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REPORT ON CIVIL SERVICE PILOT PROJECTS AT THE
MINNESOTA DEPARTMENT OF HUMAN SERVICES

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Background

Through Laws of Minnesota 1994, Chapter 453, the Minnesota Legislature authorized the Minnesota Departments of Human Services and Transportation to conduct civil service pilot projects for the purpose of improving the efficiency or effectiveness of the agencies' operations. The previous year, the legislature had given similar authority to two small state agencies. The purpose of the new legislation was to see how such an experiment would work with two large agencies.

The legislation established in DHS a joint labor-management committee, with equal representation from bargaining unit and managerial employees, which is responsible for designing most of the pilot projects. The projects may include things which would need waivers of existing civil service rules which are defined as rules, policies or procedures of the Department of Employee Relations (DOER). Those projects which would violate current collective bargaining agreements must be approved by the labor-management committee.

Through Laws of Minnesota 1997, Chapter 97, Section 18, the Minnesota Legislature expanded the original pilot project authority to allow pilots involving the waiver of some portions of Minnesota Statutes, Chapter 43A and to eliminate the sunset provision of June 30, 1998. The law requires DHS to evaluate the pilots on the basis of these four factors:

- (1) the extent to which the department of human services has been successful in maintaining a merit-based human resources system in the absence of the traditional civil service rules and procedures;
- (2) the extent to which the project's projected outcomes were achieved;
- (3) the satisfaction of managers, supervisors, and exclusive representatives of employees with the changes; and
- (4) the extent of complaints or problems arising under the new system.

It also requires DHS to make reports to the legislature by January 15, 1999, January 15, 2000, and January 15, 2001, on the progress and results of the project. This is the last of those reports.

Employee Selection Projects

The DHS Civil Service Pilot Project Committee initially agreed to pursue projects in the area of employee selection. The committee reached this agreement through a process of problem identification, categorization and prioritization. Part of the process included an assessment of whether the proposed solutions to the problems are "do-able" and whether they are sufficiently non-controversial to allow the committee to work together on issues of

common interest and build group trust and a willingness to tackle more difficult issues.

The committee determined that innovations in employee selection procedures were likely to have significant impact on the efficiency and effectiveness of agency operations and, thus, looked for projects that would result in these outcomes:

- Increased administrative efficiency and more opportunities for managers and supervisors to fill vacancies quickly by having pools of qualified state employees available without the need to announce and administer exams;
- Increased administrative efficiency and greater employee satisfaction by eliminating the need for DHS employees to retest due to expiration of an eligible list; and
- Increased mobility opportunities for employees through transfer, demotion and access to vacancies for which exams are not announced.

The following four projects were implemented on July 1, 1996:

1. Continuous Application Policy

DHS employees are allowed to apply and test for any job class used in DHS at any time without the exam having to be announced and opened to application. This required a waiver of current DOER policy.

2. No Need to Retest to Stay on an Eligible List

Once qualified and on an eligible list for a DHS class, a DHS employee remains qualified and on the eligible list unless and until the exam changes substantially or the employee is removed pursuant to the other reasons contained in current DOER rule. This required a waiver of current DOER rule.

3. Different Class Transfer and Demotion "Lists"

Establish different-class transfer and demotion lists for DHS employees and classes. This required a waiver of current DOER policy.

4. Supervisory Assessment of Qualifications for Transfer and Demotion

Obtain delegated authority from the DOER for DHS to determine qualifications for transfers and demotions. Allow hiring supervisors to declare applicants for transfer or demotion "qualified." This required a waiver of current DOER policy.

Evaluation

A formal evaluation of these projects was conducted after one year. The evaluation methods for all four projects included reports of problems by users and a satisfaction survey of all DHS staff. For the fourth project, supervisory assessment of qualifications for transfer and demotion, additional evaluation factors included a review of the rationale used by supervisors in qualifying employees for transfer or demotion under the pilot project: a count of the number of people qualified for transfer or demotion under the pilot project who do not pass probation; a count of the number of layoffs averted by use of this pilot project; and a comparison of the numbers of promotions and transfers that occurred within DHS

during the year prior to the pilots with those occurring during the pilot projects.

Numerous problems were reported by human resources staff in the initial months with regard to the first two projects. Both of these required the cooperation of DOER staff and changes in DOER's operating procedures. After many meetings, new procedures were eventually implemented that allowed the DHS projects to proceed as envisioned and there have been no recent complaints.

No problems or complaints were reported for pilot project # 3. AFSCME reported serious concerns about the first use of pilot project # 4. The first use involved the transfer of an employee from a class represented by the Minnesota Association of Professional Employees (MAPE) to a class represented by AFSCME. The vacancy that was filled had been the subject of scrutiny and controversy for several months, and there were AFSCME employees on the eligible list for the class hoping for promotional opportunities. The person transferred into the job was a MAPE employee who would otherwise have been subject to layoff under the Memorandum of Understanding. No other problems or concerns were reported. The rationale reported by supervisors in support of their assessments was well-grounded. Everyone appointed via this pilot project successfully completed the required probationary period.

The survey showed that most employees, particularly those in the State Operated Services, were not aware of the pilot projects. Reported usage rates bear this out, to some extent. For example, there were only 4 uses of pilot project # 4, a high of 146 reported uses of pilot project # 1, 111 reported uses of project # 2 and 19 reported uses of # 3. Of those who used the projects, satisfaction with the experience was generally very high.

As a result of the evaluation, the committee developed and implemented a formal communications plan to help spread the word about the projects, but with the understanding that knowledge and usage will always be somewhat limited because of the complexities of the state system and the lack of interest of many employees.

Since the formal evaluation, there have been no reported problems with the projects. Managers have expressed appreciation for the ability to fill vacancies more quickly from lists of current employees. Employees have appreciated the ability to take exams and get on lists on an ongoing basis for all classes used in the department.

Audit Appeal Project

The committee implemented a new project in January 1998, which involves the use of a four-member labor-management panel to "hear" appeals of job classification determinations and make recommendations to the DHS Human Resources Director. This project is not designed to address a significant *actual* problem, because there are very few adverse classification decisions, but it is designed to address a significant problem of a *perception* of unfairness or inequity that is shared by some employees and supervisors.

To date, there have been seven appeals: four were turned down by the panel; two were returned to the local Appointing Authority for additional work to clarify the actual and current job duties; and the seventh was approved by the panel, but the panel's decision was rejected by the DHS Human Resources Director because the decision was not consistent with statewide standards for the classes involved.

The committee did not anticipate much use of this project since virtually all classification decisions are approved as submitted, but the committee believes that the mere existence of such an appeal process has decreased the perception that the process is biased. People feel more comfortable knowing that a labor-management appeal process exists.

Other Projects

Staff of the DHS Human Resources Offices make job classification decisions under authority delegated to them by DOER. That authority has been granted for all but the Personnel classes. The pilot project legislation has allowed the DHS Human Resources Director to make allocation decisions involving those classes. The decisions are, like all such decisions, documented and based on well-established standards.

The pilot project legislation has also allowed the DHS Human Resources Office to modify the selection processes for nine professional, supervisory and managerial accounting classes to simplify the exams, open them competitively to the public and to current employees, and to keep them open all year round. This enabled the department to more quickly hire good candidates, e.g., when doing college recruiting, interested candidates can quickly be tested and offers made on the spot. At the same time, though, the changes have made it easier to promote internal candidates who may not have college educations, but who have "come through the ranks" and already understand the State's financial systems.

Conclusion

The department is satisfied with its pilot projects to date and appreciates the opportunity to try new things with the state's civil service system. The Department of Employee Relations and other state agencies have expressed interest in learning about projects and hope to be able to transfer some of our projects to a wider audience. The Department of Employee Relations is again pursuing major reform in the State's hiring system and, if approved and funded by the Legislature, that new system will replace several of the DHS pilots.

DHS Civil Service Pilot Projects
Laws 1997, Chapter 97, Section 18

1. Continuous Application Policy (effective 7/1/96)

DHS employees are allowed to apply and test for any job class used in DHS at any time without the exam having to be announced and opened to application. This required a waiver of current DOER policy.

2. No Need to Retest to Stay on an Eligible List (effective 7/1/96)

Once qualified and on an eligible list for a DHS class, a DHS employee remains qualified and on the eligible list unless and until the exam changes substantially or the employee is removed pursuant to the other reasons contained in current DOER rule. This required a waiver of current DOER rule.

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4. Supervisory Assessment of Qualifications for Transfer and Demotion (effective 7/1/96)

Obtain delegated authority from DOER for DHS to determine qualifications for transfers and demotions. Allow hiring supervisors to declare applicants for transfer or demotion "qualified." This required a waiver of current DOER policy.

5. Job Audit Appeals (effective 11/1/97)

Job audit determinations may be appealed by a job incumbent or the job's supervisor to a four-member labor-management panel. After a review of relevant documents and presentations by the appellant and the HR consultant who made the audit determination, the panel makes a recommendation to the agency HR Director. This is a waiver of DOER policy which provides for such appeals only to HR, usually the same person who did the audit.

6. Personnel Series Job Audits (effective 9/99)

The DHS Human Resources Director is authorized to allocate jobs to classes in the Personnel class series. To date, six positions have been allocated within the Personnel series: 3 new positions and 3 reallocations. Two more reallocations are in the hopper. This is a waiver of the DOER policy to withhold delegated authority for the Personnel class series.

7. Accounting Series Selection Process (effective 1/3/00)

DHS developed experience and training ratings for 9 classes in the Accounting class series and announced them on a competitive open, and open continuous, basis. They are also open promotionally. This is a waiver of DOER policies and procedures governing the extent of competition and the assessment methodologies for these classes.