

PERSONNEL MANAGEMENT FOR THE 80'S

**Report and Recommendations
for the State of Minnesota**



to

Governor Albert H. Quie

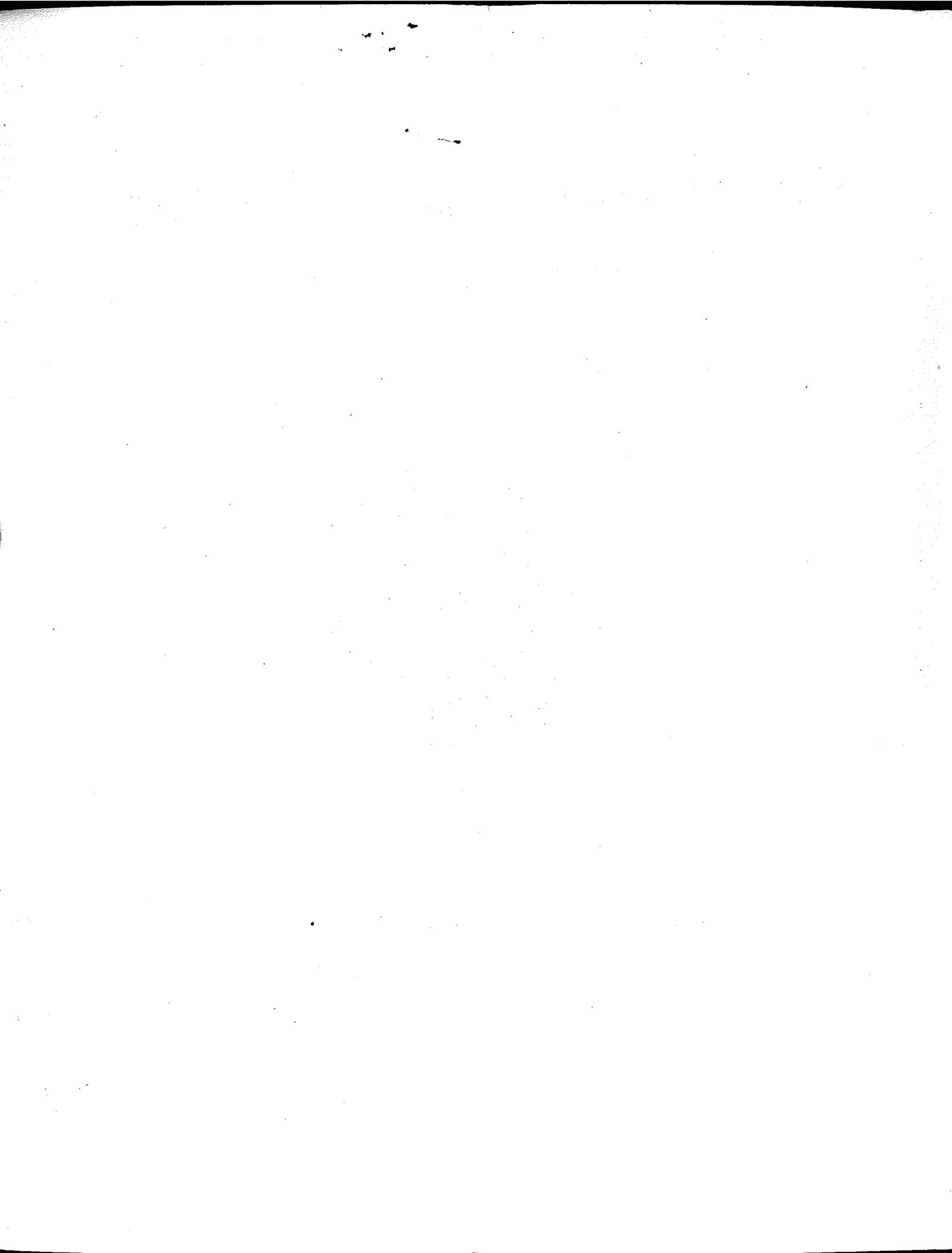
and

Commissioner Barbara L. Sundquist

Submitted by

Governor's Task Force on Personnel Management

August 15, 1980



August 15, 1980

The Honorable Albert H. Quie
Governor of the State of Minnesota
State Capitol
State of Minnesota

Dear Governor Quie:

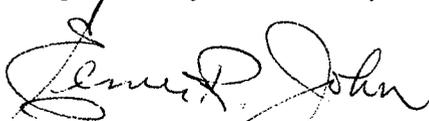
It is a privilege and a pleasure to present to you on behalf of the Governor's Task Force on Personnel Management the report entitled PERSONNEL MANAGEMENT FOR THE 80's, Report and Recommendations for the State of Minnesota.

The Task Force has recognized and brings to your attention many notable examples of program quality within the Department of Employee Relations where it has been responsible for innovative changes and effective services. At the same time, the Task Force has made recommendations toward improvement of the State's management system in those areas where it saw fit to do so.

A number of issues have been studied by the Task Force which has attempted to keep its recommendations oriented toward service to the public and its concerns, recognizing that state management and state employees have a highly legitimate stake in achieving satisfaction and personal success in the provision of that service.

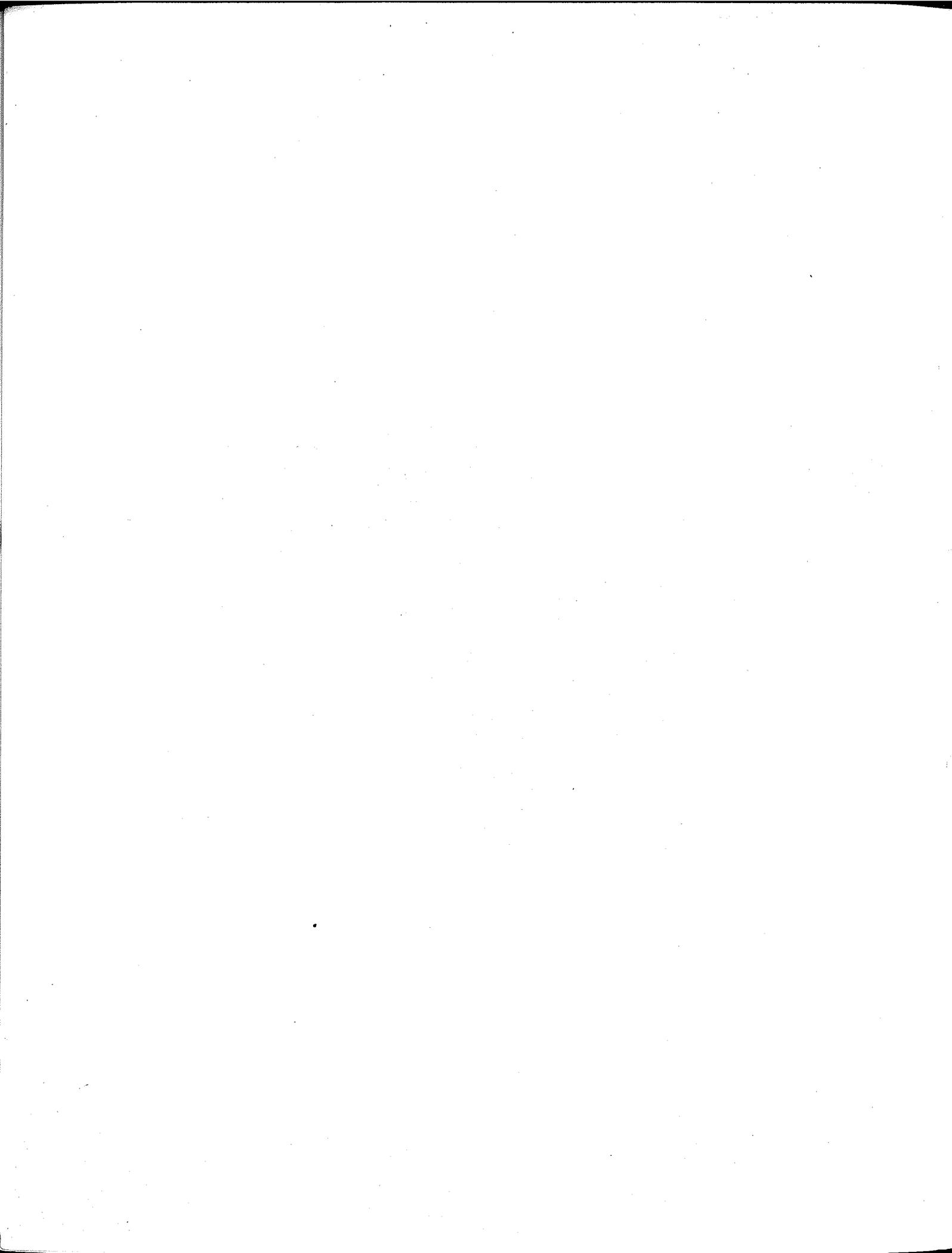
The Task Force appreciates the assistance of the Project Coordinator, the cooperation of the Commissioner of Employee Relations and personnel of the Department, the Area Office of the United States Office of Personnel Management, representatives of employee unions as well as the state operating agencies in making many qualified staff members available to assist the Task Force and its sub-committees.

Respectfully submitted,



Elmer R. John, Chairman
Governor's Task Force on Personnel Management

ERJ:VL:bh



ACKNOWLEDGMENTS

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Project Coordinator

The Governor's Task Force on Personnel Management was fortunate and grateful for the assistance of the highly competent and knowledgeable career public employees appointed by the Governor as resource persons for its study of the personnel management system in Minnesota state government. The Task Force acknowledges the valuable contributions of its resource persons and the cooperation of appointing authorities who made their services available.

The Task Force is appreciative of the time and effort spent by all persons too numerous to name who volunteered issue papers for its study or otherwise contributed to its review of the State of Minnesota's personnel management system.

The Commissioner and the staff of the Department of Employee Relations were most helpful and cooperative in assisting the Task Force. Managerial employees served as staff to the sub-committees while others participated in the conduct of special studies in connection with Task Force activities and assisted in the preparation of issue papers.

Special thanks are due Jennifer Hance who provided exemplary secretarial services and Colleen Schwanke, Dawn Walker, Joanie Pream, Cheryl Ness and Bonnie Heir of the Department of Employee Relations Word Processing Unit who cheerfully responded on short notice to requests for issue papers and drafts and produced this final report.

The cover of the report was created by Gil Kinnunen of the Department.

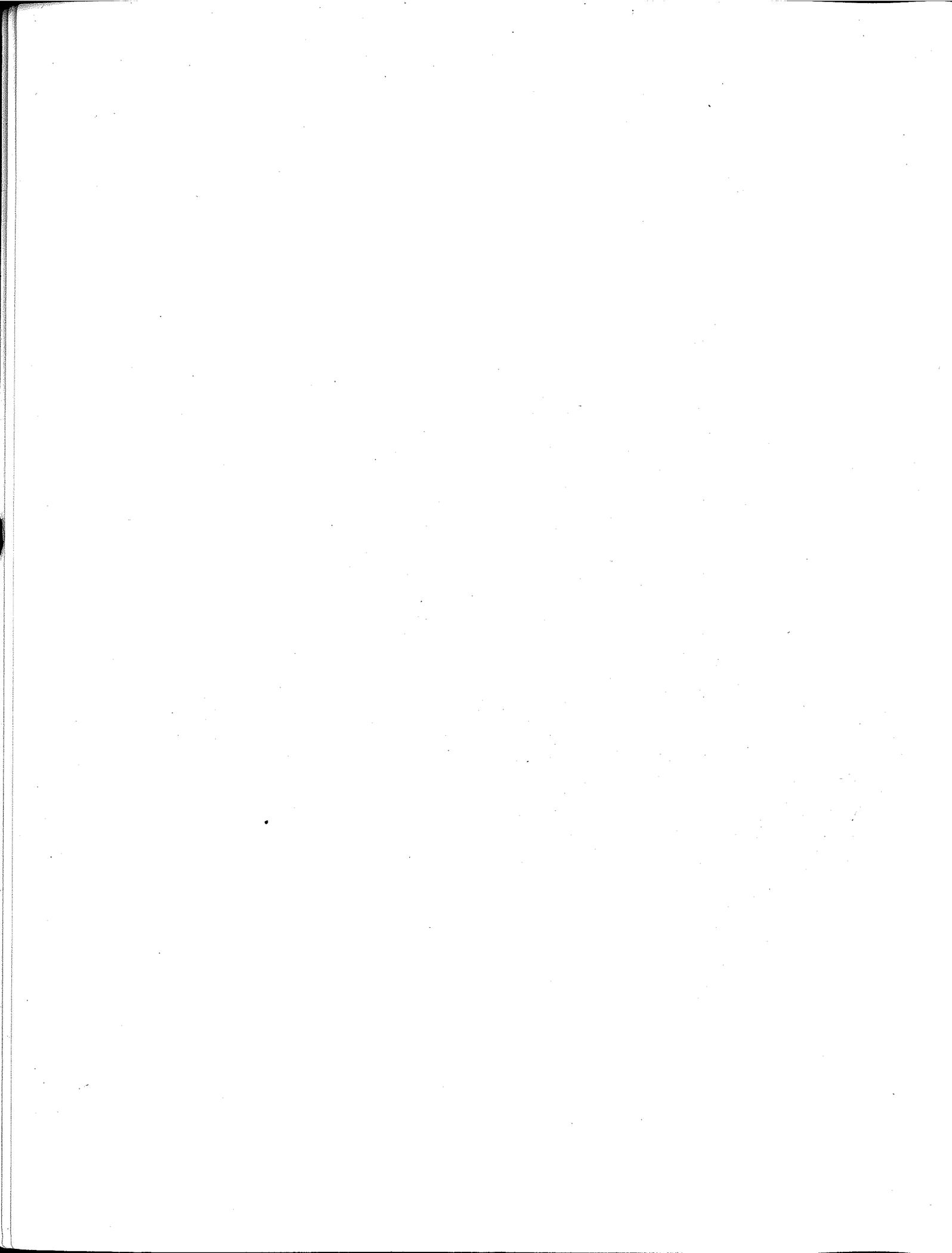


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RESOURCE PERSONS APPOINTED BY THE GOVERNOR
TO ASSIST THE TASK FORCE

Kent Bailey	Area Manager, U.S. Office of Personnel Management
Wayne Burggraaff	Commissioner, Department of Finance
Harvey Caldwell	Caldwell Associates, Inc., former Assistant Commissioner, Department of Public Welfare
Daniel Magraw	Deputy Commissioner, Department of Administration
Marilyn McClure	Commissioner, Department of Human Rights
Robert McDonald	Deputy Commissioner, Department of Transportation
Ronald Olson	Personnel Director, Department of Revenue
Kris Sanda	Director, Consumer Services Division, Department of Commerce
Joseph Sizer	Deputy Director, State Planning Agency
Lance Teachworth	Labor Negotiator, Department of Employee Relations
Jack Young	Commissioner, Department of Corrections

CHARGE TO THE TASK FORCE

The Task Force charge was to:

Study and analyze Minnesota's personnel law as it applies to practices in examining and referral, total compensation, classification, work force size, turnover, training, affirmative action, labor relations and general personnel management practices.

Prepare a report on its findings and recommendations for the Governor and the Commissioner of Personnel (now Employee Relations) by August 15, 1980.

Assist in the development¹ of a model personnel management law by September 30, 1980.

The charge was viewed as an opportunity and a challenge, not only for those involved in the brief study undertaken by the Task Force, but also for state management, the public and its representatives and employees of the State, to help foster, maintain and continually improve the effectiveness and efficiency of the government of Minnesota through personnel management improvement and assurances of equitable and fair treatment of the public and its employees.

¹See Appendix A for complete text of Executive Order No. 79-37.

TASK FORCE PROCESS

The Governor's Task Force on Personnel Management² was created by Executive Order of Governor Albert H. Quie. The Governor appointed fifteen members representative of business, labor, personnel, management and the community to study the personnel management system in the State of Minnesota outlined primarily in Minnesota Statutes, Chapter 43 (1978). The Governor also appointed eleven resource persons to assist the Task Force, a corps of knowledgeable government personnel and management professionals, the Area Manager of the local office of the United States Office of Personnel Management and ten career state employees with experience and expertise in personnel, management and labor relations.

The Task Force became operational on December 5, 1979, according to law, fifteen days following the November 20, 1979 Executive Order filing date. By the time the Task Force became operational, the Legislative Commission on Employee Relations created by Minnesota Statutes § 3.985 (Supp. 1979) had been functioning for some months. Prior to the 1980 legislative session, the Commission concentrated on the labor relations aspects of the system and a complete review of the Civil Service Act (Chapter 43) was held for interim study and action during the 1981 legislative session. The importance of the personnel management system in the effective functioning of the state government is borne out by the fact that both the legislative and executive branches felt that a review followed by appropriate action could strengthen and improve the system.

The Task Force functioned as a part of a larger one year Personnel Management Improvement Project partially supported by federal Intergovernmental Personnel Act funds. The budget for the total project was \$77,776. The Task Force, itself serving without compensation, was conscious of its limitations in both time and funds. Consequently, holding hearings or formally soliciting citizen or employee input which, under a less constrained deadline and with additional financing, the Task Force would have preferred was not feasible.

The Legislative Commission on Employee Relations had developed legislation revising parts of Chapter 43, the Civil Service Act, and Chapter 179, the Public Employment Labor Relations Act, hereinafter "PELRA", to improve procedures and relationships involved in the interaction of the provisions of the two statutes. The Commission held frequent public hearings. Task Force hearings in addition during that time would have become unduly burdensome for major participants in the personnel management and labor relations processes and of questionable value prior to the close of the legislative session.

² Appendix A.

Task Force members and resource persons had a deep appreciation of the importance of their charge. The members were well aware of the changes in the personnel management system since the start of the merit system in 1939.

Most sobering to the Task Force was the fact that the major provisions of the Civil Service Act and of good personnel management had been deleted effective July 1, 1981 by Laws of 1979, Chapter 332 as amended by Laws of 1980, Chapter 617 § 43. They found that the State, without further legislative action, would be without an examining system, a classification plan, provisions for certification of eligible candidates and a number of other essentials of a merit system. As the Legislature had sufficient uncertainty about the personnel management system to prompt a review by its Commission, the Task Force believed its assignment included suggestion for legislative changes to assure the vital parts of the system.

The Task Force developed a set of Task Force objectives³ to guide its thinking and concluded that its activities and recommendations should identify and address issues that would:

1. Provide the State with a competent and productive work force.
2. Assure a balanced work force proportionately representative of all societal groups.
3. Assure, fair and equitable treatment of the public and its employees.

To utilize its limited time period most effectively, the Task Force was organized into five sub-committees:

General Policy and Practice
Classification
Examining and Referral
Labor Relations
Total Compensation.

A proportionately representative work force within the Minnesota civil service was an overriding concern. Rather than having a separate sub-committee to address questions of equal employment opportunity and affirmative action, each sub-committee considered these important matters in relation to its topical assignment. Each sub-committee assessed and made recommendations for identifying and reducing the adverse impact of the various functions of personnel administration and collective bargaining on entrance and career progression of members of protected classes in the state service.

³ Appendix B.

Drawing upon their considerable expertise, the sub-committees developed philosophy and policy statements related to their areas of study, defined appropriate roles and relationships and discussed the present personnel management system with an eye to possible improvements.

Each sub-committee chairman was free to develop his own approach to his assigned subject area. The Classification and Total Compensation sub-committees had overlapping concerns and met jointly on occasion. The General Policy and Practice sub-committee invited experts in the personnel management-labor relations field to appear at its committee meetings, such as the Commissioner of Employee Relations and the Director of the union representing the largest number of state employees.

The Examining and Referral sub-committee chose to review and discuss each provision of the Civil Service Law relating to its topics of consideration, assessing the implications of each and making recommendations for changes. The Labor Relations sub-committee was more affected than any other by the legislation prepared by the Legislative Commission on Employee Relations⁴ because of the intense interest in that legislation and the frequent amendments thereto as the sub-committee's work was in progress. There were many discussions of the Task Force Chairman, sub-committee chairmen and other members with the Project Coordinator on specific concerns.

The full Task Force including resource persons assigned to the personnel management improvement study met in general session on four occasions. The first of these general meetings was held on November 27, 1979, when the Task Force and resource persons met with the Governor in a preliminary meeting to hear his charge and expression of concern and support. Three other full Task Force meetings were held, on April 10, May 28 and July 17, 1980, during which objectives were developed and work of the sub-committees and issue papers reviewed.

In order to focus on issues and to allow outside input, the Task Force chairman had asked that issue papers be developed by staff and any others with a concern about the personnel management process and how it might be improved statutorily or administratively. The policies developed by the sub-committees and the issue papers prepared by a great number of authors on which the Task Force was able to reach general agreement formed the basis for many of the recommendations included in this report.

⁴ SF 2085; HF 2154.

INTRODUCTION

Challenges for the 1980's

The 1980's will present a challenge without precedent to public personnel management, in the State of Minnesota and other governments. The evaluation process related to public personnel begun in the 1970's will continue and a redefinition of roles may be anticipated. Demands for more effective public service can be expected to increase as taxpayers insist on accountability for expenditures of decreasing "real" dollars. Improvement in productivity of government agencies and individual employees will be a major concern of this decade and beyond. Improving productivity seems the only reasonable answer to maintaining service with limited financial resources. The concern for productivity improvement, shared by the State of Minnesota, other governmental jurisdictions and the private sector has to do with motivation, skill and management development, reward systems, labor management relations, and a host of other human considerations, all part of personnel management.

The increasing importance of personnel management in the public sector as well as in business and industry is indicated by the growing realization that "people experts" are as important, if not more so, to an enterprise as experts in finance, or, in the private sector, production and marketing. It is people who make programs work. In labor intensive enterprises like government, the most effective use of human resources is an imperative. Assessing personnel management achievements, establishing objectives and performance indicators, will become a high priority.

A backward look at the 1970's is instructive. During the last decade, public personnel management was in the process of change throughout the nation. During the 1978-79 biennium, twenty seven of the states established study commissions⁵ to review their personnel management systems and recommend changes. Officials in most states found it advisable to review and revise personnel policies in some form. Much of the activity in "civil service reform" can be attributed to reform activity at the national level which culminated in the adoption of a revised civil service system for federal employees. The influence flowed both ways. The federal reforms borrowed heavily from initiatives begun in state and local governments. The United States Office of Personnel Management (OPM) and a Merit System Protection Board (MSPB) were created to replace the three member Civil Service Commission which had been in existence since 1883 with the passage of the Pendleton Act. A further legacy of the federal government reform movement which has influenced state legislation and practice is a revision of the "Merit System Standards" which must be met by state and local governments for employees in federally funded jobs.

⁵Council of State Governments, Lexington, Kentucky, The Book of the States, 1980-81, Vol. 23, "Civil Service Reform".

In addition to the reality of more stringent budgets and public demand for accountability, the 1970's were marked by other developments and pressures that impacted personnel management.

- Equal employment opportunity concerns for protected classes which, since the passage of Title VII of the Equal Employment Opportunity Act of 1973, includes the handicapped and, more recently, Vietnam era veterans.⁶
- Increasing unionization in the public sector.
- A changing work force including a greater number of women than previously anticipated and an influx of new workers, such as Hispanics and Vietnamese.
- Potential and current employees with changing attitudes and values and higher expectations for career progression and involvement in decision-making.
- Greater concern by employees for the quality of work life, leisure and family relationships which has led to experimentation with new patterns of work.

Personnel management systems everywhere including that of Minnesota state government can anticipate many problems and opportunities for the 1980's.

Jerome M. Rosow forecasts a number of shifts in the labor market in the 1980's that will affect all employers:

1. The number of young workers, particularly white youth, will fall sharply which will help to solve the unemployment problems of teenage youth. Young workers, because of their reduced number, may expect relatively higher earnings.
2. The 1980's will see a "demographic bunching" of persons in the 25-44 age bracket, the prime age work force. The number of persons in this age group will have increased 55%, from 39 million in 1975 to 60.5 million in 1990. Intense competition for promotions, severe disappointments and increased pressures on management development, training and pay policies can be anticipated in most organizations.
3. The role of women in the labor force is expected to continue its upward trend.

⁶ Protected classes in Minnesota comprise minorities, women, handicapped and Vietnam era veterans.

4. Heavier competition for desirable jobs can be expected not only because of increased numbers in the labor force, but because of an increase in the number of qualified minority and women workers, which should result in an increased labor force participation rate. There may be more participation of older workers with the raising of the mandatory retirement age but this will be dependent on a loosening of social security restrictions, more flexible working arrangements, job re-design and a general set of personnel management policies to accommodate older workers.

Additional concerns involve the general decline in job satisfaction, a phenomenon that has been substantiated in recent surveys; a number of economic and sociological changes that have affected attitudes toward work and authority; and a decline in the confidence in institutions. Public personnel management will need to learn to assess and accommodate factors that were relatively foreign to decision-making in earlier years.

Both the external labor force and the internal labor force of the state service will impact the productivity and effectiveness of state functions. Managers will need to understand the subtleties of the changes in the work force and react with innovative policies and programs such as flexible working hours, job sharing, staggered hours and a system oriented to special tasks or projects.

Perhaps personnel management has survived more turbulent times, but the decade ahead may be expected to challenge the abilities and creativity of personnel management in different ways than before.

⁷ Rosow, Jerome M., "Personnel Policies for the 1980's". Unpublished paper prepared for United Hospitals, St. Paul, Minnesota, January, 1980. Mr. Rosow is President, Work in America Institute, Inc., Scarsdale, New York.

THE MERIT SYSTEM

What is a Merit System?

A modern merit system is a public personnel management system which provides the jurisdiction it serves with qualified, productive employees to serve the public in an effective, efficient and responsive manner. A merit system is accessible to every citizen with entry to and progression in the system based on qualifications and performance on a non-political basis.

The Task Force sees value in the merit system and in the collective bargaining system, both of which are embodied in statute. The Task Force encourages the State to seek the most beneficial interaction of these important elements of its personnel management system and makes its recommendations in pursuit of ways to assure this desirable accommodation in the public interest. Nothing in this report or its recommendations is intended to infringe upon or abridge the rights of employees under PELRA.

In this spirit the "essential elements" or necessary components of a personnel management system based on merit are outlined.

1. Dedication to active recruitment, a continuous searching out process to assure a diverse highly qualified group of applicants and over time the achievement of a balanced work force.
2. Valid, reliable and objective selection methods for original appointments and promotion that assure fair and job related tests of individuals' abilities to perform competently and/or their potential.
3. Referral procedures that provide for appointments of the most qualified with sufficient flexibility to allow for equal opportunity in selection.
4. Training and staff development directed toward raising all current and newly hired employees to the desired level of competency with reasonable access to such training.
5. A current classification plan, grouping and distinguishing positions on the basis of difficulty and responsibility, on which is based an equitable compensation plan and other personnel program activities.

⁸Issue Papers, Governor's Task Force on Personnel Management, St. Paul, Minnesota, August 15, 1980, "The Essentials of a Merit System."

6. Duties and responsibilities clarified and performance standards or objectives established.
7. Pay and retention in the service based on performance.
8. Orderly separation procedures including, where appropriate, provisions for appeals, hearings and due process.
9. Protection from political coercion; encouragement of legitimate dissent; and a code of ethical performance.⁹

History in Minnesota

The State of Minnesota joined the "merit system states" in 1939 during the wave of civil service reform that swept the country in the 1930's. Chapter 43, the Civil Service Act, became law on April 22, 1939. It provided for a system of merit employment in the state service with broad coverage in the classified service.

The statewide merit system established in 1939 was one of several reforms undertaken that year. It has well served Minnesota citizens, its government and its employees and earned Minnesota an enviable reputation in personnel management among the fifty states. The State functioned from 1939 until 1973 under a traditional merit system with a three member policy making/quasi-judicial Civil Service Board and a Director appointed by that Board. In those 34 years, three directors of civil service served as administrative head of the central personnel agency created by the 1939 Act.

In 1973, major changes were made in the Personnel Act. Laws of 1973, Chapter 507 abolished the Civil Service Board which had appointed the administrative director in the classified service. It created a politically sensitive and responsive Commissioner of Personnel appointed by the Governor with a four year term concurrent with the Governor's. The three member policy-setting - rule-making - quasi-judicial Civil Service Board was replaced with a seven member Personnel Board appointed by the Governor¹¹ with specific and limited functions including hearings on appeals. Though only three directors served during the 34 previous years under the Civil Service Board, five successive Commissioners of Personnel had been appointed to office from 1973 to 1979.

⁹ Issue Papers, op.cit., "Political Activity and the Protection of Employees from Coercion"; "Legitimate Dissent: Whistleblowing"; Minnesota Code of Agency Rules, Chapter Nineteen: 2 MCAR §§ 2.275-2.282 Code of Ethics.

¹⁰ As defined in Minnesota Statutes § 43.09, Subd. 4 (1978).

¹¹ Four members were nominees of the Legislature.

The 1979 Legislature enacted Chapter 332 which created a Legislative Commission on Employee Relations to monitor the activities of the Department of Personnel and to study the interrelationships between the Civil Service Act and PELRA. The same 1979 Act provided for the deletion, effective July 1, 1981, of major portions of the Civil Service Act comprising the essential provisions of a merit system. In the absence of further legislation, the State would have been without a merit system.

Further legislation was forthcoming during the 1980 session. Major amendments to both Chapter 43 and Chapter 179 were made by Laws of 1980, Chapter 617. In April of 1980, the Legislature passed and the Governor signed Laws of Minnesota, Chapter 617 which changed the name of the Department of Personnel to the Department of Employee Relations, statutorily restructured the Department and strengthened its role in collective bargaining. The law also reinstated in statute the basic provisions covering selection and classification which partially restored merit principles into Minnesota's policy for personnel management. Among some of the important provisions that were not returned to the law were those on appeal provisions and hearings, the performance appraisal system and provisions on various other matters.

The Personnel Board also was abolished by Chapter 617 and its duties distributed between the Commissioner of Employee Relations and the Chief Hearings Examiner.

PERSONNEL MANAGEMENT ISSUES
CONSIDERED BY THE TASK FORCE

Many authors have indentified general public personnel management issues for the 1980's. Some of the most pervasive needs pointed out are:

1. Increased responsiveness to citizens in public personnel management and reorganization to accomplish this end.
2. Increased flexibility in the personnel management system to permit managers to manage effectively.
3. Improvement in productivity and performance, of individuals and in effectiveness of programs.
4. Increased emphasis on performance appraisal and pay according to performance.

The Governor's Task Force on Personnel Management considered all of the above within the context of the merit system in Minnesota. More specifically, the Task Force deliberated over the following issues identified as pertinent in the state service:

1. The extent of merit system coverage and appropriate exemptions from the merit system.
2. Accommodation of the merit system and the collective bargaining system.
3. The roles and relationships of different offices, functions and positions in the total personnel management system.
4. Political activity and the protection of employees from coercion.
5. Personnel management's role in budgeting and work force planning including timing of collective bargaining to precede budget adoption.
6. The State as an equal opportunity employer in dealing with the integration of merit system principles with those of affirmative action.
7. Modifications in patterns of work such as job sharing, variable work weeks and flextime to meet the needs of present day public management and employees.

8. The development of statewide management systems, including the assignment of responsibilities and accountabilities, so that the State will be perceived by the public and by state employees as a single, coordinated employer.
9. Relationship of performance appraisal to the reward system, staff development, salary comparability and pay based on performance.
10. The career executive system and strengthening of management.
11. Criteria for retention in, career progression through, and separation from the system.
12. Strategies for productive individual and group performance.
13. Trends in validation feasibility, "reverse discrimination", veterans preference, open competition, bandwidth certification, handicapped, alternative selection procedures to provide greater flexibility for entrance into the system and other issues in selection.
14. Appeals, hearings and due process on employee grievances.
15. Legitimate dissent: "Whistleblowing."
16. Centralization vs. decentralization in the personnel management function.
17. Assessment of personnel management's achievements through establishment of objectives and performance indicators.

The issue papers developed for the Task Force, which are available in its working papers, matched the concerns expressed above. The Task Force noted that a number of issues of national concern on which recommendations had been made in connection with federal civil service reform and which are still under consideration in some states had in fact been resolved in Minnesota. Innovations in the federal personnel management system, for example, a performance appraisal system, had been installed within the Minnesota system previous to their adoption at the national level.

Overall, there were concerns for responsiveness of the personnel management system to the needs of management and to the general public. Responsiveness to the public can be improved, in the opinion of the Task Force, through the State's continuing to forge sound working relationships between the central personnel agency and operating management in their joint responsibilities in personnel management. The central personnel agency can make and has made improvements, broadening the lists of names referred to agencies, for example, which indirectly address the issue of responsiveness.

Questions as to the appropriate extent of centralization or decentralization of certain personnel functions and how to provide management more flexibility in personnel management decisions also occupied the Task Force. A careful effort was made to view all these concerns with perception of the similarities and differences between the public and the private sector.

The Task Force did not consider other issues that are of concern to some governments in the United States such as:

1. Contractual arrangements with private sector employers for public services, such as, custodial, professional or data processing services.
2. Further restructuring of the central personnel agency.
3. Requirements that public employees reside in the jurisdiction by which they are employed.
4. Court decisions and trends relating to the employment of aliens.
5. Employee privacy rights concerning the use of "self incrimination" devices in selection and retention and employee rights to examine and correct employer records.
6. The ethics of public employment.
7. Pension issues.

The Task Force was of the opinion with respect to the issues listed directly above and others that either the issue was beyond the scope of the Task Force study or had been dealt with effectively in the State of Minnesota.

SUMMARY OF RECOMMENDATIONS

The Task Force found that the personnel management system in Minnesota is basically sound and has always had a reputation for striving toward a superior system.

A number of issues which have received attention in other states and recent reforms instituted are "non-issues" in Minnesota because the State has kept abreast of current concerns and has made creative changes in response to changing times. For example, sister states and the federal government have initiated senior executive systems and/or performance appraisal systems among their recent reforms. These features have been part of the Minnesota system since 1969 and 1973 respectively.¹²

Some existing conditions, however, are disturbing and warrant attention. Although the Department has prepared a mission statement, it needs review and upgrading, with the Governor's concurrence, to the status of an overall personnel management policy statement for the State. The Task Force recommends that:

THE COMMISSIONER OF EMPLOYEE RELATIONS WITH THE GOVERNOR'S INVOLVEMENT DEVELOP A CLEAR STATEMENT OF PERSONNEL MANAGEMENT POLICY IN THE PUBLIC INTEREST DESIGNED TO PROVIDE THE STATE WITH A COMPETENT AND PRODUCTIVE WORK FORCE PROPORTIONATELY REPRESENTATIVE OF ALL SEGMENTS OF SOCIETY AND EMBODYING CONCEPTS OF EQUITY AND FAIRNESS FOR EMPLOYEES.

Commitment to the following concepts and assurances is recommended for inclusion in the policy statement.

1. Maintenance of a competent work force.
2. Productivity and effectiveness due the public.
3. Application of merit system principles.
4. Recognition of the role of the collective bargaining process and its acceptability to management.
5. Recognition, in a clear statement, of management prerogatives.
6. Proportionate representation in the state service of all segments of the work force.

¹²Minnesota Statutes, Chapter 43 (1978) (1969, c 144 s 1-3; 1973, c 507 s 32).

7. A basic set of principles on which employees can rely to govern state employment.
8. Independent and impartial appeal mechanisms available to all state employees.
9. Perception of the State as one employer.

The Task Force strongly recommends that the statutes relating to personnel management, primarily the Civil Service Act, Chapter 43, provide philosophy and policy and that administration and procedural detail be left to the executive branch in order to provide necessary flexibility in administration.

The Task Force further recommends for improved program development and administration that:

1. The current appeal procedures be monitored to seek improvements, including consideration of the possible need to establish a non-partisan mechanism for review and investigation and to hear appeals of non-represented employees.
2. The principles for designation of positions in the unclassified service developed by the Task Force be implemented and that positions in the unclassified service that do not fit the guidelines be placed in the classified service.
3. Emphasis be placed on accurate and professional job analysis as the basis for staffing, compensation, job evaluation and other personnel management functions.
4. The Department of Employee Relations, assisted by operating agencies, maintain an active, continuous recruitment plan and process which assures a diverse, highly qualified group of applicants which contributes to a proportionately representative work force.

(Present law includes no provision for recruitment although the Department does recruit systematically and has utilized special outreach techniques.)
5. Examinations continue to be job related with high validity and reliability.
6. Certification practices continue to allow agency heads a wide selection among qualified candidates and additional names of persons in protected classes to assist in the achievement of affirmative action goals.

It is recommended that the number of names now being certified be further enlarged and if a certification lacks a sufficient number of eligibles to meet state policy requirements for protected classes, additional qualified persons from protected classes only be certified.

7. The Department of Employee Relations and other agencies analyze activities to assure that no program or practice inadvertently directly or indirectly discriminates against members of protected classes.
8. Internal equity in total compensation be maintained between similar classifications regardless of sex or other non-job related differentials that may have existed in the past. The principle of equal pay for equal work should be re-affirmed.
9. External equity in total compensation be assured to equate state salaries to those paid in the market place for similar occupations, responsibilities and levels of position.
10. Individual employee achievement awards be granted principally on the basis of performance.

The State ought to seek out a variety of ways of reinforcing good performance including the further development of incentive pay programs.

11. A continuing effort be made toward improvement, more consistent implementation and increased supervisory training in the Department's well developed and highly acceptable performance appraisal system.
12. Management and supervision be seen as a continuous learning process, periodically updated and reinforced with refresher programs and approaches.
13. Steps be taken to provide additional flexibility in the Career Executive Service (CES) and that there be clarification, especially in the areas of labor relations and equity with the unclassified service.

(Significant improvements have been made recently in the Career Executive Service program. The establishment of a lump sum cash award system for the completion of innovative projects is a notable example. Other problems can be resolved with help from the recently established CES Advisory Committee.)

14. Policies and practices in other than full-time, unlimited employment in the classified service, such as part-time or short term, and contractual arrangements for personal services be reviewed to assure that such employment conforms to the basic intent of authorizing provisions.

15. No change be made regarding veterans preference provisions but that practices be continually analyzed for effect on protected classes.
16. Systematic and regular assessments be conducted in connection with overall auditing efforts among agency heads, managers, employees and the general public to determine the impact of the personnel management system on its clientele so that appropriate changes can be made in a timely manner.
17. The Department of Employee Relations and all other agencies engage in continuous productivity improvement efforts to increase the efficiency and effectiveness of the state service.
18. Relationships of the central personnel agency and others involved in personnel management throughout the various agencies be clarified.
19. Appropriate accommodations be made to the provisions of PELRA.

RECOMMENDATIONS: RATIONALE AND DETAIL

I. Personnel Management Philosophy and Policy

The basic principles for personnel management in state government should appear in the law and standards in rules promulgated by the Commissioner. Labor contract language, although it may deal with certain of the same topics, is not a substitute for public policy statements on personnel management. These statements must guide managers in operating the State system to serve public needs. Collective bargaining agreements or arbitrators' awards govern management relationships with employees but not management's responsibilities to the public.

1. Merit System Coverage

A merit system is of limited effect unless merit principles apply jurisdiction-wide to all but a very few positions. Some of the strengths of the Minnesota merit system have been the extensive coverage of merit provisions in the executive branch and the innovative programs which have been adopted for classified employees including the Career Executive Service and management compensation and development plans.

A means should always be provided in law, however, whereby senior policy making positions are exempt from merit provisions but their number should not be large. The incumbents of these positions are appointed, serve and can be released at the appointing authority's pleasure.

Positions in the Minnesota state service are in the classified civil service by statute with certain exceptions as specified in law. Provisions of the Civil Service Law, as well as numerous specific references in state agency legislation designate positions in the unclassified service. Minnesota Statutes § 43.09, Subd. 2a (Supp. 1979) outlines criteria for the unclassified designation of up to 106 positions in addition to those specifically established in law. Excluding the State University and Community College Systems, constitutional offices and certain other boards and commissions in which all employees are in the unclassified service by law, such as the Board of Investment and the Ethical Practices Board, approximately 250 full-time, unlimited unclassified positions existed as the Task Force began its study.

Currently, a great deal of inconsistency exists in statute and, the Task Force assumed, in practice. Some agencies have only unclassified positions and others have unclassified positions through their line division managerial levels. Still others, and some relatively large agencies, have authority only for very few unclassified positions.

A consistent set of principles and guidelines should govern the extent of unclassified authority for use by agency heads as well as for approving authorities. Because of the nature of the question, the guidelines must be relatively general but should be as specific as possible in order to be useful as a guide for both executive and legislative branch officials.

Minnesota Statutes § 43.09 contains a number of special exceptions from the classified service which also would benefit from review. There may have been appropriate reasons for existing differences among agencies at one time but the Task Force questions their current validity and recommends a complete review of the unclassified service in the executive branch.

The Governor's Task Force became concerned that the merit system which once covered relatively many more positions in the state service than at present may have been eroded over the years. The Task Force has no quarrel with the exemption of positions such as those of department heads, legislative and judicial employees, and certain others from the classified service, but it was interested in the 1973 revisions in the Civil Service Act which, in Minnesota States § 43.09, Subd. 2a (Supp. 1979), gave the Personnel Board (now the Commissioner), upon request of the Governor, additional authority for designation of positions in the unclassified service.

The Task Force assumes that the statutory change was made to "improve the responsiveness" of state government by increasing opportunities for a given administration more easily to appoint persons of its political persuasion in order to re-direct program emphasis or introduce a preferred style of management.

The Task Force is cognizant of and in agreement with the call for responsiveness in government. It is concerned, however, that the State and other governments may tilt too far in the direction of responsiveness without due attention to the equally imperative, if not more insistent, public demands that government act openly and with consistency and fairness to all. Public expectation includes the assumption that these conditions will be met by a productive work force at reasonable cost.

It is not necessary to subvert the merit system to achieve responsive changes in political direction and a willingness on the part of public employees to accomplish the ends of political leadership as has been proved over many years. Upon inquiry of the Council of State Governments, the Task Force learned that its records revealed "no information indicating positions below the second level where state agencies are exempt from the civil service or merit systems. Generally, the second level is deputy director or assistant commissioner. The professional division heads and technical program manager which usually makes up the third tier in government are, in most cases covered by merit rules."¹³ Continuity and consistency takes on greater emphasis, in the view of the Task Force, during times such as experienced in recent years when turnover of elective officials in all governments has been relatively frequent.

The Task Force felt the need to probe more deeply into the practices being followed in designation of positions in the unclassified service, particularly at top management levels. Frequent references to unclassified positions in relation to the Career Executive Service and the management schedule of salaries created some confusion among members as to whether these alternatives were being used interchangeably. Inconsistency was suspected. The Task Force decided to review policy level and confidential unclassified positions in ten departments and left the selection of those departments to the Commissioner of Employee Relations so long as they were representative of both large and small agencies.

2. Study of Unclassified Positions

The study of unclassified positions commenced with the development of a set of principles or criteria which would differentiate between a classified and an unclassified position. Principles were agreed upon by the study group, and interviews with ten selected department heads were conducted using the principles as guidelines. The study started with the premise that the public interest will be best served if state employees are selected, compensated and retained on the basis of merit within the classified service, and that unclassified positions must meet a set of standards for exclusion from the merit system.

¹³Letter from David R. Cooke, Council of State Governments, Lexington, Kentucky, June 23, 1980.

Positions which meet the¹⁴ criteria for exclusion from the classified service include:

- Commissioners/Agency Heads
- Deputy Commissioners/Deputy Heads
- Confidential Secretary to Commissioner/Agency Head
- Assistant Commissioners, Institution Heads and depending on the organization, some Program Directors and others who meet all of the following criteria:
 - a) Report to the Commissioner or Deputy Commissioner.
 - b) Are designated by the Commissioner as part of his/her management team.
 - c) Participate directly in agency policy development and implementation.
 - d) Are required to have a special sensitivity to the Governor's and/or the Commissioner's goals and broad freedom to act or are concerned primarily with the implementation of new program concepts or major changes in existing programs as opposed to managing established ongoing internal administrative programs where continuity and, therefore, precedent are important.

If the criteria c and d above do not clearly distinguish a position in the classified/unclassified service, an additional principle should be applied which, if met, will suggest that the particular position is appropriately in the unclassified service; i.e., the position does not require extensive experience or knowledge within a particular programmatic area such that emphasis in selection need not be placed on programmatic/technical expertise but rather on general management/administrative factors.

These standards were applied in a study of top level positions in the following departments: Administration, Agriculture, Commerce, Corrections, Economic Development, Economic Security, Health, Natural Resources, Public Service and Public Welfare.

¹⁴ Federal Merit System Standards, 900.609, include an additional criterion, i.e., public advocacy of policy as well as policy development, which may have implications for state agencies using federal funding for such positions.

The results were presented to the Governor and the Commissioner on August 5, 1980, in a separate report. The Task Force recommends that the criteria for exclusion from the classified service listed above and used in its limited review be applied to agencies statewide for positions in their management teams and that, if necessary, the Governor and Commissioner propose such criteria for legislative action.

3. A Mechanism for Consideration

The organization form involving a board or a commission at the top of the personnel management system has lost favor among the states and at the federal level. The states now using this form are in the minority, however, the gradual disappearance of policy making/review boards and commissions has removed from public personnel management a mechanism which sought to assure a system oriented to the public interest.

The Task Force considered and rejected the suggestion that a small, non-partisan, professional gubernatorily appointed Board similar to that which existed in earlier years but with vastly limited powers might be established to provide citizen oversight to the personnel management system, advise the Commissioner and the Governor and make final decisions on appeals from disciplinary actions for unrepresented employees. The type of advice and counsel that might be provided by a Board of this kind can be secured without that formal mechanism and appeals better can be handled by experts. Most importantly, the Task Force felt that accountability would be diluted, the Board itself not being accountable to the public or sanctioned by voters. Finally, in the opinion of the Task Force, with the exception of the question of fiscal responsibility, the availability of collective bargaining is as sound a check as any on personnel management.

The Task Force is of the opinion that unrepresented employees, like those represented by labor unions, should have access to an arbitration procedure relating to appeals from disciplinary actions such as dismissal, suspension, demotion and reduction in salary. The appeal procedure should guarantee to both employees and employers a neutral, expeditious and binding resolution of all such disciplinary grievances. The administration of such a procedure might operate as follows:

- The grieving party and the Commissioner of Employee Relations would agree on the selection of an arbitrator; absent such agreement, the parties select an arbitrator from a panel submitted by the Bureau of Mediation Services.

- Timeliness for filing such appeals should be established in statute and should parallel those generally found in state labor contracts.
- Arbitrator's fees and expenses should be shared equally by the grieving party and his/her appointing authority.
- The arbitrator should have authority to award remedies which in his/her judgment are appropriate and necessary, including reinstatement, full or partial back pay, remand of the decision and other appropriate actions.
- Allegations concerning deviations from the procedure, failure to implement the arbitrator's decision and related matters should be referred to the Commissioner, and if still unresolved, to the Governor.

4. Centralization - Decentralization

The issue of centralization of the personnel management function as opposed to decentralization is not clear cut. The most judicious approach to this question is to locate some point between these extremes and define authority for different aspects of personnel management. There are some personnel management functions that should never be delegated to operating agency users of the system if a comprehensive personnel management program is the ultimate goal. On the other hand, some delegated responsibility can accomplish a much more germane responsiveness to agency needs.

Every large industry has a centralized personnel management function at corporate headquarters; every state in the union centralizes its personnel function in order to achieve consistency, continuity and clarity of policy and practice and to manage the human resource equitably and fairly. The private sector with the possible exception of very small organizations, finds a central personnel function a necessity in its profit-making ventures. It is equally a necessity in government if services are to be provided in a cost-effective, productive manner.

As the Task Force has observed elsewhere in this narrative, the State, as one of the largest employers in Minnesota, must operate as a single employer if it is to achieve the effectiveness, efficiency and economy in its operations about which there is so much political and administrative rhetoric.

Decentralization of major aspects of the personnel function would significantly increase the managerial flexibility of operating agencies, but flexibility generally means diversity, inequities among agencies and interagency competition for scarce human resources.

Decentralization should not proceed without adequate controls to assure uniform adherence to policy and personnel standards. With major decentralization, costs could be expected to increase. At present only a few, if any, of the largest agencies would be able to cope with major decentralization in all functional areas. To equip all agencies with the necessary expertise to function well in the personnel management field would be costly and duplicative due to the loss of economy and efficiency of scale.

In the estimation of the Task Force, the Legislature would be ill advised to establish in statute the decentralization of personnel policy and direction, rule making functions or personnel program development and maintenance. Personnel programs can be administered by operating agencies within guidelines and rules promulgated by the Commissioner of Employee Relations. The risk of the emergence of over 100 separate and different personnel management systems, one for each state agency, is too great. The Legislature faced this question with respect to one aspect of personnel management, i.e., its responsibilities in labor relations and determined that a coordinated, centralized function is preferable. The basic responsibility for other aspects of personnel management should also remain with the Commissioner of Employee Relations.

Like in so many other issues concerning personnel management in state government, what is needed is clear policy direction, the details of administration being left to those professionally qualified to execute policy. Considerable personnel management expertise resides within operating agencies and where this occurs, delegation of authority can be more extensive. In the execution of personnel management policy, there are many opportunities for delegation of authority to operating agencies so long as standards are maintained. This delegation or decentralization should emanate from the Commissioner of Employee Relations with the Governor's concurrence under appropriate circumstances and not be a matter of legislative mandate.

Standards should be formalized by the Commissioner subject to the approval of the Governor as to the conditions and circumstances under which decentralization of certain personnel management functions to operating agencies would be authorized. Some standards for decentralization have been developed by the Commissioner and some operating agencies are functioning with limited delegated authority in personnel management.

The larger operating agencies with sizeable personnel staff within their organizations are the most likely candidates for a somewhat decentralized mode of operation. The Department of Public Welfare, for instance, now administers examinations for certain classes of employment and has been delegated authority to enter successful candidates on lists and hire qualified persons without delay. Delegation of responsibility for allocation of positions to class has been extended to numerous agencies but the number of classes involved is quite limited. Administration of the performance appraisal system and of the affirmative action program is the responsibility of all operating agencies under standards set by the central personnel agency.

Further administrative decentralization can be accomplished, but only when the operating agencies have the interest, commitment and resources to take on these additional responsibilities. The argument for decentralization often addresses the question of the inherent slowness of operations in a typical merit system. Speed of operations is indeed sacrificed with control mechanisms built into the system, but if equity and fairness are to remain goals of the system, this tradeoff is a public good. A better reason than timeliness is that a job content and performance oriented system cannot be maintained unless decentralization occurs only under strictly monitored established standards.

The Task Force recommends that the Department of Employee Relations continue to search for and initiate further opportunities to decentralize administrative personnel management tasks to operating agencies, that standards of operation be maintained centrally and that agency performance be closely monitored. In instances where audit results indicate inadequate or irresponsible administration in personnel matters, delegation should be withdrawn.

II. Roles, Relationships and Authorities

The State's complicated employer-employee relationships cannot be managed alone through a central personnel agency but must be an integral part of general management in all agencies. The central agency, the focal point of personnel management, must maintain a close relationship with the Governor and the Legislature and interpret and monitor their personnel management policies consistently throughout the State agencies.

One of the concerns of the Task Force was the apparent difficulty in holding individuals accountable for the various aspects of personnel management. Business-oriented members repeatedly found the dilution of authority and accountability in state government a curious barrier in itself to improvement in personnel management. It was not suggested that the checks and balances built into the State's system of government be removed, as this is a recognized and deliberate difference between government and business, however, the need for definition and clarification of accountabilities was strongly felt.

Clarification of relationships of the central personnel agency with all other individuals and bodies involved in personnel management was the first of several fundamental recommendations. Its concern was that the State is and should behave as one employer, not as a loose coalition of semi-autonomous employers with differing philosophies and policies of personnel management.

The roles and responsibilities of the various participants in personnel management in the view of the Task Force should be delineated in terms of authorities and responsibilities of each.

The Task Force's suggested division of responsibilities is:

1. The Governor

Current law makes the Commissioner of Employee Relations an appointee of the Governor. Under this approach, as opposed to the appointment of the head of the public personnel management system by a Board or Commission, the chief executive is responsible for ultimate policy development and administration. Various statutory authorities are assigned the Commissioner, however, the Commissioner's relationship with the Governor is extremely important.

With the 1973 change in law, the Governor was given an expanded role in the formulation of personnel management policy. The Commissioner of Employee Relations should be expected to provide leadership in cooperation with the Governor to all state departments and agencies in personnel management, labor relations, and affirmative action.

The Governor should take whatever steps necessary to assure that personnel management becomes an integral part of general and fiscal management, and that all departments and agencies use personnel most effectively, in the interest of achieving their objectives in the most effective manner and in order that their respective missions are accomplished.

The Task Force sees in personnel management opportunities for the Governor to convene department heads for executive development on many human resource subjects. Delineation of policies on affirmative action and equal employment opportunity should emanate from the Governor's Office for implementation within agencies, with the guidance and assistance of the Department of Employee Relations which should also monitor progress of the execution of the Governor's affirmative action policies.

The Governor should hold the Commissioner of Employee Relations and agency heads jointly accountable, not only for statutory imperatives, but also for work force planning, performance appraisal, employee training and development and other personnel management functions. Effective guidance of all agencies with respect to state management's interests in contract negotiation and administration should be provided by the Department of Employee Relations.

Personnel management systems function in all states. Some have limited merit system coverage; other systems like Minnesota's cover the bulk of state employment. Minnesota's system now is similar to the federal system in that the top personnel administrator is appointed by the chief executive. It departs from the federal system with the abolition in 1980 of a personnel board. The federal system retains a bi-partisan personnel board with responsibilities for review and adjudication of appeals.

The most recent issue of The Book of the States,¹⁵ indicates that the head of the central personnel management agency is appointed by the Governor, usually with legislative confirmation, in twenty-four states, contrary to the practice in the relatively recent past when board or commission appointment of the chief personnel management officer was more prevalent.

The decision as to the appointment of the top personnel manager is an important one. That decision for the time being appears to have been made in Minnesota. Arguments in support of a gubernatorily appointed personnel management administrator are:

- a Chief Executive is free to appoint a person of his/her own choice and viewpoint to become the personnel administrator.
- personnel management administrators so appointed are more responsive to the administration's views and wishes.

¹⁵The Book of the States, op.cit.

In support of the appointment of a personnel administrator by a board or commission are these points:

- assures that candidates meet professional requirements for the position.
- provides for continuity of human resource administration through different administrations.
- enables able classified employees to aspire to promotion to the position.
- facilitates an organized recruiting effort to attract capable people throughout the country.

These arguments do not produce mutually exclusive results. The Task Force believes that an effective personnel management system can be maintained under either model so long as policy commitments are made as recommended.

2. The Commissioner of Employee Relations should have primary responsibility for:

- Providing management leadership to the employee relations function and be accountable for its overall performance.
- Maintaining an employee relations administration policy that is equitable throughout the state service, in accord with sound professional standards and which takes into account employees' rights in collective bargaining.
- Representing the State of Minnesota in all facets of labor relations including setting objectives, contract negotiations and contract administration and for relating those activities to pay, benefits, work rules and administrative systems.
- Auditing periodically the outcomes of all personnel management systems to assure they are equitable, accomplishing intent and are of proven professional caliber and soundness.
- Assuring the integrity of the personnel management system through payroll certification.
- Developing for the Governor a long-range personnel management/employee relations plan.
- Maintaining an active recruiting program in cooperation with and using the expertise of operating agencies to attract qualified applicants from all segments of society.

- Maintaining a testing program using valid, job related and non-discriminatory selection devices and procedures.
- Referring to operating agencies an appropriate number of qualified eligibles from lists established as a result of examination.
- Maintaining an equitable classification system.
- Maintaining a program to assure that every employee is currently and accurately assigned to a classification.
- Maintaining a total compensation system which assures equity among individuals within the state service and comparability in compensation with individuals working in similar jobs for other employers in the same labor market.
- Assuring that all systems accommodate equal employment opportunity principles and affirmative action goals.
- Providing leadership in the area of employee development through appropriate programs and guidelines.
- Providing tools to guide supervisors in making sound decisions concerning their employees.
- Providing a system of individual performance appraisal based on standards or objectives.
- Providing a system of rewards related to performance.
- Recommending and developing approved employee benefits programs and a system for their equitable administration.
- With the aid of the Department of Finance, accurately costing the results of classification, compensation and administrative systems to assure that costs are comparable to those expended by employers of similar size and diversity.
- Maintaining a personnel management information system.
- Regularly reporting both the forecast and the actual outcomes of the activities of the Department to the Governor and to the Legislature via appropriate committees.
- Developing a statewide personnel management/employee relations operating manual and appropriate delegation of authority for administration.
- Conducting staffing analyses and continuing personnel management reviews.

3. The Legislature

The Legislature's substantial role in assuring itself and its constituency of the development and maintenance of an effective work force cannot be underestimated. The Legislature sets the basic statutory policy for the Department of Employee Relations as well as other agencies of the State and has the responsibility to approve budgets, a large part of which include payments for personal services to the State's work force.

Within the scope of this study, legislative actions on appropriations are outside the purview of the Task Force. The Task Force observes that personnel management is an executive function for which the Legislature should establish the base. The Task Force has made, however, the following observations:

- a. The current oversight and monitoring function of the Legislative Commission on Employee Relations is healthy in view of recent statutory changes and should continue until at least one biennial cycle of collective bargaining has occurred. The Task Force feels that once deliberations have been completed with respect to the law as it is to exist during the 1980's, the Legislative Commission should be reviewed to determine whether it should be discontinued, restructured or retained in its present form.
- b. The Department of Employee Relations should continue to prepare a budget and participate in the normal appropriations process in justifying its budget. The Department best can be held accountable through legislative identification of its functions and purposes, general review of expected accomplishment, and adequate funding. The Department should operate with sufficient administrative and fiscal flexibility so that it can react to changing situations without seeking revision in the statutes.
- c. The Legislature's role in salary appropriations can affect many personnel management functions. The legislature should establish broad policy in the classification and salary setting area, as for the most part it has, and avoid placing specific contract language in the law. The execution of policy should be left to the Commissioner of Employee Relations to be carried out through expertise of staff for both non-unionized and unionized employees.

Legislative philosophy and policy should provide an assurance to employees intending to make a career in state employment that their future salaries will bear a relatively consistent relationship to the external market rather than being subject solely to changes in fiscal policy particularly those not reflective of general changes in the economy of the State.

- d. Authority for decentralization, or delegation of the Commissioner's authority to operating agencies, with respect to personnel management and a general statement of the joint responsibility of the central personnel agency and the operating agencies should be established in statute.

It is the feeling of the Task Force that far too much detail is contained in the law. In addition to requiring more legislative updating, this amount of detail reduces flexibility for day-to-day operations and for administration of contracts negotiated by representatives of employees. Much of that detail instead should be contained in two other kinds of documents: a statewide operating manual and the contract documents negotiated with representatives of employees.

4. Responsibilities of Operating Agencies are to:

- Participate in and assist in recruiting particularly for classes unique to individual agencies and for persons in protected groups.
- Perform all agency functions relating to labor relations and collective bargaining within a comprehensive statewide labor relations program.
- Participate in and assist in the development of examinations for special classes.
- Select employees on original entry, promote, transfer, discipline and take other personnel actions within the agency.
- Conduct an agency affirmative action program within established guidelines.
- Create specific positions and recommend employee classifications.
- Evaluate performance of agency employees.
- Maintain and execute an appropriate employee development plan.

- Make individual pay decisions within the parameters of the State pay system.
- Equitably administer within agencies the work rules, labor contracts and employee relations policies of the State.
- Participate in surveys, serve on advisory committees and otherwise participate in efforts to improve the personnel management system.
- Keep the Department of Employee Relations informed of planned changes in agency organization and function as they impact on personnel management operations.

5. Department of Finance

It is recommended that the Legislature:

- Establish with the Department of Finance the responsibility for determining the budgetary costs of the State's human resource programs.
- Continue responsibility for coordinating such human resource costs with the biennial budget as a function of the Department of Finance.
- Establish in the Department of Finance an auditing responsibility to assure that actual costs against forecast are accurate.

III. Programmatic Concerns

1. Job Analysis

The Task Force urges emphatically that job content studies be increased and accelerated and that the Department of Employee Relations be given sufficient resources to perform this task well in the interest of the entire state service.

The Uniform Guidelines on Employee Selection Procedures published in the Federal Register August 25, 1978, require compliance by all state agencies funded or regulated by the federal Equal Employment Opportunity Commission, the Office of Personnel Management, the Departments of Labor and Justice and the Office of Revenue Sharing of the Department of the Treasury all of which have endorsed the guidelines and content validation of selection procedures, provided such validation is based on solid job analysis data.

Regulations issued by other federal agencies must also be met by state agencies. An example is the Department of Health and Human Services' regulations for the implementation of Section 504 of the Rehabilitation Act of 1973 which calls for non-discrimination on the basis of handicap. Again, job analysis is required to document the essential requirements of jobs and to determine what reasonable accommodations can be made to employ handicapped workers.

Determination of job content has long been recognized as the keystone of valid selection and classification programs. For these programs and for other purposes, the Department of Employee Relations has engaged in job analysis activities as part of its on-going functions. It is becoming increasingly important to build an accountability-based job analysis procedure into personnel management activities of all kinds. Performance appraisal, training, career progression, labor relations and affirmative action all require the application of job analysis techniques. The need is pointed up by an increased sophistication in the process of job analysis and the requirement that state and local governments give increasing attention to the federal guidelines.

Aside from the fact that the State should attempt to avoid costly, time-consuming and embarrassing litigation over compliance issues in federal guidelines, there are internal reasons for an increased emphasis on job analysis.

1. The number of jobs in the state service has remained fairly constant over the last decade and is expected to remain at about the same number or possibly decline. Opportunities for career advancement in the state service have also declined. This fact coupled with the reduced purchasing power of the dollar have prompted numerous requests for position evaluations. To preserve the integrity of the classification system and to hold the line against allocations creeping upward because of salary pressures, the Department has a greater need than ever for identifiable standards against which to scale positions.
2. Implementation of the Hay system for classification and compensation purposes and recommendations of the Public Employment Study completed by the Department of Finance in 1978 which suggested increased emphasis on job analysis have prompted an increasing number of requests for assistance in this area from operating agencies.

2. Career Executive Service

The Career Executive Service, which was created by the 1969 Minnesota Legislature, was designed to provide opportunity and encouragement for the development of high potential and high performing managers and professionals, as well as to provide greater flexibility and options for use of their talents in the state service.

The Career Executive Service (CES) functions under the guidelines outlined in the following objectives:

1. To provide a workable system to identify, develop and recognize key managers and professionals in state government.
2. To attract and retain highly skilled and experienced persons in managerial, professional and professional/supervisory positions.
3. To provide flexible compensation with incentives to encourage responsiveness, innovation and efficiency.
4. To give agency heads the opportunity to recognize persons and positions especially important to their programs.
5. To prepare outstanding career employees for consideration by the Governor and agency heads when filling high-level appointive positions.
6. To provide a means to mobilize task forces to deal with management and technical problems of concern to a broad range of agencies.

The Career Executive Service, which has grown to over one hundred members, currently has been effective in identifying and recognizing many high achievers in the state service. The use of outside screening panel members has given it an independent screening process which has strengthened the program.

There appears to have been some tendency to see the Career Executive Service only as an opportunity to use expanded pay ranges. The use of the expanded pay ranges should be only a reflection of, or recognition of, superior performance.

To assure a strong program, the following areas need attention:

Identification and Nomination of Appropriate Candidates

Agency heads, with appropriate support from the Department of Employee Relations, should develop internal systems which would bring to their attention high performing employees for nomination to the CES. Use of the State's performance appraisal program is appropriate for this purpose.

Monitoring of the Career Executive Service Program

To assure that the objectives of the CES program are achieved through the nomination, selection and retention of employees in the Career Executive Service, there needs to be a sound and effective monitoring system implemented by the Commissioner of Employee Relations. The Commissioner's reviews must assure that the high standards set in the objectives are maintained. Further, CES members should be retained in the program only so long as they continue to perform at above average levels. With evidence of inadequate maintenance of the CES within operating agencies, the Commissioner should make appropriate recommendations to the Governor.

Ability Utilization

The objectives of the Career Executive Service provide for flexibility in the utilization of its members. If the State is to identify, encourage and retain high caliber managers in the state service and take full advantage of their talents, the State should assure their effective use. Mobility assignments, transfers, quality circles and task forces are some of a variety of techniques which, when properly used, can recognize the capability of CES members as well as significantly add to their utilization in state service. From all indications, CES members would welcome opportunities to be more effectively utilized.

CES -- Collective Bargaining Unit Employees

The basic objectives of the CES provide for flexibility and substantial variation in the utilization of individuals involved in the program as well as flexibility in compensation. This may tend to conflict with certain collective bargaining principles and agreements. For this reason, the Task Force recommends that eligibility for the CES be limited to unrepresented employees.

Eligibility of Local Government Employees

The current law provides for the inclusion in CES of employees of political subdivisions of the State. The law also requires completion of a probationary period within the state service as one of the criteria for nomination to the CES. Taken together, these provisions do not appear to be very realistic or consistent. The Task Force recommends that M.S. 43.12, Subd. 19, Clause b, be amended to remove the reference to employees in political subdivisions.

Local subdivisions could establish a program similar to the CES for their own employees. Together with the current statutory provisions permitting employee mobility between state and local governments, a program might be considered which would foster the intergovernmental exchange of employees.

Unclassified Employees

Currently, CES members who are appointed to certain positions in the unclassified service can retain the 20 percent salary range extension. Other employees who are appointed to these unclassified positions who have not previously qualified through the CES are not eligible for this benefit. The basic concept of CES is to recognize those employees who have demonstrated outstanding performance in key high-level positions in the career service. Employees brought in from outside the state service into unclassified positions are not as likely to maintain tenure with the State nor are they likely to have been able to demonstrate superior performance in a short period of time or meet other criteria of the CES. Since the CES is a career program, it should be oriented towards career employees. Should there be inappropriate salary differentials between CES and unclassified employees, it is recommended that the problem be dealt with apart from the Career Executive Service.

Summary

The Career Executive Service program is a very constructive and positive management tool which has been, and can be, of greater significance in terms of contributions to the quality of leadership in the state service. Every effort should be made to assure that the CES achieves its established objectives through a continuing and careful review and monitoring program that will assure its continued high standards and objectives.

3. Performance Appraisal

The current performance appraisal system in the Minnesota state service is impressive. Industry members of the Task Force compared it with the performance appraisal systems used in their organizations and suggested no improvements.

Performance appraisal in the State incorporates all of the components recommended and approved by personnel professionals, that is, it provides for:

1. Consultation between supervisors and employees on what is to be accomplished, how well and when, i.e., performance expectations.
2. Evaluation of the extent to which the agreed upon standards have been achieved.
3. Discussion and counseling with employees to improve performance and opportunities for career advancement.

The performance appraisal system has achieved excellence at one level, i.e., in planning and development. The Department of Employee Relations, by developing a plan, a supervisor's manual and building the subject of appraisal into its managerial/supervisory training courses has commendably fulfilled its front-end responsibilities.

The Task Force contends, however, that a system is only as good as its execution and observed that the performance appraisal system has not been universally implemented in the state service. Agency heads speak of their inability to rid the service of inadequate performers, yet some have neglected to communicate to employees what is expected of them. Agency heads complain that they do not have the management flexibility to reward exceptional performance, yet in many cases the basic documentation to support exceptional salary increases is unavailable. In addition, some employees who have been in the state service for months or years, according to informal reports, are still unaware of what is expected of them. Some have never had a discussion with their supervisors about the standards of performance for their jobs.

Performance appraisal pervades a number of issues which concerned the Task Force. It has implications for management program policy planning, for the quality of supervision and, not least, the basic right of employees to systematically be made aware of the degree of acceptance or the perceived quality

of their performance. As performance evaluations have a bearing on the employee's economic status and opportunities for advancement, they should not be ignored or postponed. Performance cannot be improved without feedback and without encouragement and support to do better. Performance appraisal has always been of importance in employee motivation and in reward systems and it takes on even greater importance with the increasing emphasis on productivity.

The Task Force recommends that the Commissioner continue to improve the performance appraisal system as necessary and continue and strengthen a monitoring system to assure that all agencies in the executive branch perform this important function. Increased effort should be made through managerial/supervisory training to have the appraisal function performed well within the agencies. The Commissioner should also continue to provide technical assistance to operating agencies if problems develop.

The Governor should hold his appointees accountable for installing and/or maintaining effective performance appraisal activities so that in each agency job standards or objectives are set and reviewed and results evaluated. At least once each year, preferably more often, employees must be informed of progress, counseled and given assistance where appropriate to foster performance improvement.

4. Alternative Work Patterns

Not only must a public employee's work be intrinsically challenging and rewarding, the conditions under which the work is performed also must be considered in order to attract and retain the best.

Society's view of work has been steadily changing. For example, arbitration cases on overtime now generally revolve around labor's concerns about too much required overtime rather than not enough. Becoming more important are working hours that accommodate individual working habits and styles of living, work environments that are not only safe and functional but which can also contribute to productivity.

Working hours are susceptible to a wide array of variations, such as flextime, variable work weeks, part-time employment and job sharing. Each variation may be appropriate for a different agency or class of positions in an agency or statewide.

The physical environment in which an employee spends a large part of his or her life does not have to be "institutional." Office layouts, office "landscaping" or even a simple rearrangement of desks can be well worth the expense and effort and can often result in greater productivity.

Experimentation in different approaches to working hours should occur. Legislation should be developed to allow for variations if statutes act as a constraint. Professional advice should be sought if needed in creating working environments conducive to productivity.

IV. Affirmative Action to Assure Equal Employment Opportunity

The Task Force is of the opinion that on the whole the selection, classification and appeals processes of the civil service have provided equal opportunity to potential and actual employees of the state service in the sense that overt discriminatory acts have been avoided. However, the Task Force does not feel that, in today's affirmative action climate, the State's affirmative action program reflects sufficient progress.

An internal work force representative of all segments of society can be and should be consistent with merit principles and affirmative action should be pursued to bring about a consistent and positive effort to achieve a balanced work force, i.e., proportionately representative of the external work force.

In comparing the Minnesota personnel management system with those of other states, the Task Force was impressed with the recommended guidelines for affirmative action for equal opportunity in employment included in the report of the Michigan Citizen's Advisory Task Force on civil service reform. Borrowing heavily from the Michigan report, the Task Force recommends the adoption by the State of Minnesota of a similar set of guidelines. The Michigan recommendation is quoted below:

"Affirmative Action for Equal Employment Opportunity consistent with merit principles shall be an integral part of all aspects of personnel management in the State of Michigan. It shall include outreach recruitment to attract groups which are substantially under-represented, removal of artificial barriers to entry and advancement within the career service, upward mobility programs, work force analysis to assess under representation, development and implementation of systematic affirmative action plans with appropriate goals and timetables to correct problems identified, and periodic evaluation of results."¹⁶

¹⁶ Michigan Citizens Advisory Task Force on Civil Service Reform, Lansing, Michigan, Toward Improvement of Service to the Public, July, 1979.

Affirmative action as a means of achieving true equal employment opportunity was discussed in all sub-committees of the Task Force. Most importantly it was observed that affirmative action has impact on recruiting, selection, job analysis, separations, training, collective bargaining and all other personnel management practices that affect employment. Here, as in other areas of concern, authority and responsibility for affirmative action are diffused and a comprehensive plan for accomplishment is essential.

The chief executive officer of the State under the present system has the primary responsibility in affirmative action. The Task Force recommends that the Governor, in cooperation with the Commissioner of Employee Relations, strengthen, reinforce and communicate clearly his affirmative action policy and hold agency heads accountable for its execution.

The Governor should hold accountable the Commissioner of the central personnel agency for monitoring the execution of affirmative action policy in the various agencies of the State, reviewing and approving appointments in agencies where goals and timetables are not being reasonably met, providing technical assistance to all agencies and keeping the Governor advised as to when direct intervention is needed to assure continuing progress toward affirmative action goals.

Acceptable progress in affirmative action should be one of the factors for which the Governor holds agency heads accountable in his evaluation of their performance and agency heads in turn should hold managers and supervisors responsible for affirmative action progress.

All agencies should analyze their personnel management functions to assure that no plan or program administered within the agencies results directly or indirectly in discrimination.

The Office of Equal Employment Opportunity should be given visibility and support within the Department of Employee Relations and have a voice in policy development.

V. Improvement in Performance and Productivity

1. Management Development and Supervisory Training

Large scale organization is here to stay because it is essential to solving large scale problems. The challenge to large organizations is to minimize the negative aspects of bureaucracy that often accompany bigness. Decentralizing those aspects of organizational activities which are best handled

near the base of the organizational pyramid can preserve some of the advantages of smaller organizations. Effective decentralization presupposes, however, that there are middle managers and supervisors throughout the organization fully capable of handling a high degree of discretionary authority. Without on-going programs of management and supervisory development, it is highly unlikely that an organization will have a sufficient number of capable managers and supervisors in place.

A concrete, immediate illustration of the need for on-going management development and supervisory training is contained in the situation state government presently faces through the passage in 1980 of Minnesota Statutes, Chapter 617. The implications of this legislation are far-reaching and will affect the daily operations at all levels in agencies of state government. Although the current need is more dramatic than in most years, each year requires attention to management and supervisory performance if program productivity and responsiveness are to be enhanced.

Good management development programs and supervisory training programs fix responsibility for these functions on line managers rather than on the central personnel agency or staff training directors. The Department of Employee Relations in the State system should be responsible for setting standards, approving agency training plans, providing programs and courses to impart knowledge, explaining and providing practice in techniques and monitoring state training efforts. All managers and supervisors must be at a high, consistent performance level. To reach this state of readiness, there must be a clear cut policy statement assigning responsibility for staff development. There must be acceptance of responsibility by all agency heads for their responsibilities in this area because, to be successful, management development must be integrated into the operating procedures of the agency so that on-the-job as well as external learning experiences become part of an integrated program.

The first-line supervisor is the main link between agency goals and agency action. He/she is the interpreter of policy, the daily problem solver, and the epitome of management to the majority of the workforce. For these reasons, all management and productivity improvement strategies depend on able and committed supervisors. Modern management strategies involving quality circles, performance management systems, participation models, situation leadership, the matrix model of organization and others all hinge on having effective supervisors. The effective supervisor is the surest guarantee of effective program performance and high productivity yet found.

The on-going development of supervisory personnel must be, therefore, a high management priority in state government, assuring that the best, most current knowledge about problem-solving, performance analysis, performance appraisal, leadership and work improvement is systematically disseminated to supervisors. The law requires that supervisors complete a supervisory training course before or within one year of taking a supervisory job. Supervisory training, however, cannot be effective as a one time experience; rather, the opportunity for updating knowledge and gaining new skills should be continuous, perhaps required at least annually. Keeping supervisors up to date should include providing them opportunities for discussion and practice in the application of good supervisory techniques to the benefit of both workers and the agencies.

2. Productivity Improvement

The State of Minnesota is the employer of a work force of over 32,000 persons¹⁷ whose attitudes, morale and productivity impact the cost, efficiency and effectiveness of state government. With the increasing need to control the cost of government, the Task Force believes the State must give greater attention to unleashing the great potential for increased productivity within its work force. Taxpayers can be expected to be increasingly intolerant of less than effective performance of their governments.

Concern for productivity is not unique to the Task Force but so frequent a priority among businesses and governments that it might well become the byword for the 1980's. The Task Force noted that politically oriented public management, as history has proved, is not conducive to high productivity, and this became a further concern. We are constantly reminded that the country as a whole will have to do more with less and adjust to a period of limited growth. As in all great challenges, however, there are opportunities.

The majority of Task Force members were sufficiently familiar with state government, having served it or having been otherwise associated with it in various capacities, to be aware of the above average quality of its work force. State career employees who assisted the Task Force further confirmed its opinion that the State has untapped, underutilized human resources, the source of its greatest strength. Discussions in sub-committee meetings frequently led indirectly to concerns of productivity, for example:

¹⁷ Exclusive of faculty in the State University and Community College Systems.

- What do you pay employees for? Length of service? Special skills? Performance and productivity?
- What would happen if these tasks were not performed?
- Do supervisors discuss productivity with employees? Rate them on it?

The short duration of the Task Force's existence permitted only brief review of the activities of the Department of Employee Relations and no opportunity to develop prescriptions as to how operating methods could be improved.

Productivity improvement projects in most cases will require active involvement and participation of employees engaged in the operations being reviewed. When productivity improvement efforts are conducted in a collective bargaining environment, the concept of a Labor Management Committee, separate and distinct from collective bargaining, might be considered to serve in an advisory or quasi-decision making capacity. Through such a committee(s), exclusive representatives of state employees would work with management in developing and recommending specific programs. Participation would be voluntary with the idea that both parties would work together on a non-adversarial basis. Additionally, consideration might be given to finding ways for obtaining appropriate citizen participation in such efforts.

From staff explanations the sub-committees received on specific functions on-going within the Department, strong impressions were gained that various productivity improvement techniques might be applicable within the Department of Employee Relations. The Task Force can only assume that the Department is not alone among agencies in state government in its inability or inertia with regard to productivity improvement.

The Task Force recommends that:

- a. The Department of Employee Relations at its earliest opportunity engage in productivity improvement efforts to increase its efficiency and effectiveness.
- b. The State increase its capacity in productivity improvement to improve organizational and individual effectiveness, through cooperation and linkages with other governments and with union and private sector assistance where appropriate.

¹⁸ Issue Papers, op.cit., "How to Improve Productivity in a Collective Bargaining Environment"

EMPLOYEE RIGHTS AND OBLIGATIONS

An employee's relationship to the employer is focused most on relationships with his/her own supervisor. To assure that this basic relationship is sound, both parties need an understanding of the relationship which is made up of employee rights and obligations. State employees have the right to:

1. Reasonable and fair treatment in all aspects of state employment.
2. Form and join labor or employee organizations and not to form or join such organizations.
3. Legitimate dissent.
4. Exercise the political activity provisions provided by law and freedom from political coercion.
5. Knowledge of job purpose, requirements, objectives and standards by which performance is evaluated.
6. A meeting with one's supervisor on performance appraisal to learn how one's performance is viewed.
7. Give input into all aspects of the employee relations system that will contribute to greater effectiveness and productivity in the employee's job and related jobs and systems.
8. Request and receive an impartial review in disciplinary matters.

In return for these rights, the employee must meet the following obligations:

1. Perform the job assigned at a productive, effective level.
2. If a union member, abide by the conditions of his/her collective bargaining agreement.
3. Support and help achieve the overall goals and objectives of the employing agency.
4. Maintain the skills and competency required for the job and changes affecting it.
5. Observe in the public interest the standards of conduct outlined in the Code of Ethics rule²⁰ of the Department of Employee Relations or in any other applicable statutes or rules.

¹⁹ Minnesota Statutes, Chapter 179 (Supp. 1979) as amended by Laws of 1980, Chapter 617.

²⁰ Code of Ethics. op.cit.

THE STATE WORK FORCE AND PERSONNEL STAFFING

In the light of Task Force recommendations on administrative matters, clearly the question must be asked as to whether the staff of the Department of Employee Relations is adequate in number to implement the recommendations.

A detailed examination of the staffing of individual agencies in functional areas is best dealt with through the budgeting and legislative processes. However, the Task Force did make observations with respect to the size of the state service and staffing for personnel management functions.

One of the observations of the Task Force, based on the public employment study prepared in May of 1979 by the Department of Finance, is that Minnesota ranks 45th in the nation among the states with 721 full-time equivalent employees per 100,000 population. Only the more populous states of California, Illinois, Ohio, Indiana, and Wisconsin had proportionately fewer state employees. Minnesota ranks 19th among the states in population.

Personnel management as an integral part of general management is a cost that must be justified like all others, but it is a function which must be performed. For comparative purposes, the Task Force referred to a recent survey on the personnel management staffing ratios for professional/technical personnel staff.²¹ The state service compares with other organizations as shown below.

Number of professional/technical
personnel staff per 100 employees on
organization's payroll.

	First Quartile	Median	Third Quartile
All Organizations (394)	.4	.6	.8
Non-business Organizations (79)	.3	.4	.6
2,500 or more employees (67)	.3	.5	.7

Note: Of all organizations surveyed, 32% do not have union/labor relations activities and 24% do not have pre-employment testing.

²¹ Bureau of National Affairs, Washington, D.C., Bulletin to Management, No. 1578, ASPA-BNA Survey No. 40, "Personnel Activities, Budgets, and Staffs: 1979-1980", June 5, 1980.

State of Minnesota (July 1, 1980)

Total employees on payroll = 37,000 (includes approximately 4,500 faculty).

Professional/technical personnel staff in operating agencies - 181
(includes employees in the personnel aide, personnel officer, personnel director, affirmative action, employee development and labor relations class series).

Professional/technical personnel staff in the Department of Employee Relations = 60 (includes employees in the personnel aide, personnel specialist/representative, equal opportunity and employee development class series and all managers).

Number of professional/technical personnel staff per 100 employees on the State's payroll:

Statewide	= .65
Department of Employee Relations only	= .16
Operating agencies only	= .49

Statewide the State of Minnesota's staffing for personnel services falls respectably at the median for all organizations, although agency by agency there are disparities in staffing ratios. The proportion of positions allotted the central agency is low if the recommended improvements in personnel management are to be accomplished within a reasonable period of time.

The Task Force is aware that its numerous recommendations can not be implemented simultaneously by the Department of Employee Relations particularly with the size of its present staff. In many ways the Task Force recommendations represent a developmental burden to existing staff of the Department. For this reason the Commissioner of Employee Relations should develop for the Governor a plan of implementation and an assessment of staffing and financial requirements necessary for the recommendations to become operational.

FUTURE STUDY AND REFINEMENT
CLIENTELE INPUT

The Department of Employee Relations has several clienteles: management in state agencies, state employees, applicants for employment and the general public. The Task Force would have liked to have had input from all groups regarding their opinions and impressions and their ideas for improvement in the personnel management system, most particularly in the services the Department of Employee Relations provides. Again, lack of time and money, precluded probing deeply for the Department's impact on agencies and individuals.

An evaluation by top management in state operating agencies of the services provided by the central personnel agency was, however, a separate part of the total project on Improvement of Personnel Management in Minnesota.²² Structured interviews with agency heads and/or their deputies and other management team personnel were conducted by the Project Coordinator and members of the Department's personnel management services staff in February of 1980. The survey included all agencies with over 35 employees.

The report to the Commissioner on agency management responses made three significant points pertinent to Task Force study. The report indicated that agency heads:

1. Are strongly in favor of merit as the basis for personnel management. Some said alternatives would be unthinkable.
2. Would prefer more flexibility within the classified service rather than greater authority to establish additional unclassified positions.
3. Appreciated and understood the Department of Employee Relations' responsibility for control but felt that much greater emphasis should be placed on service to agency management.

While supportive of merit system concepts, they were frustrated with the inherent delays in processing proposed personnel actions; for example, the need within the central personnel agency to publicize job openings adequately.

A questionnaire was designed by Department of Employee Relations staff to survey state employee knowledge, opinions and attitudes about the personnel management system but was not used because the system was in flux and it was evident that during the 1980 legislative session employees had little knowledge or understanding of potential changes.

²² Intergovernmental Personnel Act Project, 80-MN02.

An instrument of this kind under other circumstances would have added a larger dimension to the on-going surveys that are conducted regularly, agency by agency, by the Department of Employee Relations' personnel management services staff. The mini-surveys are a valuable tool to identify trouble spots within an organization and allow specific and prompt corrective action in matters in a given department. A statewide survey, which would better identify problems in the system, has not been conducted since 1977-78 and that was part of a study of the Department by the Legislative Audit Commission.

The Task Force would have appreciated the luxury of commissioning a market opinions research survey, scientifically and independently conducted to determine general public attitudes toward aspects of the merit system, measure public perceptions of state employment in Minnesota and knowledge of the role of the Department of Employee Relations. Such a survey was conducted in Michigan with unusually useful and positive results considering the disaffection sometimes expressed toward merit systems. Although similar results cannot be assumed in Minnesota, responses in Michigan revealed that:

1. Eight out of ten Michigan citizens are aware of the central personnel agency but only half can describe its functions unprompted. The most recognized function is administration of civil service tests. When given specific statements about the system, three-fourths recognized the role of the agency in classifying jobs and handling grievances.
2. Three-fourths support keeping merit system exams for choosing employees.
3. Two-thirds of Michigan adults hold pro-union attitudes (45% live in households in which some member belongs to a union). Seventy three percent are in favor of collective bargaining for state employees.

Those who favor collective bargaining are slightly more in favor of retaining the merit system (77% would retain) than those who do not approve of collective bargaining for state employees (70% would retain). Seventy percent would permit office workers the right to strike but only 40-41% think essential service employees should have the same right.

4. Two-thirds of the residents think ²³the State of Michigan would be a good employer for which to work.

²³ Market Opinion Research, Detroit, Michigan, Public Perceptions of State Employment in Michigan, June, 1980.

The Department of Employee Relations has assessed opinions of the public, as represented by applicants, through the use of an instrument with examination candidates seeking entry into the state service. Written examination and oral examination questionnaires are regularly given to candidates asking their opinions on the examination process in which they participated. Although the information gained through this process is useful in improving the testing program, it is limited to examining and does not permit a broader view of the system.

The Task Force has concern for those who are dependent upon the personnel management system to accomplish objectives and/or for a livelihood and for public expectations that a merit system implies fairness and quality government. This leads the Task Force to recommend periodic objective surveys or inquiries to assess the impact of the personnel management system on those who must work and live with it. There should be:

1. Systematic and regular evaluations by agency management personnel to identify problem areas in personnel management and to provide formal opportunities to suggest improvements.
2. Annual or biennial professionally conducted employee surveys with appropriate follow-up action.
3. Evaluation by the public at three to five year intervals.



A P P E N D I C E S



EXECUTIVE ORDER NO. 79-37

Providing for the Establishment of
a Governor's Task Force on Strengthening
Personnel Management in the Minnesota State Service

I, Albert H. Quie, Governor of the State of Minnesota, by virtue of the authority vested in me by the Constitution and applicable statutes, hereby issue this Executive Order:

WHEREAS, management of the state's human resources through a progressive and efficient personnel management system is essential in order to provide the highest possible level of services to the citizens of the state; and

WHEREAS, rapid and comprehensive changes in the type and delivery of personnel management services have brought new pressures and challenges to Minnesota's personnel management system; and

WHEREAS, Laws of Minnesota 1979, Chapter 332 establishes a Legislative Committee on Employee Relations to monitor the state's civil service system in relation to the Public Employee Labor Relations Act (Chapter 179);
and

WHEREAS, Minnesota's personnel management system is currently receiving considerable attention and review by the Minnesota Legislature and interested groups; and

WHEREAS, merit system principles which meet federal guidelines on civil service reform require identification and adoption into a model personnel law which will strengthen Minnesota's personnel management system;

NOW, THEREFORE, I order:

1. Creation of a Governor's Task Force on Personnel Management, consisting of 15 members representative of the community, business, labor, personnel, and management to conduct a study on personnel management in cooperation with the Commissioner of Personnel.
2. Establishment of a corps of knowledgeable career personnel and management professionals, representative of the federal and state executive branches, to assist the Task Force.
3. That the Task Force study and analyze Minnesota's personnel law as it applies to practices in examining and referral, total compensation, classification, work force size, turnover, training, affirmative action, labor relations, and general personnel management practices.
4. The Task Force to prepare a report on its findings and recommendations for the Governor and the Commissioner of Personnel by August 15, 1980.

5. The Task Force Chairman to make available a copy of its findings and recommendations to the Legislative Commission on Employee Relations.
6. That the Task Force work with the Commissioner of Personnel in developing its recommendations for improvement in Minnesota's personnel management system so that recommendations accepted by the Commissioner can be incorporated into the Department of Personnel's policies and processes.
7. That the Task Force assist in development of a model personnel law by September 30, 1980, in accordance with the proposal for which federal Intergovernmental Personnel Act (IPA) grant monies have been provided.
8. That the Task Force will terminate on September 30, 1980.

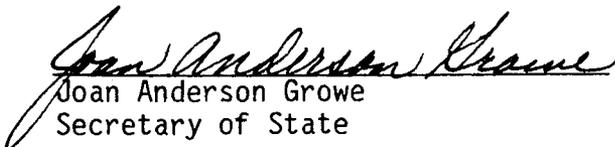
Pursuant to Minnesota Statutes 1978, Section 4.035, this order shall be effective 15 days after filing with the Secretary of State and publication in the State Register and shall remain in effect until September 30, 1980, or until rescinded by proper authority or its expiration in accordance with Minnesota Statutes, Section 4.035.

IN TESTIMONY WHEREOF, I hereunto set my hand on this 20th day of November, 1979.



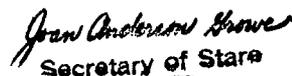
Albert H. Quie, Governor

Filed According to Law:



Joan Anderson Grove
Secretary of State

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
NOV 20 1979



Joan Anderson Grove
Secretary of State

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Appendix B

TASK FORCE OBJECTIVES

PRIMARY OBJECTIVE

TO OUTLINE A SYSTEM AND STRUCTURE THAT WILL PROVIDE THE STATE WITH A COMPETENT WORK FORCE, RECOGNIZING THE PRINCIPLES OF EQUAL EMPLOYMENT OPPORTUNITY, IN ORDER THAT THE CHALLENGES OF THE 1980'S CAN BE MOST EFFECTIVELY MET.

The primary objective will be reached through the assessment of existing conditions relating to personnel management and the development of recommendations for improvement where appropriate in functions for which the Department of Employee Relations is primarily responsible, to ensure that:

1. Personnel management is a staff function, providing assistance and service to management in support of organizational goals and objectives.
2. The Commissioner of Employee Relations, as the State employer, coordinates the relationships of the State with employee organizations in order to maintain positive labor-management relations.
3. Personnel management is responsible for conducting and coordinating affirmative action programs in order to achieve a representative work force and maintain compliance with federal and state equal employment opportunity laws.
4. Personnel management is responsible for developing and coordinating the implementation of various programs and activities for classified and unclassified employees including recruitment, testing, job analysis, classification, compensation, benefits administration, training, and various special programs (e.g., the Career Executive Service, job sharing, flextime, Vietnam era veterans' program, etc.) designed to ensure that the State maintains a qualified, motivated and productive work force and plans for future manpower needs.
5. Personnel management is responsible for developing and coordinating staff development, performance standards and employee evaluation programs in order to foster productive performance in the state service.

6. Personnel management is responsible for ensuring the fair and equitable treatment of employees relative to layoffs, separations and other working conditions through the issuance of statewide personnel rules and policies, the negotiation of collective bargaining agreements and the implementation of employee grievance and appeal systems.
7. Personnel management is responsible for encouraging and ensuring proper employee conduct by issuing a code of ethics, by prohibiting undue political coercion and by defending legitimate dissent.

SECONDARY OBJECTIVE

To recommend guidelines for:

1. Effective working relationships within the Department of Employee Relations between the Commissioner and the Deputy for Personnel and the Deputy for Labor Relations and other relationships as appropriate.
2. Effective working relationships with the Governor's Office, the Legislative Commission on Employee Relations and legislative committees.
3. Effective working relationships with other state agencies, particularly those staff agencies with which the Department shares management functions, and including the degree of decentralization of personnel functions appropriate under varying conditions.
4. Effective working relationships with employee organizations.
5. Positions to be included in the unclassified service.

TERTIARY OBJECTIVE

To outline a Model Personnel Management Law, the provisions of which may be considered in Minnesota or by other public jurisdictions.

Appendix C

ACTIVITIES OF SUB-COMMITTEES

In addition to general consideration of their subject matter, the sub-committees developed statements of philosophy and policy which might be incorporated into statutory revisions as follows:

General Policy and Practice Sub-Committee:

The general purpose of the merit system is to establish a system of personnel management that meets the social, economic and program needs of the people of Minnesota. This system shall provide means to recruit, select, develop and maintain an effective, qualified and responsive work force and shall include policies and procedures for employee hiring and advancement, training and career development, job classification, salary administration, benefits, discipline, discharge and other related activities. All appointments and promotions in the Minnesota state service shall be made without regard to sex, race, religion, age, disability or political affiliation and shall be based on merit.

The statement above was accepted by the sub-committee as recommended by the National Civil Service League in its 1970 version²⁴ of its Model Law with slight modification. This sub-committee also was concerned with the extent of coverage of the merit system, delegation of authorities, personnel rules and the question as to how the State should function as a single employer.

Examining and Referral Sub-committee

The State of Minnesota should continue to follow a merit-based employment process. Selection and appointment standards should be job related and designed both to select persons who possess the ability to perform the required work and to meet agency needs including achieving and maintaining a representative work force through affirmative action.

Procedures to implement this policy should be simplified to the greatest possible extent to promote efficiency of the process to the benefit of all involved, that is, state agency management, job applicants, state employees and taxpayers.

²⁴ National Civil Service League, Washington, D.C., A Model Public Personnel Administration Law, 1970.

The Classification and Total Compensation sub-committees developed a joint philosophy and policy statement as follows:

As direct a statement as possible as to what employee relations legislation should accomplish for citizens of the State and for state employees. Such a statement of intent should cover broadly many of the areas contained in legislation. Contributions of the two sub-committees follow.

The interests of the citizens of Minnesota are best served by a total compensation system that can attract, retain, and motivate competent individuals and maximize performance return on payroll dollars invested in the work force.

Such a system would be aided by:

- clearly defined and evaluated positions consistent with law and sound personnel practices
- a current evaluation for every individual's position and assignment to an appropriate classification which is communicated by supervision to each employee
- reinforcement of productive individual performance
- support of affirmative action principles
- compensation costs comparable to that of other employers of comparable size and diversity

The Labor Relations sub-committee expressed its philosophy/policy statement in language that might be adopted in law as follows:

It is the policy of the State of Minnesota to strengthen and maintain a strong labor relations function in state government to the end that public, employee and management interests are effectively and equitably served through the process of mature and responsible collective bargaining under PELRA. The Commissioner of the Department of Employee Relations as the state employer, through a deputy delegated the operations of a statewide, comprehensive labor relations program, shall assure that centralized contract negotiation and contract administration will prevail and shall represent the State before the

Bureau of Mediation Services in all matters including the determination of the smallest feasible number of bargaining units which shall be based on common occupational groupings. State agencies' concerns shall be duly considered, however, agencies shall conform to labor relations policies and procedures instigated in the manner in which the Commissioner shall prescribe.

In each of the sub-committees, independent conclusions were reached that the law should be broad, clearly stating legislative policy, and sufficiently flexible to allow administrative breathing space and innovation.

The Examining and Referral sub-committee held five half-day meetings. Each of the other sub-committees met for approximately the same amount of time on three occasions.