

Policy Dialogue

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Civil Service Reform in Massachusetts

Jonathan Walters, senior correspondent at Governing magazine (www.governing.com), spoke September 20, 2000, at a Pioneer Forum in connection with the release of a White Paper he authored titled "Toward a High-Performance Workplace: Fixing Civil Service in Massachusetts." Two panelists added their views:

- *James J. Harnett, Jr., who as assistant secretary of the Executive Office for Administration and Finance is the Commonwealth's chief personnel administrator in the Human Resources Division (www.state.ma.us/hrd).*
- *Frank J. Thompson, dean of the Graduate School of Public Affairs at the State University of New York at Albany, who was executive director of a national commission on state and local public sector workforce issues.*

The following is an edited transcript of the Forum, with Walters's presentation first.

Things are changing in the world of public sector personnel administration. A number of state governments are moving very aggressively and, in many cases, within the strictures of civil service law to turn the traditional view of performance around. State and local government is predominately in the service business, whether it's law enforcement or social services or even environment regulation. It goes without saying that the quality of the service that any government provides is going to depend on the quality of the employees providing it. I've always argued that there is no more important area of public administration than personnel and there may be no more important function of government than personnel administration.

As the federal government has devolved over the last 20 years and states and localities have actually clamored for more responsibility and autonomy—across a broad range of policy and program areas—the demands on state and local governments have increased dramatically. You only have to look at a policy area like welfare reform to get a good snapshot of how dramatically the roles and responsibilities of state and local governments have changed.

The demands on state and local governments are not only up, they're more complicated, and at a time when they are on the verge of the most significant experience and brain drain in history. According to public sector labor analyst, Sam Ehrenhalt,



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The website for the Rockefeller Institute is www.rockinst.org.

The website for the New York State Office of Employee Relations is www.goer.state.ny.us.

Information about Pennsylvania's Office for Employee Relations can be found at the state's Office of Administration's web-site, www.oa.state.pa.us.

a senior fellow at the Rockefeller Institute of Government in Albany, 42 percent of the 15.7 million people working for state and local government in 1999—more than 40 percent—were from 45 to 64 years old. That means from 2000 to 2015, two-fifths of state and local government employees will be eligible to retire. As Sam Ehrenhalt says, it's a locomotive traveling down the tracks and there's no stopping it. How hard that locomotive might hit Massachusetts isn't totally clear because the state is still implementing its new automated personnel management system. States whose information technology systems are up and running, like Pennsylvania and New York, are doing very detailed strategic planning. One state agency in Massachusetts has done its own internal analysis and found the average age of agency employees to be 49.

Now keep in mind that the workforce available to fill those positions is getting smaller and the competition for workers from the private sector and from other state and local governments is getting especially fierce. Accordingly to Sam Ehrenhalt's calculations, the number of workers aged 25 to 44—prime recruitment fodder for government—is expected to drop by 3 million between 1998 and 2000—even as the number of workers aged 55 to 64 rises by more than 7 million. That means that the competition for those workers who are just hitting their stride is going to be very, very fierce.

These are the two trends that are going to shape government personnel policies in the next 5 to 10 years—increasing demands on state and local government and this wave of impending retirements. And this race really is going to go to the swift. Those states that do the best strategic workforce planning, do the most aggressive and targeted recruiting, and make it easy for line and administrative agencies to hire people are going to end up with “the best and the brightest.”

Possibilities for Reform

I think Massachusetts' personnel system is stuck in a “command-and-control” mindset in an era when devolving responsibility out to the front lines has proved to be the most effective approach to good government. And that's across a broad range of program, policy, and administrative areas, not just personnel. But the aim of this report isn't to dwell on Massachusetts' shortcomings; rather it's to lay out some options:

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- One, the state needs to **devolve testing and hiring to agencies and municipalities**. Right now, the central personnel office—which administers tests and maintain lists of eligible candidates—is an unnecessary bottleneck. Agencies know best who they need and how to evaluate them, so cut them loose to do that.
- Two, a handful of states are doing very **sophisticated strategic planning and recruitment**. They're looking at their entire workforce and figuring out what skill sets are going to be walking out the door. And they're devising aggressive, targeted campaigns, in partnership with agencies, to make sure those agencies are refilling those talent pools. I suggest in the report that Massachusetts make this a top priority.
- Three, allow personnel people in agencies and municipalities to make **on-the-spot job offers** to qualified candidates. It sounds like a small thing, but it's critical. Right now the state requires a job be posted for four weeks before it can be filled. In a tight labor market, you can't wait that long.

The website for Virginia's Department of Human Resource Management is www.dhrm.state.va.us.

The website for the state of Washington's Department of Personnel is www.wa.gov/dop/statejobs.

The complete *White Paper* can be accessed at www.pioneerinstitute.org/research/whitepapers.



James J. Hartnett, Jr., the Commonwealth's chief personnel officer.

- Four, **improve employee evaluations**. Very few organizations in the public sector—or private sector, for that matter—do evaluations very well. A couple of states, Washington and Virginia especially, are experimenting with new approaches. First, employees are asked to rate the quality of their managers. But even more interesting, employees are asked if they're getting the training and the assistance they need to be effective in their jobs.

- Five, I recommend in the paper that **unsatisfactory job evaluations be taken off the list of what is grievable** by an employee. You hear over and over that it's virtually impossible to fire somebody in the public sector. It's not true of course; governments fire hundreds of people every day, but it can be a cumbersome process. The key to making a dismissal stick is having a well-documented record of non-performance. Managers are going to be understandably reluctant to give unsatisfactory performance ratings if they know they can be grieved. But if they don't give unsatisfactory job ratings and then all of a sudden get fed up and dismiss an employee, the record is not going to be there to support that decision, and employees are invariably going to be reinstated. I haven't found a single other state where unions can turn an unsatisfactory job evaluation into a full blown grievance.

- Six, the state ought to **make permanent all provisional employees** who are in good standing and have completed what would be their probation period. What do I mean by this? Massachusetts has a history of hiring people on a provisional basis, that is, outside the civil service system—typically because an agency needs someone and the central personnel office has no list of tested job candidates ready to go. A fundamental benchmark of a civil service system's effectiveness is the percentage of people working in government who were hired provisionally. Anything over 5 or 10 percent is considered not very good. Massachusetts's provisional rate is about 40 percent. It was 60 percent in 1996, though, so they're making progress. I recommend that the state extend this protection to those folks hired outside the system. At some point a reformed system should make provisional hiring unnecessary.

I make a handful of other recommendations in the report. They include things like broad banding job titles to allow greater flexibility in filling jobs, which the state is in the process of doing now; establishing more portable pensions for public employees; and encouraging the civil service commission to delegate some of its workload.

James J. Hartnett: We've had an opportunity to preview this *White Paper* over the last three to four weeks. My staff and I have looked at everything we're doing at the Human Resource Division (HRD) as it relates to the points made in the paper and asked ourselves: How are we performing these activities now? How can we incorporate these new ideas? What kind of changes can we make? We prepared a written response to the Pioneer paper, as well.

I'd like first to highlight the kinds of things that are going on at the HRD, and then give some specific, initial responses to the recommendations in the paper.

What we needed in the Commonwealth was a new human resources system. We now have the capacity and the technology that we need to provide information to our managers. The Commonwealth has been working on redefining itself as an employer in the marketplace. What does that mean? Program efforts include a wide range of family-friendly policies; a very aggressive diversity initiative; workforce planning; continuous testing, which seeks to address the provisional issue; and an essential

functions study, which takes a look at all the classifications to reduce the number of job titles.

If we can significantly reduce titles in the Commonwealth, we can get our arms around the civil service system. If we administer it in a timely way, providing eligible lists as needed, we can reduce the number of provisionals. Unless we have eligible lists in place, we'll just perpetuate the provisionals problem.

We have begun a total reinvention of the hiring process within the Commonwealth. It has to be streamlined and made timely, so that when you run into instances of tough-to-get skills, and you need to put a compensation proposal on the table, you can do that expeditiously. At the same time, we still need to ensure fair and equal access to that opportunity.

Point by Point

And now to respond to some of the recommendations in the *White Paper*:

- Complete the transformation of the central personnel office from a control agency to a partner and consultant to its customers. The Commonwealth's new human resources technology system and our essential functions study, both of which I mentioned, and the numerous focus groups that we're working with all show that HRD understands its mission as turning over much of the administration of what we do to our customers. At the same time, we have to ensure that we have complied with our statutory mandates, albeit on a post-facto basis, through technology that can give us the information that we need.

- Offer additional flexibility to hiring authorities in the field. HRD has instituted a whole score banding approach in its continuous testing program for non-public safety positions.

- The third recommendation is to reduce the number of positions filled through a written examination. We've begun to provide alternative selection procedures for any city or town or state agency that wants to employ them.

- Fourth, redirect the energy and resources now devoted to reviewing the hiring decisions in the field and creating and administering tests and lists to strategic workforce planning. We have to be somewhat careful in that the legislature gives x amount of funding to HRD to administer the civil service system, so we clearly need to do that, but hopefully in a revised form. HRD has recently established an Office of Worklife and Diversity that is focusing on strategic planning, workforce planning, and a strategy for identifying where the Commonwealth is going to see the highest turnover and what skills we're going to need 10, 15, and 20 years from now.

- The next recommendation is to grant blanket authority to managers to offer qualified candidates jobs on the spot. We need to make sure that as we do this that we're not denying access to job opportunities, so that in terms of a job being offered and the salary being given it doesn't become a "who-you-know" process.

- One of the other points was that we need to reach out to other states. We're working on a project right now—a joint effort of the International Personnel Management Association and the National Association of State Personnel Executives—having to do with benchmarking best practices projects.

The Commonwealth of Massachusetts' Human Resources Division's website can be accessed at www.state.ma.us/hrd.

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More on the work of the International Personnel Management Association and the National Association of State Personnel Executives can be found online at www.ipma-hr.org.

- Allow municipalities to manage their own personnel affairs. We couldn't agree more. Chapter 31A, which allows any local government to administer its own system, has been on the books for years and years, but not one municipality has opted to do it. A lot of the problem is the cost associated with it and who is going to provide the money. We continue to support legislative recommendations on that.
- Reengineer the employee evaluation system. Massachusetts is a heavily unionized state, but we have incorporated the performance review system into all of our labor contracts. There really is meaningful dialogue taking place between supervisors and employees. I think we've laid the framework for the development of credibility and trust.
- Create broad pay scales that will allow management more flexibility. There are collective bargaining implications to that, but that presents itself as an opportunity, particularly as I serve as chief negotiator for the Commonwealth.
- Streamline the disciplinary process. The one thing I've been able to leverage into all the collective bargaining contracts is funding for alternative dispute resolution.
- And finally, beware of broadening the purview of the civil service commission. We have the chair of the civil service commission and some of the commissioners here today, and I'm sure they'll take that one to heart.



Frank Thompson, a scholar of state and local civil service systems.

Frank Thompson: The themes of this *White Paper* very much reflect those of the National Commission on State and Local Public Service report, *Hard Truths/Tough Choices: An Agenda for State and Local Reform*. An underlying theme of this paper, and an underlying theme of the commission, was to deregulate. Let managers manage, free them up from rules and red tape, hold them accountable. The watch words—the key concepts—are fewer rules and greater decentralization.

I have just one addition. I remember once talking to the leaders of a major white collar union in New York state. I said, “You’ve got to get rid of some of these rules. It’s really in your interest to free things up and give managers more discretion.” They said, “You know, you just do not realize how bad a lot of these managers are; you’re talking about liberating people whose management skills are, in all candor, not that great.” The view of the commission was that if you are going to free managers up and let them manage, then training becomes all the more critical.

We looked at what percentage of corporate personnel budgets went to training and found some corporations spending 6 percent of personnel payroll expenditures on training activities. Now, that’s an awful lot for the public sector. The commission came out with a benchmark recommendation for state and local governments of about 3 percent. One *Governing* magazine article that compared the various states gave Massachusetts some credit for being better at this than a lot of other states.

If you’re going to deregulate, make sure you invest in building the capacity, knowledge, and skills of your managers. That’s going to require paying attention to training dollars and, of course, trying to get the most value out of them.

Let managers manage, free them up from rules and red tape, hold them accountable...[but] then training becomes all the more critical.

—Frank Thompson