules. HRA's Policy and Compliance Division is in charge of developing or revising state HR rules, and as part of the process, HRA solicits SPB's comments and feedback on draft policies. SPB also hears appeals of various agency actions from classified employees (2 percent of the state workforce).

HRA has developed a variety of mechanisms to provide a community of practice for agency HR managers and staff. For example, HRA hosts quarterly HR community meetings to provide training and policy updates, and to offer an opportunity for agency HR staff to share practices and build relationships. Another example is the HRA Advisory Council, consisting of HR directors from the ten largest agencies. The advisory council focuses on key HR issues and challenges and develops solutions (e.g., the state's sexual harassment policies).

Interviewees noted that some smaller agencies with limited HR expertise and resources come more frequently to HRA for support. In addition to providing assistance directly, HRA created an informal retiree reemployment program to pair smaller agencies with retired HR directors. The skills and talent of these experienced HR directors provide an effective source to support agencies in managing their workforce. This program has been well received.

### **Recruiting and Hiring**

One of the primary goals of the 1996 reform was to improve the effectiveness and efficiency of the recruitment and hiring process. Agencies are expected to make merit-based hiring decisions and are allowed to choose their own methods and processes for recruitment.<sup>75</sup> In general, agencies have adopted a resume-based, competitive hiring process. The scope of the recruitment efforts is decided by agencies. Formal written tests are not required (some agencies still require written tests as part of their hiring process, and HRA helps connect those agencies with reputable testing organizations). Additionally, HRA provides tools and support to assist agencies' recruitment and retention efforts,<sup>76</sup> such as training webinars (requisition management, candidate management,

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<sup>75</sup> Charles W. Gossett, *The Changing Face of Georgia's Merit System: Results from an Employee Attitude Survey in the Georgia Department of Juvenile Justice*, (2003), <https://www.questia.com/library/journal/1G1-160713344/the-changing-face-of-georgia-s-merit-system-results>.

<sup>76</sup> Georgia Department of Administrative Services, "Talent Acquisition Resources," <http://doas.ga.gov/human-resources-administration/talent-acquisition/talent-acquisition-support>, (2019).

offer management, and onboarding), as well as a program called Team Georgia Careers (an automated statewide talent management solution).

### **Compensation and Classification**

HRA's compensation unit is responsible for creating and maintaining the state's job classification and pay structure. The Job Compensation and Classification Plan (JCCP) covers most state employees.<sup>77</sup> JCCP has some features of a "broadband" system (though it is not a pure broadband system).<sup>78</sup> In JCCP, each pay grade has a minimum, a market average, and a maximum pay rate.<sup>79</sup> Agencies have the ability to offer starting salaries greater than the minimum rate (usually between the minimum rate and market average rate, depending on the employees' background and experiences and market conditions).<sup>80</sup> HRA previously provided policy guidance on how to move employees up within their pay grades. However, as interviewees noted, the state for eight years has been unable to offer any performance-based pay adjustments because of budgetary limitations.

### **Merit Award Programs**

Governor Miller established a pay for performance system (*GeorgiaGain*) in 1995, and there have been several variations of *GeorgiaGain* since then. Interviewees noted that Georgia suspended its pay for performance program in 2009 due to lack of funding.

Under the pay for performance model, agencies have the authority and flexibility to offer pay increases to employees based on their job performance. Employees' annual salary increases are connected to their performance appraisal ratings. Agency heads are responsible for defining

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<sup>77</sup> Law enforcement, judicial employees, and a few others have their own plans

<sup>78</sup> IPMA-HR, Broadbanding, n.d. [https://www.ipma-hr.org/docs/default-source/public-docs/importdocuments/pdf/hrcenter/broadbanding/cpr-bb-overview\\_](https://www.ipma-hr.org/docs/default-source/public-docs/importdocuments/pdf/hrcenter/broadbanding/cpr-bb-overview_)

Broadbanding is a pay structure that uses a small number of large salary pay ranges, instead of many different pay grades within an organization.

<sup>79</sup> Georgia Department of Administrative Services, "2016 JCCP SWD Pay Structure,"

<http://doas.ga.gov/assets/Human%20Resources%20Administration/State%20Salary%20Plan%20Documents/2016%20SWD%20Pay%20Structure.pdf>, (2016).

<sup>80</sup> Georgia Department of Administrative Services, "HR Toolkit," <https://doas.ga.gov/human-resources-administration/sexual-harassment-prevention/hr-professionals/hr-toolkit>, (2019).

performance evaluation ratings and criteria that serve as the basis for pay increases and the percentage or amount of an increase for each level of performance rating.<sup>81</sup>

In support of the pay for performance system, Georgia has taken actions to improve its performance management system. There are four components of the performance management process: performance planning, performance coaching, performance evaluation, and performance recognition.<sup>82</sup> According to state rules, there should be a mid-year performance review (no rating) and an end-of-year evaluation. HRA encourages ongoing communication (at least monthly communication) between employees and managers so that there are no surprises at the end-of-year evaluation. *E-performance* is the performance management system used by 65 state agencies (other agencies' performance evaluation is paper-based).

### **Learning and Development**

Interviewees stressed the importance of providing training and career development opportunities to employees. For example, HRA provides various management training programs to help supervisors and managers build their skills to manage and coach employees. HRA also offers training (online or in-person) on HR policies, compensation, and performance.

### **Grievance and Appeal Procedures**

Georgia's 1996 civil service reform removed civil service protections and established an "at-will" employment system. State employees hired after July 1, 1996 are unclassified employees. Classified employees hired prior to that date retain their status and positions. Classified employees who are promoted into unclassified positions lose their classified status.

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<sup>81</sup> Georgia State Personnel Board, "FY 2020 Merit-Based Pay Increases," [http://doas.ga.gov/assets/Human%20Resources%20Administration/Compensation%20Rules%20and%20Policies/SPB\\_2020%20Merit-Based%20Increases%20090419.pdf](http://doas.ga.gov/assets/Human%20Resources%20Administration/Compensation%20Rules%20and%20Policies/SPB_2020%20Merit-Based%20Increases%20090419.pdf), (2019).

<sup>82</sup> Georgia State Personnel Board, *§478-1-.14 Performance Management*, (2014), <http://doas.ga.gov/assets/Human%20Resources%20Administration/State%20Personnel%20Board%20Rules/Rule%2014%20-%20DOAS%20Word%20Performance%20Management%20-%20New%20Template.pdf>.

Newly hired staff are required to serve a probationary period of at least six months.<sup>83</sup> Unclassified employees do not have property rights to their jobs. However, to ensure fair and equitable employment, there is a complaint resolution procedure for state employees.<sup>84</sup> Each agency is required to appoint a complaint officer (i.e., the Agency Complaint Review Official) who accepts and reviews complaints. According to State Personnel Rule #20, the agency head or designee has the authority to make final decisions on complaints. The maximum time for reviewing and processing a complaint is 90 calendar days.<sup>85</sup> Employees are allowed to use the resolution procedure to address complaints related to such issues as discrimination, harassment,<sup>86</sup> retaliation, erroneous or arbitrary interpretation of policies and procedures, and unsafe or unhealthy working conditions.<sup>87</sup> Some agencies have established their own appeal processes to identify more specific time frames and additional requirements. HRA monitors agency processes to ensure compliance with relevant laws and regulations.

HRA also developed policy guidance on disciplinary procedures, which is similar to a progressive discipline process. Agencies do not need to follow rules precisely, but all disciplinary actions must be documented, and agencies are required to establish a clear disciplinary procedure.

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<sup>83</sup> Georgia State Personnel Board, “§478-1-.24 Working Test and Permanence Status,” <http://doas.ga.gov/assets/Human%20Resources%20Administration/State%20Personnel%20Board%20Rules/Rule%2024%20-%20DOAS%20Word%20-%20New%20Template.pdf>, (2014).

<sup>84</sup> Georgia State Personnel Board, “§478-1-.20 Employee Complaint Resolution Procedure,” <http://doas.ga.gov/assets/Human%20Resources%20Administration/State%20Personnel%20Board%20Rules/478-1-.20%20Employee%20Complaint%20Resolution%20Procedure.pdf>, (2019).

<sup>85</sup> Ibid.

<sup>86</sup> Sexual harassment complaints follow the Statewide Sexual Harassment Policy.

<sup>87</sup> Georgia State Personnel Board, “§478-1-.20,” 4.

### 3.3 Florida

Florida's largest personnel system is the State Personnel System (SPS).<sup>88</sup> It had a total of 89,236 employees in 31 state executive agencies—81.6 percent in the Career Service system, 17.7 percent in the Selected Exempt Service system, and 0.6 percent in the Senior Management Service system, according to the state's FY 2017-18 Annual Workforce Report.<sup>89</sup>

Florida's statewide Career Service system was established in 1967 (one of the last states to establish a civil service system). Career Service employees are protected by merit principles and have the right to appeal certain personnel actions. In 2001, Florida implemented a comprehensive civil service reform (*Service First*). This reform moved a significant number of employees—all supervisory and management positions—from Career Service to Selected Exempt Service (i.e., at-will status). As a part of this reform, the state also adopted a broadband pay system and significantly simplified its compensation and classification structure. Moreover, *Service First* streamlined state recruitment and hiring processes and included provisions on performance evaluation, training and development, and organizational changes.<sup>90</sup>

#### HR Decentralization/Centralization

Florida has a decentralized HR management model. The Division of Human Resource Management (HRM) within the Department of Management Services (DMS) administers SPS. HRM develops statewide policies and procedures for SPS, serves as the chief labor negotiator, and provides a wide range of services (e.g., technical assistance, consultative services, training opportunities) to help agencies perform their human resource management responsibilities.<sup>91</sup>

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<sup>88</sup> Florida state employees fall into six state personnel systems, each with its own rules, collective bargaining agreements, and compensation plans. These personnel systems include: SPS, the State University System, the Justice Administration System, the State Courts System, the Legislature, and the Florida Lottery.

<sup>89</sup> Florida Department of Management Services, *State Personnel System Annual Workforce Report*, (2018), [https://www.dms.myflorida.com/content/download/143339/956174/Fiscal\\_Year\\_2017-2018\\_Annual\\_Workforce\\_Report.pdf](https://www.dms.myflorida.com/content/download/143339/956174/Fiscal_Year_2017-2018_Annual_Workforce_Report.pdf), 13.

<sup>90</sup> James S. Bowman, Jonathan P. West, and Sally C. Gertz, "Florida's *Service First*: Radical Reform in the Sunshine State," in *Civil Service Reform in the States: Personnel Policy and Politics at the Subnational Level*, (2006), 145-170.

<sup>91</sup> Florida Department of Management Services, "Human Resource Management," [https://www.dms.myflorida.com/workforce\\_operations/human\\_resource\\_management](https://www.dms.myflorida.com/workforce_operations/human_resource_management), (2019).



State law requires HRM to prepare an annual SPS workforce report that provides general descriptive workforce statistics and identifies general employment trends and patterns.

Agencies manage their day-to-day HR operations. Each state agency has its own HR office or division and has the authority to develop its own HR procedures and make personnel decisions.

### **Recruiting and Hiring**

The 2001 *Service First* reform reduced recruitment time and process complexity. According to state statutes, “selection shall reflect efficiency and simplicity in hiring procedures.”<sup>92</sup> The 2001 reform removed various documentation requirements during the recruitment process (e.g., eligibility determination, demographic profiles),<sup>93</sup> so now the only such requirement is to document the qualifications of the selected candidates.<sup>94</sup>

Agencies are allowed to contract with vendors to support recruiting (e.g., by providing personnel information systems, training and by advertising job openings). Earlier studies highlight that the “substantial privatization of some key HR functions” is a feature of the *Service First* reform.<sup>95</sup>

### **Compensation and Classification**

The 2001 reform dramatically simplified the state’s classification structures by consolidating more than 3,300 job classifications into 38 occupational groups, covered by 25 pay bands (minimum and maximum pay rates).<sup>96</sup> The reform removed formal pay steps within a pay band. The main purpose of establishing this broadband system was to provide agencies with more flexibility to manage their workforce and reduce the need for reclassification.<sup>97</sup> There have not been major changes to the state’s classification and compensation system since the 2001 reform.

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<sup>92</sup> Florida Legislature, “Title X §110.213 Selection,” in *The 2019 Florida Statutes*, [http://www.leg.state.fl.us/Statutes/index.cfm?App\\_mode=Display\\_Statute&Search\\_String=&URL=0100-0199/0110/Sections/0110.213.html](http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0100-0199/0110/Sections/0110.213.html), (2019).

<sup>93</sup> Bowman, West, and Gertz, “Florida’s *Service First*,” 154.

<sup>94</sup> *Ibid.*

<sup>95</sup> Walters, *Life after Civil Service Reform*, 32.

<sup>96</sup> *Ibid.*, 33.

<sup>97</sup> Florida Department of Management Services, “Florida State Personnel System Broadband Classification and Compensation Program,”

[https://www.dms.myflorida.com/content/download/99285/573498/Website\\_History\\_Florida\\_State\\_Personnel\\_System\\_Broadband\\_Classification\\_and\\_Compensation\\_Program\\_doc.pdf](https://www.dms.myflorida.com/content/download/99285/573498/Website_History_Florida_State_Personnel_System_Broadband_Classification_and_Compensation_Program_doc.pdf), (2014)

HRM maintains the state’s classification and compensation plan for all SPS employees, conducts reviews and surveys periodically to make adjustments to the plan as necessary, and performs audits to ensure that agencies comply with statewide policies. Agencies are required to develop and maintain a position description for each position. Agencies have the authority to set employees’ base pay within the salary ranges identified in the plan.

### **Merit Award Programs**

Agencies have the authority to offer employees a pay raise within their pay bands. State statutes emphasize that agencies have the “flexibility to move employees through the pay bands.”<sup>98</sup> State statutes also allow agencies to offer salary additives and lump-sum bonuses.<sup>99</sup> Bonuses are subject to the Legislature’s specific appropriation for each agency, and agencies are allowed to offer bonuses to up to 35 percent of their total number of employees.<sup>100</sup>

Agencies are required to establish performance processes to serve as the basis for awarding bonuses. In Florida state government, the performance management process includes a performance planning session at the beginning of every evaluation period and an annual written performance evaluation. Supervisors are encouraged to work collaboratively with employees to set performance expectations (using SMART methodology)<sup>101</sup> at the beginning of the evaluation process and provide ongoing feedback and performance coaching to employees throughout the year.<sup>102</sup> The state implemented the “Performance & Talent Management” module of the HR information system to enhance consistency and efficiency.<sup>103</sup>

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<sup>98</sup> Florida Legislature, “Title X §110.2035 Classification and compensation program,” in *The 2019 Florida Statutes*,

[http://www.leg.state.fl.us/Statutes/index.cfm?App\\_mode=Display\\_Statute&Search\\_String=&URL=0100-0199/0110/Sections/0110.2035.html](http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0100-0199/0110/Sections/0110.2035.html), (2019).

<sup>99</sup> Florida Legislature, “Title X §110.2035.”

<sup>100</sup> Florida Legislature, “Title X §110.1245 Savings sharing program; bonus payments; other awards.,” in *The 2019 Florida Statutes*,

[http://www.leg.state.fl.us/Statutes/index.cfm?App\\_mode=Display\\_Statute&Search\\_String=&URL=0100-0199/0110/Sections/0110.1245.html](http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0100-0199/0110/Sections/0110.1245.html), (2019).

<sup>101</sup> SMART: Specific, Measurable, Achievable, Relevant, and Time-bound

<sup>102</sup> Florida Department of Management Services, *Performance Evaluation System: Rater’s Program Manual*, (2017),

[https://www.dms.myflorida.com/content/download/50916/215851/Performance\\_Evaluation\\_System\\_Rater's\\_Program\\_Manual\\_\[Rev.04-18-17\].pdf](https://www.dms.myflorida.com/content/download/50916/215851/Performance_Evaluation_System_Rater's_Program_Manual_[Rev.04-18-17].pdf), 8.

<sup>103</sup> Ibid.

## **Learning and Development**

Agencies are required by statute to provide training programs to employees to develop human resources and improve government performance. Agencies review their training programs and report the results to DMS, which conducts an annual survey to gather information on agencies' training activities.<sup>104</sup> Most agencies have developed training plans.<sup>105</sup> The total state government training expenditures decreased from \$33,319,164 in FY 13/14 to \$29,334,026 in FY 17/18.<sup>106</sup>

## **Grievance and Appeal Procedures**

As discussed, Florida's 2001 reform eliminated civil service protections for a significant number of state employees.<sup>107</sup> Approximately 82 percent of current executive branch employees are in the Career Service system, while 18 percent are in the Selected Exempt Service system. Selected Exempt Service employees are employed on an at-will basis and include most management and professional positions (e.g., physicians, attorneys, and bureau chiefs). Selected Exempt Service employees serve at the pleasure of the agency head and do not have due process rights.

Career Service employees are protected by merit rules; however, the 2001 reform revised the appeal rights and processes for Career Service employees. New employees are required to complete a one-year probationary period.<sup>108</sup> State law now specifies a three-level process for career service employees to appeal certain adverse actions, including suspension, demotion, dismissal, involuntary transfer, and reduction in pay. Career Service employees are allowed to file appeals consecutively to the agency head, the Public Employees Relations Commission (PERC), and the District Courts of Appeal. To enhance efficiency, the 2001 reform shortened the timeline for processing cases. State law requires PERC to conduct a hearing within 60 days after receiving the notice of appeal and issue the final order no later than 45 days after the hearing.<sup>109</sup>

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<sup>104</sup> Florida Department of Management Services, *State Personnel System Annual Workforce Report*.

<sup>105</sup> Two agencies—Department of Citrus and Division of Administrative Hearings—reported not having an established training plan in FY 2017-18.

<sup>106</sup> Florida Department of Management Services, *State Personnel System Annual Workforce Report*, 59.

<sup>107</sup> Service First shifted 16,300 employees from Career Service into Select Exempt Service.

<sup>108</sup> Florida Legislature, "Title X §110.213 Selection."

<sup>109</sup> Florida Legislature, "Title X §110.227 Suspensions, dismissals, reductions in pay, demotions, layoffs, transfers, and grievances.," in *The 2019 Florida Statutes*,

[http://www.leg.state.fl.us/statutes/index.cfm?App\\_mode=Display\\_Statute&URL=0100-0199/0110/Sections/0110.227.html](http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0100-0199/0110/Sections/0110.227.html), (2019)

For other types of adverse actions,<sup>110</sup> the state statute requires that agencies establish a two-step (i.e., supervisors and the agency head's levels) grievance process for Career Service employees (employees are not allowed to appeal to PERC). The agency head has the authority to make the final decisions on these types of grievance cases.

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<sup>110</sup> Any condition affecting the employee is unjust, inequitable, or a hindrance to effective operation.

### 3.4 Tennessee

The state government, the largest employer in Tennessee, has 36,233 employees.<sup>111</sup> In 2012, Tennessee enacted the *Tennessee Excellence, Accountability and Management (TEAM) Act* to reform the state HR system. The TEAM Act moved the state’s traditional, seniority-based employment system to a performance-based system designed to attract and retain high performing employees.<sup>112</sup>

The TEAM Act divided state employees into two categories: the Preferred Service and the Executive Service. Executive Service employees, such as the highest-ranking officials, attorneys, and licensed physicians, serve on an at-will basis. The traditional Career Service category was renamed as the Preferred Service,<sup>113</sup> with 74 percent of state employees in Tennessee falling into this category.<sup>114</sup>

#### **HR Decentralization/Centralization**

The Department of Human Resources (DOHR) is a cabinet-level agency responsible for statewide human resources processes and services. Tennessee has a relatively centralized HR model. While individual agencies have some flexibility to develop their own processes, DOHR develops and maintains statewide HR policies, guidance, and rules; provides support and consultation, administers the state’s classification and compensation plan and performance management system; and provides professional learning and development opportunities. To gain broader support, DOHR develops HR policies and guidance based on an extensive engagement with individual agencies. In addition, all HR transactions will be centralized in DOHR to ensure consistency across the enterprise and allow agencies to focus on strategic HR functions.<sup>115</sup> Moreover, DOHR has the ultimate authority to approve agencies’ hiring and firing decisions (in practice, DOHR only needs to intervene in rare cases). DOHR approves the salaries for all new hires to ensure agencies follow the state’s compensation plan and prevent talent competition among agencies. DOHR hosts monthly meetings to bring together agency HR officers to share

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<sup>111</sup> Tennessee Department of Human Resources, “State Workforce Planning Update,” (2018).

<sup>112</sup> Tennessee Department of Human Resources, *2017 Tennessee Center for Performance Excellence Organizational Profile*, 2017.

<sup>113</sup> Tennessee Department of Human Resources, “TEAM Act,” <https://www.tn.gov/tdfi/tdfi-info/hr/tdfi-hr-team-act.html>, (2019).

<sup>114</sup> Tennessee HR data.

<sup>115</sup> Tennessee Department of Human Resources, *TEAM Act—Continuity of State Operations*, (2018), 15.

leading practices and promote alignment between agency HR management practices and statewide policies.

### **Recruiting and Hiring**

The TEAM Act eliminated formal civil service exams and established a new hiring system. Agencies rewrote job descriptions to clearly define minimum qualification requirements and the knowledge, skills, and competencies required for each position. DOHR develops a list of all of the applicants who meet the minimum qualifications for agencies to consider (prior to the reform, DOHR only provided agencies with a list of top three to five applicants). Agencies must interview at least three candidates and make the hiring decision within 30 days.<sup>116</sup> The TEAM Act reduced the minimum job posting time from two weeks to one week.<sup>117</sup>

To assist agencies in selecting the most qualified candidates, DOHR introduced an electronic process for the first round of interviews. The electronic interview process takes less time and is less costly. Interview questions are developed by agency hiring managers, and candidates typically receive the questions via email and then provide responses by the deadline provided. The first-round electronic interviews are managed by agencies with DOHR supervision.

DOHR brought in external recruiters to improve the recruitment process. As a result, the average time to fill Preferred Service positions and Executive Service positions have been reduced by 9 percent and 20 percent, respectively.<sup>118</sup> Recruiters also assist agencies in obtaining qualified candidates (the average number of qualified candidates increased by 400 percent).<sup>119</sup> Prior to engaging recruiters, agencies only posted their job announcements to the state government website. The recruiters have increased the visibility of government jobs and connected the state government with a broader range of qualified candidates by using various social media channels, such as LinkedIn, Handshake, Facebook, Twitter, and Indeed.

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<sup>116</sup> Tennessee Legislature, *Public Chapter No. 800 – Tennessee Excellence, Accountability, and Management (TEAM) Act of 2012*, (2012), <https://publications.tnsosfiles.com/acts/107/pub/pc0800.pdf>.

<sup>117</sup> *Ibid.*, 6.

<sup>118</sup> Tennessee Department of Human Resources, *2017 Organizational Profile*.

<sup>119</sup> *Ibid.*, 43.

## **Compensation and Classification**

In 2012, the Mercer Company conducted a compensation study for the State of Tennessee. Based on the recommendations from this study, Tennessee developed a compensation plan that identifies salary ranges for each pay grade with a minimum, midpoint, and maximum pay point (the midpoint represents the market rate).<sup>120</sup> While previously agencies could hire people only at the minimum salary, they now have the authority to offer a starting salary up to 15 percent above the minimum pay rate with minimal justification.<sup>121</sup> This compensation structure allows the state to adjust its pay rates based on market data to stay competitive. DOHR conducts a salary survey every three years to determine whether to increase pay rates.

Additionally, Tennessee made substantial changes to its benefit programs. Based on recommendations from a Hay Group study, Tennessee changed its pension plan from a defined benefits plan to a hybrid pension plan (a combination of defined benefits and defined contribution) for employees hired after July 2014. It also eliminated retiree healthcare for new hires (in July 2015), eliminated longevity pay, and transitioned to a consumer directed health plan. These efforts allowed the government to reallocate resources to offer more competitive salaries.

Tennessee offers two types of salary adjustments, including market-based adjustments (each July) and performance-based adjustments (each January). Employees whose salaries are below the midpoint salary receive market adjustments, and performance-based adjustments are linked to employees' performance evaluation (more details are discussed in the next section). Interviewees highlighted the importance of differentiating these two types of salary adjustments to ensure that state employees receive market-competitive salaries and receive raises based on performance.

## **Merit Award Programs**

A key component of Tennessee's civil service reform was the establishment of a pay for performance program to recognize and reward employees with salary increases or bonuses based on performance. Tennessee's experience suggests several critical success factors for implementing

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<sup>120</sup> Each pay grade could have multiple job classifications.

<sup>121</sup> Tennessee Department of Human Resources, "Preferred Service Compensation," <https://www.tn.gov/content/dam/tn/hr/documents/dohrpolicies2019/12-029%20Preferred%20Service%20Compensation.pdf>, (2019), 2.

a pay for performance system. A successful pay-for-performance program relies on an effective performance management process and clearly defined performance standards. Tennessee has taken a range of actions to enhance its performance management system and improve the objectivity of performance evaluations.

First, all state employees in Tennessee, including cabinet members, are required to develop SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound) performance goals and work outcomes, which should be aligned with the governor’s priorities and the agency’s strategic operation goals. DOHR hired external coaches and provided a series of training programs to help supervisors and employees develop and improve their SMART goals. DOHR performs regular audits on employee performance plans to ensure compliance with SMART criteria.

Second, Tennessee replaced its numerical performance rating system with a rating scale with defined ratings: unacceptable performance, marginal performance, valued performance, advanced performance, and outstanding performance. All agency heads need to approve annual reviews with ratings of “unacceptable” or “outstanding.” In January 2019, employees who received a performance rating of “valued” and above received a 3.5 percent salary increase. Employees with a performance rating of “advanced” received a one-time bonus (one percent of base pay), and employees with a rating of “outstanding” received a one-time bonus (three percent of base pay).<sup>122</sup>

Third, Tennessee added “reviewers” (the rater’s immediate supervisor) to the performance appraisal process to minimize supervisor bias. Reviewers are mainly responsible for reviewing performance review results to ensure that performance ratings are supported with facts and that all procedural requirements are followed.<sup>123</sup>

Fourth, performance management is an ongoing process rather than a single annual event. Tennessee requires that employees and their supervisors meet at least four times a year to develop individual performance plans, provide ongoing feedback (two interim review meetings), and discuss annual performance ratings. Employees have the opportunity to offer comments during

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<sup>122</sup> Tennessee State Employee Association, “Pay for Performance Rewards Announced,” <https://tseaonline.org/breaking-pay-for-performance-rewards-announced/>, (2018).

<sup>123</sup> Tennessee Department of Human Resources, *Performance Achievement Training Handbook*, (2013), [https://www.tn.gov/content/dam/tn/hr/documents/Performance-Achievement-Training-Handbook-\(P.A.T.H\).pdf](https://www.tn.gov/content/dam/tn/hr/documents/Performance-Achievement-Training-Handbook-(P.A.T.H).pdf), 7.



the interim and annual reviews to ensure that supervisors take into account all performance events and details. DOHR developed the “Performance Coaching Curriculum” and other training programs to strengthen the abilities of supervisors to more effectively set expectations for employees, hold them accountable, and coach employees towards high performance.

Effective performance management requires continuous improvement and is a collaborative effort between DOHR and agencies. DOHR met with employees in different agencies on a regular basis to receive their feedback and modify the performance system accordingly. It takes time to develop a solid performance management system. The TEAM Act went into effect in 2012, and DOHR did not launch the pay for performance system until 2015 (Tennessee did three full performance review cycles before formally rolling out pay for performance).

### **Learning and Development**

Learning and development is another key element of the 2012 reform. Tennessee is the first state in the nation to establish the position of a Chief Learning Officer (CLO) to align employee training/learning programs with government mission and priorities, promote employee engagement, and build a learning environment in the state government. Professional learning and development programs are centrally managed by DOHR.<sup>124</sup> For example, there are a number of statewide leadership programs—LEAD Tennessee (a 12-month program that brings in executive coaches), Leadership Black Belt Program (a self-directed development program), the Tennessee Government Executive Institute, the Tennessee Government Management Institute, and the Tennessee Government Leadership Council. These leadership training programs help employees develop skillsets and prepare them to step up into higher level roles. All training/learning programs are developed by the CLO team based on extensive engagement with agencies and employees. Interviewees highlighted the importance of learning and development in attracting and retaining top talent, improving performance, and promoting employee satisfaction and morale.

### **Grievance and Appeal Procedures**

The probation period was extended from six months to one year.<sup>125</sup> While preferred service employees do not have property rights to their jobs, they have the right to appeal certain personnel

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<sup>124</sup> Tennessee Legislature, *TEAM Act*, 4.

<sup>125</sup> Tennessee Department of Human Resources, *TEAM Act—Continuity of State Operations*.

decisions, such as dismissal, demotion, and suspension. According to the state law, preferred service employees “may be dismissed, demoted, or suspended for cause” or “dismissed when the authority determines that the good of the service will be served thereby.”<sup>126, 127</sup>

The TEAM Act streamlined and accelerated the state’s appeal process for preferred employees. Tennessee implemented a three-step appeal process and specified the timeline for each step:

1. Appeal to agency heads. Employees are required to file an appeal within 14 days, and the appointing authority needs to make decisions within 15 days.
2. DOHR Commissioner’s review. Employees have 14 days to file an appeal to the DOHR commissioner, who is required to conduct a paper review and make a decision within 30 days. The involvement of DOHR is important to ensure consistency and objectivity.
3. Citizen Member Board of Appeals (the Board of Appeals). Tennessee abolished the Civil Service Commission and established the Board of Appeals, consisting of up to 18 members appointed by the governor. Employees and agencies have 14 days to appeal to the Board of Appeals, which has 120 days to make decisions based on a public hearing.

In addition, the TEAM Act also created a Tennessee Mediation Program to resolve human resource issues by allowing employees and agencies to have effective discussions (facilitated by a third-party mediator) and develop solutions to address workforce issues. The mediation program is reportedly well received by employees and provides a “responsible, informal, confidential, and effective means of resolving human resource issues as an alternative to administrative proceedings.”<sup>128</sup>

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<sup>126</sup> Tennessee Code Title 8. Public Officers and Employees. 8-30-316 (a)  
<https://codes.findlaw.com/tn/title-8-public-officers-and-employees/tn-code-sect-8-30-316.html>

<sup>127</sup> Tennessee Code Title 8. Public Officers and Employees. 8-30-316 (b)

<sup>128</sup> Tennessee Department of Human Resources, “Tennessee Employee Mediation Program,”  
[https://www.tn.gov/content/dam/tn/hr/documents/12-055\\_Tennessee\\_Employee\\_Mediation\\_Program.pdf](https://www.tn.gov/content/dam/tn/hr/documents/12-055_Tennessee_Employee_Mediation_Program.pdf), (2015)

### 3.5 Utah

Utah currently has 22,305 employees in state executive branch agencies, and 15,725 employees (approximately 70 percent) have career service status.<sup>129</sup> Career service employees are protected by merit principles and have the right to appeal certain personnel actions.

#### **HR Decentralization/Centralization**

Utah has a hybrid centralized-decentralized HR model. The Department of Human Resource Management (DHRM) is the central agency that oversees the HR management in state agencies and develops statewide HR rules and policies.<sup>130</sup> Prior to 2007, agencies had their own HR departments. In July 2007, Governor Jon Huntsman consolidated all agency HR staff into the central HR agency.<sup>131</sup> HR staff are still located in agencies, but they report directly to DHRM and are funded by an internal service fund.<sup>132</sup> DHRM currently has 122 employees (40 employees in the DHRM central office).

Individual agencies have discretion in setting their own processes and also have the ultimate authority to make personnel decisions, while DHRM staff provide advice, recommendations, and transactional support. DHRM employees housed in the agencies work closely with agency staff on a range of HR issues, such as recruitment, classification, disciplinary actions, and workforce planning.

In 2016, DHRM established a statewide Center for Excellence (CFE) to focus on strategic HR functions, while DHRM field office staff (i.e., staff housed in agencies) focus on providing traditional HR services.<sup>133</sup> At the enterprise level, CFE provides consulting support, training, and

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<sup>129</sup> Utah Department of Human Resource Management data.

<sup>130</sup> Utah Admin. Code R477 (2019), <https://rules.utah.gov/publicat/code/r477/r477.htm>

<sup>131</sup> Utah Department of Human Resource Management, “History of DHRM,” <https://dhrm.utah.gov/history-dhrm-utah-gov/dhrm-consolidation>, (2019).

<sup>132</sup> Utah State Legislature, “Internal Service Funds: Overview and Impacts,” <https://le.utah.gov/interim/2016/pdf/00003039.pdf>, (2016)

Internal Service Fund: a state entity that provides goods or services to other government agencies on a cost-reimbursement basis.

<sup>133</sup> Debbie Cragun and Wendy Peterson, “2017 NASPE Award Nomination for DHRM Center for Excellence,” [https://www.naspe.net/assets/docs/2017-NASPEs/Rooney-Program/program\\_utah\\_centerexcellence.pdf](https://www.naspe.net/assets/docs/2017-NASPEs/Rooney-Program/program_utah_centerexcellence.pdf), (2017).

various tools to help agencies conduct workforce assessments, turnover analysis, compensation analysis, workforce planning, and change management.<sup>134</sup>

DHRM has launched several initiatives to standardize HR processes and procedures. For example, DHRM conducts regular audits on agency recruitment practices and compensation systems to ensure agencies follow DHRM policies and procedures. In 2015, DHRM established an Operational Council to bring together staff at both the enterprise and field levels (i.e., DHRM staff assigned to agencies) to discuss important HR operations issues, share best practices, and build relationships.<sup>135,136</sup> DHRM has established other mechanisms/processes to ensure effective communications within the department (e.g., regular trainings for all HR specialists; monthly leadership meetings (the executive director, all administrative directors, and all field directors)).

DHRM gathers and analyzes workforce data to better inform the state's workforce decisions and address workforce challenges. Interviewees highlighted that a key DHRM focus is data analytics and workforce planning. The standardized collection and reporting of workforce data provide a powerful tool that strengthens the ability of the State Legislature and agencies to make informed decisions. DHRM maintains the *Employee Gateway*, a browser-based tool that allows employees to access a wide range of HR data and information and complete some HR transactions.

## **Recruiting and Hiring**

Agencies develop their own hiring and recruitment processes and have authority to make a variety of personnel decisions. Hiring in Utah is resume based, and there is no formal civil service test required. All job announcements are posted to the state's job website (maintained by DHRM) for at least three business days.<sup>137</sup> Agencies have the authority to make hiring decisions and are required to notify DHRM of their hiring decisions at least three business days before the employee's start date.<sup>138</sup>

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<sup>134</sup> Center for Excellence, "Our Services," <https://cfe.utah.gov/our-services/>, (2019).

<sup>135</sup> This council is no longer active.

<sup>136</sup> Debbie Cragun and Wendy Peterson, "2017 NASPE Award Nomination for DHRM Operations Council," [https://www.naspe.net/assets/docs/2017-NASPEs/AdvancingHR/advancinghr\\_utah\\_hrrops.pdf](https://www.naspe.net/assets/docs/2017-NASPEs/AdvancingHR/advancinghr_utah_hrrops.pdf), (2017).

<sup>137</sup> "State Jobs," <https://statejobs.utah.gov/jobseeker/>.

<sup>138</sup> Utah Admin. Code R477 (2019).

## **Compensation and Classification**

DHRM develops and maintains the state's compensation plans for career service employees, at-will employees, and executive employees. Utah moved away from the traditional pay grades/steps system several years ago. Interviewees noted that, compared with the traditional civil service compensation structure, Utah's compensation plans are market-based and provides more flexibility. DHRM conducts an annual compensation benchmark survey to make market comparability adjustment recommendations to the governor (if warranted).

DHRM is responsible for the state's classification plan and reviews employee classifications as necessary. When there are significant changes in job responsibilities, agencies are allowed to submit reclassification requests (with justifications) to DHRM. The DHRM executive director has the authority to make final classification decisions.<sup>139</sup>

## **Merit Award Program**

According to the Utah Administrative Code, agencies have the authority to award employees merit bonuses (up to \$4,000 per pay period and up to \$8,000 per year).<sup>140</sup> HRM and the governor must approve any awards that exceed the maximum dollar amounts. To manage their merit award program effectively, agencies are required to develop policies and procedures, which are subject to the review and approval of DHRM.

Some interviewees said the state does not allocate sufficient funding to support an effective merit award program. The award or bonus is not substantial enough to incentivize employees and improve performance. Additionally, as interviewees explained, it is easier to implement pay for performance when there are measurable performance outcomes. In some agencies, it is difficult to define and measure employee performance. Another challenge to the implementation of pay for performance is the difficulty of developing performance metrics for individuals when a lot of their work is team-based.

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<sup>139</sup> Utah Admin. Code R477-3 Classification (2019).

<sup>140</sup> Utah Admin. Code R477-6-7 Incentive Awards (2019).

## **Learning and Development**

DHRM's CFE offers a range of training and development tools and services. For example, CFE developed a Management Competency Framework (operational excellence and business strategy, facilitating results through people, and organizational leadership and change)<sup>141</sup> to guide agency leadership development efforts. Additionally, CFE provides consultative services to assist agencies in developing leadership strategies. CFE also offers a range of training courses, such as Fundamentals of Supervision, New Supervisor Training, Leading in State Government, and the Certified Public Manager program. CFE hosts Leadership Development Conferences twice a year to provide learning opportunities to employees as they progress into leadership roles.<sup>142</sup>

## **Grievance and Appeal Procedures**

In 2006, the State of Utah passed a law (HB 109) to exempt the employees of the Department of Technology Services (DTS) from merit protection rules. This legislation moved about 8,000 employees into at-will employment status and was the largest systematic change of employment status in Utah's history. Approximately 70 percent of Utah's current state workers have career service status (i.e., they are classified employees) and due process rights. Career service employees are required to complete a one-year probationary period.<sup>143</sup>

The grievance procedure is clearly defined in the state law and regulations. In 2010, the State Legislature modified and streamlined the grievance process for career service employees. The Career Service Review Board became the Career Service Review Office (CSRO). The CSRO is an independent state entity with the responsibility to manage the grievance and appeals procedures for executive branch employees. CSRO is the final administrative body to review selected personnel actions such as dismissal, demotion, suspension, reduction in force, abandonment of

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<sup>141</sup> Center for Excellence, "State of Utah Management Competency Framework," <https://cfe.utah.gov/our-services/develop-your-leaders/competency-framework/>, (2019).

<sup>142</sup> Center for Excellence, "Develop Your Leaders," <https://cfe.utah.gov/our-services/develop-your-leaders/>, (2019).

<sup>143</sup> Some positions require a longer probationary period.

position dispute, wage grievance, HR rule violations, equitable administration of certain benefits.<sup>144</sup> Utah Administrative Code identifies a four-level appeal process.<sup>145, 146</sup>

- 1) Immediate supervisor. The supervisor is required to respond to the appeal within five business days.
- 2) Division director. Employees need to submit the grievance within ten business days, and the agency or division director should make decisions within five business days.
- 3) Department head. Employees need to submit the grievance within ten business days, and the agency or division director should make decisions within ten business days.
- 4) CSRO. Employees should advance the grievance to the administrator of CSRO within ten days. The administrator should schedule an evidentiary hearing within 30 days after the administrator determines that CSRO has the authority to review the grievance.<sup>147, 148</sup>

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<sup>144</sup> Utah Career Service Review Office, FY 2018 Annual Report, (2018), <https://csro.utah.gov/wp-content/uploads/2019/02/FY2018-Annual-Report.pdf>.

<sup>145</sup> Utah Admin Code R67-19a-302 Levels of procedure, (2018), [https://le.utah.gov/xcode/Title67/Chapter19A/67-19a-S302.html?v=C67-19a-S302\\_2018050820180508](https://le.utah.gov/xcode/Title67/Chapter19A/67-19a-S302.html?v=C67-19a-S302_2018050820180508).

<sup>146</sup> Utah Admin. Code R67-19a-402 Procedural steps to be followed by aggrieved employee, (2018), [https://le.utah.gov/xcode/Title67/Chapter19A/C67-19a-S402\\_2018050820180508.pdf](https://le.utah.gov/xcode/Title67/Chapter19A/C67-19a-S402_2018050820180508.pdf).

<sup>147</sup> Utah Admin. Code R67-19a-402.5 Procedural steps to be followed by reporting employee alleging retaliatory action, (2018), [https://le.utah.gov/xcode/Title67/Chapter19A/67-19a-S402.5.html#67-19a-402.5\(1\)](https://le.utah.gov/xcode/Title67/Chapter19A/67-19a-S402.5.html#67-19a-402.5(1)).

<sup>148</sup> CSRO has the authority to review a grievance from a career service employee regarding: a dismissal, demotion, suspension, reduction in force, abandonment of position dispute, a wage grievance, a violation of a rule adopted by the DHRM, and the equitable administration of certain benefits.

### 3.6 Wisconsin

Wisconsin has one of the nation's oldest civil service systems, established in 1905. The majority of state employees are protected by merit rules. The state government has 35,888 employees,<sup>149</sup> more than 80 percent of whom are permanent classified employees. There has been no significant change in the number of classified employees in Wisconsin for the past decade.<sup>150</sup>

Wisconsin's civil service system has gone through several major changes over the past ten years. In 2011, the State Legislature passed the *Wisconsin Budget Repair Bill* (Act 10), which drastically reduced collective bargaining rights for most public employees. In February 2016, the 2015 *Wisconsin Act 150* (Act 150) revised several aspects of the state's civil service system.

#### HR Decentralization/Centralization

The Division of Personnel Management (DPM) of the Wisconsin Department of Administration is the central agency that provides leadership and support to other state agencies for building an engaged and effective workforce. DPM oversees and manages the state civil service system, recruitment and selection, classification and compensation, employee relations, and affirmative action and equal opportunity employment programs.<sup>151</sup>

HR processes and practices vary across agencies. DPM develops and maintains statewide HR policies, procedures, and tools, while agencies have the authority to make their own personnel decisions (e.g., hiring, performance management, promotions, terminations). DPM has the responsibility for ensuring that agencies comply with relevant rules, regulations, and policies.

In the past ten years, there has been a shift to a more standardized and centralized HR management model in Wisconsin. The state government is in a multi-year process of implementing a statewide HR system (PeopleSoft), and as part of the 2016 reform, all HR

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<sup>149</sup> This number represents permanent classified employees, unclassified employees, limited term employees, and project employees in the executive branch. Employees in the University of Wisconsin System are not included.

Wisconsin Division of Personnel Management, *State of Wisconsin Classified & Affirmative Action Report Fiscal Years 2015 and 2016*, (2016) <https://dpm.wi.gov/Documents/Statistics-Data-Reports/2016%20State%20of%20Wisconsin%20Workforce%20Report.pdf>, 37.

<sup>150</sup> *Ibid.*, 26.

<sup>151</sup> Wisconsin Division of Personnel Management, "Home," <https://dpm.wi.gov/Pages/home.aspx>, (2019).



transactions will be managed centrally by DPM. All HR staff in individual agencies now report centrally to DPM.

### **Recruiting and Hiring**

A focus of the 2016 reform was improving recruiting and hiring efficiency. Act 150 reduced the time for DPM to develop a list of eligible candidates from 45 to 30 days, and reduced the time for an agency to fill a position after receiving the eligible candidate list from 60 to 30 days.<sup>152</sup> Interviewees noted that the state is able to meet the combined 60-day requirement. To accelerate the hiring process, Act 150 eliminated traditional civil service exams and implemented a resume-based hiring process.

The statute requires that the state have “merit-based and competitive processes that are timely and responsive to recruit, assess, and hire job applicants.”<sup>153</sup> Interviewees emphasized that resumes and cover letters are not the most effective way to select candidates for some positions (e.g., blue collar or entry level positions). To ensure fair competition, resume screenings are supplemented by other types of evaluation tools and methods. For example, agencies are required to use behavior-based interview questions and adopt an interview scoring system that clearly identifies selection criteria. Agencies are allowed to require candidates to provide supplemental information, such as certifications and transcripts. DPM is exploring other tools and systems, such as PeopleSoft products, to strengthen the effectiveness of the hiring process.

Act 150 introduced more open competition into the hiring process. Specifically, the act removed the preference to hire “from within the classified service and from former employees with a right of restoration.”<sup>154</sup>

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<sup>152</sup> Wisconsin State Legislature, *2015 Wisconsin Act 150*, (2016), <https://docs.legis.wisconsin.gov/2015/related/acts/150>.

<sup>153</sup> Wisconsin Division of Personnel Administration, *State of Wisconsin Recruitment & Hiring Analysis Report*, (2017), <https://dpm.wi.gov/Documents/Statistics-Data-Reports/Recruitment%20Hiring%20Analysis%20Report.pdf>, 2.

<sup>154</sup> Wisconsin Legislative Council, “2015 Wisconsin Act 150 Memo,” <https://docs.legis.wisconsin.gov/2015/related/lcactmemo/act150>, (2016), 2.

## **Compensation and Classification**

In the 1990s, Wisconsin adopted the broadband pay structure, with a large number of job classifications being collapsed into a few “broad bands,” and the spread of pay ranges becoming wider. The broadband system has not changed significantly since implementation. DPM develops a biennial compensation plan that identifies the base pay rates and ranges for both classified and unclassified positions. Each agency is required to submit its pay-setting policies to DPM for approval and annual reviews.<sup>155</sup> The main purpose of introducing broadband systems was to achieve greater pay flexibility.

Interviewees discussed some limitations of broadband systems. This model provided stronger incentives for lateral transfers within state government. While often viewed as an effective retention tool, lateral transfers may lead to pay inequities and competition for talent among agencies. Agencies have different revenue sources and varying ability to pay their employees a competitive salary, and as a result, some agencies are more likely to attract and retain employees than others. In Wisconsin, there was a significant increase in the dollar amount of pay increases on transfers. To ensure the fairness of the state’s compensation system, DPM added a provision that all pay increases on transfer should be approved by DPM.

The broadband system in many cases simplified the state’s classification structure, and agencies and hiring managers have considerable discretion to set starting salaries. This structure is also expected to allow agencies to have more flexibility to recognize and reward employee performance. Rather than going through the lengthy reclassification process, agencies have the flexibility to offer employees base pay increases when they take on additional responsibilities.

However, in practice, the government’s ability to fully utilize discretionary pay adjustments is limited. As interviewees explained, pay raises for government employees are always subject to close public scrutiny, and various administrations put a moratorium on pay raises for state employees in difficult economic times. As a result, pay rates for Wisconsin public employees have been stagnant over the past decade or so. This is a common challenge to all public employers. In

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<sup>155</sup> Wisconsin Division of Personnel Management, “Section 1 – Pay Administration for Broadband Pay Schedules,”

<https://dpm.wi.gov/PublishingImages/Pages/Employees/CompensationPlan/Section%20I%20SALMON.pdf>, (2019).

Act 150, the State Legislature directed DPM to conduct a review of the classification and compensation system of the state.<sup>156</sup>

### **Merit Award Program**

As part of the 2016 reform, the State Legislature allocated \$6 million to fund the discretionary merit compensation reward program for classified employees.<sup>157</sup> DPM oversees the merit bonus program, and the Wisconsin Human Resources Handbook provides general policies and guidance for agencies to administer the program.<sup>158</sup> Agencies are allowed to offer merit awards to up to 15 percent of their employees. Wisconsin offers two types of merit awards—base pay increases and lump-sum payments.<sup>159</sup> Under this program, merit awards are directly tied to employee performance. Agencies are responsible for establishing their own performance evaluation processes and rating scales to support their merit award decisions.

Wisconsin’s experience suggests that merit award programs usually work better when employee performance is observable and easier to measure. Agencies tend to support the traditional seniority-based compensation structure, when it is difficult to establish clear performance measures. When there is a lack of clearly defined performance metrics, government pay raise decisions are often perceived to be influenced by favoritism.

### **Learning and Development**

Training and development are centrally managed by DPM (Enterprise Training & Development (ETD)). ETD provides a variety of training programs to state employees, such as professional training courses, management and leadership programs, and team development training. Training also plays an important role in the implementation of the 2016 reform. ETD worked closely with the DPM policy team and provided training to make sure employees know about the changes in rules and policies, what these changes mean for them, and how they will be applied.

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<sup>156</sup> Wisconsin Legislative Council, “2015 Wisconsin Act 150 Memo,” 4.

<sup>157</sup> Under the state’s compensation plan, both classified employees and unclassified employees are eligible for merit awards. However, the \$6 million appropriation can only be used to fund classified employee merit awards.

<sup>158</sup> Wisconsin Division of Personnel Management, “Wisconsin Human Resources Handbook – Discretionary Merit Compensation (DMC) Program Guidelines,” [https://dpm.wi.gov/Hand%20Book%20Chapters/WHRH\\_Ch\\_550.pdf](https://dpm.wi.gov/Hand%20Book%20Chapters/WHRH_Ch_550.pdf), (2018).

<sup>159</sup> Unclassified employees can get only the base building awards; they cannot get lump-sum merit payments.

For example, ETD developed the Competitive Selection Procedure training series when the state eliminated civil service exams, to help HR staff improve their skills to conduct effective interviews.

### **Grievance and Appeal Procedures**

Act 150 requires that all employees complete a two-year probationary period.<sup>160</sup> It also revised and streamlined the discipline and grievance procedures. An appointing authority now has the authority to remove, suspend, or demote an employee without imposing progressive discipline<sup>161</sup> if the violation is one of the nine acts of misconduct identified in the law (i.e., egregious violations), including harassment, physical harm to another person, being intoxicated, possession of a controlled substance, falsifying agency records, theft of agency property, conviction of a crime, misuse or abuse of agency property, and a serious violation of ethics code.<sup>162</sup> Prior to the reform, it was difficult to avoid progressive discipline even for egregious violations.

For non-egregious violations, agencies are required to follow the progressive discipline process.<sup>163</sup> However, the Act eliminated the requirement to prepare a written memorandum to support progressive discipline. To accelerate the process, the Act specifies a three-level appeal procedure with timelines:

- 1) Agency-level appeal: employees have 14 days to file an appeal with the agency, and agency heads are then required to make decisions within 14 days.
- 2) DPM-level appeal: employees can appeal to DPM within 14 days, and DPM has 14 days to review the case and make the decision.
- 3) Wisconsin Employment Relations Commission-(WERC) level appeal. The Chair of the WERC is nominated by the governor and confirmed by the Senate, and serves a six-

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<sup>160</sup> Prior to Act 150, the probationary period was between six months and two years depending on the position.

<sup>161</sup> The Progression Schedule: 1<sup>st</sup> violation—1-day suspension without pay; 2<sup>nd</sup> violation—3-day suspension without pay; 3<sup>rd</sup> violation—5-day suspension without pay; 4<sup>th</sup> violation—termination.

Wisconsin Division of Personnel Management, “Wisconsin Human Resources Handbook – Employee Work Rules and Discipline Procedure,”  
<https://dpm.wi.gov/Documents/BMRS/Handbook%20Chapters/Chap410EmployeeWorkRulesandDisciplineProcedure.pdf>, (2016).

<sup>162</sup> Wisconsin State Legislature, “Section 230.34 Demotion, suspension, discharge, and layoff.”  
<https://docs.legis.wisconsin.gov/statutes/statutes/230/II/34/1/a>, (2019).

<sup>163</sup> Wisconsin Division of Personnel Management, “Wisconsin Human Resources Handbook – Employee Work Rules and Discipline Procedure,” 4.

year term. Employees and agencies must file an appeal within 14 days, and the WERC is required to make decisions within 120 days.

## Chapter 4: Reflections on States' Civil Service Reforms

Chapter 3 provides detailed descriptions of each state's HR management policies and reform practices. The reform efforts in the six states provide useful models and options for Oklahoma as it considers its plan for reform. Several common themes and lessons learned emerged from this research:

1. **HR Centralization/Decentralization.** In many states, human capital management authority is distributed to individual agencies in various degrees. As a result, agencies have the flexibility to manage their day-to-day HR operations (e.g., hiring, firing, promotions, training) based on their needs. In most states, the central HR agency serves as an advisor to agencies on HR issues and provides an array of services such as policy interpretation, workforce planning, and tracking workforce data. (Section 4.3 provides a detailed discussion on decentralization.)
2. **Recruiting and Hiring.** All six states have adopted a competitive hiring process and eliminated standard civil service exams. Individual agencies have a great deal of discretion to manage their selection and recruitment processes. To improve efficiency of the hiring process, some states have revised the time-to-hire requirements in state laws. A variety of tools and systems (e.g., an electronic interview process) enhance recruitment efficiency, and in some states, external vendors or recruiters assist in the recruiting and hiring process.
3. **Compensation and Classification.** Some states' compensation systems are similar to the traditional civil service pay system with pay bands, while others have implemented broadband pay structures to offer more flexibility. However, there is no consensus among experts on the effects of the broadband system. Five of the six states conduct regular studies and market surveys to determine salary adjustments. Several states have not been able to offer employees pay raises for several years due to budget constraints.
4. **Merit Award Programs.** All six states have adopted some type of pay for performance policy. In some states, these award programs have had limited impacts due to the difficulty of funding them as well as performance management challenges (more details are discussed later in this chapter).
5. **Learning and Development.** The importance of learning and development opportunities, particularly for managers, supervisors, and HR professionals, is

emphasized by interviewees from multiple states. Numerous studies speak to the benefits of investing in employee skills and development.<sup>164</sup> Many states in this report have been actively seeking effective approaches to developing employees. For instance, a number of interviewees highlighted their leadership development and supervisor training as a key component of a state's human capital management strategy. Frequently, employee performance issues can be addressed through training. In addition, training plays an active role in supporting the implementation of civil service reforms in several states. Employees should understand the changes in rules and policies and have the skills and tools to implement those changes.

6. **Grievance and Appeal Procedures.** Some states have converted a large number of public employees to at-will status, while others kept due process protections but streamlined their grievance and appeal process, in order to address a common concern about the lengthy process to remove poor performers in a traditional merit system (more details about at-will employment are provided in Section 4.1).

The rest of this chapter focuses on three key components of the civil service reforms in the six states studied in this report, including at-will employment, pay for performance, and HR decentralization. These issues are complex and controversial; they have drawn significant attention from government decision makers, staff, and academics.

#### **4.1 At-will Employment**

Many states have established and expanded at-will employment in state government or made major changes to their traditional merit protection system. For example, in Texas and Georgia, the majority of government employees are at-will employees. In Tennessee, preferred service employees (74 percent of state employees) do not have property rights but still have the rights to appeal certain personnel decisions. The 2012 reform also streamlined Tennessee's appeal and grievance process and extended the probationary period for state employees. In Utah, about 30 percent of the government workforce is at-will. The 2001 reform in Florida converted all management positions to at-will. In Wisconsin, while the majority of state employees are still protected by merit rules, the 2016 reform extended the probationary period for employees and shortened the timeline for employees to appeal adverse employment decisions.

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<sup>164</sup> Partnership for Public Service, *Keeping Talent: Strategies for Retaining Valued Federal Employees*, (2011), <https://ourpublicservice.org/wp-content/uploads/2011/01/ead68574cec8da75481eeb345869e288-1402949405.pdf>.

Proponents argue that at-will employment enhances HR flexibility and efficiency and provides government employees stronger incentives to perform better as they face the “threat” of losing their jobs. Others maintain that because government is a political entity, it is critical to protect employees from political influences. At-will systems may increase employee turnover in government and/or present recruitment challenges due to the increased perception of job insecurity. Without empirical evidence of improved performance or an impact on recruitment/retention, some interviewees saw these arguments for and against at-will employment are largely theoretical or based primarily on anecdotes. However, as many experts point out, some potential risks posed by at-will employment do exist and should be taken into account in any civil service reform efforts.

Both the merit system and an at-will system require effective oversight and accountability mechanisms for holding managers accountable. Effective managers can make a poorly designed system work reasonably well, while ineffective managers can ruin a well-designed system. Several interviewees noted that at-will employees have less trust in their supervisors, because managers have more authority and flexibility, and there is no guarantee that at-will employees will be treated fairly. In addition, a number of interviewees stated that the key challenge in a merit system is how well agencies manage the system and related processes. Under any system, training is necessary to ensure managers are prepared to effectively manage their employees to achieve agencies’ missions.

A common concern about the merit system is the lengthy process for removing poor performers. Most states’ civil service reform legislations include provisions that accelerate their appeal processes and identify the types of adverse actions employees have authorities to appeal. Most states specify the timeline requirements for appeal processes; however, it is not clear what the consequences for missing a required deadline are. Compared with the other six states, Oklahoma is the only state that allows employees to appeal performance ratings.

To ensure fairness to at-will employees, many states have developed alternative approaches. For example, in Texas, while there are no state-wide requirements, most state agencies have established internal appeal processes. In Georgia, individual agencies are required to develop internal processes to allow at-will employees to appeal some personnel actions. Wisconsin, Utah, and Tennessee have established statewide entities with the ultimate authority to decide appeals.



As some interviewees noted, compared with the traditional merit protection process, appeal processes for at-will employees are generally shorter and have fewer steps.

There are various laws and regulations in place to protect the interests of employees (e.g., U.S. and state constitutions, civil rights laws, and non-discrimination laws). This kind of protection is present in every state; however, as interviewees noted, it takes resources to pursue an issue in court. Not all employees have the financial ability to pursue legal protections.

In sum, there is no consensus on the value of at-will policies in government. As a state considers reforming its civil service system, its policymakers need to take into account the potential issues related to at-will policies and the impact on employees who have limited or no due process protections.

## **4.2 Pay for Performance**

All six states examined in this report have implemented some type of pay for performance or merit award programs. Pay for performance has attracted attention from both academics and practitioners. First, the success of pay for performance largely depends on an effective performance management system. Some scholars maintain that pay for performance is particularly problematic in government due to the lack of objective outcome measures or metrics. Heavy reliance on the subjective judgment of poorly trained supervisors may not provide a solid basis for pay raise decisions.<sup>165</sup> Earlier research indicates that pay increases are viewed by many government employees to be the result of office politics rather than job performance.<sup>166</sup> Interviewees from several states confirmed that pay for performance works better when there are clearly defined performance metrics.

As noted, it is important to put in place an effective performance management system to first lay the foundation for pay for performance decisions. Interviewees from a number of states emphasized that supervisors need to devote sufficient time to performance management. Performance evaluation should not be just an annual event, but an ongoing discussion between supervisors and employees.

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<sup>165</sup> J. Edward Kellough, “Gaus Lecture 2019: Human Resources and Public Administration,” (2019).

<sup>166</sup> Lloyd G. Nigro and J. Edward Kellough, “Civil Service Reform in Georgia: A View from the Trenches,” in *Civil Service Reform in the States: Personnel Policy and Politics at the Subnational Level*, (2006), 117-144.

Tennessee’s experience offers a good model for strengthening the performance management process to support pay for performance. It invested considerable resources to provide training and to hire external coaches to help develop performance standards and work outcomes (SMART goals). Also, performance evaluation results are viewed by the rater’s immediate supervisors to minimize supervisor bias.

Limited funding is another challenge to implementing pay for performance. In many cases, states do not allocate sufficient funding to develop an effective merit award program. Several states studied in this report suspended their pay for performance programs due to budget constraints. In addition, as some interviewees point out, the merit awards and bonuses in state government may not be substantial enough to incentivize employees to improve performance.

### **4.3 Decentralization**

There has been a long-standing debate about HR decentralization and centralization. On one hand, there isn’t a one-size-fits-all approach when it comes to human capital management. For example, earlier studies suggest general agreement among state HR staff in Texas that flexibility is the key to the effectiveness of workforce management.<sup>167</sup>

On the other hand, the major concern with HR decentralization is equity and fairness. In a decentralized structure, some agencies do not have the resources and expertise to effectively develop their own HR operations. It is difficult to ensure that their employees in different agencies are treated in a consistent way.<sup>168</sup> Additionally, some interviewees noted, HR decentralization has created some recruitment challenges, as it is difficult to brand the state as one employer. Most interviewees agree that some degree of centralization is necessary, and as the Academy’s Panel wrote in *No Time to Wait: Building a Public Service for the 21<sup>st</sup> Century*, “an every-agency-for-itself arrangement would be just as pernicious as a one-size-fits-all system.”<sup>169</sup>

This research shows that all six states, including the states with highly decentralized structures, have developed some centralized HR components to strengthen oversight and accountability.

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<sup>167</sup> Jerrell Coggburn, “Reflections on the Texas Experiences,” in *Life after Civil Service Reform: The Texas, Georgia, and Florida Experiences*, (2002), 21.

<sup>168</sup> Walters, *Life after Civil Service Reform*.

<sup>169</sup> National Academy of Public Administration. *No Time to Wait*.

Classification and compensation are managed centrally in all six states, including Texas. In most states, there is a central HR agency responsible for developing statewide HR policy guidance and providing consultations. Tennessee, Utah, and Wisconsin have more centralized HR structures. HR transactions are/will be managed centrally by their HR agencies. Some researchers emphasize the advantages of a centralized approach to managing HR transactions, as it allows small agencies to leverage the resources and expertise of central HR agencies and helps alleviate equity concern in a decentralized structure.<sup>170</sup>

Additionally, in a decentralized structure, some formal and informal HR professional groups, such as the state agency coordinating committees and TSHRA in Texas, serve as the glue that holds state HR officials together to improve the effectiveness of state HR management.<sup>171</sup>

#### **4.4 Other States' Civil Service Reform Efforts**

This report focuses on the civil service reform efforts in the six states, which represent a reform approach that emphasizes changes to the traditional merit system. In addition to significantly altering traditional merit employment rules, there are many other ways to implement incremental policy or procedural changes to improve government HR management. This section provides a few examples of efforts by other states.

##### **Michigan's Efforts to Increase Employee Engagement**

Recognizing that retaining and rewarding employees through merit-based pay awards comes with budgetary constraints, the state of Michigan's Office of Good Government (OGG) implemented a biennial employee engagement survey to gauge employee concerns and offer them a voice. OGG notes that engaged employees are more productive employees, which drives the need to continually improve the environment state employees work in.

The employee survey, first administered in 2012, has shown progress in raising employee engagement levels and survey response rates over a seven-year period.<sup>172</sup> An external organization ensures the integrity, security, and anonymity of the survey answers, allowing OGG and agencies

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<sup>170</sup> Ibid.

<sup>171</sup> Jerrell Cogburn, *The Decentralized and Deregulated Approach*.

<sup>172</sup> Michigan Office of Performance Transformation, *2018 Employee Survey Results Report – State of Michigan*, (2018),

[https://www.michigan.gov/documents/opt/Final\\_SoM\\_2018\\_Overall\\_Report\\_12.19.18\\_644552\\_7.pdf](https://www.michigan.gov/documents/opt/Final_SoM_2018_Overall_Report_12.19.18_644552_7.pdf).

to be confident in the quality of the survey. The timeline of the survey administration lasts approximately 18 months so that OGG can receive adequate responses from the approximately 45,000 state employees and then work with agencies and departments to develop their mandatory action plans with realistic performance improvement goals. Eighteen months allows agencies and departments to not only formulate a plan based on their areas of improvement, but also to implement changes and start to see the effects. The office has conducted five surveys, allowing agencies and departments to measure progress because the consistency in survey questions can demonstrate trends in employee engagement over the years.

As the survey results are public, agencies and departments have the incentive to improve upon their previous survey results by enacting responsive changes in the workplace environment to increase employee engagement and satisfaction. To aid agencies and departments in creating actionable change within their work environment, OGG offers a selection of areas they suggest the agency or department should improve upon. The agency or department then selects approximately five of those suggested areas so that they can focus their efforts and more likely be successful in achieving the desired results.

The office engages a group of selected survey participants across the government in the Champions Network. In this group, OGG facilitates discussion of employee engagement activities. The Champions Network offers a platform for state employees to share best practices so that agencies across the government may learn from other agencies' experiences. This sort of collaboration encourages partnership and fosters positive organizational change across state agencies.

OGG uses the survey results to identify where they can improve the state employee experience. For example, the 2012 survey indicated that state employees desired an avenue to develop leadership skills, so OGG took the initiative to create a leadership development program in 2013. By giving state employees a platform to hone the hard and soft skills effective leadership requires, the state of Michigan sets up its employees for success in positions of leadership. Since 2013, approximately 27,000 state employees have participated in the leadership development program, and OGG intends to continue this program in future years.

While OGG notes that culture change within a workplace can take years, it is critical to monitor progress on employee engagement and adjust accordingly. This office and the employee

engagement survey have had the support of two different gubernatorial administrations over the course of nine years which has helped agencies continue to enact positive organizational change.

### **Vermont’s New Talent Acquisition Approach**

Vermont’s workforce is approximately 92 percent classified, with only a few hundred employees exempt from the classified service.<sup>173</sup> Nearly a quarter of its current workforce is eligible for retirement by 2023. Employees nearing retirement will have to be replaced, but attracting talent has become more competitive because of the state’s low unemployment rate. The Department of Human Resources realized that without a strategy, the need for new, talented state employees would only be exacerbated in the coming years.

As a result, the Department of Human Resources gathered stakeholders, such as agency hiring managers, job applicants, state employees, and other human resources personnel to identify where administrative recruiting and hiring processes could be streamlined. The stakeholders assisted in transforming Vermont’s human resources functions into a more centralized and strategic process with a focus on the customer—in this case, job applicants.

In the fall of 2018, Vermont launched SAP’s Success Factors,<sup>174</sup> a talent acquisition management system, to help streamline the recruiting, screening, and hiring processes.<sup>175</sup> The new system reduced the time it takes to hire by almost nine calendar days (13 percent), and improved the quality of hires by virtue of the software’s screening capabilities, taking some of the burden off of hiring managers.<sup>176</sup> Because the Department of Human Resources’ newly implemented software altered the department’s business processes by decreasing the amount of time spent on screening applicants, the department’s talent acquisition managers’ focus has shifted towards serving in

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<sup>173</sup> Vermont Department of Human Resources, *State of Vermont Workforce Report – Fiscal Year 2018*, (2018), [https://humanresources.vermont.gov/sites/humanresources/files/documents/DHR-Workforce\\_Report.pdf](https://humanresources.vermont.gov/sites/humanresources/files/documents/DHR-Workforce_Report.pdf).

<sup>174</sup> SAP is the company that develops the software. It is a German company best known for producing enterprise resource planning software.

<sup>175</sup> Vermont Department of Human Resources, “New Recruitment and Hiring System,” <https://humanresources.vermont.gov/talent-acquisition/recruitment-process-resources/new-recruitment-and-hiring-system>, (2019).

<sup>176</sup> Beth Fastiggi, “2019 NASPE Award Nomination for Vermont’s Transformation to Strategic Talent Acquisition: Using Business Process Reengineering to Drive Change,” [https://www.naspe.net/assets/docs/2019NASPEs/2019NASPEsNominations/RooneyProgramNominations/vermont\\_strategictalentacquisition.pdf](https://www.naspe.net/assets/docs/2019NASPEs/2019NASPEsNominations/RooneyProgramNominations/vermont_strategictalentacquisition.pdf), (2019).

more of a consulting role for agency hiring managers which allows them to think about the future workforce that agencies will need not just in the short-term, but also in the long-term.

### **California's Civil Service Reform**

California's 2011 reform streamlined many functions of the California State Personnel Board into the newly created CalHR (i.e., the Department of Human Resources), which replaced the Department of Personnel Administration. While CalHR adopted many of the State Personnel Board's functions including recruitment, training, human resources, business services, information technology, and the Office of Civil Rights, the State Personnel Board maintained its role as the appeals board. CalHR approaches its human resource management functions with a customer service focus.

In 2012, the state reorganized a number of agencies, including CalHR, under the Government Operations Agency. The purpose of these two reorganization initiatives was to enhance California's ability to modernize the administration of state personnel and eliminate redundancies, inefficiencies, and wastefulness in state personnel administrative functions. In the three years following the reorganization initiative, California saved approximately \$8.6 million and reduced the human resources administrative workforce by approximately 60 positions.

To increase the effectiveness of California's civil service process, the new State Personnel Board addressed inefficiencies, such as excessive paperwork and unclear processes, in the merit-based selection process and reviewed outdated human resource information. The reorganization initiative also prompted CalHR to reduce the number of classifications needed, such as condensing 33 different classifications for the scientist position into one environmental scientist classification. The total number of classifications dropped from 4,000 to 3,800. Also, a display on the CalHR job search website consolidated all the different hiring systems into one system, streamlining the application process for individuals.<sup>177</sup>

To succeed in hiring and retaining the workforce the state needs, CalHR established an online, free training website for employees and added a Statewide Workforce Planning Unit to plan for long-term personnel needs.

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<sup>177</sup> State of California, "CalCareers," <https://www.calcareers.ca.gov/>, (2019)

## **Pennsylvania's Commonwealth Mentoring Program**

As of July 2018, approximately 68 percent of Pennsylvania's workforce were civil service employees, with the rest belonging to a non-civil service classification. About a quarter of the workforce is eligible to retire within the next five years.<sup>178</sup> The state requires strategic workforce planning to ensure that the state will continue to operate effectively as many public employees retire. The Commonwealth Mentoring Program (CMP), administered by Pennsylvania's Office of Administration, has assisted in accomplishing that goal by training mid-level managers to rise to upper-level management positions in the near future.

CMP offers opportunities for mid-level managers to receive mentorship and guidance from senior-level managers.<sup>179</sup> This eight-month program aims to help the state's workforce retention efforts, as well as invest in state employees through career development opportunities. The training program minimizes the loss of institutional knowledge and presents no additional cost to the state because program facilitators are either state employees or external volunteers, making it cost-effective.<sup>180</sup> CMP fosters relationships between the mentors and mentees who belong to different offices or units within state agencies. In addition to preserving institutional knowledge and developing critical managerial skills, this program provides the space to document core business processes that are essential to agency operations. Pennsylvania also continues to operate several other employee development programs including the Emerging Leader Program and the Leadership Development Institute for state employees.<sup>181, 182</sup>

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<sup>178</sup> Pennsylvania Office of Administration, "Workforce Statistics," <https://www.hrm.oa.pa.gov/Workforce/Pages/default.aspx>, (2019).

<sup>179</sup> Pennsylvania Office of Administration, "Commonwealth Mentoring Program," <https://www.employment.pa.gov/benefits/Documents/cmp.pdf>, (2016).

<sup>180</sup> James A. Honchar, "2016 NASPE Eugene H. Rooney, Jr. Award Innovative State Human Resource Management Program: Commonwealth Mentoring Program," [https://www.naspe.net/assets/docs/2016NASPENominations/rooney\\_pennsylvania\\_commonwealthmentoringprogram.pdf](https://www.naspe.net/assets/docs/2016NASPENominations/rooney_pennsylvania_commonwealthmentoringprogram.pdf), (2016).

<sup>181</sup> James A. Honchar, "2013 NASPE Eugene H. Rooney, Jr. Award: Innovative State Human Resource Management: Pennsylvania Emerging Leader Program," <https://www.naspe.net/assets/docs/HallOfFame/pennsylvania-winner.pdf>, (2013).

<sup>182</sup> Pennsylvania Office of Administration, "Leadership Development Institute," <https://www.employment.pa.gov/benefits/Documents/ldi.pdf>, (2016).

## 4.5 Concluding Thoughts

The efforts discussed in this report represent a variety of reform approaches, including significant changes to the merit system or more incremental changes to improve the effectiveness of a state's human capital management function. One of the basic questions of civil service reforms is how to protect and advance employees' interests and align individual interests with organizational interests more effectively.<sup>183</sup> As Ed Kellough writes, "Reform efforts should emphasize contemporary management and HR thought/theory stressing intrinsic motivations, especially for the professionalized employees of the sort that government has."<sup>184</sup>

These practices and lessons learned provide some options for Oklahoma to consider in reforming its civil service system. However, there is no ideal system or solution to manage public employees. A number of variables must be taken into account in determining the best approach for a state. It is important for a state to adapt these practices and options according to its own environments and needs.

Finally, how a reform effort is carried out is as important as the structure of the reform. For example, states that have had some success in their reform efforts tend to: 1) involve managers and employees in identifying opportunities for improvement and in providing feedback on what is and is not working well; 2) invest in training and development for managers and HR staffs; 3) provide funding for both the implementation and maintenance of the new systems or approaches; 4) establish some type of oversight or accountability mechanisms to ensure the reforms are achieving their objectives and to take corrective actions when they are not.

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<sup>183</sup> J. Edward Kellough, Gaus Lecture 2019.

<sup>184</sup> Ibid.



## **Appendix A: Expert Advisory Group and Study Team Member Biographies**

### **Expert Advisory Group**

**Elizabeth Kellar** is currently the Director of Public Policy at the International City/County Management Association (ICMA). She is also a Senior Fellow at the Center for State and Local Government Excellence after serving as its President and Chief Executive Officer. Her other previous positions include Deputy Executive Director, Associate Director, and Director of Communications, ICMA; Community Relations Officer, City of Sunnyvale, California; and Public Relations Director, Central Ohio Heart Association.

**Robert Lavigna** serves as the Director of the CPS HR Institute for Public Sector Employee Engagement. Previously, he was Assistant Vice Chancellor – Human Resources at the University of Wisconsin. Past positions also include Vice President for Research, Partnership for Public Service; Senior Manager, CPS, Human Resource Services; Administrator of Merit Recruitment and Selection, State of Wisconsin; Assistant to Assistant Comptroller General, Human Resources Director of the Washington Regional Office, and Senior Evaluator, U.S. Government Accountability Office.

**John Palguta** is an Adjunct Professor at Georgetown University's McCourt School of Public Policy, where he teaches a graduate course on human resource management in the government. He is the former Vice President for Policy and Research at Partnership for Public Service. His former positions include Director of Policy and Evaluation, U.S. Merit Systems Protection Board; and Branch Chief of the Personnel Office and Personnel Management Advisor of the Bureau of Personnel Management Evaluation, U.S. Office of Personnel Management.

### **Academy Study Team**

**Brenna Isman**, *Director of Academy Studies*. Ms. Isman oversees the Academy's studies and provides strategic leadership, project oversight, and subject matter expertise to all of the project study teams. In coordination with the Academy Panels of Fellows, she guides the teams in developing work plans, research methodology, and comprehensive analysis and recommendations. Ms. Isman has led Academy projects assisting a national regulatory and oversight board in development and implementation of its strategic plan, as well as a statutorily required assessment of the National Aeronautics and Space Administration's use of its Advisory

Council and a study of regulatory affordability for the Environmental Protection Agency. Her expertise includes directing organizational studies of the U.S. State Department's Office of Inspector General and strategic plan development for the Postal Regulatory Commission and the Social Security Administration, as well as providing organizational change consulting support for the U.S. Coast Guard. Ms. Isman also led the Academy's work on the Collaborative Forum, which investigated best practices for states' management of federally funded programs. She holds an MBA from American University and a Bachelor of Science in Human Resource Management from the University of Delaware.

**Chloe Yang, Project Director.** Ms. Yang is a Senior Analyst at the Academy. Since joining the Academy in 2009, Ms. Yang has worked on projects with a range of federal and state agencies, including the Oklahoma Corporation Commission, the National Science Foundation, Office of Management and Budget, U.S. Coast Guard, and the Government Accountability Office. Before joining the Academy, Ms. Yang was the research intern at the Foundation of Environmental Security and Sustainability. She is a PhD candidate at George Mason University, from which she also holds an MPA degree. She also holds a bachelor's degree in Financial Management from the Renmin University of China.

**Elise Johnson, Research Associate.** Ms. Johnson joined the Academy as a Research Associate in June 2019. However, she is not new to the Academy. In the fall of 2018, Ms. Johnson participated in a capstone project for her Public Policy degree in collaboration with the Academy. Ms. Johnson and her team wrote a report on intergovernmental grants management strategies. The report focused on how data-driven performance evaluation methods can improve the efficiency of intergovernmental poverty-reducing grant programs. Ms. Johnson found this to be the most extensive and rewarding team project of her academic career. Ms. Johnson is engaged on two other Academy projects—a study of state and local public health responses to the STD epidemic for the National Coalition of STD Directors and the development of a statistical product roadmap for the Bureau of Transportation Statistics. Ms. Johnson graduated in May 2019 from the University of Maryland, earning a B.A. in Public Policy and a B.A. in Government and Politics.

## Appendix B: Comparison of the Oklahoma Civil Service System to Other States

	Oklahoma	Texas	Georgia	Florida	Tennessee	Utah	Wisconsin
<b>Number of Employees</b> <sup>185</sup>	31,674	147,486	67,782	89,236	36,233	22,305	35,888
<b>Classified Employees</b>	65%	Small number of employees in federally funded agencies	2%	82%	74%	71%	82%
<b>At-will Employees</b>	35%	All state employees at-will (except small number of employees in federally funded agencies)	98%	18%	26%	29%	18%
<b>Annual Turnover Rates</b>	19.72%	19.3%	19.5%	12.1%	17.29%	N/A	13.4%
<b>HR Decentralization /Centralization</b>	Central HR agency provides statewide policies and advises agencies	Highly decentralized  No central HR agency State Auditor's Office performs some HR management functions  Formal and informal HR	Decentralized  Central HR agency provides statewide policies and advises agencies	Decentralized  Central HR agency provides statewide policies and advises agencies	Hybrid (decentralized/centralized)  Central HR agency provides statewide policies and advises agencies  Central HR agency will	Hybrid (decentralized/centralized)  Central HR agency provides statewide policies and advises agencies  All agency HR staff report to	Hybrid (decentralized/centralized)  Central HR agency provides statewide policies and advises agencies  All agency HR staff report to

<sup>185</sup> The data on the number of employees, percentages of classified and unclassified employees, and percentage of annual turnover rates are from the most recent fiscal year available. For Wisconsin, that data is from FY 16. For Oklahoma, Texas, Georgia, and Florida, that data is from FY 18. For Tennessee and Utah, that data is from FY 19. The annual turnover rate for Utah was unavailable.

	Oklahoma	Texas	Georgia	Florida	Tennessee	Utah	Wisconsin
		professional networks			manage HR transactions centrally	central HR agency and focus on HR transactions	central HR agency (DPM)  DPM will manage HR transactions centrally
<b>Recruiting and Hiring</b>	No formal Civil Service Exams <sup>186</sup>  Competitive process	No formal Civil Service Exams  Competitive process  Agencies have considerable discretion in developing hiring policies and processes  Engage external vendors to support recruitment process	No formal Civil Service Exams  Competitive process  Agencies have considerable discretion in developing hiring policies and processes	No formal Civil Service Exams  Competitive process  Streamlined process with minimum documentation requirements  Engage external vendors to support recruitment process	No formal Civil Service Exams  Competitive process  Electronic interview process (1 <sup>st</sup> round of interview)  Hire external recruiters	No formal Civil Service Exams  Competitive process  Agencies notify DHRM of their hiring decisions at least three business days before the employee's start date.	No formal Civil Service Exams  Competitive process  Remove preference to hire from within
<b>Compensation and Classification</b>	Centrally managed  Pay grades and salary ranges (min., midpoint, and max. pay rates)	Centrally managed  Pay grades and salary ranges (min., midpoint, and max. pay rates)	Centrally managed  Pay grades and salary ranges (min., midpoint, and max. pay rates)	Centrally managed  Broadband system  Conduct salary survey as necessary	Centrally managed  Pay grades and salary ranges (min., midpoint, and max. pay rates)	Centrally managed  Moved away from pay grades/step system	Centrally managed  Broadband system  Update compensation plan biennially

<sup>186</sup> Some positions/agencies require civil service exams as part of the hiring process.

	Oklahoma	Texas	Georgia	Florida	Tennessee	Utah	Wisconsin
	Annual compensation reports and biennial pay adjustments	Biennial salary studies	Annual pay adjustment recommendations		Salary survey every three years  Two types of salary adjustments (Market adjustments and performance based adjustment)  Significant changes to benefit programs	Salary ranges (min., midpoint, and max. pay rates) for each job  Annual compensation benchmark survey	
<b>Merit Award Programs</b>	Salary increase or lump-sum payment to employees whose performance rating is “meet standards” or better	Limited statewide policies  Subject to agency appropriation  Agencies develop relevant policies	Salary increase and one-time merit bonuses (suspended due to financial reasons)	Salary increase and one-time merit bonuses  Subject to agency appropriation  Offer bonuses to up to 35% of agency employees	Salary increase and one-time merit bonuses  Agency heads need to approve annual reviews with ratings of “unacceptable” or “outstanding”	Salary increase and one-time merit bonuses  Award merit bonuses up to \$4,000 per pay period or up to \$ 8,000 per year	Salary increase and one-time merit bonuses  Offer merit awards to up to 15% of employees
<b>Probationary Period</b>	1 year	No mandatory probationary period	6 months	1 year	1 year	1 year (some positions require longer)	2 years

	Oklahoma	Texas	Georgia	Florida	Tennessee	Utah	Wisconsin
		Agency's discretion in this matter				probationary period)	
<b>Grievance and Appeal Procedures</b>	<p>A three-level process:</p> <ul style="list-style-type: none"> <li>• Supervisor (informal discussion)</li> <li>• Agency grievance manager (45 days)</li> <li>• Merit Protection Commission</li> </ul>	<p>No statewide appeal process</p> <p>Most agencies develop internal appeal process; agency heads make final decisions</p> <p>Texas Workforce Commission—employment discrimination complaints</p>	<p>Statewide policy guidance</p> <p>Required to establish internal appeal process; agency heads make final decisions</p> <p>Time limit: 90 calendar days</p>	<p>A three-level appeal process for some adverse actions:</p> <ul style="list-style-type: none"> <li>• Agency heads</li> <li>• Public Employees Relations Commission (hearing in 60 days and final order in 45 days)</li> <li>• District Courts of Appeal</li> </ul>	<p>A three-level appeal process:</p> <ul style="list-style-type: none"> <li>• Agency heads (make decision in 15 days)</li> <li>• DOHR (make decision in 30 days)</li> <li>• Board of Appeals (make decision in 120 days)</li> </ul>	<p>A four-level process with timeline:</p> <ul style="list-style-type: none"> <li>• Supervisor (5 business days)</li> <li>• Division director ((5 business days)</li> <li>• Department head (10 business days)</li> <li>• Career Service Review Office (30 business days)</li> </ul>	<p>A three-level appeal procedure with timelines:</p> <ul style="list-style-type: none"> <li>• Agency heads (make decision in 14 days)</li> <li>• DPM (make decision in 14 days)</li> <li>• WI Employment Relations Commission (make decision in 120 days)</li> </ul>

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## **Appendix D: Participating Individuals and Organizations**

### **Oklahoma**

- Adria Berry, Counsel to the Secretary of State, Office of Governor J. Kevin Stitt
- Eric Blakeney, Commissioner, Oklahoma Merit Protection Commission
- Carol Shelley, Executive Director, Oklahoma Merit Protection Commission
- Matt Stewart, Deputy General Counsel, Office of Management and Enterprise Services

### **Florida**

- James Bowman, Professor, Florida State University

### **Georgia**

- Stephen Condrey, Former Program Director, Human Resource Management Technical Assistance, Carl Vinson Institute of Government, University of Georgia, *Academy Fellow*
- Al Howell, Deputy Commissioner, Georgia Department of Administrative Services
- Ed Kellough, Professor, University of Georgia, *Academy Fellow*

### **Tennessee**

- Rebecca Hunter, Former Commissioner, Tennessee Department of Human Resources
- Stephanie Penney, Assistant Commissioner, Tennessee Department of Human Resources

### **Texas**

- Jerrell Cogburn, Professor, North Carolina State University
- Doug Goodman, Professor, The University of Texas at Dallas
- Alex Gillet, Human Resources Policy, Texas Health and Human Services Commission
- Raette Smith Hearne, Director of Human Resources, Texas Health and Human Services Commission
- Lori Wright, Director of Human Resources, Texas Department of Banking

### **Utah**

- Rex Facer, Associate Professor, Brigham Young University
- Jeff Herring, Former Executive Director, Utah Department of Human Resource Management



- Wendy Peterson, Former Deputy Director, Utah Department of Human Resource Management
- Jean Mills-Barber, Director of Field Services, Utah Department of Human Resource Management

### **Wisconsin**

- Tom Sandine, Director, Bureau of Merit Recruitment & Selection, Wisconsin Division of Personnel Management
- Scott Thompson, Director, Bureau of Classification and Compensation, Wisconsin Division of Personnel Management

### **Other Experts**

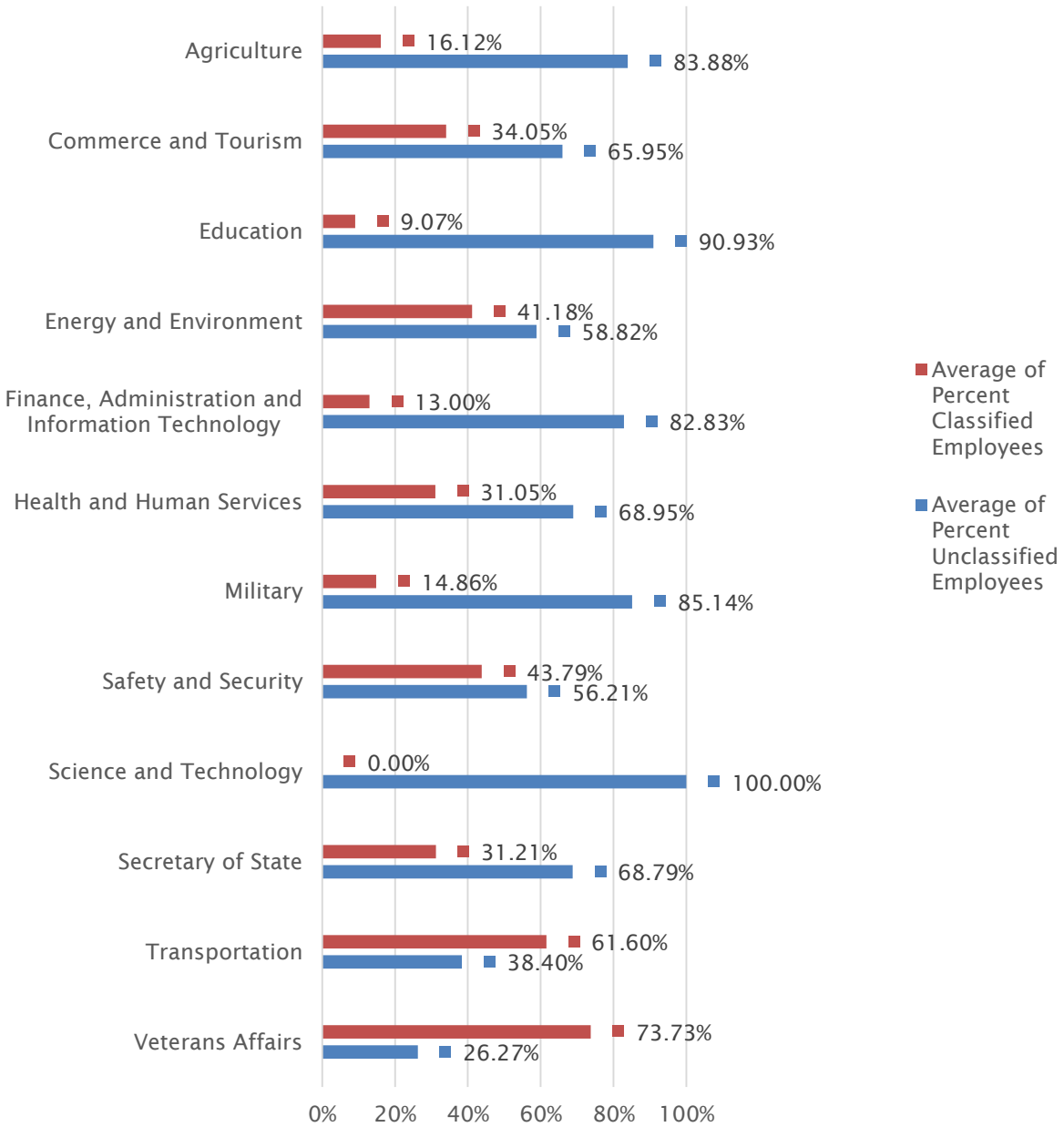
- Katherine Barrett, Principal, Barrett and Greene, Inc., *Academy Fellow*
- John Fitzpatrick, Director, Office of Good Government, Michigan Office of Performance and Transformation
- Richard Greene, Principal, Barrett and Greene, Inc., *Academy Fellow*
- Don Kettl, Professor and Academic Director of the LBJ Washington Center, University of Texas at Austin, *Academy Fellow*
- Leslie Scott, Executive Director, National Association of State Personnel Executives
- Jim Willems, State Administrative Manager, Michigan Office of Performance and Transformation
- Michael Zingsheim, Engagement Specialist, Office of Good Government, Michigan Office of Performance and Transformation

## Appendix E: Number of Oklahoma Classified and Unclassified Employees

Year	Total Employees	Classified Employees	Unclassified Employees	Classified Employees (%)	Unclassified Employees (%)
1994	41,153	27,896	13,257	67.80%	32.20%
1995	40,114	27,770	12,344	69.20%	30.80%
1996	41,805	28,414	13,391	68.00%	32.00%
1997	39,340	27,958	11,382	71.10%	28.90%
1998	37,824	28,793	9,031	76.10%	23.90%
1999	38,319	28,877	9,442	75.40%	24.60%
2000	37,998	28,102	9,896	74.00%	26.00%
2001	37,978	27,814	10,164	73.20%	26.80%
2002	36,150	26,828	9,322	74.20%	25.80%
2003	36,350	27,067	9,283	74.50%	25.50%
2004	36,534	26,713	9,821	73.10%	26.90%
2005	34,050	26,461	7,589	77.70%	22.30%
2006	36,917	28,027	8,890	75.90%	24.10%
2007	36,911	27,131	9,780	73.50%	26.50%
2008	37,274	27,122	10,152	72.80%	27.20%
2009	37,657	27,317	10,346	72.50%	27.50%
2010	35,972	25,740	10,232	71.60%	28.40%
2011	34,390	24,630	9,760	71.60%	28.40%
2012	35,126	24,095	9,669	68.60%	27.50%
2013	33,927	23,724	10,200	69.90%	30.10%
2014	34,445	23,400	11,045	67.90%	32.10%
2015	34,526	23,489	11,037	68.00%	32.00%
2016	33,859	22,879	10,980	67.60%	32.40%
2017	32,880	21,956	10,924	66.80%	33.20%
2018	31,674	20,744	10,930	65.49%	34.51%

# Appendix F: Breakdown of Classification Status by Oklahoma's Executive Cabinet

Breakdown of Classification Status by Oklahoma Executive Cabinet (Fiscal Year 2018)









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