

**A STUDY ON PERSONNEL MANAGEMENT
WITHIN
THE COMMONWEALTH OF VIRGINIA
TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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EXECUTIVE SUMMARY

of the report on

**A STUDY ON PERSONNEL MANAGEMENT
WITHIN
THE COMMONWEALTH OF VIRGINIA.**

EXECUTIVE SUMMARY

BACKGROUND

The designers of the current personnel management system in Virginia viewed the role of a central personnel activity as one of a coordinator, a facilitator, a provider of services to the operating agencies. The leaders of the State in the late 1930's and early 1940's soundly rejected the establishment of a control oriented, watchdog type civil service system for the Commonwealth.

In 1973, the General Assembly created the Commission on State Governmental Management "to conduct a thorough reorganization study". One of the Commission's areas of in-depth review was the personnel management system. In a document presented to the Governor and the General Assembly in December, 1975, titled the "Sixth Interim Report: Recommendations on the State's Personnel Process", the Commission expressed the following point of view regarding the proper role of the central personnel agency: "The Division of Personnel is one of the key staff arms assisting the Governor in the execution of his responsibilities. If the management of the state government is to be substantially improved, it is imperative that the Division be strengthened in its central management role. To become completely effective in its management role, it will be necessary for the Division to divest itself wherever possible of all matters that are extraneous to that central role."

In the Commission on State Governmental Management's review of the operation of the State's personnel system, they evaluated its effectiveness and suggested possible modifications and improvements where appropriate. They recommended that the General Assembly enact legislation directing the Secretary of Administration and Finance to conduct a study of the relationships between the Department of Personnel and Training (DPT) and State agencies and develop a definitive plan for the delegation of operating personnel functions to the appropriate levels of management for submission to the Governor and the General Assembly. This resulted in the enactment of House Joint Resolution 64 which directed a study be conducted and a plan submitted to the Governor, the President of the Senate and the Speaker of the House of Delegates not later than December 15, 1976.

As a result of HJR 64, the Secretary of Administration and Finance appointed a committee on July 21, 1976 to conduct a study of personnel management within the Commonwealth. Each member of the Cabinet was asked to designate two individuals from his secretarial area to serve on this committee. It was suggested that the individuals be not only familiar with personnel policies and procedures but, in addition, have experience in personnel management practices. It was also felt that members should be selected from the involved central agencies; large, complex operating agencies; and the smaller operating agencies.

The initial meeting of the committee was held on August 11, 1976 at which time Secretary Maurice B. Rowe emphasized that this was an extremely challenging and meaningful study that could have far reaching effects on future personnel management in the Commonwealth. In addition, he stressed the importance of addressing the provisions of HJR 64 as well as the need to closely review the contents of the Sixth Interim Report.

From the beginning active and continuous involvement by the Cabinet and agency personnel was solicited and received. All State agencies were asked to submit their comments and recommendations by their individual Secretaries and this Committee. Extensive input has been received. This Committee has visited numerous State agencies and talked to employees in an effort to obtain first hand their comments and suggestions within the existing time constraints. A concerted effort was made to obtain the viewpoint of representatives of a variety of State employee groups during the course of this Committee's work.

The identification of those "personnel functions not of a policy nature" proved to be extremely difficult. The Committee, when discussing personnel functions not of a policy nature, with DPT and the operating agencies discovered a wide variance of views. However, with only minor exceptions, the majority of operating agencies saw not only a need but a real value in DPT establishing basic personnel policies and monitoring their enforcement. The real issue was to what extent this delegation should occur.

The identification of personnel management positions currently available in State government as a whole and in individual agencies was addressed. It was possible to clearly identify only those positions assigned to a class title relating to personnel management. Frequently, however, individuals were involved in personnel management as an additional responsibility. This was especially true in the smaller operating agencies and in the internal organizational structure of larger operating agencies. It proved impossible to estimate the personnel staff resources required at the several levels of State organization due to the complexity and diversity of the organizational structure of the agencies within State government, the time available for this study, and the size of the Committee. Many of the recommendations of this study will impact the current personnel management resources throughout State government. Their impact, however, can only be determined after they have been evaluated and implemented on an agency by agency basis.

The House Joint Resolution directed that attitudinal changes be considered that may be required throughout the personnel management system. The Committee encountered numerous expressions of attitudes both in the written input from State agencies as well as interviews and discussion with members of several agencies. DPT is justifiably concerned with its responsibility for the overall function of State government as it relates to personnel management. This is

viewed as best accomplished through the implementation of policies and detailed procedures and close and continuous review and approval of State agency requests and actions.

The operating agencies, on the other hand, feel DPT is too control oriented. They do see the need for a strong role in establishing and maintaining uniform personnel policies and practices on the part of DPT. The operating agencies, however, feel a more participatory approach on the part of DPT is both appropriate and needed. They feel many of the present review procedures performed by DPT could be eliminated and replaced by appropriate post-audit actions to insure compliance with established personnel policies. The Committee agrees there is a need for greater decentralization of operating personnel management programs as opposed to personnel management policies. This will require some changes in attitude on the part of both DPT and operating agencies.

Several studies have been conducted over the past few years which have reviewed Virginia's personnel system. The most recent study was the one conducted by the Commission on State Governmental Management. An earlier study was conducted in 1970, "The Governor's Management Study". These studies were conducted by groups of individuals outside the Executive Branch of government. This Committee on Personnel Management, on the other hand, brings a different perspective and insight to the challenge of reviewing and submitting recommendations for the purpose of improving personnel management within the Commonwealth. This Committee is composed of senior management personnel from within the Executive Branch who deal with the personnel management system on a daily basis. As a result, they have an intimate knowledge of the personnel management system as it relates to State government and its strengths and weaknesses. In addition, they have a personal and professional commitment to the development of sound, pragmatic recommendations to resolve existing weaknesses in the system as well as the implementation of such recommendations.

RECOMMENDATIONS

This section contains a summary of the recommendations made by the Committee in each functional area of personnel management. In the interest of brevity, this section contains none of the rationale that is set out in the main body of the report in support of the recommendations. The reader is referred to the various chapters of the study for that information.

SUMMARY OF RECOMMENDATIONS
OF THE
COMMITTEE ON PERSONNEL MANAGEMENT

I. EMPLOYEE DEVELOPMENT

A. Recruitment

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Develop plan for transfer of State Recruitment Section from DPT to VEC.	DPT, VEC	May 1, 1977
2. Separate State Recruitment Section from Merit System Section.	DPT	ASAP
3. Establish position of State Recruitment Officer to remain in DPT with responsibility for developing and monitoring State recruitment policy, and for providing continuing assistance to State agencies in their recruitment activities.	DPT	ASAP
4. Expand the use of advertising to include radio and TV public service announcements, advertisements in yellow pages of telephone directories, and extensive use of publications of the minority population.	DPT, VEC & State agencies	ASAP
5. Continuously upgrade the ability to staff members of Central Recruitment Section and some operating agencies by:	DPT, VEC	ASAP
a. developing and implementing training programs in recruitment techniques;		
b. arranging staff assignments so that members become specialists in clearly-defined occupational areas;		
c. providing mechanism for ongoing exchange of information and ideas between central recruitment staff and operating agencies.		

A. Recruitment (continued)

6. Permit State agencies to continue to pursue and improve their own recruitment efforts.

State agencies Ongoing

B. Examinations

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Develop plan for transfer of State Merit System Section, including all examination and certification activities, from DPT to VEC	DPT, VEC	May 1, 1977
2. Establish position of State Examination Officer to remain in DPT with responsibility for developing and monitoring State examination policy, and for providing continuing assistance to State agencies in their examination activities.	DPT	ASAP
3. Assign to those State agencies with staff and facilities to do so the authority to administer standardized tests developed by Merit System Section.	DPT, VEC & State agencies	ASAP
4. Increase production in areas of test development and validation so that present backlogs can be eliminated and selection process can be made more meaningful and effective.	DPT, VEC	ASAP
5. Establish and implement procedures that will overcome present condition of confusion and delay in testing activities carried out in local offices by VEC.	DPT, VEC	ASAP

C. Training

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Issue policy statements on Training at State and agency levels, to contain at least the following points: <ul style="list-style-type: none"> a. affirmation of commitment to training; b. clear statement of role which training will play in State and agency operations; c. directive and guidance for the development of an effective training plan in each State agency. 	DPT & State agencies	April 1, 1977 for DPT; July 1, 1977 for State agencies
2. Identify training as a separate and distinct element in the budget of every State agency.	DPT & State agencies	1978-80 Biennial Budget
3. Develop training plan in each State agency, with DPT providing assistance as needed.	State agencies & DPT	July 1, 1978
4. Intensify efforts of MDTS in DPT, notably in the areas of: <ul style="list-style-type: none"> a. systematic assessment of training needs; b. assistance to State agencies in the training of agency trainers; c. research into new training techniques and methods; d. development of resource aids such as trainer resource pools and inventories of training equipment, facilities and programs that can be shared among State agencies. 	DPT	Ongoing

D. Career Development

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Issue policy statements at the State and agency level in support of a program of career development.	DPT, State agencies	April 1, 1977 for DPT July 1, 1977 for State agencies
2. Review the State's personnel policies and procedures on a continuous basis from the standpoint of their relationship to and effect on career development opportunities and incentives.	DPT	Ongoing
3. Assign and develop plan for training knowledgeable individuals in State agencies to provide career counseling to agency employees.	DPT & State agencies	Ongoing
4. Develop and implement a program to acquaint employees of career opportunities in the Commonwealth; to inform them of the qualifications needed for advancement; and to advise them of the training programs and resources available to meet the qualification requirements.	DPT	July 1, 1977
5. Establish career development as an integral part of the performance appraisal system.	DPT & State agencies	

II. CLASSIFICATION AND WAGE AND SALARY ADMINISTRATION

A. Classification

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Develop procedures to effect the processing of the G. O. Form P-5 by DPT and DPB in a maximum of two weeks by each agency unless the operating agency is notified of necessary delay for such reason as audit or inadequate information.	DPT, DPB, MASD, Selected State agencies	April 1, 1977
2. Revise the G. O. Form P-5 and related instructions.	DPT, DPB	May 1, 1977
3. Prepare a detailed plan and written agreement for a pilot project to decentral-ize specific functions of the classification process to a selected State agency. This Committee recommends that the agency to be selected is the Department of Highways and Transportation (DHT).	DPT, DHT	July 1, 1977
4. Distribute to all State agencies a manual of information regarding classification and pay practices.	DPT	July 1, 1977
5. Amend the Virginia Personnel Act to exclude from its provisions the class of positions, Confidential Secretary, with authority reserved to the Governor for setting a uniform maximum rate of pay for the class.	DPT, General Assembly	1978 Session
6. Develop and distribute to all State agencies policy and procedure statements regarding the appeal of classification actions.	DPT	July 1, 1977

B. Wage and Salary Administration

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Establish policy to require retro- spective payment to a State employee, without time limitation, of compensa- tion withheld because of administrative error.	DPT	March 1, 1977
2. Develop procedures to monitor more carefully the use of the G. O. Form P-14 by State agencies in the payment of hourly and piecework employees.	DPT, DPB, MASD, Selected State agencies	July 1, 1977
3. Recommend policies to the Governor and the Secretary of Administration and Finance in the following roles of compensation: a. delegation of authority to State agencies to make appointments above the entrance rate without prior approval of DPT; b. a longevity pay plan; c. granting of additional merit increase steps to exceptional employees.	Committee on Personnel Management	July 1, 1977
4. Make analysis and recommendations to Secretary of Administration & Finance regarding current ban on appointments above the entrance rate and competitive increases for clerical and related classes of positions.	DPT	May 1, 1977

III. PERFORMANCE APPRAISAL AND STANDARDS OF PERFORMANCE

A. Standards of Performance

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Disseminate policy statement.	DPT	April 1, 1977
2. Begin development or revision of current position descriptions.	State agencies	March 1, 1977
(to be completed)		March 1, 1978
3. Disseminate training and procedural guide texts to all State agencies.	DPT	May 1, 1977
4. Begin formal training programs in the State agencies.	DPT & State agencies	July 1, 1977
(to be completed)		January 1, 1978
5. Begin installation of standards of performance related to positions	State agencies	July 1, 1977
(to be completed)		January 1, 1980

B. Performance Appraisal

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Disseminate policy restating the purposes of performance appraisals, including the assessment of reasonable levels of accountability for results.	DPT	March 1, 1977
2. Change format of G.O. Form P-9 and issue procedural instructions covering new approaches which include:	DPT	March 1, 1977
a. expansion of basic factors applicable to all employees, causing the evaluation of management capabilities of supervisors;		
b. redefinition of rating factors to improve job relatedness;		

B. Performance Appraisal (continued)

- c. linear scale rating graph;
- d. new descriptions of form reflecting the characteristics of different levels of performance between poor to excellent;
- e. narrative explanation of employee strengths/weaknesses to include remedial action indicated;
- f. narrative expression of employee promotability;

- g. mandatory discussion of rating between employee and supervisor, to include the signature of employee.

- 3. Adjust cycles of performance appraisal to individual basis keyed to employee's present or last merit consideration eligibility date. DPT
State agencies July 1, 1977

- 4. Begin installation of standards of performance as the basis for performance appraisal. State agencies &
DPT July 1, 1977

- (to be completed) January 1, 1980

IV. EMPLOYEE MANAGEMENT RELATIONS

A. Benefits

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Make continuing evaluation of the State employee benefits package.	State Employee Relations Coordinator	Ongoing
2. Submit an annual benefits report to the Governor	DPT	on July 1 on each year
3. Assign responsibility to the Governor's Advisory Committee to surface suggestions on employee benefits at regular intervals for consideration by DPT	Governor's Advisory Committee and DPT	March 1, 1977
4. Amend Section 51-111.18 of the Code of Virginia to provide for appointment of at least two State agency employees to the Board of the Virginia Supplemental Retirement System (VSRS)	VSRS, General Assembly	1977 Session
5. Develop a uniform State policy pertaining to employees taking courses at State educational institutions on a space available, no charge basis.	Sec. of Education	July 1, 1977
6. Evaluate feasibility of adopting a disability income protection group plan as an optional payroll deduction at employee's own expense.	DPT	July 1, 1977

B. Communications

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Develop a standard employee handbook for use by State agencies that are unable to publish one of their own of equivalent quality.	DPT	January 1, 1978
2. Conduct an annual Statewide employee attitude and information survey as a basis for identifying and correcting employee relations problems.	DPT	January 1, 1978 & each year thereafter

C. Grievances

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Revise and reissue the policy and procedural statements of the State grievance procedure to clarify and emphasize the following points: a. agency administrative officials have a proper role in advising panel members on grievance hearing procedures, and may be present in such role during conduct of hearings; b. the informal nature of the grievance hearing is more desirable as a means of allowing all participants to present information on the issues than is a formal, legal-type proceedings.	DPT	January 1, 1978

D. Employee Recognition

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Study and make a recommendation to the Secretary of Administration & Finance on the benefits and estimated costs of establishing: a. a suggestion awards program; b. an incentive awards program.	Committee on Personnel Man- agement	July 1, 1977

E. Moving Regulations

ACTIONS

RESPONSIBILITY TARGET DATE

1. Update moving and relocation regulations

DPT,
Comptroller

July 1, 1977

V. RESEARCH AND DEVELOPMENT, STATISTICS, INFORMATION, RECORDS

A. Research and Development

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Reactivate the Research Section of DPT, with responsibility assigned for:	DPT	July 1, 1977
a. obtaining and disseminating information regarding research being conducted in the field of personnel administration in general, and in State agencies in particular;		
b. assisting agency personnel officers with the development and implementation of agency level research studies;		
c. originating and conducting Statewide studies and projects.		

B. Statistics

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Proceed as scheduled with development and implementation of PMIS.	DPT, MASD	August 1, 1977
2. Give priority to the personnel management subsystem of PMIS over the preemployment subsystem if the two cannot be implemented simultaneously.	DPT, MASD	August 1, 1977
3. Evaluate responsibility of PMIS to meet State and agency needs, and modify as needed.	DPT, MASD State agencies	August 1, 1978 & annually thereafter

C. Information

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Prepare and distribute revision of the Virginia Personnel Act, Rules for the Administration of the Act, and other related memoranda of an interpretative and explanatory nature.	DPT	February 1, 1977

C. Information (continued)

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
2. Implement program of issuance of changes and amendments to the above documents in a systematic and orderly manner.	DPT	February 1, 1977
3. Install procedures for an annual revision of the Rules.	DPT	February 1, 1977
4. Develop a plan for holding regularly recurring meetings of staff members of DPT with a representative group of State agency personnel officers for purpose of dialogue, coordination and information sharing.	DPT	April 1, 1977

D. Records

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>TARGET DATE</u>
1. Institute a program of visitations and instruction to agency personnel staffs in matters related to forms preparation processing and records keeping.	DPT	May 1, 1977
2. Make studies to determine which personnel transactions can be decentralized to State agencies for final action.	DPT	June 1, 1977
3. Develop a plan for a pilot project of decentralization of transaction actions to a selected State agency in conjunction with classification.	DPT	July 1, 1977
4. If pilot project is successful, delegate transaction authority to other agencies.	DPT	January 1, 1978
5. If transactions authority is delegated, follow with a program of decentralization of official employee records.	DPT	July 1, 1978

CONCLUSIONS

The effective and efficient utilization of an organization's resources - people, dollars, and physical facilities - to a great degree determine its success or failure. The most important resource of any organization in meeting its goals is its people. As an organization grows in size and complexity, the challenge of creating a meaningful, positive, and rewarding personnel management system becomes increasingly more critical. As has been pointed out, the Commonwealth has made a conscious effort to meet this challenge. There is a continuing need; however, to assess our accomplishments, to define our goals, and to develop sound personnel management practices to insure we meet these goals.

The basic purpose of this Committee was to review and evaluate the existing personnel management system in Virginia and develop recommendations which will build on its strengths and minimize its weaknesses. A personnel management system, by its nature, is extremely complex. This Committee attempted to define the basic functions of personnel management; apply them to the Commonwealth; identify areas requiring improvement; and offer specific recommendations within the time frame available. Each basic personnel management function was defined; the current situation was outlined; observations and problems were identified; conclusions were discussed; and specific recommendations were offered. These specific recommendations are shown at the end of each personnel management function in the main body of this study.

Any attempt to present broad conclusions runs the risk of oversimplifying the complex issues associated with Virginia's personnel management system. With this in mind, this Committee feels it is still desirable to offer the following general observations and comments.

1. There is a need for greater decentralization of on-going personnel management programs to the operating agencies by the Department of Personnel and Training (DPT). DPT, however, must continue to retain the responsibility for establishing personnel management policies. Such decentralization must be accomplished in a systematic, defined, and controlled manner in order to insure continuity of the personnel management system throughout State government.
2. Attitudinal problems are evident at each level of the personnel system. The individual employee feels

the personnel system all too often is not supportive of his needs. The operating agencies feel the current personnel system is too control oriented and there is a need for a greater degree of participation on their part throughout the personnel system. DPT is justifiably concerned with its responsibility for the overall function of State government as it relates to personnel management. These are not irreconcilable differences but do require a continued awareness of the attitudes, needs, and capabilities of each of these groups and a sincere effort on their part to work as a "team".

3. One of the most effective means for establishing this "team" concept is through continuous, meaningful communications. State agencies must provide for the free and open exchange of information between their employees, supervisors, management, and personnel administrators. DPT should immediately establish a visible, structured, and meaningful mechanism that permits the free and open exchange of information, ideas, needs, decisions, and future plans on a continuous basis between their Department and State agencies. DPT must reaffirm their role as a service oriented agency dedicated to providing counsel, advice, and technical assistance to the operating agencies. In order to accomplish this in a meaningful and responsive manner there is a need to expand the number and types of professional positions within DPT in such areas as classification, research, planning, training, testing, and employee relations. This need has become increasingly more acute in recent years due to the growth in the size and complexity of State government.
4. There is a need to reaffirm the commitment to a sound, responsive training and career development program at all levels of State government to include the Governor, agency heads, managers and supervisors.
5. There is a need to more effectively utilize the performance appraisal system and standards of performance as a positive mechanism for meeting the goals of both the organization and the individual employee.
6. The General Assembly has mandated "a system of personnel management based on merit principles and objective methods of appointment, promotion, layoff, removal, discipline, and other incidents for State employment". The present Merit System is expensive and cumbersome and only applies to a small percentage of State positions. This Committee feels that the Virginia system of personnel administration is

no less a protector of the principles of selection and service on the basis of merit and fitness than are the civil service-type merit systems. As a result, this Committee recommends that the Director of Personnel and Training pursue a new and vigorous inquiry into the possibility of obtaining relief from the burdensome, costly, and duplicative requirement of maintaining the current Merit System in Virginia.

7. There is a need to provide concise and meaningful guidance in the form of handy, easily referenced documents to employees, supervisors, and personnel administrators throughout State government. It is recommended that an Employee Handbook, a Supervisor's Manual, and a Personnel Administrator's Manual be developed and distributed not later than June 30, 1978. DPT should provide the impetus and leadership in the preparation and distribution of these documents with the active participation from State agencies. This Committee feels it would be appropriate to consider contract assistance in this important task.

This Committee has endeavored to make this Study as comprehensive and complete as possible within the time frame available. However, the number and complexities of the various issues relating to personnel management in the Commonwealth clearly indicates the need for additional analysis and study on specific issues on the part of this Committee. As a result this Committee is submitting this Study as an interim report. It is the intent of this Committee to complete its analysis and submit specific recommendations on these issues to the Secretary of Administration and Finance no later than July 1, 1977. Examples of those issues which require further study by this Committee are Statewide Incentives Award and Suggestions Award Programs; longevity pay; permitting State agencies greater latitude in appointing above the entrance rates; and additional merit increases for outstanding employees.

A STUDY ON PERSONNEL MANAGEMENT
WITHIN THE COMMONWEALTH OF VIRGINIA

COMMITTEE MEMBERS

NAME	AGENCY	POSITION
Ronald W. Miller (Chairman)	Secretary of Administration & Finance	Management Infor- mation Systems Director
Claude Beville, Jr.	Department of Welfare	Agency Personnel Director
R. J. Boyd, Jr.	Department of Highways & Transportation	Personnel Director
James L. Bozarth	Department of Mental Health & Mental Retardation	Administrative Services Direct- or, Operational Services
Albin T. Butt	Virginia Polytechnic Institute & State University	Personnel Director
Robert D. Craft	Department of Personnel & Training	Chief of Classification
Frank N. Gay	Department of Alcoholic Beverage Control	Director of Divi- sion of Personnel
R. H. Lockridge	Department of Planning & Budget	Budget Analyst
Jerald F. Moore	Department of Conservation & Economic Development	Deputy Director
L. T. Overby	J. Sargeant Reynolds Community College	Provost
Herbert A. Parr	Department of Corrections	Staff Director of Administrative Services
Vern Sigman	Department of Personnel & Training	
William C. Sims	Division of Industrial Development	Assistant Director

A STUDY ON PERSONNEL MANAGEMENT
WITHIN
THE COMMONWEALTH OF VIRGINIA

Submitted to the Governor,
the Speaker of the House,
and
the President of the Senate
on
December 16, 1976

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PREFACE

A BRIEF HISTORY OF PERSONNEL MANAGEMENT IN VIRGINIA

For the first two decades of the twentieth century, personnel management in Virginia was a disunited affair left to the concepts and desires of the heads of the State agencies, institutions, boards and commissions. Most of the State agencies of that period were separately financed from a variety of revenue sources, and they were essentially autonomous in regard to personnel policies and practices.

A State Commission on Economy and Efficiency recommended in 1918 the establishment of a central personnel function, and in 1920 the Division of the Budget performed a pay and classification study involving more than 3000 State positions, but neither the recommendation nor the study attracted sufficient attention to bring about any change in the basic system. Autonomy in personnel administration remained.

In 1920, the Governor, in his presentation to the General Assembly of the Commonwealth's first executive budget, expressed the following view of the condition of personnel management in Virginia: "This lack of uniformity results in much injustice and waste. It has brought about a general laxity in administration that finds expression in multiplied employments and over-manned services on the one hand, and in inefficiency, poor service, wastefulness and non-performance on the other".

Two years later, the Governor again spoke to the problem. He pointed in his 1922 budget message to the continued power of the Secretary of the Commonwealth to "employ at his pleasure all persons necessary to carry on the work of the automobile division and pay such salaries as he deems proper and necessary". The Governor insisted that "In the General Assembly rests the power and the right to decide in what manner the public funds should be disbursed. Salaries should be fixed by the General Assembly in accordance with a general policy adopted for all State departments".

From 1922 to 1924, a Commission on Simplification and Economy of State and Local Government studied the matter of personnel administration, and recommended to the General Assembly the establishment and supervision of personnel standards under the administration of a Director of Personnel to be appointed by the Governor. The General Assembly did not agree, and asked the Commission to continue its studies.

In 1925, the Commission developed the State's first uniform program for the classification of State positions, but the Legisla-

ture failed to provide a staff for the administration of it. The General Assembly of 1926 did, however, provide the Governor with his first real control over agency pay practices by requiring that all salary changes for employees making more than \$1200 per year be approved by the Governor.

An extensive reorganization of Virginia's governmental structure took place in 1927 under the leadership of Governor Harry Flood Byrd. Although several specific recommendations made by the Governor's Committee on Consolidation and Simplification of the Organization and Management of the State Government regarding personnel management were not effected by the Legislature, that body did make two significant changes in the operation of State government that were to have a bearing on the move toward the development of a central personnel system. They required for the first time the bringing of institutional revenues into the State treasury, and they established a requirement for the pre-audit of payrolls by the Office of the Comptroller.

For the next several years, the staff of the Division of the Budget, in the continuing absence of a State personnel agency, attempted by various means to acquire the knowledge of agency personnel activities and costs which were considered essential to the administration of the State's central budgetary process, and to the Governor's review of requests for individual salary adjustments for State employees. It became increasingly apparent to officials of the executive branch, as they attempted to deal first with widespread demands for salary increases in 1929, then with wholesale pay cuts during the depression of the early 1930's, and once again with the build up of salary demands as the depression eased, that a clear-cut system of personnel management was essential to the orderly functioning of the Government. The Governor said in his 1936 budget message: "The salary restoration...should be accompanied, it is believed, by such adjustments of individual salaries as are necessary to provide equal pay for positions involving equal work and responsibility".

In response to the Governor's wishes, the Commonwealth hired Griffenhagen and Associates of Chicago, consultants in administration and finance. That firm gathered considerable data and put forth in 1937 classification and compensation plans which helped bring order in these areas, although their plans had to be simplified by the Division of the Budget in 1939 because they were found to be too detailed and awkward to be handled by the limited staff of that agency. The consultants also drafted and proposed the adoption in 1937 of a civil service system for the Commonwealth. But that approach to personnel administration was deemed inappropriate to the situation in Virginia, which had experienced little of the spoils system problems that had led to the establishment of the Federal civil service and similar systems in some other states, and the Governor rejected the consultants' proposal.

The General Assembly of 1938 adopted a joint resolution which read in part: "The Virginia Advisory Legislative Council is hereby

authorized and directed to make a thorough investigation and study of the advisability of providing for either a merit system or civil service applicable to persons who may, after the adoption of any such merit system or civil service, be employed by the Commonwealth of Virginia". The VALC, as was its normal procedure, appointed to conduct the study a group of prominent citizens of the Commonwealth.

Delegate Francis Pickens Miller of Fairfax was selected as Chairman of the Committee on Personnel Administration, and the membership included such notables as Virginius Dabney, then editor of the Richmond Times-Dispatch, and Judge C. H. Morrissett, State Tax Commissioner.

At the conclusion of their study, the Committee presented to the VALC, and the VALC to the Governor, the draft of a bill (to be known as the Virginia Personnel Act) which provided a basis for the establishment of a centralized program of personnel management in Virginia. The framers of the bill had not favored a civil service system, and chose instead an approach that called for "Appointments, promotions and tenure in classified service based on merit and fitness." The General Assembly of 1940 rejected this bill, reportedly because of concern over the limitations which they felt it placed on agency authority and responsibility. The matter was referred back to the VALC for further study.

Another event significant to personnel administration in Virginia was taking place in 1940. As a result of amendments to the Social Security Act, the Federal Government imposed a requirement on the states that those programs which received Social Security grants-in-aid must be operated on a civil service-type merit system basis. In Virginia, this applied in 1940 to the Department of Health, the Department of Public Welfare, the Commission for the Blind and the Unemployment Compensation Commission. The reader is referred to Enclosure 8 of this study for a more detailed discussion of the Virginia Merit System.

The VALC once again formed a Committee on Personnel Administration, made up of most of the same individuals as before, and that group began to retrace their previous deliberations. They held a public hearing in 1941 to which were especially invited the heads of State agencies and institutions. As a result of their new findings and their further study, the Committee recommended revisions to the rejected 1940 legislation, particularly in regard to the authority of agency heads. The revised bill designated the Governor to be the chief personnel officer of the Commonwealth, but it clearly made each agency head the appointing authority for his agency, and it prohibited the Governor from interfering with the authority of agency heads "with respect to the selection or tenure of office of any individual". This bill was accepted by the Legislature, and was enacted into law as Chapter 370 of the Acts of Assembly of 1942. In the same year that the Act was passed, the Governor established and staffed a personnel section in his Office, and appointed the Director of

the Budget to serve also as Director of Personnel. Uniform rules for the administration of the Act were developed and implemented, effective January, 1943.

When William M. Tuck became Governor in 1946, he proposed in his inaugural message a new study of State governmental organization. The Commission on Reorganization of State Government was appointed, and the firm of Griffenhagen and Associates was employed to assist them. The Commission made many recommendations for change in the organization of State government, including the consolidation of the seventy-odd agencies of that day into fourteen large departments. Relatively few of their recommendations were adopted by the General Assembly, although a State Department of Welfare and Institutions was created by merger of the Departments of Corrections and Welfare. In the area of central personnel administration, the Commission called for the creation of "a full-fledged division of equal rank with the Division of the Budget".

The VALC, in a 1947 report, supported the position of this Commission, and expressed the following view of the Director of the Budget serving also as Director of Personnel: "It is too much to expect that an untrained man charged with other duties would also have the capacity to solve the many and varied personnel problems with which one is faced in the various departments of the State".

The Governor adopted the recommendation of the Commission on Reorganization of State Government and established the Division of Personnel in 1948. He appointed in the same year a full time Director of Personnel, who was to serve as his deputy personnel officer, responsible "with full authority, except as otherwise herein stated, to act for the Governor in every personnel process requiring action by the Governor". This arrangement was to prevail for the next twenty-seven years.

It is felt that the early designers of the personnel management system in Virginia viewed the role of a central personnel activity as one of a coordinator, a facilitator, a provider of services to the operating agencies. The leaders of the State in the late 1930's and early 1940's soundly rejected the establishment of a control-based, police-type civil service system for the Commonwealth. The group which wrote the legislation that became the Virginia Personnel Act of 1942, in the report forwarding the draft of their bill to the Governor of that day, quoted comments from Professor Leonard D. White of the University of Chicago regarding the type of system that Virginia was about to adopt. It said, in part: "...it is the primary duty of a central personnel agency to serve, not to police the operating agencies. This restores the centre of gravity where it belongs, in the operating agencies, and recognizes the fact that personnel work, central purchasing, keeping of accounts, and budgeting, are all auxiliary agencies designed to facilitate the major work of government".

THE SYSTEM IN THE SEVENTIES

The decade of the 1970's has been one of significant change and growth for personnel management in Virginia, both in terms of the complexity of the system and of the numbers and degree of professionalism of the individuals involved in it. In 1970, the Division of Personnel (now the Department of Personnel and Training (DPT)) had fifty authorized positions. Today it has one hundred and twenty-six and one-half positions. A 1970 organizational chart of DPT would not have contained the functional areas that are identified on the current chart (see Enclosure 7) as employee relations, equal employment opportunity, local governmental assistance, management development and training, and manpower planning and research. The Classification and Compensation Program of that day had assigned to it five professional positions, whereas today it has fourteen positions. The Central Recruiting Office had four technical and professional positions then, and now it has nine. The management of the fiscal affairs of the agency was at that time a collateral duty of the supervisor of the records processing and maintenance section, while now it is the full time responsibility of an Accountant C.

This expansion of staff and services of the State central personnel activity has been matched and in some instances exceeded in the personnel programs of the operating agencies. Today the combined total of professional positions assigned to just four of the larger State agencies exceeds the total professional staff assigned to DPT. The table titled "Personnel Positions in State Agencies" (see Enclosure 6) shows those identifiable positions in operating agencies which are assigned full time personnel management duties. Many State agencies do not have special class titles to identify their various personnel specialists as does DPT, but many have positions which are none the less full time specialists in such areas as classification and pay, equal employment opportunity and training. Enclosure 6 does not show those many positions within the operating agencies that serve as State agency personnel officers in addition to their other administrative tasks. In fact, a comprehensive chart of positions in the Commonwealth that are assigned personnel administration duties and responsibilities would have to include every managerial and supervisory position in the State service, for it is those individuals who are the ultimate practitioners of personnel management.

In the opinion of one group of individuals who examined the system of personnel management in Virginia in the 1970's, the service-oriented approach to personnel administration as originally envisioned has eroded over the years. In a report to the Governor in November, 1970, the members of the Governor's Management Study, Inc. said of the personnel process: "The system incorporates duplication of activities. Too much emphasis has been placed on development and maintenance of central controls to ensure performance by the agencies in accordance with the Personnel Act...Thus,

the division is conducted as a line personnel organization which duplicates or supplements to a large degree the line personnel activities of the agencies".

That study group proposed as a remedy for the situation as they found it a reorientation of emphasis within the central personnel agency. They presented the following six points as a statement of what they felt should be the agency's function:

1. "Plan personnel administration objectives, manpower, and organization.
2. Research and develop uniform personnel policies, programs, and procedures for effective implementation.
3. Promulgate new procedures to the agencies for accomplishment.
4. Coordinate and audit the performance of state agencies.
5. Provide functional aid, counsel, and advice to agencies in implementation of programs and attainment of uniform objectives.
6. Analyze and evaluate results".

The Governor's Management Study went on to make fourteen specific recommendations regarding the State's personnel activities. Five of those recommendations were fully implemented, four were partially implemented, and six were not implemented. As a matter of record, most of the programs that have been established within the central personnel agency since 1970, viz., employee relations, local governmental assistance, management development and training, and manpower planning and research, are by nature more service than control oriented.

In 1973, the General Assembly created the Commission on State Governmental Management "to conduct a thorough reorganization study". One of the Commission's areas of in-depth review has been the personnel management system. In a document presented to the Governor and the General Assembly in December, 1975, titled the "Sixth Interim Report: Recommendations on the State's Personnel Process", the Commission expressed the following point of view regarding the proper role of the central personnel agency: "The Division of Personnel is one of the key staff arms assisting the Governor in the execution of his responsibilities. If the management of the state government is to be substantially improved, it is imperative that the Division be strengthened in its central management role. To become completely effective in its management role, it will be necessary for the Division to divest itself wherever possible of all

matters that are extraneous to that central role". This theme of decentralization of personnel processes that is expressed at various points in the report is qualified, however, by concern for what the Commission feels is the lack of general management or personnel expertise in most agencies to handle more authority in personnel matters than they now have.

Legislation proposed by the Commission and passed at the 1975 and 1976 sessions of the General Assembly as amendments to the Virginia Personnel Act have brought about some noteworthy changes in the State's personnel management process. Of considerable significance is a 1975 amendment to the Act which changes the reporting relationship between the Governor and the Director of Personnel and Training. This amendment directs that the Secretary of Administration and Finance, and no longer the Director of Personnel and Training, is to serve as the Governor's deputy personnel officer. In 1976, amendments were made that specifically assigned certain powers and duties to the Department of Personnel and Training, thus changing the original concept of the system whereby the powers and duties were assigned to the Governor for his delegation to the Director of Personnel and Training as he saw fit.

It is still too early to assess the full impact that these various changes will have on the State's system of personnel management as it moves through the decade of the seventies.

A STUDY ON PERSONNEL MANAGEMENT
WITHIN THE COMMONWEALTH OF VIRGINIA

CHAPTER I

INTRODUCTION

General

The growth of the number of employees within the Executive Branch of Virginia State Government has risen dramatically in the past ten years. There are approximately 70,000 employees currently employed in the State who are assigned to positions allocated to some 2700 different class titles. These employees are widely dispersed both organizationally and geographically and are distributed among some 140 agencies. A large per cent of the annual budget involves personnel costs and related fringe benefits. Obviously a key element in the effective management of state government is its personnel resources. In order to provide the necessary services to its citizens and to meaningfully challenge and motivate its employees, the State must establish a comprehensive and equitable personnel system and related policies and procedures. The personnel system is not a static thing but, by its nature, must be subjected to continuous review, evaluation and modification. It is with this objective in mind that this study on "Personnel Management within the Commonwealth of Virginia" was conducted.

Purpose

The purpose of this study is to review all aspects of personnel management within the Commonwealth in the time frame allotted. Emphasis is placed on the relationships between the Department of Personnel and Training (DPT) and State agencies for the purpose of identifying those personnel functions not of a policy nature which could be decentralized to the operating agencies. The intent is to develop specific recommendations which can be implemented in order to improve personnel management within the Commonwealth. However, it was recognized from the beginning that there are many strong points in the present personnel management system and to implement changes which were not built on the fundamental strengths of the existing personnel management structure would be a mistake.

Background

The Commission on State Governmental Management conducted a review of the operation of the State's personnel system in order to evaluate its effectiveness and suggest possible modifications and improvements where appropriate. This resulted in their Sixth Interim

Report: Recommendations on the State's Personnel Process. This report recommended that the General Assembly enact legislation directing the Secretary of Administration and Finance to conduct a study of the relationships between DPT and State agencies and develop a definitive plan for the delegation of operating personnel functions to the appropriate levels of management for submission to the Governor and the General Assembly. This resulted in the enactment of House Joint Resolution 64 which directed a study be conducted and a plan submitted to the Governor, the President of the Senate, and the Speaker of the House of Delegates not later than December 15, 1976 (see Enclosure 1).

Several studies have been conducted over the past few years which have reviewed Virginia's personnel system. The most recent study was conducted by the Commission on State Governmental Management in 1975. An earlier study was conducted in 1970, "The Governor's Management Study". These studies were conducted by a group of individuals outside the Executive Branch of government.

This Committee on Personnel Management brings a different perspective and insight to the challenge of reviewing and submitting recommendations for the purpose of improving personnel management within the Commonwealth. This Committee is composed of senior management personnel from within the Executive Branch who deal with the personnel management system on a daily basis. As a result, they have an intimate knowledge of the personnel management system as it relates to State government and its strengths and weaknesses. In addition, they have a personal and professional commitment to the development of sound, pragmatic recommendations to resolve existing weaknesses in the system as well as the implementation of such recommendations.

The Approach

As a result of HJR 64, the Secretary of Administration and Finance appointed a committee to conduct a study of personnel management within the Commonwealth on July 21, 1976. Each member of the Cabinet was asked to designate two individuals from his secretarial area to serve on this committee. It was suggested that the individuals be not only familiar with personnel policies and procedures but, in addition, have experience in personnel management practices. It was also felt that members should be selected from the involved central agencies; large, complex operating agencies; and the smaller operating agencies. This resulted in the appointment of the committee members shown at Enclosure 2.

The initial meeting of the committee was held on August 11, 1976 at which time Secretary Maurice B. Rowe emphasized that this was an extremely challenging and meaningful study that could have far reaching effects on future personnel management in the Commonwealth.

In addition, he stressed the importance of addressing the provisions of HJR 64 as well as the need to closely review the contents of the Sixth Interim Report: Recommendations on the State's Personnel Process.

The basic functions of personnel management were identified by the Committee and are shown at Enclosure 3. Each function was discussed in-depth by the Committee in order to identify specific areas of concern; relate the concept of centralization vs. decentralization to each function; and place each function in an order of priority. Following this detailed discussion by the Committee the basic personnel management functions were modified, grouped together in a logical manner, and subcommittees were established. Members were assigned to each subcommittee (see Enclosure 4) and they were tasked to review their areas of responsibility in-depth; define the existing process and current situation; identify existing problems; and develop specific recommendations for improvement. To accomplish this in a meaningful manner each subcommittee reviewed the content of the Sixth Interim Report, specific areas of concern previously developed by the Committee, and areas of concern expressed by the Cabinet and agencies.

From the beginning active and continuous involvement by the Cabinet and agency personnel was solicited and received. All State agencies were asked to submit their comments and recommendations by their individual Secretaries and this Committee. Extensive input has been received. The Cabinet and the individual agencies have been kept informed on a recurring basis as to the status of the Committee's efforts and progress. Each subcommittee has visited numerous State agencies and talked to employees at all levels in an effort to obtain first hand their comments and suggestions within the existing time constraints. A concerted effort was made to obtain the viewpoint of representatives of a variety of State employee groups during the course of this Committee's work. The Chairman of the State Equal Employment Opportunity Committee and the Chairman of this Committee on Personnel Management have maintained an ongoing exchange of information and ideas on matters of mutual concern. Selected industrial firms were also visited in the Richmond area. A summary of those State agencies and local industrial firms that were contacted is at Enclosure 5.

Limitations

HJR 64 requested that the Secretary of Administration and Finance conduct a study to develop a definitive plan for the delegation of those personnel functions not of a policy nature to the appropriate levels of management. The identification of those "personnel functions not of a policy nature" proved to be extremely difficult. The Committee, when discussing personnel functions not of a policy nature, with DPT and the operating agencies discovered a wide variance of views. However, with only minor exceptions, the majority of operating agencies saw not only a need but a real value in the establishing basic personnel policies and

monitoring their enforcement. The real issue was to what extent this delegation should occur. It became obvious early in the study this issue could not be treated in a uniform manner for all operating agencies. Instead, it appeared there was a need to develop a set of criteria which would govern the delegation of each personnel function and which would be applied on an individual basis for each operating agency.

The identification of personnel management positions currently available in State government as a whole and in individual agencies was addressed. It was possible to clearly identify only those positions assigned to a class title relating to personnel management. (See Enclosure 6a and 6b.) Frequently, however, individuals were involved in personnel management as an additional responsibility. This was especially true in the smaller operating agencies and in the internal organizational structure of larger operating agencies. It proved impossible to estimate the personnel staff resources required at the several levels of State organization due to the complexity and diversity of the organizational structure of the agencies within State government, the time available for this study, and the size of the Committee. Many of the recommendations of this study will impact the current personnel management resources throughout State government. Their impact, however, can only be determined after they have been evaluated and implemented on an agency by agency basis.

The House Joint Resolution directed that attitudinal changes be considered that may be required throughout the personnel management system. The Committee encountered numerous expressions of attitudes both in the written input from agencies as well as interviews and discussions with members of several State agencies.

DPT is justifiably concerned with its responsibility for the overall function of State government as it relates to personnel management. This is viewed as best accomplished through the implementation of policies and detailed procedures, close and continuous review and approval of State agency requests and actions.

The operating agencies, on the other hand, feel DPT is too control oriented. They do see the need for a strong role in establishing and maintaining uniform personnel policies and practices on the part of DPT. The operating agencies, however, feel a more participatory approach on the part of DPT is both appropriate and needed. They feel many of the present review procedures performed by DPT could be eliminated and replaced by appropriate post-audit actions to insure compliance with established personnel policies. The Committee agrees there is a need for greater decentralization of operating personnel management programs as opposed to personnel management policies. This will require some changes in attitude on the part of both DPT and operating agencies. This study will attempt to identify areas that should impact this attitudinal problem in a positive manner in the form of specific recommendations as they relate to the various personnel functions.

CHAPTER II

EMPLOYEE DEVELOPMENT

This Chapter is devoted to Employee Development, which includes the areas of Recruitment, Examination, Training, and Career Development. The grouping of functions is designed so as to present those personnel actions that affect an applicant or employee from the time he considers employment, applies for a position, is tested (if required), employed, trained, and prepared to achieve his State career ambitions. Advertising State personnel requirements and encouraging people to apply for State employment are the initial and some of the most important actions in the recruitment process. The success of the recruitment program will depend on the extent of the dissemination of information pertaining to personnel requirements and the manner in which the advantages of State employment are presented. Following the action to motivate and encourage people to apply for State positions is the interviewing, testing, and referring of qualified applicants to prospective employers. These procedures are used in determining the qualifications of the applicant for a particular position. After an applicant is employed, training and career development commence. These are the most important factors in developing the potential of employees and the retention of career personnel.

Each of these areas was reviewed and researched by studying Federal and State laws and rules, current procedures, and by contacting State employees and applicants for State and applicable local positions.

Present procedures were reviewed, and employees solicited for their opinions concerning problem areas and solutions to those problems. The conclusions and recommendations were based on these findings.

RECRUITMENT

I. The Process

The recruitment process in Virginia is accomplished through actions by three different type organizations: the State Recruitment Office of the Department of Personnel and Training (DPT), the Virginia Employment Commission (VEC), and the various State agencies. The initial thrust in recruitment is to motivate people to apply for State employment and employment in local agencies, which include local Welfare Departments and Emergency Services. Special emphasis is placed on obtaining applicants for known and anticipated needs. Subsequent actions in the process vary according to type of agency--non-Merit System or Merit System. (For a more detailed discussion on the Merit System in Virginia, see Enclosure No. 8.)

A. Non-Merit System:

Applicants for positions in non-Merit System agencies, excepting clerical, are not tested by the State Recruitment Office, except by request of the employing agencies. Some non-Merit System agencies accomplish some testing for selected classes, primarily those in the clerical field. Qualified applicants who apply for non-Merit System positions are referred to those prospective employers who have submitted a "Request for Referral". Applications pertaining to those qualified applicants who are not employed are retained on file for future consideration. Qualified applicants who apply directly to a non-Merit System agency may be employed by that agency to fill authorized positions without further referrals.

B. Merit System:

All applicants for Merit System positions must be tested. This is a condition of the Federal Government's financial assistance to State agencies receiving federal funds. Tests are administered by the State Recruitment Office of DPT, or by the VEC local offices. If the testing is done by a VEC local office, the tests are forwarded to the Merit System Office of DPT for scoring. These tests are then processed in the same manner as those from applicants who applied at the State Recruitment Office. Applicants who meet the minimum standards for a Merit System position are placed on an appropriate register or registers, i.e., local, area, State, and total, consistent with their test scores and personal preference for location of their employment. The person attaining the highest score is placed at the top of the listing and other applicants are ranked accordingly. Merit System

agencies submit requests for certified applicants consistent with their needs. Certification lists are compiled by selecting the top five applicants from the register. These certificates are then furnished the requesting agency for their consideration. The agency may select one of those on the certificate or reject the entire list. If the list is rejected, a notation must be made opposite each name indicating a valid reason for rejecting the applicant.

Applicants may, by choice, request consideration for non-Merit System positions, Merit System positions, or they may be considered for either, based on their qualifications.

II. The Current Situation

A. There were approximately 70,000 classified positions, of which about 6,800 are Merit System positions, established in the State as of June 1, 1976. Approximately 60,060 of these positions were filled. In addition to the above, there are presently 5,254 local Merit System positions, of which 4,215 are filled.

B. The role and responsibilities of the recruiting activities are:

1. Virginia Employment Commission (VEC):

The VEC is a State-operated, federally funded agency consisting of a central office located in Richmond and 50 local offices situated throughout the State. The mission of VEC is to facilitate the employment process so that the labor force is gainfully and productively employed. This means that in addition to recruiting personnel for the private sector, they also recruit for public agencies. The recruiting process for State employees by VEC is initiated by DPT and individual agencies based on requests received from the various agencies. DPT supplies VEC with a list of personnel actions on a daily basis, which serves to keep the vacancy listing current. Based on the deletions from and additions to the State's personnel requirements, VEC publishes and distributes to all of its local offices an updated, bi-weekly machine listing of State vacancies. Qualified applicants are selected by the local VEC offices from its job banks and referred directly to non-Merit System agencies. If there are no suitable applicants available, VEC may elect to advertise the vacancy. Applicants qualified for Merit System positions are tested for such positions and their tests are forwarded to DPT where they are scored and the applicants' names are placed on appo-

priate registers, provided they pass the examination. The VEC office attracts applicants by making the public aware of its services, functions, and programs, and advertising for selected classes and specific job openings.

2. Department of Personnel and Training (DPT):

The State Recruitment Office is a component of the State Merit System, which is a part of DPT. The Deputy to the Merit System Supervisor supervises the State's recruitment program. The recruiting activity has thirteen positions assigned. However, other employees assigned to the Merit System are involved in recruiting activities, so there is no clear-cut determination as to the exact number of persons performing recruiting functions. The State Recruitment Office is located in the State Finance Building on the Capitol Square grounds, and the testing facility is located on 8th and Broad Streets, in the City of Richmond. Approximately two blocks separate the two activities. The State Recruitment Office serves as a focal point for State recruiting activities. State recruiting policies and procedures pertaining to both Merit System and non-Merit System activities emanate from that office. Recruiting for State positions is accomplished by a variety of methods. These include newspaper advertising, fliers, posters, and distributing lists of personnel requirements. Other methods are visits to colleges, business schools and high schools. One of the primary sources of applicants is referrals by the VEC. As far as practical and feasible, vacancies are filled by promotion of qualified probationary or permanent employees. Recruiting for these positions is accomplished essentially by circulating notices and vacancy lists throughout the State agencies that are likely to have employees eligible for promotion to the vacant position. An applicant who applies directly to the State Recruitment Office for a position is counseled and requested to complete an application form. If the position desired is non-Merit System and the applicant meets the necessary qualifications, he is referred to a State agency that has submitted a "Request for Referral" for such a class. The employing agency interviews the applicant, makes a decision concerning his employment, and returns the referral slip to the State Recruitment Office, indicating disposition of the applicant. Applicants for Merit System positions who apply at the State Recruitment Office are advised concerning vacancies and requested to complete an application form. The form is evaluated, and if the applicant is qualified for a Merit System position that is vacant, he is tested for that

position. If the test is passed, the applicant's name is placed on an appropriate register, according to their test score.

The following statistics reflect the magnitude of the recruiting activities in the State Recruitment Office:

<u>APPLICANTS INTERVIEWED:</u>	<u>TOTAL</u>	<u>MONTHLY AVERAGE</u>
FY-73	5,009	417
FY-74	4,883	407
FY-75	8,887	741
FY-76	9,362	780

APPLICATIONS RECEIVED:

Merit System

FY-73	9,096	758
FY-74	7,087	651
FY-75	8,084	674
FY-76	17,769	1,481

Non-Merit System

FY-73	7,657	638
FY-74	8,081	674
FY-75	11,438	953
FY-76	9,456	787

3. State Agencies:

Most, if not all, State agencies do some type of recruiting. The methods are conventional, i.e., newspaper advertisements, visits to colleges and schools, word of mouth, walk-ins, and contacts with minority organizations and private agencies. Emphasis is placed on recruiting from within State agencies, where practical. Non-Merit System agencies employ qualified applicants to fill authorized positions at their discretion. Merit System agencies refer applicants to the State Recruitment Office or to any of the 50 VEC offices for interviewing, counseling, testing, and listing on the appropriate register if the applicant passes the required test.

III. Observations and Problems

A. General comments:

Personnel in all State agencies contacted expressed concern regarding the recruiting process. Some believed

the system to be inadequate, some were concerned with the qualifications of recruitment personnel, and some expressed concern on both areas. The recruiting process is cumbersome, time consuming, and somewhat complex. The operation of the two systems, non-Merit System and Merit System, with the inconsistencies in qualifying applicants for positions, has built-in problems. The lack of qualified personnel caused by a turnover of people in key positions within all functions of the Merit System appear to add to the problems. There is also a lack of refined and detailed internal procedures, which causes administrative problems. Some of these problems and weaknesses have been recognized and appropriate action has been taken internally.

B. Specific observations and problems:

1. Non-Merit System agencies expressed concerns in a number of areas which included:
 - a. Location of the State Recruitment Office.
 - b. A lack of personal interest in applicants by recruiting personnel.
 - c. A lack of knowledge concerning job vacancies by recruiting personnel.
 - d. Long intervals between the time the applicant applies for a position and the time the actual referral to the appropriate State agency occurs.
 - e. Little or no public information or public relations efforts to inform the public on State opportunities and employment advantages.
 - f. Poor calibre of personnel recruited and referred.
 - g. Poor administrative procedures resulting in loss of applications, and clerical errors in procedures, i.e., failure to list names properly, improper certifications, etc.
 - h. Poor communication between State agencies and the State Recruitment Office.
2. Merit System agencies expressed more concern about the recruiting program than non-Merit System agencies. This is because Merit System agencies are more dependent on the Merit System's recruiting efforts. Merit System agencies cited the following difficulties:

- a. Delays in testing applicants resulting in loss of prospective employees.
 - b. Delays in adding qualified applicants to appropriate registers.
 - c. Delays in obtaining test scores.
 - d. Poor administrative practices causing delays in dispatching certificates to agencies.
 - e. Applicants receiving notices of referrals to State agencies before State agencies receive certificates, resulting in unnecessary efforts by both the applicant and the State agency.
 - f. Failure to coordinate advertising for applicants with VEC, resulting in applicants responding to advertisements at VEC offices prior to those offices being made aware of the vacancies.
3. Both non-Merit System and Merit System agencies expressed concerns about:
- a. The lack of qualified applicants referred to their agencies.
 - b. The loss of prospective employees because of delays in obtaining certificates and referrals.
 - c. Complexity of the system.
 - d. Location and condition of the recruiting and testing facilities.
 - e. The lack of public relations efforts to inform the public on State job opportunities.
 - f. The lack of personal interest in applicants.
 - g. The lack of communication between the State Recruitment Office and the various State agencies.
4. Applicants for State and local positions are often frustrated by the difficulties encountered in locating the proper place to apply for a State or local position; the inaccessibility of the Recruitment Office; the impersonal attitude of recruitment personnel; the delays encountered in the testing process; and the lengthy waiting period before applicants are advised of their test scores. These deficiencies have resulted in the loss of many prospective employees.

IV. Conclusions

- A. It must be concluded that the present recruitment system fails to provide the services needed to meet the manpower needs of the various State agencies. The system is cumbersome to operate, and the time lag between the time the applicant applies for a position, either at the State Recruitment Office or VEC (two weeks to two months), is so great that many applicants seek and obtain other employment. The image of the State Recruitment Office has adversely affected applicants and employees of State agencies, resulting in portrayal of a bureaucratic, self-serving operation. Administrative errors occurring in maintaining registers and making referrals have caused a lack of credibility in the recruitment system. A high turnover rate of personnel in the recruitment offices, at all levels, but particularly in key positions, has contributed to the deficiencies in the system.
- B. It appears that the following options are reasonable and practical:
1. Retain the present system as it exists and depend on the Personnel Management and Information System (PMIS)¹ to improve and expedite the recruiting process.
 2. Separate the State Recruitment Office and the Merit System; appoint a Supervisor of the State Recruitment Office to be at the same level as the Merit System Supervisor; and assign the State Recruitment Supervisor the responsibility of directing a Statewide recruitment program for the purpose of obtaining applicants for State and local positions, testing and referring applicants for Merit System positions, and referring qualified applicants directly to non-Merit System agencies.
 3. Separate the State Recruitment Office and the Merit System; appoint a Supervisor of State Recruiting as a member of the staff of DPT who will be responsible only for formulating and monitoring all recruiting policies as they relate to State, local Welfare, and Emergency Services applicants on a continuing basis. This will result in all recruitment responsibilities being assigned to VEC and State agencies.
 4. Retain or adopt any of the foregoing and operate the system independently of the Merit System.

¹ See Enclosure 10.

C. In considering the options, the following factors should be weighed:

1. The retention of the State Recruitment Office in its present configuration has the advantage of providing a focal point to which all applicants for State positions can be directed. There should be very positive cooperation between the recruiting and the Merit System function. For this reason, a combination of these two functions should be advantageous. In theory, better and more personalized service should be rendered applicants and State agencies because of common interests and goals. There is also the advantage of having a recruiting office in the proximity of the largest concentration of State employees in the Commonwealth, and one of the best sources of applicants. On the other hand, the present Merit System organization is responsible for an extremely important function. The system is complex and exacting in that it must meet the requirements of State and federal regulations. It serves applicants and State employees and is extremely vulnerable to criticism from both. This, in itself, may be too much responsibility for one supervisor regardless of his dedication and abilities. However, after taking all of these matters into consideration, the fact remains that the present system is not providing the services expected and required by the State agencies.
2. The separation of the State Recruitment Office from the Merit System and the appointment of a State Recruitment Supervisor offers the advantages of relieving the Merit System Supervisor of recruiting responsibilities and assigning them to a supervisor who could direct his undivided attention to recruiting. It would separate two relatively unrelated activities and permit a more homogeneous organization, particularly since the Merit System, per se, is only responsible for less than ten per cent of the total State positions. The separation would permit the relocation of the State Recruitment Office to a better, more accessible location with little disruption of the activities of either since there would be two separate organizations. It should be remembered that one of the complaints concerns the inaccessibility of the recruiting office due to traffic congestion and parking. The State Recruitment Office would have the advantage of a separate identity which would cause it to be more easily identifiable to applicants and employees. The disadvantages are negligible. Additional personnel would not be required, and relocation of either office is not an absolute necessity. However, the

two activities would have to maintain a very close working relationship, which may be more difficult since the person responsible for recruiting would no longer be subordinate to the Merit System Supervisor.

3. The advantages of separating the State Recruitment Office and the Merit System; appointing a Staff Recruitment Officer who will be responsible for recruiting policies; and assigning all other recruiting activities to the VEC and State agencies, offer the advantage of placing the primary responsibility of recruiting with a State agency established for the purpose of recruiting people on a statewide basis. The 50 local VEC offices located throughout the State could provide an excellent source of applicants who possess the varied backgrounds needed by State agencies. The assignment of the major responsibility for recruiting State and local employees to one agency would have the effect of "fixing the responsibility", thus making it easier to determine and correct deficiencies. It should also encourage and motivate VEC to expend more effort toward recruiting State and local employees. There would be little change necessary in the present organization or procedures of VEC since it currently recruits and tests for State positions. It would also mean that the VEC would have to expand its recruiting activities to better meet the needs of State agencies. However, some of the cost would be offset by funds received from federal allocations for placement of applicants who are registered with VEC. Recruitment spaces and personnel should be transferred from DPT to VEC in an orderly manner. The recruiting efforts of the various State agencies should be continued since it increases the scope of recruiting, and permits a personalized effort in this area.
4. The elimination of the Merit System from a role in the recruiting effort would undoubtedly expedite the recruiting process by removing some of the delays in time-consuming restrictions imposed on applicants and agencies. However, it is questionable that this option would be acceptable since the operation of a Merit System is in conformity with Federal standards as a condition of Federal funding for certain agencies, and it does not appear that the Federal Government will relinquish its interest in the recruitment and employment practices of such agencies.

V. Recommendations

A. It is recommended that:

1. The State Recruitment Office and the Merit System be separated; a Staff Recruitment Officer be appointed in DPT who will be responsible for recruiting policies; and all other recruiting activities be assigned to the VEC and State agencies. (DPT and VEC)
2. The recruiting efforts of the various State agencies be continued since it increases the scope of recruiting and fosters a personalized recruiting effort. (State agencies).
3. Positions and personnel currently assigned to DPT involved in recruitment be transferred to VEC. (DPT and VEC)
4. The initial transfer to VEC includes only non-Merit System recruitment responsibilities. When it is functioning properly within VEC as a separate organizational element, then transfer responsibility and related positions for Merit System recruitment. (DPT and VEC)
5. The development of the Pre-Employment Sub-System of the Personnel Management Information System be continued as currently planned, and that the responsibilities of the System be transferred to VEC only after the sub-system is operational and after the recruitment function has been transferred as recommended. (DPT and VEC)
6. In order to effect a smooth and orderly transfer of the recruitment function from DPT to VEC, a detailed transfer plan should be developed jointly by the two agencies and submitted to the Secretary of Administration and Finance for review and approval no later than May 1, 1977. (DPT and VEC)

B. It is recommended that the following actions be accomplished prior to and continued, if appropriate, during the planning for the reassignment of the recruiting function:

1. The State Recruitment Office be separated from the Merit System and that a Supervisor of the State Recruitment Office be appointed at the same level as the Merit System Supervisor, and assign the Recruitment Supervisor the responsibility of directing the Statewide recruitment program. (DPT)

All personnel recruiters, technicians, interviewers, and all other personnel who come in contact with applicants or are involved in recruiting activities, be provided continued training in recruiting and interviewing techniques. (DPT and VEC)

The positions in the Recruiting Office be audited and, if necessary, reallocated so as to provide a level which would attract qualified and capable recruitment personnel and provide stability in the Recruiting Office. (DPT)

All recruiting personnel become more knowledgeable regarding the agency for which they are recruiting and the duties and responsibilities of the required position. (DPT and VEC)

Recruiting personnel be assigned to specific agencies so they can become specialized in their personnel requirements.

Advertising be expanded and:

- a. Local radio and TV be used to run public service announcements of vacancies and publicize the attractiveness of State employment. (DPT, VEC and State agencies)
- b. Advertisements in the yellow pages of telephone directories be used to provide a ready reference for those applicants who are searching the directory for employment agencies. (DPT and VEC)
- c. Advertising and announcements concerning vacancies should be more extensively publicized through the minority-oriented news media. (DPT, VEC and State agencies)
- d. Mailing list of minority groups, i.e., R-CAP and the Urban League, be prepared and used in distributing vacancy lists on a recurring basis. (DPT, VEC and State agencies)

Frequent personal contacts and visits be encouraged to create a better understanding of the State agencies and the recruiting offices problems. (DPT, VEC and State agencies)

A procedure be established in the Recruitment Office to concentrate on hard-to-fill positions. (DPT)

Agencies be required to submit their personnel requirements, including promotional opportunities, as quickly as possible after they are known. (DPT, VEC and State agencies)

EXAMINATION

I. The Process

Examination is an integral part of the recruitment function. It involves several activities: the development of each test and its subsequent validation on a recurring basis; the administering and scoring of the test; the ranking of those tested based on scores achieved; and the preparation and distribution of certificates to requesting agencies seeking to fill vacancies. The process can involve both written tests or the evaluation of an applicant's training and experience (T&E). Oral tests or competitive interviews may also be used as a part of the total test for a class or position. The use of tests to measure the qualifications of employees and job applicants is recognized as a valid employment practice under Title VII of the Civil Rights Act of 1964. It provides an objective, unbiased method for assessing the qualifications and potential of an applicant and should be used whenever valid tests are available. Any professionally developed ability test that is not designed, intended or used to discriminate against persons in one of the protected groups is authorized. "Homemade" tests prepared by nonprofessionals have been found lacking by the Courts. The professional status of a test and its use have been brought into question when a larger percentage of those scoring below the cutoff mark belong to one of the protected groups. Unless the test can be shown to predict successful performance of the job for which it seeks to measure qualifications, it must be abandoned as unlawfully discriminatory. Professionally developed tests must also be validated as a predictor of job performance. Further, the Supreme Court has held that if an employer does prove that the test is related to job performance, the right to use it may still be challenged on the grounds that there are other tests or selection devices that do not have the undesirable discriminatory effects but which would serve equally well the employer's interest in efficient and valid selection process.

The process is different for non-Merit System and Merit system positions:

A. Non-Merit System:

There are no State or federal rules that require that applicants for non-Merit System positions be tested prior to employment. Some non-Merit System agencies conduct tests for applicants who apply for positions within that particular agency. Some of these tests, such as the test for typists, are of the "homemade" variety, while others, i.e., the test for game wardens, are more sophisticated.

Merit System:

Applicants for Merit System positions must pass appropriate tests prior to being given further consideration for employment in the Merit System position. The Merit System is responsible for holding open competitive tests as often as necessary to meet current or anticipated personnel needs of the Merit System agencies. A written test is included except where qualifications of a technical, scientific, or professional nature are such that competition through written tests is not practical. Under such circumstances, nonroutine tests are utilized. The Merit System Supervisor must give public announcements of all competitive tests at least two weeks in advance of the closing date for receipt of applicants. He is required to make every reasonable effort to attract qualified persons to compete in these tests. This is accomplished by sending notices of testing for posting in information centers throughout the State, and by using the news media as he deems appropriate. The Merit System Supervisor designates monitors to conduct the tests under conditions prescribed by him, and he determines a final score for each applicant's test computed in accordance with the weights announced for the parts of the test. Oral tests or competitive interviews may also be used as a part of the total test for a class or position. When this is the case, the Merit System Supervisor appoints one or more impartial interviewing committees, as needed. An interviewing committee consists of two or more members who are interested in improvement of public administration and the selection of efficient government personnel. At least one of these members must be technically familiar with the character of the work and the requirements of the position for which the applicant is applying. Veterans who served in the Armed Forces of the United States in World War I or subsequent to December 6, 1941 are entitled to have their open competitive test grades augmented by five percent, provided they can produce documentary evidence of an other than dishonorable discharge from the Armed Forces, and make at least a passing grade on the test. A disabled veteran meeting the same requirements as above, who has a service-connected disability for which he is receiving or is eligible to receive compensation, is allowed a grade augmentation of ten per cent. Each applicant who successfully passes a test is notified in writing of his test score by the Merit System Supervisor. As soon as the processing of the test has been completed his name is entered on an established eligibility register. An applicant who fails the test will be notified of his failure to achieve a passing score. After each test, the Merit System Supervisor prepares new registers or augments existing registers with the names of persons who achieve

passing scores. The names of persons placed on registers shall be in order of their final test scores, starting with the highest. It is from these registers that applicants are certified to Merit System agencies that request certification.

II. The Current Situation

The responsibility for the testing process is assigned to the Merit System Office in the Department of Personnel and Training (DPT). The complete testing process is assigned to several sections within the Merit System. The testing section consists of an Examination Supervisor, five professional personnel who develop and validate tests, and three clerical personnel who perform necessary clerical functions. The actual testing of applicants is the joint responsibility of the Recruitment Section and the Test Scoring Section. (The procedures for this process are described in the Recruitment Section of this report.) The Testing Section is located in an area adjacent to the Merit System and is an integral part of that office, which is located in the Finance Building situated on Capitol Square. The section develops and validates tests for 525 Merit System classes of positions in the Merit System. There are approximately 6,800 State and 5,254 local Merit System positions subject to the testing provisions of the Merit System rules. Merit System positions are those positions authorized State agencies which are funded to some degree by federal funds with the condition that these positions will be subject to Merit System rules. Testing facilities are located at 8th and Broad Streets in Richmond, Virginia, and in the VEC offices throughout the State.

Approximately 62,000 non-Merit System classified positions are established in the State. These positions are usually funded from State funds or by federal funds which are granted without the condition that they be subject to Merit System rules.

The tests developed by the testing section are designed to be practical in nature and so constructed as to reveal the capability, suitability, and qualifications of the applicant for the particular class of position for which he is applying, as well as his related knowledge and vocational competence.

III. Observations and Problems

A. General Comments:

The present staff appears to be qualified to perform their assigned functions. Their goal is to develop

necessary examinations in a timely fashion and to validate with few exceptions all examinations at least once during a five-year period. They have not met this goal due primarily to the volume of work and inadequate staffing. The Testing Section has no responsibility for administering tests to applicants. This is accomplished by the Recruitment Office in DPT and VEC. The VEC does approximately seventy-five per cent of all testing accomplished. The delays in revalidating tests could be a potential problem. The objective of Congress in the enactment of Title VII was to establish equality of employment opportunities and remove balances that have operated in the past to favor an identified group. Under the Act, practices, procedures or tests, neutral on their face, and even neutral in terms of intent, cannot be maintained if they operate to "freeze" the status quo or prior discriminatory employment practices. Consequently, Congress has placed upon the employer the burden of showing that any given requirement must have a manifest relationship to the employment in question. If tests were inconsistent with this philosophy, then this could cause a problem. The lack of a testing requirement or uniform test procedure for use by non-Merit System State agencies may eventually pose a problem. It is not feasible or advisable to attempt to test all applicants in non-Merit System positions by means of a written instrument, but testing applicants for certain positions, i.e., clerical, data processing personnel, etc., may provide a more positive reason for support of employment decisions.

B. Specific observations and problems:

1. Delays in developing and validating tests. There have been complaints from some State agencies, particularly the Welfare Department, that certain existing tests are not valid.
2. Lack of coordination of actions between the Merit System and VEC, i.e., failure to keep VEC informed concerning new qualification standards, changes to existing standards, VEC supplied with test materials, and failure to advise the VEC local offices of referrals for testing, causing confusion for the applicant and the local office.
3. The possibility that some present tests may not be constructed in accordance with the Civil Rights Act of 1964.
4. The lack of uniform testing procedures and guidance for use by Non-Merit System agencies.
5. Split and overlapping responsibilities by the Merit System and VEC. The VEC offices administer tests

for some Merit System classes, but not for others; VEC conducts tests, but scoring is accomplished by the Merit System in Richmond; the VEC develops and administers tests for the private sector but is not permitted to develop tests for the State positions. These inconsistencies in testing procedures and overlapping responsibilities between the Merit System and VEC often leave the applicant in a quandary as to where to apply for a State position and who to contact for information after he has applied for a position.

IV. Conclusions

- A. It is concluded that the development and validation of tests is being conducted in a satisfactory manner. There has been some concern expressed by State agencies about delays in the development and validation of tests. These delays could be avoided if additional personnel are authorized the Testing Section. The lack of coordination between VEC and the Merit System Office has caused delays in receiving qualification standards in a timely manner and scheduling tests for applicants. VEC has tests on-hand for only 27 different classes. This means that applicants for positions for which VEC does not have tests on-hand must wait until the appropriate test is obtained from the Merit System Office. The delay often results in the loss of applicants who find jobs elsewhere. There is no assurance that all Merit System tests conform to the requirement of Title VII, and validation of these tests with this factor in mind should be conducted as promptly as possible. The tests administered by the Non-Merit System agencies may fall short of this requirement, and a study of this matter should be conducted.
- B. It appears that the following options are reasonable and practical:
1. Retain the present system as it exists and utilize additional professional personnel to assist in developing and validating tests.
 2. Expand and improve the testing capability of VEC by providing them with tests pertaining to all classes, and permit them to conduct all testing except training and experience (T&E).
 3. Assign the entire testing process including development of test, validation of test, administering test, scoring test, and maintenance of applicant registers to VEC, but leave the policy-making function in DPT.

V. Recommendations

- A. It is recommended that:
1. The DPT retain the responsibility for developing, disseminating, and maintaining testing policies and procedures.
 2. A detailed transfer plan be developed jointly by May 1, 1977 to move procedures related to testing, i.e., developing, validating, revalidating tests, administering tests, scoring tests, and the maintenance of employment registers to VEC, concurrently with the assignment of the recruitment function. (DPT and VEC)
 3. All State agencies with a testing capability, consistent with the standards to be established by DPT, be permitted to test applicants. (State agencies)
- B. It is recommended that an Advisory Board be appointed by the Secretary of Administration and Finance consisting of the Director of Personnel and Training, the Commissioner of VEC and the heads of five other State agencies for the purpose of reviewing State recruitment and testing functions on a continuing basis. (Secretary of Administration and Finance)
- C. It is recommended that the following actions be accomplished prior to and continued, if appropriate, during the planning for the reassignment of the recruiting function:
1. The Testing Section continue to function in its present configuration, but additional professional personnel be added to expedite the development and validation of tests so that there is better assurance that tests are in conformity with Title VII. (DPT)
 2. Testing be continued by the Recruitment Office located at 8th and Broad Streets during this period. (DPT)
 3. VEC be provided with tests for all classes of positions used by Merit System Agencies. (DPT and VEC)
 4. A system be developed whereby testing schedules be established that would preclude confusion and delays in testing applicants by VEC. (DPT and VEC)

TRAINING

I. The Process

Training is a process which calls for assessing needs; prioritizing needs; setting objectives; deciding on resources and methods; assembling and managing resources and methods; recruiting participants; and evaluating the effectiveness of training in terms of both objectives and need.

The process of developing training programs or courses calls for the analysis of the tasks required by the job; measuring employee performance; setting course objectives based on the difference between the employee's performance and job requirements; developing methods and materials for transmitting the needed skills; developing instruments or procedures for testing each person's mastery of skills; using the tests before, during and after training; and adapting instruction to meet needs revealed by the testing.

Before implementing a training program, there should be evidence that a need exists for training. Training directors and officers, particularly those engaged in teaching supervisory and management skills, should be able to analyze the situation and, in cooperation with the line organization, determine whether or not training can improve the situation.

II. The Current Situation

At the present time, most training of State employees is left to the individual State agencies, although the Department of Personnel and Training (DPT), through their Management Development and Training Service (MDTS), is becoming increasingly involved in employee training.

Four broad areas of employee training needs have been identified:

- (1) Orientation
- (2) Technical/professional
- (3) Supervisory/managerial
- (4) Clerical

Employee orientation is conducted in a variety of ways. Some State agencies have employee handbooks. Annual reports of State agencies are sometimes used in conjunction with employee orientation. Some degree of orientation is

generally conducted by State agency personnel offices at the time of appointment. Some State agencies have formal orientation programs. A systematic two-day course of orientation to State service has been developed by the J. Sargeant Reynolds Community College and is being used by some State agencies. The course is to be expanded into other community colleges throughout the State if the demand for it justifies such action. The majority of employee orientation appears to be left up to the immediate supervisors.

Most of the training currently conducted falls in the technical/professional area. It covers such diverse fields as health inspection, food products inspection, forest fire fighting, police work, and corrections officer work.

MDTS, in its needs assessment, found a great need for supervisory/managerial training but found that little training was being done in that area. It is in this area, therefore, that MDTS has defined its principal role, as its name implies. MDTS provides some services other than direct training, but in direct training activities, it is concentrating in the fields of basic supervision and management training.

Some training in management and supervision is also being done by the State agencies. Sometimes it is done independently of MDTS and other times in conjunction with MDTS or with materials and programs provided by MDTS. Some State agencies use management training programs from the American Management Association or similar sources. MDTS is in competition with such programs in providing training to the State agencies. Whether the source is MDTS or some other source, State agencies participating in these training programs frequently do so for the purpose of training assigned personnel to serve as a cadre for expanding their in-house training programs.

Very little clerical training appears to be carried on. For most clerical personnel, the job description, supplemented at times by a desk manual, appears to be the only training other than on-the-job instruction from supervisors and co-workers.

Three general kinds of training programs are available to State agencies:

- (1) In-house State agency programs, conducted with general appropriation funds or with grant funds. Most of the larger State agencies, particularly those with specialized functions, appear to have programs to train employees in the required job skills. Whenever the work is such that it is not possible to recruit appli-

cants already trained to carry out the required tasks, one can expect to find some form of training being offered by the State agency.

- (2) Contracted training, provided by MDTS or other sources outside the State agency itself, and paid for by grant funds, general appropriation funds, or funds received from the Federal Government under the Intergovernmental Personnel Act (IPA). Most contracted programs tend to tie the training closely to the specific demands of State agency positions. Some of the contracted training, such as supervision and management training conducted by MDTS, provides training in general principles or skills, with the specific applications left up to the State agency or to the individual trainee.
- (3) Educational aid programs, paid for by the agencies out of general appropriation funds as a rule. The educational aid programs enable trainees to learn broadly applicable principles and skills, leaving it up to the trainee to bridge the gap between theory and application in his particular job. They provide flexibility and a range of offerings not otherwise available to State agencies. To participate, employees must show that courses are job-related and have approval prior to enrollment.

Statistics are not readily available to show how many State employees participate each year in the various training programs sponsored by State agencies. The majority of individual State agencies contacted were unable to supply figures for their agencies. Excellent records are kept by some State agencies, such as those of MDTS, the State Police Academy, and the Training Academy of the Department of Corrections.

Individual enrollments in the MDTS programs during the period from January, 1971, through June, 1976, were as follows:

State agency employees	5,356
Local government employees	5,842

The count shows enrollments, rather than employees; that is, some employees may have participated in more than one training program, and would have been counted once for each enrollment.

Agency participation in the MDTS programs during the same period was as follows:

Organizationally-tailored groups:

State agencies	26
Local governments	51

Multiple agency participation groups:

State agencies 90
Local governments 109

In its first 18 months, the J. Sargeant Reynolds orientation course for State employees enrolled approximately 900 participants from 79 different State agencies. The course started in January, 1975.

Training is funded by general appropriation funds, grant funds and Federal Government funds under the Intergovernmental Personnel Act (IPA). MDTS has some general appropriation funding, and some IPA funding, as follows:

General Appropriation, FY 1977 \$271,660
FY 1978 \$274,890

Intergovernmental Personnel Act, per year

Funds available for State
employee training \$ 80,000 to
90,000

Funds designated by IPA for training
Local government employees \$120,000 to
135,000

The MDTS funding for the 1976-78 biennium from the general appropriation is considerably larger than past appropriations. The 1976-78 Biennial Budget lists very few items specifically relating to training. Chapter 779 of the Acts of Assembly, 1976, the Appropriation Act, for the most part does not break out training expenditures.

Some State agencies have one or more full-time training officers. In other State agencies the function is assigned on a part-time basis or not at all. Larger agencies have a training director who is qualified in the training process. At least one training director has a doctor's degree in training. Both the MDTS and the State agencies supplement their training staff by bringing in outside specialists.

The MDTS staff currently is as follows:

Local Government Programs Section--

Chief 1
Professional personnel 4

State Agency Programs Section--Organizationally Tailored Programs

Chief 1

Professional Personnel 1

State Agency Programs Section--Individually-Tailored Programs

Chief 1/2 to 3/4

Professional Personnel 1

Technical Personnel 1

Clerical personnel 2

No central list of training directors or training personnel in State agencies was available.

Some State agencies have training facilities, ranging from a conference room used for occasional training to residential facilities devoted exclusively to training. No list of State agency training facilities was available.

Higher education institutions in the State have been helpful in providing training to State employees. The MDTS has brought together an advisory group from colleges and universities, which helps MDTS identify experts in special fields. A file is being built up of such people, which both MDTS and the State agencies can use in locating faculty to meet special training needs.

MDTS is the training arm of DPT. It has three elements:

- (1) Local Government Section: provides training for employees of Local governments in Virginia.
- (2) State Agency Programs Section--Organizationally Tailored Programs: developed on request, to fit needs of specific State agencies (called "family groups").
- (3) State Agency Programs Section--Individually-Tailored Programs: develops and conducts training programs in supervision and management on a Statewide multiple agency basis (the so-called "stranger groups").

MDTS sees its role as assisting State agencies in any way they request. Services available from MDTS include:

- (1) Direct training
- (2) Needs assessment
- (3) Planning
- (4) Consultation in the training process: needs assessment, curriculum development, evaluation, setting objectives, preparation of materials, etc.
- (5) Liaison with the Federal government and outside agencies.

(6) Development and coordination of resources.

For two years MDTS has conducted training needs assessment in cooperation with State agency personnel. MDTS expects to continue working with State agencies to identify and prioritize training needs, and to develop a plan to meet such needs.

MDTS itself offers common training needed by State agencies. MDTS also works with State agencies to adapt training to meet specific agency needs, and will train agency personnel to conduct in-house training. As requested, MDTS trains employees of smaller agencies unable to conduct their own training. MDTS currently offers more than 30 courses covering equal employment opportunity requirements, budgeting, personnel policies and procedures, grievance handling, and other subjects.

MDTS is the liaison and coordinating agency for funds received through the Intergovernmental Personnel Act. MDTS has taken the initiative in developing resources such as the Faculty Pool described elsewhere in this report. MDTS has also served other leadership functions, such as preparing an "Issue Analysis" in September, 1975, which presented issues related to employee training.

III. Observations and Problems

The current State reorganization process has brought together units with centralized training responsibilities, and placed the training function at the departmental level. The DPT is still defining its training role and relationships in support of State agencies. To perform the functions envisaged in this report, the role of the training staff within DPT should be expanded.

MDTS personnel say that they do not want to encourage a "dependency relationship". Instead, their goal is to assist State agencies in whatever manner the agencies request, and will assist them in implementing or adapting courses which MDTS has developed. Developing courses and materials for State agency use is one service MDTS can provide.

DPT needs to place greater emphasis on its leadership and policy-making roles. In this connection, it may need to look again at how much direct training service it is appropriate for MDTS to offer, and whether it should not concentrate on assisting State agencies in their conduct of training, rather than on conducting training for State agencies.

DPT needs to prepare proposals to amend legislative, budgetary, or policy constraints that may impede the proper conduct

of training, and assure that the overall environment in which training operates is conducive to the proper use of training as a management tool.

The budget is the primary problem reported by State agencies in connection with training. Some State agencies have no budgeted dollars whatsoever for training, other than what comes out of their operating budget for educational assistance.

IV. Conclusions

It can be concluded that a more viable role for employee training could materially improve State operations, and probably repay its costs many times over from savings resulting from increased employee productivity and effectiveness.

As to what functions should be centralized, and which should be decentralized, there are a number of options.

- Alternative 1. Complete centralization of all State employee training in DPT.
- Alternative 2. Complete centralization of all State employee training in an agency independent of DPT, such as a Department of Manpower Planning and Development.
- Alternative 3. Complete decentralization of training activities to State agencies, with dispersion of the DPT training staff.
- Alternative 4. Continuation of the current pattern of a combination of centralization and decentralization of training activities.
- Alternative 5. A combination of Alternative 4, with a clear definition of the functions to be centralized/decentralized, and with more emphasis within DPT on policy making, training and guiding State agency training personnel, impacting non-training policies and practices that affect training, and similar leadership functions.

Alternatives 1 and 2 are not feasible. They would require mammoth administrative machinery and would remove training too far from the control of the managers who should be using it as a tool for increasing efficiency and productivity.

Alternative 3 has some merit, although this leaves the State with no central leadership in support of the important func-

tion of training; no central point to coordinate policy matters; no central point to stimulate training in the State agencies or to monitor their activities; no central point to develop position papers such as the "Issue Analysis" prepared last year--in summary, no central point to manage the training function for the state as a whole. Larger State agencies might be able to function quite well with a fully decentralized training program; however, training would suffer badly in the smaller agencies. Even for the larger agencies, there are many functions which the agencies cannot effectively perform for themselves, or at best would represent a considerable amount of duplication of effort, inefficiencies, and reduced effectiveness.

Of all the alternatives, Alternative 5 appears to be the most desirable. It will result in improvements to the current approach as stated in Alternative 4, with DPT training staff assuming a more positive leadership role in working with State agency training officers and administrators in identifying training needs, assigning responsibilities, and implementing and monitoring effective training programs.

As part of DPT, the central training activity should be in a position to assist in integrating the various personnel functions and policies into a cohesive, mutually supportive system. However, if the central training activity is to operate effectively, it will need the full support of DPT and sufficient status in that agency to function effectively.

The Committee sees a need for an expansion of the leadership activities of the DPT training staff in such areas as policy making; liaison with the General Assembly, Department of Planning and Budget, and other State, Federal, and private agencies concerned in varying degrees with training; overall State planning and budgeting for training; guidance and training for State agency training personnel; monitoring the training process in State agencies; establishing qualifications standards for training personnel and developing an appropriate career ladder for them; setting training standards and monitoring adherence to standards, developing additional resource aids, such as the Faculty Resource Pool; coordinating training with other functions such as career development for employees; conducting and stimulating research and special training projects; and similar activities. DPT's training function will require a gradual change in emphasis, with increased emphasis on providing overall policy and guidance, technical assistance, monitoring State agency training programs, and so forth, to coincide with increased emphasis on training programs within State agencies.

The functions listed as envisioned for DPT are less visible than a direct training service and require a higher degree

of knowledge of and skill in the training process and training management. Training opportunities will need to be made available for the DPT training staff to increase skills on a regular basis, and to keep up-to-date with new developments in training.

Among the items which should be considered by the training staff of DPT is the collection of statistical data for programs monitoring, for sharing among State agencies, and for use in reporting to the Governor and the General Assembly. The DPT should also consider assisting agencies in identifying common clusters of job performance requirements, for which common curricula might be used, and in developing curricula and curricular materials to aid State agencies in conducting training programs.

The DPT could very appropriately assist State agencies in developing a system for evaluating courses from other agencies for "credit transfers" so that employees might use such courses in meeting qualification requirements, and State agencies could minimize duplication of effort.

V. Recommendations

A. Recommendations That Can be Accomplished in the Immediate Future

1. This Committee recommends that there be a re-affirmation of the commitment to training and a restatement of the role training is expected to play in State government and agency operations. This should be in the form of policy statements issued by the Governor and agency heads and included in policy manuals. The policy statement for the State should include a requirement that each State agency develop an effective training plan and related programs. (Governor and Agency Heads)
2. This Committee strongly recommends that policies, rules, and regulations governing training be codified and indexed, in line with the recommendation of the Commission on State Governmental Management that all personnel policies, rules, and regulations be codified and indexed for easy access and reference. (DPT)
3. This Committee recommends that the training element of DPT be strengthened in its central management role; that it maintain primacy in the area of policy and regulatory matters; that it stress research into new training techniques and methods; that it train and guide State agency training

personnel; and that it establish standards and procedures for the evaluation of State agency training programs. (DPT)

4. This Committee recommends that training programs be conducted in each State agency, insofar as possible, with DPT providing leadership, liaison, coordination, technical training of agency training personnel, and related services. (State Agencies)

B. Long Term Recommendations

1. This Committee recommends that training be identified as a distinct program in the budget and appropriation provided each State agency, with each agency's budget request for training funds supported by an adequate plan for training. (State Agencies)
2. This Committee recommends that a training program be instituted to train trainers and managers in the training process, including the identification of needs; task analysis; curriculum development; writing objectives in measurable terms; evaluation in terms of both objectives and need; performance measurement, including pre-testing and post-testing of trainees, related to job performance requirements; evaluation of training programs by participants and their supervisors, including follow-up surveys; and the analysis and use of testing and evaluation results as a means for improving State agency and DPT training activities. (DPT)
3. The sophistication of the needs assessment process should be increased, and efforts made to insure that all State agency training personnel have an opportunity to participate. The needs assessment process used by DPT should present a model of the process that State agency training personnel can use in working with managers and employees to assess training needs within individual State agencies. (DPT)
4. DPT should continue and expand its work in the development of resource aids, such as the file of faculty members found to be effective in State employee training (the Faculty Resource Pool); and in the development of mechanisms such as the advisory committee from the higher education institutions which has assisted DPT in developing its Faculty Resource Pool. Among other resource aids that should be explored for possible implementation are inventories of major training equipment, facilities, and programs that can be shared among State agencies. A Faculty Resource File of State employees with

special expertise would be as valuable as the Faculty Resource File of higher education personnel. (DPT)

5. A training plan should be developed by each State agency, based on identified training needs. A copy of each State agency's training plan should be filed with MDTs of DPT and used in its planning and in periodic monitoring of State agency training programs, to find where assistance may be needed. (State Agencies)
6. DPT should keep informed as to training activities of the various State agencies and serve as a clearinghouse on information about employee training in the State. Media for the sharing of information among State agencies should be explored, so that training experiences may be shared for the benefit of all and duplication avoided wherever possible. (DPT)
7. It is recommended that State and agency policies, procedures, and activities not only provide for equality of opportunity for female and minority employees to participate in training programs, but that they also provide that employee training be used as an active tool for preparation and advancement of female and minority employees within State service until they are represented at all levels of State service in proportion to their availability in the Commonwealth labor market. (DPT and State Agencies)

CAREER DEVELOPMENT

I. The Process

Career development is the process of defining job sequences or ladders; identifying the training or experiences necessary for movement up career ladders; and assisting employees through counseling and training to achieve their career aspirations within the Commonwealth.

Both career ladders and lattices need to be considered. The career ladder provides for movement to ever higher levels of competency and responsibility within one occupational specialty. The career lattice makes it possible to transfer from one ladder to another without having to start at the bottom. Developing career lattices requires identifying common elements of two or more career ladders, to enable an employee to move from one to the other, building on training and experience that have already been acquired, without having to start from the beginning.

Career development reconciles employee career aspirations with the Commonwealth's manpower needs, to the benefit of both, through the application of counseling, training, and careful job analysis and classification. Career development is the long-range aspect of training. Training prepares an employee for better performance in the job he holds. Career development prepares an employee for long-term service and advancement in State service. Training relates to specific job requirements. Career development is related to long-range manpower planning and development.

II. The Current Situation

Career ladders have been identified in selected series of classes of positions, and the training and skills needed for movement from one rung of the ladder to the next have been well identified and are known to employees in those classes of positions. However, in many classes of positions career ladders are not organized in identifiable, understood sequential steps which show the employee what is needed for advancement and to motivate him in acquiring the additional job skills.

Information regarding qualifications required for career development does not appear to be available to employees, except as the employees have access to class specifications and to qualifications statements shown in announcements of vacancies. Little has been accomplished to identify a structured approach for movement from one career ladder to

another, as a means for providing promotional opportunities for employees and meeting the manpower needs of the Commonwealth.

Very little career counseling appears to be done, with the exception of what is done informally by supervisors, or by personnel officers at the request of employees or applicants. The amount of career counseling done by personnel officers appears to be extremely limited, going little beyond providing information about vacancies.

III. Observations and Problems

As noted, some series of classes of positions have well defined sequences of advancement, based on identified performance requirements and structured according to difficulty, with promotion based on demonstrated mastery of the skills required at the next level in the job series. In most series of classes, however, the task requirements at various levels in the job series are less well defined, and promotion from one level to the next is based on a much more subjective criteria than measurable task performance.

It is this latter situation that leads to the finding reported in the Sixth Interim Report of the Commission on State Governmental Management that one-third of State employees feel that promotions are not based on merit and that good performance is not recognized and rewarded. Employees who have expressed this attitude have little incentive to work toward their own career development, even if they plan to continue in State service.

Career development, insofar as it occurs formally, is generally handled by personnel officers and supervisors. No one is specifically assigned to the function of career development, although personnel and training officers have sometimes seen it as an extension of their responsibilities. The Department of Mental Health and Mental Retardation is experimenting with an approach that ties training and career development with performance evaluation. The service rating procedure in that program has been expanded to include a conference at which the supervisor and employee jointly agree on the employee's strengths and weaknesses, and develop a plan for building on strengths and overcoming weaknesses. The plan covers training and career development activities to help the employee improve in the present job and work toward the job to which he aspires.

There appears to be little information available to State employees or their supervisors regarding career opportunities within the Commonwealth, outside of their immediate organizational unit. Lists announcing vacancies are distributed by many State agencies and made available to employees. They are helpful for short-range career ad-

vancement, but not for long-range career planning. There is a need for reference materials to be made available to employees and supervisors in order to provide information regarding qualifications required for various types of classes of positions; the career potential in the various classes of positions; and the requirements needed to qualify for positions to which they aspire.

IV. Conclusions

If each State agency and DPT were to assign responsibility to a staff member or members for providing career counseling, such persons could develop reference materials, assist supervisors in their career counseling functions, and give employees someone to turn to when they need assistance beyond what supervisors can provide.

The alternatives open with regard to centralization or decentralization of career development appear to be:

- Alternative 1. Continue as at present with career development decentralized to the level of the individual employees and their supervisors.
- Alternative 2. Centralize responsibility at the State agency level for policy-making, leadership, guidance, training, counseling services, and preparation of reference materials to aid employees in career planning.
- Alternative 3. Centralize all career development responsibilities in DPT.
- Alternative 4. Centralize some career development responsibilities in DPT, leaving others with the agencies, and leaving ultimate responsibility with the employees and their supervisors.
- Alternative 5. Coordinate career counseling with training and performance evaluation.

Alternative 1, now in operation, provides some assistance and encouragement to employees to improve their skills and seek careers in State service. It is limited by the amount of materials available for reference by employees and supervisors, and by the information at their disposal. It has the disadvantage that it provides no central point to be specifically responsible for providing direction, assistance, and guidance; for insuring that wage, classification, training, and other personnel functions adequately support career development; and for insuring that the career development system in turn supports the overall improvement of agency and State operations.

Alternative 2, centralizing functions at State agency level, provides for some help and guidance to supervisors and employees. However, activities on which career development is dependent are carried out at the central agency level. This alternative places no one at the central agency level to impact those functions and to provide for policy making and direction for career development in the State as a whole.

Alternative 3, centralization of all career development responsibilities in DPT, is not desirable or feasible. It would call for a large organization, and would tend to minimize the required involvement of employees and their supervisors.

Alternative 4, which centralizes some functions at the State agency level and others with DPT, appears to be the best of the first four alternatives. In this alternative, DPT would be responsible for developing policies applicable on a Statewide basis; for impacting and coordinating wage, classification, and other functions performed by DPT which relate to career development; for developing systems to inform employees of career opportunities on a Statewide basis; and for providing guidance, training, and direction to State agency career development personnel. DPT might also provide some direct assistance to employees in career development.

Alternative 5, coordinating career development activities with training and with performance evaluation, merits consideration. Just as training should be closely tied to job performance requirements, so career development should be geared to agency intermediate- and long-term manpower requirements. Career development should be a means for providing a pool of qualified candidates for future State agency requirements and anticipated vacancies.

It should be noted that a career development program for State employees, if properly conducted, will not be in conflict with equal employment opportunity programs and laws, and can, in fact, serve as a management tool for affirmative action and complement the performance appraisal system.

V. Recommendations

A. Short-Range Recommendations

1. This Committee recommends that the Governor and agency heads issue policy statements emphasizing support for a career development program as a means of encouraging employees to find careers in State service; motivating employees to improve their job skills, and insuring employees are being challenged and their abilities are being fully

utilized in support of the needs of the Commonwealth.
(Governor and Agency Heads)

2. This Committee recommends that DPT review the State's personnel policies, practices, and systems on a continuous basis from the standpoint of their effect on career development opportunities and incentives. The wage and classification structures need particular attention. These structures need to support management in selecting career personnel, providing incentives for their continued growth and improvement on the job, and retaining in State service the best available people. (DPT)
3. It is recommended that each State agency assign a knowledgeable person(s) to provide career counseling to agency employees, and inform employees of the availability of such service. Eventually, career counselor positions may be added. State agency career counselors (when established) would perform a direct counseling service, but should focus more on developing training programs and aids to assist supervisors and employees regarding career development. (State Agencies)
4. It is recommended that a more structured approach be developed to acquaint employees with career opportunities in the Commonwealth, to inform them of the qualifications needed for advancement, and to identify for them the programs and resources available to meet these qualifications. (DPT)

B. Long-Range Recommendations

1. It is recommended that career planning be an integral part of the State's personnel management program; that career planning be tied to performance evaluation, so that employees are periodically counseled by their supervisors as to their strengths, weaknesses, and career aspirations; that a career plan be set up with each employee, to help build on strengths and overcome weaknesses in job performance, and assist the employee in achieving a career within State service. The career plans would include individual goals for education and training, to be funded by the State if the education and training fall within established criteria. (DPT and State Agencies)
2. This Committee recommends that supervisors be the focal point for performance evaluation and career counseling of employees. Training programs are therefore recommended to train super-

visors in effective career counseling. The training should be specific and inform supervisors on reference materials that are available for use in career planning and resources and services at their disposal. (DPT)

3. It is recommended that State and agency career development policies, plans, and procedures provide for affirmative action to assure preparation and advancement of female and minority employees until they are represented at all levels of State service in proportion to their availability in the Virginia labor market. (DPT and State Agencies)
4. It is recommended that the educational aid program be expanded to include education and training required by approved career development plans of employees. It is recommended that uniform policies and procedures be developed providing for equality of opportunity for all State employees to participate in the program, and for contractual arrangements with employees to protect the State's investment in the expanded educational assistance program. (DPT)

CHAPTER III

CLASSIFICATION AND SALARY AND WAGE ADMINISTRATION

While Classification and Pay are clearly related personnel functions, this Committee has chosen to deal with the processes of each in separate discussions. Classification involves the assignment of positions to the same or different classes based upon the nature and difficulty of work assigned and qualifications required to perform the work. Theoretically, this can be done in the absence of assigning pay scales or rates. Salary and wage administration deals with the assignment of monetary values to positions, or classes, and the rules and regulations governing the increases and decreases in rates of pay for employees.

The primary objectives of the classification function are to provide equal pay for equal work and to distinguish differences in nature, level and scope of positions by title and pay. The primary objectives of salary and wage administration are to insure that pay scales are sufficient to attract and retain qualified employees and to develop and administer an equitable system for changing rates of pay by such actions as promotions and demotions. Although current processes permit varying degrees of State agency participation, both functions are highly centralized with nearly all final decisions being made by the Department of Personnel and Training (DPT) or the Department of Planning and Budget (DPB).

POSITION CLASSIFICATION

I. The Process

For the purpose of this report, classification is defined as the establishment and the maintenance of a plan for the grouping of positions in classes based upon their respective duties, authority and responsibilities. The Virginia Classification Plan, required by Section 2.1-114.2 of the Code of Virginia and subject to periodic amendments, is essentially a system of class titles and class specifications describing the duties and characteristics of classes to which positions are allocated. The action of allocating and reallocating positions within the Plan constitutes the most time and energy spent by State agencies and DPT.

II. The Current Situation

Tasked with the responsibility for administering the Classification Plan, DPT is commissioned to provide for the orderly and equitable management of positions by assigning descriptive titles, by describing the nature and scope of duties assigned to position(s) in class specifications, and by ranking (through objective methods one position to another. It is critical that judgments be consistent and be based upon the most accurate and complete information possible. The objective is equal pay for equal work.

The initiative for classification actions largely originates in the State agencies. State agency requests for classification changes are in relatively final form before DPT becomes involved in its review. While this is typical, there are many variations and exceptions as to when DPT enters the process.

DPT reports that approximately 9,600 requests were received for action in the 12 months ending September 1976. Including requests originating by other means (letter, oral requests, or reviews originating in DPT), it is estimated that about 10,000 actions are currently processed yearly. On the basis of estimates from DPT, it appears that approximately 10% of all the requests are subject to detailed field audit (visitation by DPT to the State agency to conduct an on-site audit). However, all requests are reviewed by an analyst before approval, and of the 90% that are not audited, some are changed based upon the analyst's knowledge of the agency or upon telephone inquiries.

DPT retains a staff of trained professional job analysts and classification specialists who review and take action on all classification changes. The staff currently consists of 13 professionals under the supervision of the State Personnel Classification Chief. There are now approximately 2,700 different classes of positions in the Plan. The authority to allocate (classify) and reallocate (reclassify) positions is, by law, regulation and/or practice, centralized in DPT.

The classification staff of DPT is organized by functions for the purpose of reviewing and acting on classification requests. This approach is designed to permit job analysts to become more familiar with the problems of particular groups of State agencies by working within the same areas on a continuing basis.

DPT usually receives classification requests on G.O. Forms P-5. The state job analyst, who has the responsibility to classify or reclassify positions on the basis of their comparability to other State positions, considers the following in making such determinations:

1. supervision given and received;
2. complexity of the work;
3. consequence of errors;
4. conditions of work;
5. qualifications required to perform the duties and responsibilities;
6. relationship of the position to other positions in the organization.

There are various resources available to the job analyst to acquire such data. First, the agency normally supplies some or all of the information needed to reach a decision. If not, records within DPT may provide some assistance, or a visit to the State agency may be required to observe conduct of work and to discuss the duties with State agency personnel. While routine decisions require little or no supportive justification by DPT, more complex decisions require the analyst to outline in an audit report the reasons for the request and the basis for the recommended action.

Subsequent to DPT's approval of the proper classification, any form requesting establishment of a new position is sent to the Department of Planning and Budget (DPE) for approval. The data on the form are first

verified by support staff, and the form is then forwarded to the respective budget analyst. DPB is organized by functions, i.e., Education, Individual and Family Services, General Government and Transportation, Administration of Justice, and Resource and Economic Development. The budget analyst reviews the request relative to the justification of need for the position and to the ability of the agency to fund the position. Following are some of the considerations made by the budget analyst in the course of his review:

1. If funds are not provided in the budget for the requested position, how will it be funded?
2. If the position is grant funded, is it restricted to terminate at the conclusion of the grant?
3. Is the position to be funded from funding sources available as a result of vacant positions? (This action would establish a double obligation in the next budget).
4. Is the position consistent with the State agency's program(s) and with current statute?
5. Is the position required because of work load increases or is it a result of a new or expanded service?

DPB's approval of the request is indicated by the signature of the Director. If the request is disapproved, DPB returns the request to the Director of Personnel and Training unsigned, with a letter outlining the reason for disapproval.

The management analysts now assigned to MASD have, in the past, participated in a joint review with DPT regarding requests for new positions from State agencies. This joint review has primarily occurred when the requests for new positions have involved a reorganization within the State agency such as the Department of Corrections. DPT is responsible for the functions of classification and salary administration. The management analysts have participated in reviewing the proposed organizational structure and the justification for the requested positions. This joint effort has proven to be an effective means for evaluating both the need for new positions as well as their proper classification and salary.

In DPT a small group of the job analysts (3) deal with developing and revising class specifications for State positions, training new job analysts, conducting salary surveys, and reviewing and acting on requests by State agencies for exceptions to qualification and pay standards. This group also reviews and acts on piece-work requests and hourly rates for part-time employees.

Recently, DPT began conducting training sessions for State agency personnel in classification and salary administration. Seven sessions have been offered to date. Each session, covering two days, is designed to explain the various techniques and general principles of classification, and to acquaint State agency personnel with the specifics of Virginia's system.

The preparation of class specifications and job descriptions is performed in close cooperation with the State agencies, which determine how work shall be organized and the tasks, duties, and authority to be assigned to positions. While questions may be raised by DPT, the above determinations are largely left to State agency managers. The development of minimum qualification requirements is accomplished in a similar manner so long as proposed requirements are consistent with those for other classes and appear reasonable. Therefore, in the development of organizations and in the specific assignment of work therein, State agencies exercise considerable independence.

There is concern expressed by State agencies that DPT often utilizes existing classifications for new positions which may warrant separate identification. This point will be addressed in greater detail in a subsequent section.

III. Observations and Problems

The problems outlined in this section are a result of lengthy and detailed discussion among this Committee and contact, both written and verbal, with various State agencies of all sizes.

Processing Time

One of the most frequent complaints expressed by all State agencies contacted is the length of time involved in processing a classification action. The following table reflects the percent of G.O. Forms P-5 processed by DPT and DPB in the cited time periods. It should be noted that the table is not conclusive as there is no information regarding causes for delay in processing.

	0-15 days	15-30 days	30-60 days	60-over days
DPT (18 month data)	66%	17%	11%	6%
DPB (8 month data)	19%	22%	41%	18%

Upon review this Committee found several possible factors for delay:

1. Until mid-July, the DPB had assigned only one support staff individual to verify information on the forms. During peak seasons (usually the start of a fiscal year and especially the start of a new biennium), it is not unusual for forms to spend three to four weeks awaiting verification and distribution to the budget analyst.
2. There appears to be an extensive number of amendments made by DPB to the form. A sampling (129) of forms (G.O. Forms P-5) processed between May 1976 and October 1976 shows that the DPB amended 87.6% of the forms, and made a total of 230 amendments. It appears that most of the amendments are made because of incorrect and/or incomplete entries, resulting from vague instructions or lack of concern by State agencies to provide correct information. While coordination among agency program managers, personal administrators, and budget and fiscal managers is essential, many forms lack evidence of such coordination.
3. State agencies often fail to submit requests with a reasonable lead time for processing by DPB and DPT.
4. The information required and provided on the form is sometimes inadequate for either the job analyst or the budget analyst to complete an evaluation of the request. Such circumstances require DPT or DPB to detain the form, pending further information from the agency.

While no review was made concerning the processing time experienced by State agency personnel offices, delays at this stage affect the time between the date the program manager submits the request and the date he receives approval.

There is a feeling among State agencies that they should not be forced to rejustify new positions which have already been requested and approved in their budgets. It was stated that the rejustification process is cumbersome, unnecessary and, at times, redundant. While this may be true in some cases, this Committee failed to find a basis for discontinuing review at the time positions are actually established, whether or not such positions have been discussed in the budgets. From the time State agency budgets are in the initial planning phase to the time they are submitted to the Governor and are subsequently approved by the General Assembly, there are usually considerable changes.

Some agencies commented that they did not find warranted delays by either the DPT or the DPB unreasonable, but notification of such delays would be of assistance. This Committee feels this is a legitimate criticism.

Communications

There are strong indications that insufficient information is provided to State operating agencies, especially in regard to changes made to agency recommendations and/or classification actions by DPT. Many State agencies express the feeling, whether justified or not, that the DPT does not really appreciate or understand the problems or the positions within the operating agencies. This feeling may result from a lack of communications between the State operating agency and DPT.

The DPT has developed a manual for classification and salary administration to aid job analysts in their work. The contents of this document, in modified form, should be made available to State agencies. The manual explains classification policies, procedures, allocating factors and other criteria to assist in arriving at classification decisions which would be of immeasurable assistance to operating agencies in developing their proposals for classification requests. This same manual includes basic guidance on the bases for resolving pay problems which would be helpful to agency managers in approaching problems discussed in wage and salary administration.

Centralization Vs. Decentralization

There are mixed feelings as to whether the classification process should continue to be centralized with all authority vested in the DPT or whether the State

agencies should exercise more latitude in the classification of their own positions. As stated earlier, only about 10% of the classification actions require field audit by the DPT which appears to indicate that much of the classification process is already decentralized in a type of defacto delegation. However, when considering that most requests are routine and require little or no review, the percentage of audits performed relative to non-routine requests increases substantially.

Many State agencies expressed a feeling of distrust in the system which allows central agency staff members to determine the classification for requested positions. It was felt that in many cases the job analyst departed from an interview with an operating agency not fully understanding the duties and responsibilities of the position audited. Although this statement may have some merit, it is apparent that only DPT has the central perspective necessary to rank all positions within the Classification Plan.

Number of Class Titles

There are conflicting views regarding the appropriate number of class titles. One opinion expressed is that the numbers are too great and should be reduced. The other is that specific classifications with titles descriptive of particular agency activities are necessary which would result in the expansion of numbers of classifications. There currently appears to be a tendency for the DPT to "force" positions into classifications in order to avoid establishment of new class titles.

IV. Conclusions

Processing Time

1. While it is felt that the problem of time delays is complex, there are some improvements that can be effected. Generally, this Committee feels that the procedure for forms processing can be simplified without jeopardizing the basic requirements of DPT and the DPB. There is also need for greater understanding by both the central staff agencies and operating agencies of the requirements and responsibilities of each other. Specific recommendations will be cited in a later section.

2. The review/approval process and the resultant revisions to the Budget indicate to this Committee that continued review at the time of position establishment is warranted. It is not believed that this process should be significantly modified.

Communications

1. This Committee feels that there is a need for greater agency participation in the classification process. First, however, State agencies must be more conversant in the process of classification, the criteria used and the justification used by DPT in reaching final decisions.
2. Distribution of such guidance to each State agency would reduce the current lack of knowledge within operating agencies and should improve the understanding among State agencies and between State agency and DPT. Training programs mentioned earlier are also considered a step in the right direction.

Centralization Vs. Decentralization

As classification is a highly specialized process which requires consistency as its common denominator, the Commonwealth should not move in the direction of decentralization without first evaluating all possible effects. Consequently, in order to understand better all the elements in decentralization, this Committee feels a limited pilot project should be conducted. Experience of other states where degrees of decentralization have occurred indicate that operating agencies have not been able to assume the responsibility without additional personnel. It is essential that the gains of decentralization outweigh the cost. The pilot project should be a written contract between a selected State agency and DPT. Criteria should include, but not be limited to: (1) a requirement that the pilot agency have adequate and trained staff for classification, (2) a description of the classification actions to be affected, (3) a post audit system and (4) commencement and termination dates.

Number of Class Titles

A responsible policy in this regard would be to establish new classes of positions when there is no existing class to which a requested position can be appropriately assigned. New classes of positions, however should not be established simply to provide for agency unique titles.

Exclusion of Confidential Secretaries From Virginia Personnel Act

Because the existing Virginia Personnel Act includes confidential secretaries, agency heads do not have the desired flexibility to select confidential secretaries of their choice in many cases. The close working relationship required by the agency head and the confidential secretary makes it essential that selection of the secretary be at the discretion of the agency head.

Detailed discussion by this Committee resulted in the conclusion that agency heads should have the authority to employ confidential secretaries of their choice.

This Committee further concluded that the agency head should have the authority to pay the confidential secretary at any desired level up to, and including, a maximum rate. The desired flexibility can be obtained by excluding confidential secretaries from the State Personnel System, provided that the Governor retains the authority to establish the maximum pay scale.

V. Recommendations

1. By July 1, 1977, DPT should distribute to all State agencies under the Virginia Personnel Act the information relative to classification actions contained in the Classification and Pay Manual. (DPT)
2. By April 1, 1977, procedures should be developed to effect the processing of the P-5 form through DPT and DPB in a maximum of two calendar weeks each unless the operating agency is notified that a delay is required because of an audit, insufficient information, etc. The Department of Management Analysis and Systems Development (MASD) will conduct a detailed analysis of the current procedures relating to the processing of P-5's in conjunction with DPT, DPB and selected operating agencies and develop appropriate procedures to meet this objective.

3. By May 1, 1977, DPT and DPB should revise the G.O. Form P-5 and/or instructions. (DPT and DPB) (It is expected that this Committee will communicate its findings regarding the form to the two agencies).
4. By July 1, 1977, a plan for the conduct of a pilot project to decentralize selected functions of the classification process shall be submitted by DPT and the pilot State agency to the Secretary of Administration and Finance for approval. This Committee recommends the pilot State agency be the Department of Highways and Transportation (DPT and Secretary of Administration and Finance).
5. The Virginia Personnel Act should be amended to exclude the class title Confidential Secretary, provided that the Governor retains the authority to establish a uniform maximum rate of pay. (General Assembly).
6. Develop and distribute to all State agencies policy and procedure statements regarding the appeal of selected classification actions by July 1, 1977. Consideration should be given to the appointment of a committee by the Director of Personnel and Training which will include the appropriate job analyst, a representative from the operating agency, and an individual knowledgeable in the duties related to the position being appealed. This Committee should submit their recommendation to the Director of Personnel and Training for his review/decision. (DPT)
7. By June 30, 1978, a Personnel Administrator's manual shall be developed to include:
 - a chapter specifying the information required by DPT relative to classification actions.
 - a chapter specifying the information required by DPB relative to assessment of need and funding source.
 - a chapter describing an appeal process for classification actions (Authority: Rule 3.4 of the Rules for the Administration of the Virginia Personnel Act).

SALARY AND WAGE ADMINISTRATION

I. The Process

The establishment and maintenance of the pay plan and a system of salary administration are key elements in personnel administration. For purposes of this review, several major elements of wage and salary administration will be considered:

1. Adjustment of salary scales for most classes of positions (regrades).
2. Establishment or revision of pay scales/rates for individual classes of positions or limited numbers of position classes.
3. Rates of pay for individuals when placed in positions by promotion, demotion, or original appointment.
4. Increases and decreases in pay for employees within established salary scales.
5. Rates of pay for hourly-piecework employees.

Items one and two are related and impact the Classification Plan itself. However, for purposes of clarity, classification was discussed in the previous section.

Implementation of general regrades does not necessarily result in uniform changes to all classes of positions. Competition in the job market results in additional regrades. For example, certain professional and technical classes may command higher salaries in business and industry than are provided for by State pay scales. In order to compete, a general State regrade might provide a larger increase for these professionals and technical classes than for other State position classes.

In a similar manner, general State regrade policies might provide a significantly larger pay increment for stenographers than other positions because of existing shortages of potential employees with these skills. Such action has the effect of altering the classification plan. The examples noted above emphasize the difficulty in distinguishing between classification and pay under certain conditions.

II. The Current Situation

1. A general regrade is an adjustment to salary ranges for State classified positions. Such general adjustments are frequently referred to as "cost of living" increases. However, these revisions are not based on cost of living, or price indices. Pay changes are determined on the basis of salaries paid by other employees in competition with the Commonwealth for similar services.

The General Assembly of 1976 added an amendment to the Virginia Personnel Act which provides in part that: "It is a goal of the Commonwealth that its employees be compensated at a rate comparable to the rate of compensation for employees in the private sector of the Commonwealth in similar occupations." As a result, DPT annually collects salary data from a total of sixty-five participants in private industry, local governments, and other State governments. The collected data, along with recommended adjustments, are presented to the Governor and the General Assembly in the annual Compensation Review Report. General regrades are based largely upon the need for salary increases and the availability of funds. Final decisions are made by the Governor and the General Assembly.

2. In addition to general regrades, it is necessary to establish pay scales for new classes of positions and/or to adjust pay scales for existing classes. While the final decision on such actions is made by DPT, there is considerable operating agency involvement in such changes. The bases for establishing or changing pay scales are largely keyed to salaries for similar or related positions in the private sector and other positions within State service.
3. Some of the more frequent types of transactions in ongoing salary administration include rates of pay for individuals when appointed to a position, promoted, demoted, or transferred. Present rules and policy require that original appointments be made at the entry rate. In cases where required skills are rare, or when competitors are paying above the State entrance rate, exceptions can be made with prior approval by DPT. Virtually no exceptions are made for clerical-secretarial and related positions. An individual's qualifications are rarely the main consideration in appointment above the entrance step. Rules for

pay on promotion, demotion and transfer are well established and exceptions are infrequent. The situation described in this paragraph is a highly centralized process. State agency requests for exceptions must be approved by DPT.

4. In addition to the types of actions set forth in the above paragraph, there are other causes for changes in an employee's pay within a particular position. Recurring satisfactory ratings entitles an employee to an annual merit increase until the top step of the scale is attained. The annual merit increase is equivalent to one step or approximately 4.5% in most scales. Employees frequently receive job offers at higher pay for similar work outside State service. Such employees, with approval of DPT, may be given a special salary increase on a competitive basis. The policy governing such actions is similar to that for appointments above the entrance rate. Clerical-secretarial and related positions are excluded from consideration for special salary increases. There are other miscellaneous pay practices which are used as a basis for competition. For example, an additional, flat rate is sometimes permitted for a limited but specific time period when an employee assumes additional and/or greater responsibilities (e.g. take over in supervisor's extended absence). Shift differentials are paid to certain classes of positions (e.g. nurses) when such a practice is followed by outside employers.
5. The Commonwealth employs thousands of so-called hourly, or piecework employees to perform part-time, temporary, and seasonal work. Such employees are necessary, but are not required on a regular schedule. Usually these workers are paid at an hourly rate. On occasion, payment may be per unit of production (e.g., a transcribing typist may be paid per tape). Authorization to employ such workers must be approved by DPT and DPB. Requests to employ persons are submitted by agencies G.O. Forms P-14 with the proposed rate, working title, (or a State classification title), reason for the request, and a description of required duties. A statement concerning availability of funds must accompany the request. The P-14 request is relatively more informal than that for establishing or changing a permanent position.

III. Observations and Problems

General Comments: A review of the current wage and salary administration plan with State agencies, through personal contact and correspondence, generated numerous suggestions and comments. Establishment of a salary step at the mid-point of each existing step in the State salary plan was frequently proposed. The proposed "half step" would allow agencies to refine the merit increase process. Each step would contain two (2) increments (1 and 2) for average and outstanding employees. Under the current plan, any employee eligible for a merit increase, who has performed satisfactorily, is eligible for a one-step increase, regardless of his degree of performance.

Other suggestions included establishing a general shift differential for employees who are required to work evenings and nights and establishing longevity steps as incentives for retention of employees. It was suggested that longevity steps would also reduce pressure to reclassify jobs of long term employees simply to "reward" satisfactory service. Some State agencies proposed that they be given more authority to effect routine salary actions without prior approval from DPT (e.g. original appointments, promotions, and merit increases). Some respondents proposed that State agencies be allowed to use regrades as general salary increases in a manner similar to merit increases. It was proposed that State agencies be allowed to pay an individual above the maximum rate to recognize longevity and outstanding performance. Special types of compensation plans for professional, executive and administrative classes received considerable discussion. The proposed plan would be handled somewhat differently from the so-called "rank and file" classifications.

Concern was expressed regarding the current policy on retroactive actions for make-up pay to employees. The DPT (with few exceptions) does not allow retroactive pay beyond sixty (60) days in cases of clerical and/or administrative error beyond the employee's control. Many consider the retroactive pay policy unfair and strongly believe it should be changed. Likewise, it should be noted that in cases where an employee has been overpaid, he is required to repay the overage without regard to time involved.

State agencies expressed the feeling that the present policy which generally requires the appointment of individuals at the entrance rate for a particular classification is not necessarily in the best interest

of the State. Further, the State's entrance rate policy does not promote efficient delivery of services, nor is it fair to highly qualified employees. Appointments are made above the entrance rate if a shortage exists of qualified employees for a particular category of positions (clerical and related positions excluded). Advocates of a more flexible policy contend that while certain job applicants may meet minimum qualifications, State agencies, in compliance with current policy, are required to rule out those who are highly qualified but are not employable within the salary scale at the entrance rate. State agencies noted that frequently job applicants are highly qualified in a particular area of endeavor, including certain types of secretarial and specialized clerical functions. There was a consensus among responding State agencies that the policy regarding employment at entrance rate should be more flexible, giving State agencies greater latitude in making appointments within the scale for a particular class of position.

Hourly and piecework employees are not part of the classified plan, have no permanent status, and do not carry the fringe benefits of permanent positions. State agencies generally agree that the G.O. Form P-14 provides for needed flexibility in meeting short term personnel requirements. Thousands of workers each year are employed by State agencies to perform work of short duration on a temporary, part-time basis. This is common to most industries and clearly has its place in the State compensation and wage plan. Temporary employment is the least controlled form of State employment relative to determination of precise rates of pay and maintenance of equitability. This is not to say that rates of pay and quality of pay are not considerations; however, the information provided to DPT and to DPB on Forms P-14 is limited. The current system works, but there should be closer controls on the process and greater effort on the part of State agencies to manage such employment more conscientiously in terms of need and EEO matters.

IV. Conclusions

There has been considerable progress in recent years in the refinement of legislated policy for State pay, and in the salary survey process utilized by DPT. The General Assembly has expressed the goal of providing State employees with comparable pay for similar and related work performed in the private sector. While the goal has been established, funds have not been

made available to implement it. The problems of economy in government are recognized and the policy might be placed in proper perspective by stating that implementation depends on available revenue. With regard to DPT activities, salary surveys have been expanded and, as earlier indicated, 65 participants were contacted in preparing the last Compensation Report. This Committee is of the opinion that while a fairly large number of classes are covered in the survey, it is still too limited in scope to determine fair and equitable pay for all classes of positions in State government. Specifically, it is this Committee's feeling that a better mix of classes could be used to improve the comparisons with the private sector and other governmental and related jurisdictions.

With regard to both general and specific regrades for limited number of classes of positions, it is believed that more State agency participation in the process would be helpful in establishing appropriate and equitable pay scales. In the area of general regrades where State agencies are rarely consulted, more State agency involvement is required. There is considerable feeling among State agencies that they should be permitted more latitude in determining wages paid to their employees. For example, more flexibility is clearly desired by State agencies in original appointments to a position and the attendant entrance rate and in actions related to promotion and transfers. As previously indicated, the rules on promotion, demotion, and transfers are clearly outlined and, in most cases, are workable in the view of this Committee. However, more latitude in these areas appears desirable. There is a tendency for DPT and DPB to take a so-called "ivory tower" approach to individual State agency problems. At the same time, however, there is considerable opportunity for abuse, intentional or otherwise, if State agencies are not governed by relatively clear and precise policies in such matters. It would probably be of great assistance to State agencies, and of little danger to the compensation plan, if serious consideration were given to allowing State agencies more flexibility in these areas. Where flexibility is allowed, it would appear that State agencies should be required to clearly document exceptions to established policies. Nevertheless, State agencies should be allowed more flexibility in making exceptions where, in the view of State agency management, it is in the best interest of the Commonwealth. Some unintentional abuses arising from too much flexibility would probably occur through the State agencies lack of experience in certain types of personnel transactions. This Committee

believes that responsible agency management would dictate that greater flexibility would be self regulating to a large extent if the morale of employees is to be maintained. Flexibility should be extended to secretarial, clerical, and related classifications. There is some merit to the arguments in favor of not allowing the same exceptions for this latter group as for many other categories.

With regard to proposed changes that effect rates of pay of employees, the following recommendations appear to have merit:

1. The proposed additional step within the present scales for outstanding employees deserves consideration. This would permit agencies to vary monetary recognition in consonance with levels of performance.
2. There is room for State agency flexibility when key State employees receive job offers from sources outside State service. In such cases special increases on a competitive basis may be approved by DPT. Consideration should be given to allowing State agencies to take such actions without prior approval by the DPT. Such flexibility could foster abuses unless criteria are established by DPT and understood by State agencies.
3. State agencies should not compete with one another for the same employees within the same classifications. Specifically, one State agency should not be permitted the flexibility of offering a higher pay to an employee in the same classification at another State agency. In the opinion of this Committee, no change should be considered for increasing a State employee's pay simply because an opportunity exists in the same class of position in another State agency.
4. Shift differential considerations should be made on the same basis as other pay considerations. Specifically, unless shift differentials are customary and generally allowed for the same type of work performed outside State employment, they should not be permitted for State employees. Shift differentials should be considered only when it is necessary to compete with outside industry for equitable compensation. Under the present plan, shift differentials are paid to a limited number of classes of positions and are governed by the factors outlined above.

5. There are numerous miscellaneous features of the pay plan, previously mentioned, which effect employees' pay. For example, when employees assume additional and greater responsibilities, special dispensation may be allowed in the form of a temporary increase in pay, i.e. approved flat rate or bonus plan.

Such practices listed above are equitable, but all State agencies are not aware of them. This kind of action, along with other pay policies, rules, and opportunities to reward and penalize employees, when appropriate, should be more clearly and frequently communicated to State agencies. Communication problems exist in the total area of wage and salary administration and solutions available to resolve personnel problems are not understood sufficiently by State agency managers.

V. Recommendations

1. A policy should be established to permit retroactive payment to a State employee who, by administrative error, has not received full compensation. Conversely, the Commonwealth shall be reimbursed for any overpayment. Interest shall not be charged in either of the above instances. (DPT)
2. The Department of Management Analysis and Systems Development (MASD) should conduct a complete review of the existing procedures relating to the hourly piecework employees and the related G.O. Form P-14. A study will be submitted to the Secretary of Administration and Finance no later than July 1, 1977. (MASD)
3. This Committee should examine in-depth the following areas and submit specific recommendations to the Secretary of Administration and Finance no later than July 1, 1977:
 - a. flexibility of agencies to make appointments above the entrance rate without prior approval of DPT
 - b. longevity pay
 - c. additional merit increase steps for exceptional employees
 - d. policy of excluding clerical-secretarial and related positions from competitive increases and from appointments above entrance rates.

CHAPTER IV

EMPLOYEE PERFORMANCE

Serious concern is increasingly expressed within and without State government regarding the need to improve management practices at all levels in order to more effectively and efficiently improve the delivery of services to its citizens. This concern involves both the responsibilities of management as well as the individual employee in terms of improved program results. Many feel that the performance appraisal system now in use in the Commonwealth does little to create a positive environment that makes maximum use of the State's greatest resource - the individual employee. Many administrators and employees have expressed the view that the current performance appraisal system is more concerned with form than substance.

There is a need to utilize the performance appraisal system as a positive mechanism for improving employee productivity, enhancing training, and career development, providing for more effective counseling, etc. The General Assembly in 1976 recognized this need and mandated that standards of performance become the basis for employee performance appraisals.

There is a direct relationship between standards of performance and a performance appraisal system. Standards of performance are statements of the results that are expected or the objectives to be obtained within a specific time frame. They relate to a specific position and are developed jointly by the employee occupying that position and his immediate supervisor. Based on these identified and understood standards of performance, the supervisor determines to what degree the employee met these standards and a performance appraisal is completed by the supervisor. Developing meaningful and realistic standards of performance for each employee and using them as the basis for performance appraisals is a difficult, lengthy, and challenging process. Once implemented, however, it not only is of tremendous value to the employee and his supervisor but to the organization as well. Standards of performance must relate to specific programs within an organization and define both the supervisor's and the employee's responsibilities in support of these programs. Thus, standards of performance can also be a valid means of measuring the effectiveness of a supervisor in terms of meeting the objectives of the organization's programs as well as his ability to manage those personnel resources assigned to him.

STANDARDS OF PERFORMANCE

I. The Process

Standards of Performance are oral or written guides which express "how well" an employee must perform his duties in order to accomplish them in a satisfactory manner. They are descriptions of performance expected by management for a particular class of position. Standards of Performance are statements of the results that are expected or the objectives to be obtained within a specified period of time. They are "yardsticks" used to measure an employee's performance.

Standards of Performance, particularly those which are clearly written, keep both supervisors and employees aware of how much work each employee should accomplish and the quality and quantity of effort required for each task. They should be prepared through the joint effort of the supervisor and the employee. The evaluation of employees by use of Standards of Performance aids an organization in obtaining maximum employee development and productivity when it creates an environment in which the employee realizes that he has done what has been expected of him and that he has performed in a commendable manner.

Most, if not all positions, can be measured by Standards of Performance, provided the standards are prepared for specific, current, and significant tasks relating to each job. The essence of Standards of Performance is that the duties and responsibilities unique to a specific position are understood by the supervisor and employee, and that they are expressed in such a manner that an acceptable level of performance is established for each employee.

II. Current Situation

The Virginia Personnel Act was amended by the 1976 General Assembly to require that specific standards of performance be the basis, where practicable, by which the quality of service rendered by State employees is evaluated. This action introduced the term "standards of performance" to State personnel management.

Except for the efforts of a single agency, the Virginia Employment Commission, there have been no known attempts to ascribe a systematic approach to the development of performance standards. This responsibility rests with the Department of Personnel and Training (DPT), although it is implicit that programs of employee evaluation

through performance standards are to be accomplished at the State agency level.

The Virginia Employment Commission has made commendable progress in implementing standards of performance in its "Program of Performance Analysis and Counseling of Employees" (PACE). Here, the definition of tasks associated with individual positions and an assessment of standards by which employee performance is measured constitute the major thrust of Commission policy for employee service ratings.

A few other State agencies are beginning to adopt systems of performance budgeting as a program management technique. While these systems involve the analysis of tasks involved in the assignment of positions at various levels (usually non-management), they tend to result in only the quantitative measurement of positions. Moreover, the focus of these programs is usually on the cost effectiveness and efficiency of the output of organizational units, not of the individual positions that contribute to that output.

Elsewhere, specific performance criteria related to job responsibilities could not be found. The appraisal of employee effectiveness is based, in large measure, on a concentration of personality traits that tend to reflect what is thought of the employee rather than what he does.

The Director of Personnel and Training has a staff study in hand suggesting that a phased approach be followed in the introduction of performance standards to performance appraisal plans now in place in State agencies. The Director has indicated his willingness to require that a casual examination of job duties and an informal resume' of performance standards become subjected to discussion between employee and supervisor and made a part of a new employee service rating form he desires to implement on January 1, 1977 in State agencies now using the G.O. Form P-9. This form revision is discussed in greater detail in Section B of this chapter.

III. Observation and Problems

The evolution of an effective standards of performance program represents a challenging undertaking. This Committee believes the Legislature has set a proper course in requiring that specific standards become a basis for the evaluation of employees. It must be pointed out, however, that any successful, broad-based implementation of such a program depends on establishing goals and objectives which are supported by detailed plans and objectives and timetables by which the application of new procedures

can be measured. Experience dictates that success in such an area seldom occurs of its own accord.

A significant educational effort will be required to convey the concept of standards of performance to agency heads and personnel administrators who are not conversant with the term or who fail to realize the benefits of having such a tool for the measurement of individual productivity in their organizations. Basic to the purpose of this education is the identification of respective roles and responsibilities of the Department of Personnel and Training (DPT) and of State agencies; together with the explanation of acceptable methodology, provision of expert assistance to State agencies where required, and specification of criteria by which results will be evaluated.

This Committee views standards of performance as one of central policy, but decentralized practice. The program will exist for the purpose of serving the individual State agencies and their employees, although the breadth of its application will determine the degree to which the efficiency and economy of State government as a whole is served.

The development of standards of performance, in order to be fully effective and responsive to State agency needs, must be a matter handled by the agencies. Although a definite measure of consistency is desirable, particularly in the interest of evaluating overall results, State agencies should be subjected only to minimal acceptable criteria established in the DPT for the conduct of the program. Beyond this, State agencies should enjoy free latitude in the development and application of performance standards. It is key to the total effort that State agencies be held accountable for compliance with minimal criteria and this becomes the principal rationale for the continuous involvement of DPT after the project is first defined by them.

The greatest barrier to the immediate implementation of performance standards in the Commonwealth, once the concept is universally understood, is the general absence of position descriptions reflecting the current duty assignments of individual positions making up broad classes of positions in the classification plan. Functional descriptions which enumerate the duties and responsibilities unique to every position in an agency are critical to the development of standards of performance. Although a fundamental grasp on the content of jobs is implicit in the attention all supervisors are expected to give the operations they are responsible for, many State agencies rely on official class specifications as their only written job descriptions. These usually apply to whole categories of work and seldom change except when the scope of respon-

sibilities broadly associated with the entire class of positions has been altered.

State agency administrators often tend to overestimate the time and effort required of the staff to revise position descriptions on a recurring basis and consequently become skeptical as to the value of the process. Considering that this project is most meaningful when undertaken by each employee, with management usually becoming involved only in a review role, this Committee suggests that there are minimal costs attributable to this facet of the program.

The preparation and maintenance of current position descriptions, while central to the development of performance standards, will be beneficial to State agencies in several other important areas of personnel management. A fundamental precept of employee orientation is served by the presence of current position descriptions. The descriptions also aid State agencies in satisfying a requirement of the Governor's Executive Order Number One that all positions in the classified system be reviewed every two years for the currency of their allocation. Further, they improve the capability of State agencies in noting changes which occur in the nature of job assignments, and thereby facilitate the preparation of concise, accurate job statements for use in seeking the reallocation or redescription of positions in the classification plan.

Standards of performance are viewed by this Committee as an adjunct to the position description of every position. As such, they do not lend themselves to inclusion in the specifications of classes of positions. It may be desirable, however, that guidelines as to general performance standards be noted in the class specifications to assist employees and supervisors in their development of specific standards of performance to individual positions.

Besides assisting management in defining specific responsibilities and duties for employees, performance standards aid in the determination of the strengths and weaknesses of each employee and specific training needed to improve their current skills and assisting employees in advancing in State service. By emphasizing the training of employees in those areas where established standards are not being met, State agencies should avoid excessive costs attributable to indiscriminate training.

Finally, this Committee feels it is of significant importance to note that performance standards assist agencies in organization planning, work simplification and budgeting by providing a basis on which management can establish anticipated staffing requirements in consideration of

future work volume. They are also beneficial to the evaluation of individual program managers and provide another means for effective planning and measuring the effectiveness of the programs being managed.

IV. Conclusions

This Committee is strongly of the opinion that performance standards should be established and implemented to measure all positions in the classified service of the Commonwealth. This Committee is cognizant of the impracticality of achieving this goal on a short-term basis, and concludes that even an aggressive incremental approach may properly require as long as two to three years for full implementation.

It is extremely important that the Director of Personnel and Training accept the full measure of authority conferred on him by the Virginia Personnel Act for the establishment of a performance evaluation system based on specific standards of performance. This Committee feels the Director should proceed, without delay, to issue policies relating to a plan by which he will hold State agencies responsible for results.

The Director's policy should contain, as a minimum, appropriate definitions of the program and its elements; the goals and objectives sought to be achieved; descriptions of respective levels of responsibility shared by DPT and State agencies; procedures for implementation; and a statement of minimum accomplishments to be evaluated by DPT in ascertaining State agency compliance. The policy should detail specific required tasks and completion dates.

The Director should make an extensive commitment of his Management Development and Training Staff to prepare and present educational programs relating to the methodology and procedures to be followed by State agencies in developing and implementing standards of performance. This activity should offer experienced personnel from the Director's staff to serve as consultants in those State agencies which may require assistance in the installation of this program. While permitting State agency heads the latitude of implementing standards of performance in a manner most suited to the responsiveness and success of the resulting State agency performance appraisal programs, the Director should retain that authority necessary to assure that each State agency meets an acceptable level of performance, which he will specify, whereby an appropriate degree of performance and consistency can be maintained among the State agencies.

State agencies should give immediate attention to the preparation or revision of individual position descriptions which state the current assignment and tasks of every position. Standards of performance should be implemented on the basis of those descriptions as soon as the Director's educational program for State agencies is completed. The Director should be aggressive in periodically monitoring the results achieved in State agencies, in furtherance of his responsibility to assure consistency in the over-all Commonwealth program. When necessary, the Director should cause remedial action to be taken in those State agencies deemed to be in non-compliance with the purpose and criteria of the program.

V. Recommendations

1. A statement of policy on standards of performance as the basis for performance appraisal should be prepared and distributed by DPT to all State agencies as soon as possible, preferably by April 1, 1977. (DPT)
2. At the same time, all State agencies should be instructed to begin the development or revision of descriptions of the duties currently assigned to all the positions in their agencies, to be completed in at least one year. (DPT, State Agencies)
3. In preparation for an extensive, system-wide educational process on standards of performance, DPT should develop and distribute to all State agencies a training and procedural guide by May 1, 1977. (DPT)
4. Training programs in standards of performance should begin in the State agencies by July 1, 1977, with the continuous assistance and guidance of DPT. (DPT, State Agencies)
5. Installation of a formal program of standards of performance as the basis for performance appraisal should begin in the State agencies concurrently with the training process, with first efforts being made in those State agencies judged by DPT to be best prepared to begin the program. Full implementation of the program will require approximately two years. (DPT, State Agencies)

PERFORMANCE APPRAISAL

I. The Process

Performance appraisal is that subjective judgment a manager is required to render in evaluating an individual's ability to perform. In order to be effective, its purpose must be well defined and its execution based on information that is relevant, accurate, and sufficiently complete that no important factor has been overlooked. It is most likely to be viewed as fair if the employee knows why he is being appraised, what goes into the judgment, and how it will be used. It serves primarily as a guide for the manager's own actions with respect to the individual he appraises. Over a given period of time and through effective counseling, however, it becomes a device for the employee's own appraisal of his level of performance. It is intended to help the manager and employee, alike, to do a better job for the organizations they serve.

More specifically, the process of performance appraisal is used for the purposes of:

1. Clarification as to what is expected of employees in the way of their satisfactory performance in the pursuit of organizational goals.
2. Identification of strong and weak points in individual performance and providing constructive counseling to each employee, and
3. Establishment of objective bases for personnel actions, including placement, promotion, training, salary advancement within a given position, other rewards and recognition of superior and inferior performance.

II. Current Situation

The Virginia Personnel Act exists for the purpose of insuring "for the Commonwealth a system of personnel administration based on merit principles and objective methods of appointment, promotion, transfer, layoff, removal, discipline and other incidents of State Employment". The basis of all employee personnel actions of the Commonwealth is, in the language of the Code, "merit and fitness as may be ascertainable by the competitive rating of individual qualifications" by managers in State agencies.

In furtherance of this legislative mandate, the Governor's Rules for the Administration of the Personnel Act define an

employee service rating plan which is generally applicable to all classes of positions. The stated purpose of this plan is the positive development of employees within the various classes of positions, and for promotion from class to class. The plan is intended to advance employees by aiding them in all elements in which they show weakness and encouraging them on those elements giving evidence of strength. Its chief objectives are to obtain the highest possible performance in support of State service, and to provide means for employee career development.

It was recognized at the time the general rating plan was first installed that further development of a variety of rating plans might be required for the overall efficiency of the system if it was to be responsive to the special requirements of many classes of positions. The Rules authorize the Director of Personnel and Training to approve other plans if they meet certain basic, but unspecified, criteria relating to uniformity, job-relatedness, and employee counseling.

To date, special rating forms have been installed in only a few State agencies. The overwhelming majority of State agencies continue to use the format provided for in the general rating system, the G.O. Form P-9. This is a short form entailing five adjectival ratings from poor to excellent in six factors defined as Habits of Work, Amount of Work, Quality of Work, Cooperation, Intelligence and Initiative. The Rules give extensive description of the adjectives as they relate to each of the elements in this plan. A caveat is offered that the rater seek to interpret these expressions in relation to the job or work actually being done in the respective classes of positions. If either "poor" or "excellent" is checked in three or more factors, the rater must enter a narrative explanation of his reasons for the exceptional rating.

The Form P-9 was revised in 1970 to require each service rating be reviewed by the rater's supervisor and a blank was provided to denote whether or not the rating had been discussed with the employee. There is no requirement that the latter step be taken.

Most of the special rating forms now in use by the agencies amount to adaptations of the P-9 format, although it is significant that some of them include special "traits" categories by which management personnel are evaluated as an adjunct to their appraisal against the work related elements which are applied to all employees. The PACE system mentioned earlier in this report is a departure from the customary approach in that it represents the first attempt by an agency to formalize performance criteria based on job responsibilities in all classes of positions in the agency.

All State agencies, regardless of the format they follow, must forward a copy of the rating to DPT. This satisfies a requirement of the Rules that ratings be continuously on file in the central personnel records and allows the review of satisfactory ratings as they become the basis for employee merit increases. There is no apparent research or analysis made of the overall service rating plan and, although satisfactory ratings are required to obtain a merit increase, there is no obverse requirement for withholding merit increases. Performance appraisal can be regarded as a State agency program, and there is no standard by which the effectiveness of the program within the State agency is judged externally.

A staff study made within DPT during 1975 supported the conclusion that some substantive changes should be made in the P-9 process and form to improve its general effectiveness and job relatedness. The Director of Personnel and Training now appears prepared to implement a new service rating form as early as January 1, 1977, which will provide a better approach to the rating itself, but not alter the concept by which it is guided. It retains all present work-related elements, although "job knowledge" is substituted for "intelligence" and descriptive phrases are included on the face of the form to guide the rater in delineating levels of achievement. The attention this form would give standards of performance was mentioned earlier.

III. Observations and Problems

1. General Comments:

The most prevalent observation made by agency heads and personnel administrators is that the present P-9 system is ineffective in meeting the objectives set forth in the Governor's Rules. They point out that the system is one dedicated to form over substance. It provides no basis for the establishment of a meaningful relationship between the job responsibilities of employees and the performance factors upon which they are judged. Each employee must be rated once each year. There is little encouragement that the ratings be handled in any other way than on a blanket basis to satisfy this requirement for annual ratings to qualify employees for merit increase consideration and assure that all employees continuing in the service are "satisfactory" performers.

The current State service rating plan contains no formal mechanism by which the potential of an employee

to move through career ladders can be assessed, and the system directs no real attention to an employee's development even at the entrance level of his employment into State service. Likewise, no statement is ever made as to the promotability of an employee to other jobs within or outside his career field.

There is no assessment of the management capabilities of employees in supervisory positions in the present plan, other than through the standard rating elements relating to habits of work, amount of work, etc., intended for use in appraising the performance of all employees.

In instances where special agency forms have been approved, few plans are found to involve approaches or format that represent much more than an extension of the existing P-9 concept. The most prevalent deviation to this is in the inclusion in some cases of management-related factors such as leadership, planning, control, and communication skill for use in the evaluation of supervisory personnel. Even in these cases, however, agency administrators often acknowledge that their rating systems are of questionable value because of a general lack of focus on job responsibilities in the appraisal.

Some State agencies, most notably the Virginia Employment Commission, have moved to tie job responsibilities to the performance appraisal of employees. The PACE system was commented on earlier.

2. Specific Observations and Problems

Performance appraisal, as it now exists, is often applied by supervisors only as a tool of negative discipline to deny salary adjustments and to terminate employees whose performance fails to meet benchmarks set by the performance levels of their peers. No reasonable evidence is discernable to indicate that the system is accomplishing the progressive objectives set forth in the rules when it was designed.

Although merit increases and salary adjustments for employees are keyed to satisfactory service ratings, the number of adjustments denied on the basis of such ratings is estimated to be less than one per cent. This leads to the observation that the system may not even be effective as a tool of negative discipline.

Many administrators feel that the performance appraisal system should support a program of variable merit

increases keyed to the performance level of employees. Although complaints are frequently made that the present system rewards mediocrity at the same pace as superior performance, supervisors appear reluctant to adjust their current practice of doing just that when only a five per cent pay increase is at stake. On the other hand, they say they could distinguish pay progression vis-a-vis the performance levels of employees if the pay system allowed increments of as many as two full steps.

The form itself is a major concern to administrators and to this Committee. Present format forces equivalent treatment of all categories of employees in the way appraisal results are reported. Special forms approved by the DPT for State agency use still require a conversion of scoring data to the basic elements required in the P-9 system, so the potential for State agency success in new approaches to performance appraisal is diminished.

The present requirement for written narratives in cases of exceptionally high/low performance is counterproductive, ironically, to the objectives of the program. It is demonstrated that supervisors will purposefully keep their ratings in mid-range in order to avoid having to give additional comment that would distinguish certain employees. The reasons for this phenomenon are often diverse.

Although the discussion of P-9 ratings between supervisor and employee are encouraged by the Rules, there is no requirement that this contact occur. Even in those instances where supervisors do make ratings available to employees, the contact frequently does not result in a discussion of the appraisal. Rather, the rating is simply presented to the employees thus negating one of the greatest values of a performance appraisal system, that of meaningful career counseling.

The requirement that all service ratings be accomplished simultaneously each year causes widespread concern among administrators. They feel such wholesale application of the system is detrimental to any effort State agencies might wish to make in encouraging employee counseling, because of the time constraints imposed on managers to prepare large numbers of ratings for all employees at the same time. The most frequent plea is that the ratings be made to coincide with the dates of employees' eligibility for merit increase consideration.

DPT has performed one staff study during the past year concerning a revision of the P-9 format, but

there is no evidence to suggest that DPT has seen itself in a leadership role of evaluating the P-9 system against stated objectives or of setting reasonable criteria by which State agencies can formulate their own plans to meet the needs they see for improved job-relatedness in the program.

IV. Educational Institutions

The performance appraisal procedures for faculty members at the various State supported colleges and universities in the Commonwealth were reviewed. The Code of Virginia explicitly charges the boards of visitors of the state-supported colleges and universities with responsibility for the employment of faculty and for the establishment of terms and conditions of employment.

Faculty performance appraisal procedures in the Commonwealth do vary from those in the classified service. Faculty evaluations are performed at each institution in accordance with established internal procedures. The performance appraisal programs and procedures for educational institutions are as individually different and unique as are the individual educational institutions. The exception to this is the Department of Community Colleges which has published guidelines for the faculty performance evaluation program for all Community Colleges. It is suggested that the Boards of visitors and administrators of the State supported colleges and universities establish, if they do not already exist, an appropriate standards faculty performance appraisal system for their institution.

V. Conclusions

The Committee feels that the present service rating plan is ineffective because of its lack of orientation to the job-related considerations found in other systems which have their basis in productivity measurement and career counseling. The framework for this approach may be available in the wording of the present Rules; however, it is difficult to expect that long established attitudes regarding the current system can be altered without a restatement and coincident redirection of the entire policy.

This Committee has concluded, in Chapter III, that it should give further study to the question of awarding variable pay increases keyed to individual performance levels before submitting a recommendation to the Secretary of Administration and Finance. Major considerations effecting the proposal must be the need for revising the performance appraisal system as well as the application

of standards of performance. The present system is found to be significantly lacking in this regard.

It is this Committee's opinion that certain changes in the P-9 system should be effected on an interim basis to overcome some of the strong misgivings now shared by the Director of Personnel and Training and be used to improve the awareness of raters and employees as to long-range goals this Committee endorses for performance appraisals based on standards of performance.

The most outstanding changes believed to require immediate consideration are the following:

1. Implement a separate mechanism apart from traditional work related activities to be installed to permit a more effective evaluation of supervisory personnel. This recommendation endorses the concerns of many administrators that the present P-9 system needs to be modified to require the assessment of such factors as leadership, decision making, planning ability, affirmative action, and communication for supervisors as an adjunct to the traditional work related factors now covered in rating non-supervisory employees. This could take the form of separate rating documents for supervisors and non-supervisors, or a single form could be designed to cover both rating areas for use in the evaluation of supervisors.
2. Improve the description of rating factors contained in the performance appraisal form. It is suggested that job knowledge be substituted for intelligence to enhance the relatedness of this element.
3. Adopt a linear scale of the expression of scores by raters and reviewers. This will allow greater flexibility in the gradation of performance levels available in each factor.
4. Provide additional phrases on the face of the rating form to describe the levels of performance between poor and excellent for each factor. This improves the ability of supervisors to view work performance in the same light from rating to rating and will enhance the consistency of the scores.
5. Require that narrative descriptions be provided on the reverse side of the form to portray the strengths and weaknesses the employee demonstrates in the conduct of his work assignments. The narrative should also include steps the supervisor and employee expect to take during the ensuing period to overcome any weaknesses noted. This will replace the present requirement for narrative descriptions of exceptionally poor and ex-

cellent performance, and it is felt to be a more substantial input to the rating and counseling process.

6. Require that the promotability of employees be expressed in narrative form. This Committee is cognizant that the basic expression of promotability might lend itself to a linear scale, but it is concerned that a narrative be provided to convey the conditions (ie: to what level, what career field, supervisory/non-supervisory), if there are any, be presented to aid in counseling the employee and to assist others in their subsequent use of the performance appraisal form as a means of screening employees for promotion.
7. Require that raters discuss the complete rating form with the employee and that the employee indicate this has been accomplished by entering his signature on the form.
8. Adjust the rating cycles to immediately precede the merit increase eligibility dates of employees who are within the salary scale of any class, or at twelve-month intervals from the last date of merit increase eligibility in cases of employees who are receiving the maximum rate of a class. This will enable supervisors to address ratings on a more individual basis with employees and should enhance the effectiveness of the program, even in the short-range absence of standards of performance. The benefits of this recommendation are felt to far outweigh the ease of central administration accruing under the present policy requirements for the blanket rating of all employees at the same time each year.

By its endorsement of the proposed changes to the present P-9 form now contemplated by the Director of Personnel and Training, this Committee does not wish to imply that the pursuit of standards of performance as the basis for performance appraisal should in any way be curtailed. It is critical that the new rating form be reassessed in conjunction with the efforts that are to be undertaken in the installation of performance standards.

This Committee concludes that the best rating system is a system designed by the user agency. As with standards of performance, the uniqueness of every job, if not of the classes of positions constituting those jobs in State agencies, is best dealt with by the management of that agency. Again, it is this Committee's opinion that DPT should set minimal acceptable standards as to the form and conduct of any performance appraisal program. Subject to compliance reviews which must be conducted by DPT, the State agency should have latitude in determining the course best suited for them.

VI. Recommendations

1. A policy statement on performance appraisal should be prepared and distributed by DPT to all State agencies as soon as possible, preferably by April 1, 1977, which restates the purposes of performance appraisal and assesses reasonable levels of accountability for results. (DPT)
2. The format of the G. O. Form P-9 should be revised and the form reissued by March 1, 1977, along with procedural instructions, the form to contain at least the following changes:
 - a. an expansion of basic factors applicable to all employees, causing the evaluation of management capabilities of supervisory employees;
 - b. a redefinition of rating factors to improve job relatedness, including the replacement of the factor presently called "intelligence";
 - c. use of a linear scale rating graph;
 - d. new descriptions of form reflecting the characteristics of different levels of performance between poor and excellent;
 - e. a narrative explanation by supervisors of employee strengths/weaknesses to include remedial action where indicated;
 - f. a narrative expression of employee promotability;
 - g. mandatory discussions of the rating between the employee and the supervisor, to include the signature of the employee. (DPT)
3. Cycles of performance appraisal should be adjusted to an individual basis, effective July 1, 1977, keyed to the employee's present or last merit consideration eligibility date. (DPT, State Agencies)

CHAPTER V

EMPLOYEE MANAGEMENT RELATIONS

Introduction

Employee relations refers to the working relationship maintained between the State and its employees. It is felt that a correlation exists between this relationship and the degree of success which managers will have in motivating employees toward accomplishment of organizational goals. Accordingly, sound employee relations practices are desirable, not only as ways of satisfying employee needs, but as ways of better accomplishing State services.

Many of the factors which bear on employee relations are covered in other chapters of this report, such as position classification, compensation, training, employee development, etc.. Major attention in this chapter is devoted to employee benefits, communications, grievance procedures, suggestion awards, incentive awards, and moving regulations.

Increased efforts have already been made to accomplish improved employee relations. Examples of such efforts are the recent establishment of a State Employee Relations Coordinator position, in the Department of Personnel and Training (DPT), and the variety of employee recognition techniques established by State agencies.

BENEFITS

I. The Process

The present package of non-cash benefits constitutes a substantial investment by the Commonwealth in the compensation of its employees. The approximate cost of all benefits provided is twenty-three percent of the total payroll. In addition, there are a number of optional benefits which have been made available to employees such as family health insurance. Additional benefits are available in some State agencies such as long-term disability income protection.

II. The Current Situation

The Committee on Personnel Management received approximately fifty comments on employee benefits from State agencies. They covered a wide range of suggestions for changes to the benefit package as well as suggestions on details of benefits administration. One of the most repeated comments from State agencies was that a stronger systematic review of the benefit package was felt to be needed on a continuing basis, which would take into consideration ideas of State agencies and employees.

The Director of Personnel and Training is the chief decision maker in initiating major additions and changes to the benefit package. An amendment made to the Virginia Personnel Act, in the 1976 General Assembly Session, requires that benefit practices of other employers be surveyed as part of total compensation, and the results reported with the Director of Personnel and Training's annual salary survey. In view of the large investment which fringe benefits represent, it is felt that a policy of comparability with the prevailing benefit offerings of other employers should be maintained as the criterion in structuring the State benefits package.

The new Employee Relations Coordinator position, in DPT, will have a responsibility for assisting State agencies in the administration of employee benefits. In addition, it will provide systematic analysis of the benefit package and develop recommended changes. Accordingly, it appears proper to provide the Employee Relations Coordinator the detailed benefit administration suggestions which this Committee has received.

III. Observations and Problems

It is apparent from the comments received that there is some misunderstanding of the value to employees and extensive cost to the State of fringe benefits, even on the part of State agency administrators and managers.

Some State agencies have arranged disability income protection policies with private insurance carriers, as an optional payroll deduction for their employees. Such coverage is not available to employees of all State agencies on an equal basis.

A number of State educational institutions allow their employees to take courses, at no charge, on a space available basis. There is no requirement that a job related need be established to obtain this benefit. Other State employees who do not work at State educational institutions, however, are not allowed to attend courses on the same basis. Thus, a substantial disparity in the availability of this benefit exists.

The Virginia Supplemental Retirement System (VSRS) administers major elements of the employee benefit package. It is governed by a board which is empowered to promulgate regulations and which serves as trustee of funds and investments. Although employees' contributions and future welfare in this system are great, Section 51-111.18 of the Code of Virginia only authorizes one State employee to be appointed to the nine member board.

The committee has received a variety of suggested additions to the present benefit structure. Many of these, however, would represent additional cost to the State. For example, providing dental care coverage, paying for the family portion of health insurance, and paying the employee's total contribution to retirement would require substantial additional funds.

In the study conducted in 1975 for the Commission on State Governmental Management by the consulting firm of Executive Management Service, Inc., it was indicated that there is evidence of abuse in the use of sick leave. The accumulation of such leave is allowed without limit at the rate of fifteen days per year for all employees. A number of State agencies have suggested, as an incentive for employees to conserve sick leave, that a portion of unused sick leave be credited to retirement. Changes

to the retirement system benefit structure, however, must be actuarially sound. Legislative authorization is required for adjustment of such benefits. In any event, it is not felt that retirement credit for a portion of unused sick leave would serve as a sick leave conservation incentive for the many short-term employees who do not anticipate retirement.

IV. Conclusions

Insurance coverage for disability income protection, as an optional employee payroll deduction, should be made available for all State employees. Although group plan coverages are presently available to employees in some State agencies, at their own expense, it is felt that coverage at lower cost could probably be obtained through a Statewide group plan. It is recommended that the Director of Personnel and Training explore this type of coverage and obtain bids from private carriers. Such coverage is recommended as an optional payroll deduction to be paid for by the employee.

There are a variety of alternatives which should be further explored in some detail as possible solutions to the abuse of sick leave. One option might allow employees who accrue sick leave beyond a given number of hours to be paid for a portion of it on separation or retirement. Another alternative might be to allow employees an option of converting a portion of sick leave to annual leave. An attempt should be made to price the consequences to the State of various alternatives as a basis for comparing various approaches to the present system. No change in the current sick leave system should be made without an in-depth analysis. Such a study would appear to be a logical undertaking for the research section of DPT.

There is no Statewide policy pertaining to the waiver of fees for State employees to take courses at State supported colleges and universities on a space available basis. Consequently, some individual institutions now permit their employees only to enroll at no charge. The denial of this benefit to other State employees seems detrimental to an overall State employee relations program. It is recognized that a policy on how college course space should be utilized goes well beyond that of the personnel management system. It impacts on decision-making latitude of institutional governing boards. It is, therefore, recommended that this problem be referred

to the Secretary of Education for study and development of a Statewide policy. It is suggested that such a study take into account the benefits which may accrue to the State service as a whole, as contrasted to individual educational institutions, and that priorities for the use of excess course space by all State employees be developed.

Development of a standard Statewide employee handbook is planned by the new State Employee Relations Coordinator. Its use will be optional with larger agencies which have developed their own employee handbooks of equivalent quality. It is felt that a section of this handbook should be devoted to highlighting the package of Statewide employee benefits.

Assumption of the full cost of retirement contributions by the State was a frequently mentioned change desired in the fringe benefit package. It is recommended that the entire package of benefits which the State purchases for its employees be maintained under a policy of comparability with the prevailing practices of other employers. The Director of Personnel and Training has included questions on benefits, including employer contributions to employee retirement, in this year's annual salary survey. These survey results should be the guiding factor in adding any further benefits to the package. A more systematic vehicle is needed to insure communication between State agencies and DPT in surfacing the variety of ideas which should be considered by the Director of Personnel and Training in making decisions on structuring the benefit package.

V. Recommendations

A. Immediate Future

1. Highlight features of employee benefit package in standard employee handbook (DPT).
2. Evaluate feasibility of State assuming employee retirement contribution costs, guided by prevailing practices of other employers (DPT & VSRS).
3. Request the Governor's Advisory Committee surface suggestions on benefit plan management at regular intervals for consideration by DPT. (Governor Advisory Committee and DPT)

4. Develop a uniform Statewide policy pertaining to employees taking courses at State educational institutions on space available, no charge basis (Secretary of Education).
5. Amend Section 51-111.18 of the Code, pertaining to the Virginia Supplemental Retirement System, to provide for appointment of two State agency employees on the retirement system board. (VSRS, General Assembly)

B. Changes of a Long-Term Nature

1. State Employee Relations Coordinator conduct a systematic evaluation of total benefit package annually (DPT).
2. Evaluate feasibility of Statewide disability income protection group insurance coverage, as an optional payroll deduction, at employee's own expense (DPT).

COMMUNICATIONS

I. The Process

The practice of employee relations is largely a State agency responsibility. Formal and informal communications bear on the working relationships between employees and their agencies. Most communications take place between employees and their immediate supervisors. Accordingly, uniform and timely distribution of information to supervisory levels, for presentation to employees, is essential.

II. The Current Situation

Some larger State agencies have developed employee handbooks and newsletters as mechanisms to keep employees abreast of matters pertaining to their employment, including local conditions as well as Statewide matters. Most of these publications are of good quality. In addition, they are used as a means of employee recognition.

There are a number of bodies to which State employees have been appointed. The Board of the Virginia State Retirement System has one State employee appointed. The Equal Employment Opportunity Committee as well as the Governor's Employee Advisory Committee, have State employees appointed. The latter is a group of fifteen employees who serve to give the Governor a feel for employee attitudes.

Central staff agencies provide a number of information services to employees. DPT issues each State employee an annual individualized report of benefits provided (BENEFITS STATEMENT). The Virginia Supplemental Retirement System (VSRS) publishes a newsletter to employees which reviews information about retirement programs.

III. Observations and Problems

State agencies, particularly the smaller ones, have indicated they have problems in keeping abreast of the wide range of subject matter affecting their employees and thus, find it difficult to keep them advised. The outdated nature of personnel instructions contributes to this difficulty. The Equal Employment Opportunity Com-

mittee has recently become active after several years of little activity. The Governor's Employee Advisory Committee is rarely convened.

IV. Conclusions

DPT has indicated that an updated and numbered set of personnel rules and related instructions will be developed and distributed by February 1, 1977. Such a step is essential to good employee relations programs and will be of great value to agencies of all sizes. In addition to the cataloging of standing personnel rules, it is recommended that a mechanism be established for timely distribution of notices concerning matters of temporary importance and interpretation of basic policies.

DPT has also indicated that it will develop a standard employee handbook. This is badly needed in smaller agencies which do not have a sufficient number of employees to warrant local publications.

The practice of employee relations is primarily an agency-level operating responsibility. It is suggested that employee attitude and information surveys be conducted by DPT on a recurring basis as a means for detecting employee relations problems and concerns in State agencies.

V. Recommendations

A. Immediate Future

1. Develop a Statewide employee handbook for use by State agencies who are unable to publish their own of equivalent quality by January 1, 1978. (DPT)

B. Changes of a Long-Term Nature

1. Conduct Statewide employee attitude and information surveys as a basis of information for identifying and correcting employee relations problems (DPT).

GRIEVANCES

I. The Process

The Virginia Personnel Act requires that DFT publish an employee grievance procedure as a method of affording an immediate and fair method for the resolution of disputes which arise between State agencies and their employees. It is not intended to be a device to challenge management decisions of a policy nature nor is it intended to be a device to negotiate wages, salaries, and fringe benefits. Senate Joint Resolution 12, dated February 8, 1946, prohibits State officials to recognize or negotiate with employee unions.

II. The Current Situation

There were 146 grievances carried to the written stage throughout State service in a twelve-month period between July 1, 1975 and June 30, 1976. A breakdown by subject of grievance (data furnished by Department of Personnel and Training) is shown below:

Nature of Grievance --- July 1, 1975 - June 30, 1976

Job Performance	41
Promotion	27
Job Assignment	21
Time Off	12
Job Classification	9
Discrimination	9
Working Conditions	5
Salary	5
Personality Conflict	5
Other	<u>12</u>
	146

Fifty-one percent of these grievances were settled in favor of State agencies and forty-nine percent in favor of the employees. Twenty-six grievances reached a panel stage before settlement.

Since establishment, the grievance procedure has been modified to allow grievants latitude to select panel members from the entire State service.

The training section of DPT has contracted for the development of a course in "Grievance Handling." Experience gained to date with the grievance procedure is being put to use in designing subject matter for the course.

Observations and Problems

Few significant problems are evident with the grievance procedure. A few suggestions have been made to expand the nature of grievable items to include subjects normally associated with management prerogatives. Such suggestions are rejected by this Committee on the basis that they would tend to expand the grievance procedure into a tool for negotiating in areas now reserved for management decisions.

In some instances, grievances which have gone to the panel stage have become lengthy and difficult for panel chairmen to conduct. Attorneys have represented both sides, and introduced large numbers of witnesses and large amounts of evidence, thus compounding the panel chairmen's difficulty in presiding over the hearings.

Conclusions

Grievance procedure panel hearings are not intended to function as courts of law with rigid procedures, rules of evidence, etc. They are designed to be less rigid hearings conducted by peers to resolve individual differences between the employee and the State agency. Panel hearings are not intended as mechanisms for challenging and negotiating areas reserved for management decision making.

Only 26 grievances out of 146 which were filed in FY 1976 reached the panel hearing stage. DPT has indicated that since inception of the grievance procedure, only a few cases have needed to be reheard because of errors made by the panel. In view of the results which have been obtained, and the informal nature which should be preserved for panel hearings, no changes in hearing procedure format are recommended. Under present procedure, an agency administrator may be provided to advise the panel on procedure prior to the hearing, and may be made available during the hearing to assist the panel with procedural difficulties.

V. Recommendations

A. Immediate Future

1. Amend grievance procedure panel instructions to clarify the point that agency administrators have a proper role in advising panel members on hearing procedures and may be present in an advisory manner on procedures during conduct of grievance hearings.

B. Changes of a Long-Term Nature

1. Preserve the informal nature of grievance panel hearings, in order to best give opportunity for participants to present all relevant information. The informal nature of the hearings is felt to be more desirable than requiring more formal legal-like formats for the purpose of giving added direction to the panel.

EMPLOYEE RECOGNITION

I. The Process

Employee recognition systems produce two types of benefits; benefits which accrue from the specific suggestions and ideas developed by employees for increased productivity, and benefits of increased morale resulting from employer recognition for outstanding performance of duties of their employees.

II. The Current Situation

There is no monetary Statewide suggestion award system, nor is there a Statewide incentives awards program for State employees. It is pointed out, however, that a variety of employee recognition techniques exist. A Statewide program was recently developed to recognize length of service by the award of certificates and various types of length of service jewelry. In addition, some individual State agencies have developed methods of employee recognition through articles in agency newsletters and through non-cash awards, such as plaques.

III. Observations and Problems

The State Comptroller has indicated that proposals for agency-level monetary award suggestion plans have been disapproved because they would violate provisions of the Appropriation Act. The Act prohibits compensation of all types and from all sources, except that specifically authorized by the Governor. In keeping with the spirit of the Virginia Personnel Act, it is felt that monetary award systems, as a form of compensation, should not be considered on an agency-by-agency basis. Uniformity in approach throughout the State is felt to be essential.

Separate and distinct from the possible need for a suggestion award system is the question of need for methods to recognize outstanding employee performance. The present pay structure does not incorporate a mechanism to pay premium rates, or to make monetary awards, for sustained outstanding performance. Non-monetary techniques, such as letters of appreciation, plaques, etc. are made on an agency-by-agency basis.

IV. Conclusions

This Committee has not conducted an in-depth analysis to compare the potential value of a monetary suggestion award system against the additional costs which would be involved. Accordingly, it does not recommend the establishment of such programs, or the expenditure of public funds, unless clear documentation of the benefits can be demonstrated. An in-depth study is necessary to reach conclusions and recommendations.

Likewise, forms of employee recognition for outstanding performance need to be explored in-depth.

V. Recommendations

A. Changes of a Long-Term Nature

1. It is recommended that this Committee:

- a. Study the benefits, and corresponding costs, relating to a suggestion award program, and develop specific recommendations for submission to the Secretary of Administration and Finance by July 1, 1977.
- b. Study the benefits, and corresponding costs, relating to establishing a State-wide incentive awards program for submission to it.

MOVING REGULATIONS

I. The Process

These regulations directly impact the State's programs for recruitment and retention of personnel. Where reimbursement procedures do not adequately cover relocation costs for transferred employees nor reasonably conform to private industry practice in recruitment of new employees, the State personnel program will suffer.

II. The Current Situation

The current regulations were issued in 1973 and represented the first such formal statement of policies which had been developed over a period of years in dealing with individual cases.

Current regulations cover both new and transferred employees and in general provide for reimbursement of actual moving costs. A number of restrictions are established, however, on certain associated costs:

1. While expenses of the family in traveling to the new location are fully covered, employee expenses are limited to seven days for new employees and thirty days for transfers where there are delays in moving the family after the employee takes up his new duties.
2. While initial interview expenses are reimbursable, no reimbursement is permitted for a house-hunting trip for either the employee or spouse.
3. Expenses for additional insurance on household goods over and above the liability of the carrier are not covered. Since the carrier's liability is extremely limited, additional insurance is customary and necessary.
4. Regulations reflect the then current 50-mile rule of the Internal Revenue Service. IRS regulations now require only 35 miles.

III. Observations and Problems

It would appear that private industry practice is much more liberal than the current State policy. Agency and employee comments particularly noted the failure to cover the extra insurance costs.

Difficulty and delay in the sale of homes has been a recurring problem for both the State and private industry and represents a major cause for requests for exceptions to the Comptroller. Private industry is increasingly providing for actual purchase of an employee's old home at an average appraisal value and are absorbing realtor and closing fees in order to expedite transfers.

IV. Conclusions

While current regulations permit the Comptroller to recognize exceptional circumstances, it is recommended that the regulations be reviewed with the Director of Personnel and Training to determine private industry practice and the impact of the regulations on the recruitment and retention of employees. After such review, the regulations should be revised as appropriate and reissued.

V. Recommendations

A. Immediate Future

1. Update and publish revised moving and relocation regulations no later than May 1, 1976. (State Comptroller in coordination with DPT).

CHAPTER VI

RESEARCH, RECORDS AND STATISTICS

The functions covered in this chapter are necessary elements of any effective personnel management system. Unfortunately, they are areas which have not received a great deal of attention within the Virginia State service. This is probably because they are not areas which stop the wheels of government if they are not given top priority. The results of the lack of attention to these functions, however, often creates undesirable situations such as low employee morale, needless duplication of effort, high turnover, and unnecessary conflicts between management and employees.

It can easily be argued that this entire chapter concerns itself with information of one form or another. Research involves the creation of information by examining cause and effect relationships between various personnel activities.

Personnel statistics are merely the compilation and summation of data regarding individual personnel actions which constitutes an additional source of information. Information, as defined in this report, is a body of facts needed by management and employees to accomplish organizational and personal objectives. Personnel Records are the official documentation of personnel information and, as such, constitute a visible history of personnel and related actions.

RESEARCH AND DEVELOPMENT

I. The Process

Research is the systematic study and investigation of personnel programs, procedures and problems. The objective is to assemble, analyze and evaluate resulting data and make findings available to State agencies for the purpose of improving personnel programs and to the Director of Personnel and Training for the development of policy. The levels of research vary and may range from something as informal and elementary as a supervisor examining employee attendance records over a period of time to determine if patterns exist which suggest improper usage of sick leave, to something as complex as attempting to measure the effects of supervisory training by monitoring supervisory performance over an extended period of time. The ever increasing need to "know" as opposed to "suspecting" or "feeling" indicates the need for an active role in the future for research in all aspects of State personnel functions.

II. The Current Situation

Unlike other personnel functions which must be conducted on an ongoing daily basis such as classification and employment, research is an area that has been dealt with in the past as time and other resources permit. In situations where resources and budgets are often strained to the limit, it is not surprising to find that relatively little research activity has taken place to date. Most large State agencies surveyed indicated they had, at one time or another, conducted employee turnover studies but no State agency interviewed conducts even this basic research on a continuing and current basis. The Department of Personnel and Training (DPT) has an established position earmarked for research, but the position has not been filled since June 30, 1974 for budgetary reasons.

III. Observations and Problems

There is an obvious need within the State service for greater emphasis on research of two types. First, there is a need for greater awareness of current practices, procedures and policies within the field of personnel management, and secondly, there is a need for a closer examination of personnel functions within the State service to determine if situations exist which lend themselves to statistical and analytical analysis. There

seems to be little encouragement or motivation at this time for State agency personnel directors to perform research on their own due to limited personnel and financial resources and a lack of appreciation for the value of the application of research.

IV. Conclusions

The current level of activity in the area of research is inadequate. Most State agencies are ill-equipped to independently design and conduct research for various reasons. Considerable benefits would accrue from a systematic examination of various personnel activities and, certainly, State agency personnel directors would be in a better position to initiate meaningful research if technical assistance were readily available. It is unlikely that the level of activity will change unless there are specific assignments of responsibility, additional allocation of personnel and financial resources, and technical guidance and assistance provided to State agencies from DPT.

V. Recommendations

A. Immediate Future

1. Reactivation of the Research Section in DPT. The incumbent of this position(s) should be concerned with the following:
 - a. establishment of a formal vehicle for the orderly dissemination of research being conducted in the field of personnel administration in general, as well as within the State service. (DPT)
 - b. provide a capability for assisting State agency personnel directors in designing research projects as well as serving as a source for background information on specific subjects. (DPT)

B. Changes of a Long Term Nature

1. Provide the Research Section in DPT with sufficient personnel to allow active participation in State research projects based on evaluation of need by the Director of Personnel and Training and State agency personnel directors. (DPT)

PERSONNEL STATISTICS

I. The Process

A program of personnel statistics involves the orderly accumulation of quantitative data for the purpose of preparing prescribed reports, making interagency comparisons and evaluating personnel programs on an on-going basis.

II. The Current Situation

A wide disparity exists among the State agencies, both in the nature of the statistics produced and the manner in which they are compiled and interpreted. Some State agencies have elaborate automated systems which routinely provide numerous statistical reports to appropriate management personnel. Other State agencies have no computer capability other than through DPT which may or may not be utilized in an effective manner. While the current personnel information system captures a significant amount of information, the ability of the system to deliver information to the State agencies in the desired format on a timely basis leaves much room for improvement. Various statistical reports are required by DPT, the Virginia Employment Commission, (VEC) the Federal Government, accrediting bodies and professional associations, depending on the State agency involved.

III. Observations and Problems

Each State agency deals with its need for statistical information in its own way depending upon their needs and their capability to produce the required statistics. Statistical needs may be met by manual compilations, but questions of efficiency are raised when compared with automated compilations produced as a part of a comprehensive personnel management information system. State agency personnel directors interviewed indicate an ever increasing need for meaningful statistical information to meet operational and reporting requirements. Oftentimes, considerable difficulty is encountered in reconciling composite statistics generated by State agencies with those produced by central agencies such as the Department of Planning and Budget, the Department of Accounts and DPT.

IV. Conclusions

The basic need of State agency for statistical information are currently being met either by manual or automated systems. The implementation of the Personnel Management Information System (PMIS) currently scheduled for August of 1977 will offer new opportunities for meeting the needs of DPT and State agencies in a more meaningful manner.

V. Recommendations

A. Changes of a Short Term Nature

1. No recommendations are made for change prior to the installation of PMIS. (See Enclosure 10) In the event that the sub-systems of PMIS cannot be implemented simultaneously, it is recommended that first priority be given to the personnel management sub-system over the pre-employment sub-system.

B. Changes of a Long Term Nature

1. A close examination should be made to determine if State agency statistical needs are being satisfactorily met after PMIS is installed. If it is determined that needs are not being met, PMIS should be modified to meet these needs. (DPT and State agencies)

INFORMATION

I. The Process

Personnel information consists of that body of personnel data required or desired by management and employees to achieve the objectives defined by State personnel policies and procedures and State agencies.

II. The Current Situation

- A. Management - information on personnel rules and procedures is now provided to management with the publication of "Rules for the Administration of the Virginia Personnel Act of 1942". Notification of amendments are sent from the Director of Personnel and Training by unnumbered memoranda at infrequent intervals.
- B. Employees - there is no standard method of informing employees of State personnel rules and regulations. This function is delegated entirely to the State agencies and the agencies use a variety of methods to communicate this information to employees.

III. Observations and Problems

State agency personnel directors are unanimous in voicing their dissatisfaction with the current methods used to disseminate policy and information by DPT. The principal irritant seems to be the procedure employed in the issuance of memoranda to supplement the Rules for the Administration of the Personnel Act. Uncertainty exists within the State agencies as to whether a complete set of these memoranda exists at all, and agency personnel directors have no systematic way of knowing that a memorandum has been issued or that their policy file is complete.

Oftentimes State agency personnel directors obtain initial information from other agency personnel directors because no effective method exists to secure information from DPT unless a specific problem or situation exists. A consequence is that policy is inconsistently applied.

Several attempts have been made to form an association of personnel directors within the State service, but it is the opinion of State agency personnel directors that no association has survived principally because DPT

has not assumed a leadership role in the formation and maintenance of such an organization. Personnel directors for institutions of higher learning have formed an association which meets periodically to discuss matters of mutual interest and the value of such an organization to all personnel practitioners is apparent.

Informational needs of some State employees are not being met under the present system. Most of the larger State agencies have employee handbooks, and someone is generally assigned the responsibility of disseminating information on and coordinating the administration of employee benefits. Some of the larger State agencies have employee house organs or newsletters which supplement information received from the State agency personnel offices. Employees of smaller State agencies, however, complain that essential information regarding benefits and other employment related activities is unavailable in any complete and organized format.

IV. Conclusions

Informational needs of employees and managers of State agencies are not being met. The amount of information flowing from DPT needs to be increased and improved methods adopted. The recent establishment of an Employee Relations Section in DPT is expected to impact the situation positively, but strong backing and the active participation of the Director of Personnel and Training will be required if significant progress is to be achieved.

V. Recommendations

A. Changes of a Short Term Nature

1. Adoption of an improved method of disseminating information from DPT which would include:
 - a. periodic consolidation of memoranda into the Rules for the Administration of the Personnel Act at intervals not to exceed 12 months. (DPT)
 - b. periodic evaluations by DPT to determine the effectiveness of the new system. (DPT)
 - c. development by the Director of Personnel and Training of a plan for establishing recurring meetings between DPT and State agency personnel managers for

purposes of dialogue, coordination, and information sharing. Such a plan should be developed by DPT and forwarded to the Secretary of Administration and Finance for review and approval by 1 April, 1977. (DPT and Secretary of Administration and Finance).

B. Changes of a Long Term Nature

1. Periodic assessments by State agency personnel directors and employees of attempts by DPT and State agencies to meet informational needs. (DPT and State agencies)

PERSONNEL RECORDS

I. The Process

Personnel records are those documents which record job related data and employment histories of current and former employees. Such records are important to the administration of a comprehensive personnel program. They are essential to the initiation and approval of a variety of personnel transactions including original appointments, promotions, merit increases, performance evaluations, reclassification of positions and other related activities.

II. The Current Situation

The present system appears to have developed to accommodate not only the requirements of the Rules for Administration of the Virginia Personnel Act, but also to meet the everyday needs of DPT, State operating agencies and field offices. DPT has from the beginning of the present system, maintained a comprehensive set of records including files on current and former employees, a position listing, records of all changes in position status requested, salary information, employment registers, and numerous other records on State agency and DPT activities. Many State agencies have duplicated some of the records, such as the employee file, position listing, salary data, employment register, and a history file of requests relative to position changes. Field offices may also have a duplicate file of one or more of these records. Not only is there considerable duplication of personnel records, but there is also duplication of effort involved in reviewing the requested action.

The Personnel Management Information System (PMIS) is currently being developed and is scheduled for implementation by DPT. It will provide a comprehensive data base for information related to the current status of employees and positions.

III. Observations and Problems

A. General Comments

It is significant to note that there is a lack of guidance from DPT on the establishment of a personnel records system at the State agency level.

It should also be observed that there is considerable duplication of time and effort related to establishment and maintenance of records. The material necessary for most records originates at the State agency level.

B. Specific Observations and Problems

One reason put forth by DPT for needing complete employee records is to facilitate a review of requests for exceptional actions. Exceptional actions comprise an estimated three per cent of all personnel actions. Of that estimate, only one-fourth are altered. Thus, approximately 3/4 of one per cent of all personnel transactions require action different than that requested. To put this another way, records are maintained on all employees to assure that the actions on less than one per cent of them are accurate. This incidence of error is extremely low. It is recognized that DPT performs a useful and valuable review function. There is a need to keep State agency personnel managers and their subordinates better informed on personnel matters and given more effective training in carrying out the procedural aspects of personnel management as required by DPT. Benefits could be gained by redirecting DPT from performing operational and control activities to the development of policies and guidance in their implementation.

Some State agencies remarked that duplication of records gives them a feeling of security since there is a back-up record in case one is lost or destroyed. There is some value to this statement, although an individual's employment would not be adversely affected by such an occurrence. One of the most significant adverse consequences that could result is the loss of a performance appraisal reflecting an employee's poor work performance, which could prolong the employment of an undesirable individual. The duplication of personnel records in DPT is not essential. Such duplication as might be needed for administrative purposes could be accomplished at the State agency level.

DPT representatives feel that centralized records facilitate the review of information pertinent to transfer of employees between different agencies and for Merit System purposes. Responsibility for coordinating an employee's transfer and the related exchange of information can be effectively carried out by the involved State agencies. Those employee

records necessary for Merit System use include basically the employee application and test information. The provision of these can easily be worked out between those State agencies affected and the Merit System. It is not necessary that a record of employment be kept in DPT to meet Merit System requirements. It would not be necessary to keep any employee records in DPT if authority is delegated to State agencies for taking final action on most personnel transactions except those involving salary adjustments and classification of positions.

IV. Conclusions

There is no compelling reason why DPT needs to maintain a duplicate of all employee files or to review each action to assure accuracy of a small number of requests. Furthermore, the savings in time and manpower which could result from decentralizing to State agencies the operational aspect of personnel management relative to original appointments, promotions, transfers, merit increases, and related transactions affecting the employee, and the concurrent record-keeping responsibility could offset the disadvantages and may well contribute significantly toward processing personnel actions more expeditiously. It is at the State agency level that operational aspects of personnel administration might be conducted more effectively, especially if DPT were to describe its requirements in sufficient detail to insure consistent application of its policies and guidelines. The alternative of keeping the present system is to support one that dilutes DPT's potential to provide policy guidance and meaningful service to State operating agencies.

V. Recommendations:

A. Immediate Future:

1. Implement a program for State agency personnel directors and their subordinates as a means of keeping them informed on personnel matters and provide training in carrying out established procedures of personnel management as they related to the maintenance and use of employee records. (DPT)

B. Changes of a Long Term Nature:

1. Determine which transactions can be decentralized to agencies for final action and effect the initial delegation on a pilot project selected

to a State agency. If this project proves successful, then a plan should be developed and implemented to effect the delegation of authority to other selected State agencies. (DPT and Selected State Agency) See also the recommendations in Chapter III.

2. Decentralize the responsibility for maintaining employee records. This means that DPT would no longer maintain a folder on each employee. This responsibility would rest with the State agencies and DPT would provide necessary policies and guidance. Note: Must follow B.1. (DPT and State Agencies)
3. Determine the extent to which records-keeping can further be decentralized and effect such decentralization. (DPT) Note: Must follow an evaluation of PMIS.

CHAPTER VII

SUMMARY

The effective and efficient utilization of an organization's resources - people, dollars, and physical facilities - to a great degree determine its success or failure. The most important resource of any organization in meeting its goals is its people. As an organization grows in size and complexity, the challenge of creating a meaningful, positive, and rewarding personnel management system becomes increasingly more critical. As has been pointed out, the Commonwealth has made a conscious effort to meet this challenge. There is a continuing need; however, to assess our accomplishments, to define our goals, and to develop sound personnel management practices to insure we meet these goals.

The basic purpose of this Committee was to review and evaluate the existing personnel management system in Virginia and develop recommendations which will build on its strengths and minimize its weaknesses. A personnel management system, by its nature, is extremely complex. This Committee attempted to define the basic functions of personnel management; apply them to the Commonwealth; identify areas requiring improvement; and offer specific recommendations within the time frame available. Each basic personnel management function was defined; the current situation was outlined; observations and problems were identified; conclusions were discussed; and specific recommendations were offered. These specific recommendations are shown at the end of each personnel management function in the main body of this study.

Any attempt to present broad conclusions runs the risk of oversimplifying the complex issues associated with Virginia's personnel management system. With this in mind, this Committee feels it is still desirable to offer the following general observations and comments.

1. There is a need for greater decentralization of on-going personnel management programs to the operating agencies by the Department of Personnel and Training (DPT). DPT, however, must continue to retain the responsibility for establishing personnel management policies. Such decentralization must be accomplished in a systematic, defined, and controlled manner in order to insure continuity of the personnel management system throughout State government.
2. Attitudinal problems are evident at each level of the personnel system. The individual employee feels

the personnel system all too often is not supportive of his needs. The operating agencies feel the current personnel system is too control oriented and there is a need for a greater degree of participation on their part throughout the personnel system. DPT is justifiably concerned with its responsibility for the overall function of State government as it relates to personnel management. These are not irreconcilable differences but do require a continued awareness of the attitudes, needs, and capabilities of each of these groups and a sincere effort on their part to work as a "team".

3. One of the most effective means for establishing this "team" concept is through continuous, meaningful communications. State agencies must provide for the free and open exchange of information between their employees, supervisors, management, and personnel administrators. DPT should immediately establish a visible, structured, and meaningful mechanism that permits the free and open exchange of information, ideas, needs, decisions, and future plans on a continuous basis between their Department and State agencies. DPT must reaffirm their role as a service oriented agency dedicated to providing counsel, advice, and technical assistance to the operating agencies. In order to accomplish this in a meaningful and responsive manner there is a need to expand the number and types of professional positions within DPT in such areas as classification, research, planning, training, testing, and employee relations. This need has become increasingly more acute in recent years due to the growth in the size and complexity of State government.
4. There is a need to reaffirm the commitment to a sound, responsive training and career development program at all levels of State government to include the Governor, agency heads, managers and supervisors.
5. There is a need to more effectively utilize the performance appraisal system and standards of performance as a positive mechanism for meeting the goals of both the organization and the individual employee.
6. The General Assembly has mandated "a system of personnel management based on merit principles and objective methods of appointment, promotion, layoff, removal, discipline, and other incidents for State employment". The present Merit System is expensive and cumbersome and only applies to a small percentage of State positions. This Committee feels that the Virginia system of personnel administration is

no less a protector of the principles of selection and service on the basis of merit and fitness than are the civil service-type merit systems. As a result, this Committee recommends that the Director of Personnel and Training pursue a new and vigorous inquiry into the possibility of obtaining relief from the burdensome, costly, and duplicative requirement of maintaining the current Merit System in Virginia.

7. There is a need to provide concise and meaningful guidance in the form of handy, easily referenced documents to employees, supervisors, and personnel administrators throughout State government. It is recommended that an Employee Handbook, a Supervisor's Manual, and a Personnel Administrator's Manual be developed and distributed not later than June 30, 1978. DPT should provide the impetus and leadership in the preparation and distribution of these documents with the active participation from State agencies. This Committee feels it would be appropriate to consider contract assistance in this important task.

This Committee has endeavored to make this Study as comprehensive and complete as possible within the time frame available. However, the number and complexities of the various issues relating to personnel management in the Commonwealth clearly indicates the need for additional analysis and study on specific issues on the part of this Committee. As a result this Committee is submitting this Study as an interim report. It is the intent of this Committee to complete its analysis and submit specific recommendations on these issues to the Secretary of Administration and Finance no later than July 1, 1977. Examples of those issues which require further study by this Committee are Statewide Incentives Award and Suggestions Award Programs; longevity pay; permitting State agencies greater latitude in appointing above the entrance rates; and additional merit increases for outstanding employees.

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HOUSE JOINT RESOLUTION NO. 64

Offered February 4, 1976

Requesting the Secretary of Administration and Finance to conduct a study of the relationships between the Department of Personnel and Training and State agencies.

Patrons—Pickett, Leafe, Williams, Miller, Lemmon, and Quinn

Referred to the Committee on Appropriations

RESOLVED by the House of Delegates, the Senate concurring, That the Secretary of Administration and Finance is requested to conduct a study of the relationships between the Department of Personnel and Training and State agencies, and develop a definitive plan for delegation of those personnel functions not of a policy nature to the appropriate levels of management; such plan shall be submitted to the Governor, the President of the Senate, and the Speaker of the House of Delegates not later than December fifteen, nineteen hundred seventy-six. In furtherance of this Resolution, the Secretary shall take into consideration the Sixth Interim Report: "Recommendations on the State's Personnel Process," of the Commission on State Governmental Management and shall consider what functions may appropriately be delegated by the Department of Personnel and Training to agencies, identify the personnel resources now available in State government as a whole and in the individual agencies, estimate the personnel staff resources required at the several levels of organization, consider attitudinal changes that may be required throughout the management system and include a specific plan for implementation.

Official Use by Clerks

Agreed to By	Agreed to By The Senate
The House of Delegates	
with amendment	with amendment
without amendment	without amendment
Date:	Date:
.....
Clerk of the House Delegates	Clerk of the Senate

A STUDY ON PERSONNEL MANAGEMENT
WITHIN THE COMMONWEALTH OF VIRGINIA

COMMITTEE MEMBERS

NAME	AGENCY	POSITION
Ronald W. Miller (Chairman)	Secretary of Administration & Finance	Management Information Systems Director
Claude Beville, Jr.	Department of Welfare	Agency Personnel Director
R. J. Boyd, Jr.	Department of Highways & Transportation	Personnel Director
James L. Bozarth	Department of Mental Health & Mental Retardation	Administrative Services Director, Operational Services
Albin T. Butt	Virginia Polytechnic Institute & State University	Personnel Director
Robert D. Craft	Department of Personnel & Training	Chief of Classification
Frank N. Gay	Department of Alcoholic Beverage Control	Director of Division of Personnel
R. H. Lockridge	Department of Planning & Budget	Budget Analyst
Jerald F. Moore	Department of Conservation & Economic Development	Deputy Director
L. T. Overby	J. Sargeant Reynolds Community College	Provost
Herbert A. Parr	Department of Corrections	Staff Director of Administrative Services
Vern Sigman	Department of Personnel & Training	
William C. Sims	Division of Industrial Development	Assistant Director

FUNCTIONS OF PERSONNEL MANAGEMENT

1. **Classification**
2. **Recruitment**
3. **Examinations**
4. **Training**
5. **Performance Evaluation**
6. **Wage and Salary Administration**
7. **Employee Benefits**
8. **Employee Relations**
9. **Career Development**
10. **Research and Development**
11. **Personnel Statistics and Information**

A STUDY ON PERSONNEL MANAGEMENT
WITHIN THE COMMONWEALTH OF VIRGINIA

SUBCOMMITTEE ASSIGNMENTS

1. Development of Policies and Procedures
(To be studied by the entire committee)
2. Classification and Wage and Salary Administration
 Jerald F. Moore - Chairman
 Robert Lockridge
 L. T. Overby
3. Employment Development
 - a. Recruitment
 - b. Examination & Testing
 - c. Training
 - d. Career Development
 Claude Beville - Chairman
 Herbert Parr
4. Performance Evaluation and Productivity Standards
 R. J. Boyd, Jr. - Chairman
 Albin Butt
5. Employee Relations, Employee Benefits, Grievances, EEO
 Robert D. Craft - Chairman
 William Sims
6. Research and Development, Personnel Statistics and Information
 Frank N. Gay - Chairman
 James Bozarth

A SUMMARY OF STATE AGENCIES, PRIVATE BUSINESSES AND GOVERNMENTAL ORGANIZATIONS CONTACTED BY THE COMMITTEE

	Classification and Pay	Employee Development	Employee Relations	Performance Appraisal	Research & Records
OFFICE OF ADMINISTRATION & FINANCE					
Department of Personnel & Training	X	X	X	X	X
Department of Planning & Budget	X	X	X	X	X
Department of MASD	X			X	
Department of Taxation	X				
Va. Supplemental Retirement System			X		
Division of Consolidated Laboratory Services				X	
Department of Accounts			X	X	
OFFICE OF COMMERCE & RESOURCES					
Dept. of Conservation & Economic Dev.	X	X	X	X	X
Division of Industrial Development	X	X	X	X	X
Department of Agriculture & Commerce	X	X	X		
OFFICE OF EDUCATION					
Department of Community Colleges	X	X	X	X	X
Va. Polytechnic Institute & State University	X	X	X	X	X
University of Virginia	X		X	X	
Virginia Museum of Fine Arts	X				
Virginia State College			X		
Old Dominion University			X		
Virginia Commonwealth University-MCV	X	X		X	X
Department of Education		X			X
OFFICE OF HUMAN RESOURCES					
Department of Welfare	X	X	X	X	X
Dept. of Mental Health & Mental Retardation	X	X	X	X	X
Department of Health	X	X			X
Commission for the Visually Handicapped					X
Department of Vocational Rehabilitation		X			X
VIRGINIA EMPLOYMENT COMMISSION	X	X		X	
OFFICE OF PUBLIC SAFETY					
Department of Corrections	X	X	X	X	X
Department of Alcoholic Beverage Control	X	X	X	X	X
Department of State Police	X	X	X	X	X
OFFICE OF TRANSPORTATION					
Department of Highways & Transportation	X	X	X	X	X
Division of Motor Vehicles	X	X	X	X	X
Highway Safety Division	X				

PRIVATE BUSINESS

Allied Chemical Corporation
 General Electric Corporation
 VEPCO
 Blue Cross/Blue Shield of Virginia
 Philip Morris

OTHER GOVERNMENT ORGANIZATIONS

Local Departments of Welfare
 State of North Carolina
 State of Florida
 Virginia Equal Employment Opportunity Committee
 U. S. Department of the Army
 U. S. Defense General Supply Center

PERSONNEL POSITIONS IN STATE AGENCIES

	Place- ment Inter- viewer	Agency Pers. Supv. A	Agency Pers. Supv. B	Agency Pers. Supv. C	Agency Pers. Prog. Mgr.	Agency Pers. Dir.	TOTAL
Department of Alcoholic Bev- erage Control		1	1			1	3
Department of Community Colleges		4		2		1	7
Department of Corrections	1	2	2	2		1	8
Department of Health		1	1	1		1	4
Department of Highways & Transportation		2	14	12		1	29
Department of MH & MR		7	3	6		1	17
University of Virginia	7	3	1	2	1	1	15
Virginia Commonwealth University	3	3	4	3	1	1	15
VPI & State University	3	3	4	2	1	1	14
Department of Welfare		1	2	2		1	6
All Other Agencies	3	15	17	7	1		43
TOTALS	17	42	49	39	4	10	161

(Data compiled from report prepared by the Department of Personnel and Training at the end of Fiscal Year 1976.)

POSITIONS IN THE DEPARTMENT OF PERSONNEL AND TRAINING

<u>Class Title</u>	<u>Number of Positions</u>
<u>Classification and Pay</u>	
State Personnel Classification Chief	1
State Classification and Wage Analyst	1
State Job Analyst C	4
State Job Analyst B	1
State Job Analyst A	7
<u>Computer Services</u>	
Computer Systems Analyst A	1
ADP Production Technician A	1
Data Entry Operator B	1
<u>Employee Relations</u>	
State Employee Relations Coordinator	1
<u>Equal Employment Opportunity</u>	
EEO Program Coordinator	1
EEO Program Assistant	1
EEO Program Specialist	2
Research Specialist	1
<u>Fiscal Services</u>	
Accountant C	1
Accountant A	1
<u>Local Government Assistance</u>	
State Job Analyst B	1
IPA Local Services Coordinator	1
EEO Program Assistant	1
<u>Management Development and Training</u>	
Management Development and Training Coordinator	1
State Personnel Staff Development Coordinator	1
Community Training Programs Special Assistant	1

POSITIONS IN THE DEPARTMENT OF PERSONNEL AND TRAINING (CONTINUED)

<u>Class Title</u>	<u>Number of Positions</u>
<u>Management Development and Training (continued)</u>	
State and Local Training Coordinator B	4
State and Local Training Coordinator A	2
Management Programs Coordinator	1
Commonwealth Intern	5

Manpower Planning and Research

State Personnel Manpower Analyst	1
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Merit System

Merit System Supervisor	1
Deputy Merit System Supervisor*	1
State Personnel Examination Supervisor	1
State Personnel Examination Specialist B	2
State Personnel Examination Specialist A	3
Personnel Technician	2
Information Technician*	1
State Personnel Recruiter	1
Placement Interviewer	1

*Positions shared with the Recruitment Section

Recruitment

Personnel Technician	1
State Personnel Recruiter	1
Placement Interviewer	5

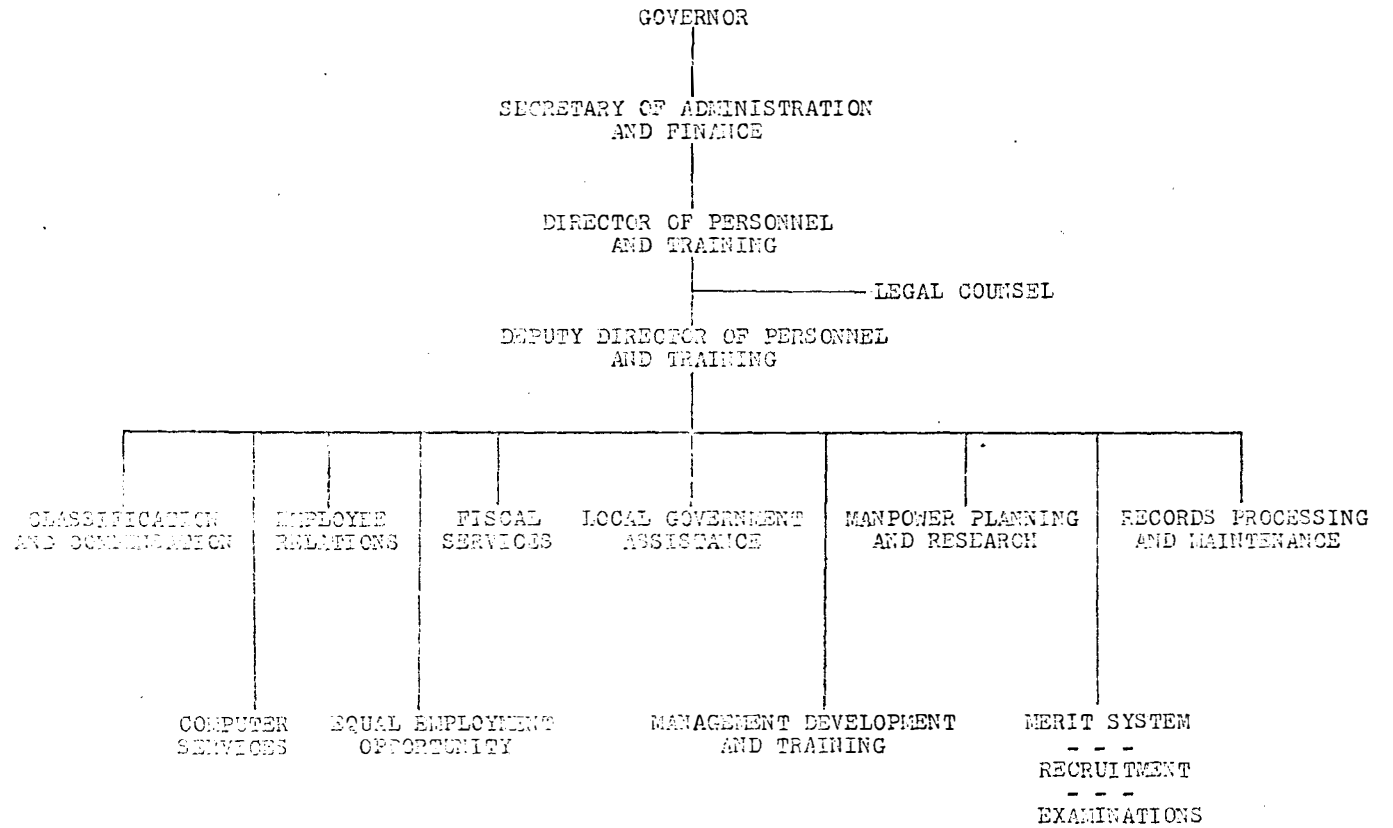
Records

Central Personnel Records Supervisor	1
Central Personnel Records Assistant Supervisor	<u>1</u>

TOTAL OF POSITIONS ABOVE - 66
 CERICAL POSITIONS - NON-MERIT SYSTEM - 37
 CERICAL POSITIONS - MERIT SYSTEM - 23.5

AGENCY TOTAL - 126.5

ORGANIZATIONAL CHART-DEPARTMENT OF PERSONNEL & TRAINING



MERIT SYSTEM

The Virginia Merit System is a misunderstood and maligned member of the organizational body of the Department of Personnel and Training. It is part of the Commonwealth's program of personnel management because of Federal mandate, and in form and structure it bears a striking resemblance to the Federal civil service. The Merit System is a relatively expensive proposition. It provides services to, and controls over, less than ten per cent of the Commonwealth's employees, but its operation requires the efforts of almost one-third of the staff of the Department of Personnel and Training. It has little involvement in the pay, classification, training, employee benefits or performance appraisal of the employees and positions included under its authority, but its current budget of \$437,065, all in special funds, makes up more than one-quarter of the total maintenance and operation budget of the State's central personnel agency.

Historically, the Merit System was imposed on the states on January 1, 1940, by an amendment to the Federal Social Security Act. In part, the amendment required that State agencies administering social security programs "provide such methods of administration relating to the establishment and maintenance of personnel standards on a merit basis" as met with the approval of the Social Security Board. The language of the amendment actually seemed to contain essentially the same requirement for operation on the basis of merit and fitness that came soon afterward to be stated in the Virginia Personnel Act of 1942 as the basis for the operation of the entire system of personnel administration in Virginia. But the Federal Social Security Board chose to view its responsibilities in terms of civil service and police-type activities, and that continues to this day to be the essential characteristic of the Virginia Merit System. In 1940, the State agencies to which the amendment applied were the Department of Health, the Department of Public Welfare, the Commission for the Blind and the Unemployment Compensation Commission. At first, each of these four agencies had its own Merit System Supervisor who answered to one of four separate Merit System Councils.

In 1943, the four Councils were merged into one Joint Council, and the Director of Personnel appointed a single Merit System Supervisor. It was at that time that the current practice was begun of charging each participating agency a proportionate share of the cost of operating the System.

The number of State agencies having all or a part of their programs subject to the provisions of the Joint Merit System rules has increased over the years to the present total of ten. In addition to the original four agencies (now titled the

Department of Health, the Department of Welfare, the Commission for the Visually Handicapped and the Virginia Employment Commission), the coverage of the System extends to all of the employees of the Office of Emergency Services and the Office on Aging. Also covered are some of the employees of the Departments of Labor and Industry, Mental Health and Mental Retardation, Purchases and Supply, and Personnel and Training. There are now in these agencies a total of approximately 6800 State positions subject to the provisions of the Joint Merit System rules.

The inclusion of just one of a State agency's positions under Merit System coverage is sufficient to cause that agency to become a "participating member", and to involve the head of that State agency as a party on an equal basis with the heads of the other participating State agencies in the selection of the members of the Merit System Council, in the establishment and amendment of the Joint Merit System rules, and in the approval of the Merit System budget.

Employees of county and city departments of public welfare, although they are not State employees, are also subject to Merit System standards for personnel administration, and have been since 1943. The City of Richmond and the County of Arlington are exceptions to this. A number of years ago, these two jurisdictions requested and were granted permission to operate under the provisions of the civil service programs of their local governing bodies. More recently, employees of local emergency services (civil defense) programs have been included in Merit System coverage. There are currently about 5200 local government employees covered by programs administered by the State Merit System.

The Merit System Council is an advisory and review body made up of three private citizens who are elected by the heads of the participating Merit System agencies. Duties of the Council include such activities as making recommendations on the establishment and administration of Merit System rules and procedures, advising on budgetary matters, promoting public understanding of the Merit System, and hearing and deciding appeals of various Merit System actions. Members of the Council serve without salary and normally meet once a month.

The primary activities of the Merit System take place in the areas of recruitment, examinations, and certification. Rigid rules and procedures are established and enforced regarding the admission of applicants to examinations, the testing and evaluation of applicants for positions, the ranking of the tested applicants on employment lists called registers, the preparation and distribution of certificates of eligible applicants from these registers, and the monitoring of appointments, promotions, transfers and demotions of Merit System employees. (Readers are referred to Chapter II of this report for a more detailed discussion of the Merit System procedures as they

relate to the recruitment and examination activities.) As suggested earlier, the treatment of employees of positions subject to Joint Merit System rules does not differ at all in most instances from that of employees of State agencies not bound by Merit System rules as regards the other functional areas of personnel management.

The Merit System has been severely criticized over the years, with probably the most recent organized attack coming from the local departments of welfare. Users of the System charge that it moves in an intolerably slow and cumbersome manner; that it is insensitive to the real needs of the agencies; that its procedures permit a high level of error; that it is unresponsive to suggestions for change, and so forth. Managers of the System counter with claims of inadequate staffing levels and work space, and a lack of user agency cooperation in such matters as acting on certificates of eligibles in a timely manner. An observer of the operation does not, in fact, have to look far to find instances of periodic backlogs in the scoring of examinations, substantial delays in the preparation and issuing of certificates, and some lack of esprit de corps among members of the staff.

There is considerable evidence, however, that reasonable efforts are being exerted on both sides of the issue to find resolution. The Merit System Supervisor meets on a regular basis now with a representative group of local welfare officials, and reports that many of the mutual dissatisfactions and misunderstandings have been overcome. The Director of Personnel and Training approved on October 1, 1976, a reorganization of the Merit System staff that he feels will provide for strengthened leadership and more effective operations. The Personnel Management Information System, when it is fully operational, will bring significant reductions in the amount of time it takes the System to service its members.

But questions continue to be raised, some of them less than friendly ones, regarding the Merit System. Why, for example, are relatively small Federally supported agencies or programs included in some instances under Merit System provisions, while others that receive for greater amounts of Federal aid remain free from Merit System controls? The Department of Highways and Transportation, for example, spends millions of dollars annually in Federal funds, but none of its positions are subject to Merit System rules. One is told that the simple fact in this matter is that the determination is made in Washington. When the Federal appropriation document for the program (or the Federal register) contains a statement calling for the positions that will administer the program at the state level to be subject to merit regulations, the decision for inclusion in the Merit System has been made.

The larger question remains essentially unanswered. Why continue at all to maintain a separate, expensive, cumbersome

System for a small portion of the Commonwealth's positions, when the legal requirement is clearly stated in the Virginia Personnel Act, (Section 2.1-110), that the State conduct for all its employees "a system of personnel management based on merit principles and objective methods (underline added) of appointment, promotion, transfer, layoff, removal, discipline, and other incidents of State employment."

This is not the first time this basic question has been asked. The Governor of Virginia in 1937 rejected a recommendation made by the consulting firm of Griffenhagen and Associates that Virginia develop a restrictive, tightly policed civil service system of personnel management. The leaders of the State at that time felt strongly that Virginia was largely free from the patronage and spoils system problems that had led to the development earlier of the Federal civil service and of similar systems in some other states.

Drafters of the legislation which eventually became the Virginia Personnel Act of 1942 were very careful to draw up a plan which they hoped would replace the then newly-imposed requirement that the Social Security grants-in-aid agencies be subject to a civil service-type merit system control. They expressed their fear of the concurrent operation of the Merit System in Virginia in this manner: "Virginia administration would be divided in the handling of the personnel problem and the Virginia (Merit System) departments would be abandoned to administrative dominance by the federal government".

The designers of the Virginia system of personnel administration received support of their plan from leading authorities in the field of administration. Professor Leonard D. White of the University of Chicago, upon reading an early draft of the bill, said in 1940: "The first half of civil service history was dominated by the police concept, the idea that it was the primary duty of an independent, bi-partisan civil service commission to defeat the partisan efforts of mayors and governors and presidents and politicians generally... Elsewhere this somewhat antagonistic concept has outlived its usefulness, and is steadily being replaced by the view that it is the primary duty of a central personnel agency to serve, not to police the operating agencies...The proposed system of personnel organization now under discussion for the State of Virginia represents the boldest and most complete acceptance of a new philosophy, which, it must be added, presupposes well-established high standards of official behavior".

In 1962, the Municipal Manpower Commission, a blue ribbon panel sponsored by the Ford Foundation, stated in the final report of its extensive, nationwide study, that local government personnel systems had among their greatest needs: (1) advancement based solely on merit; (2) clear-cut personnel administration responsi-

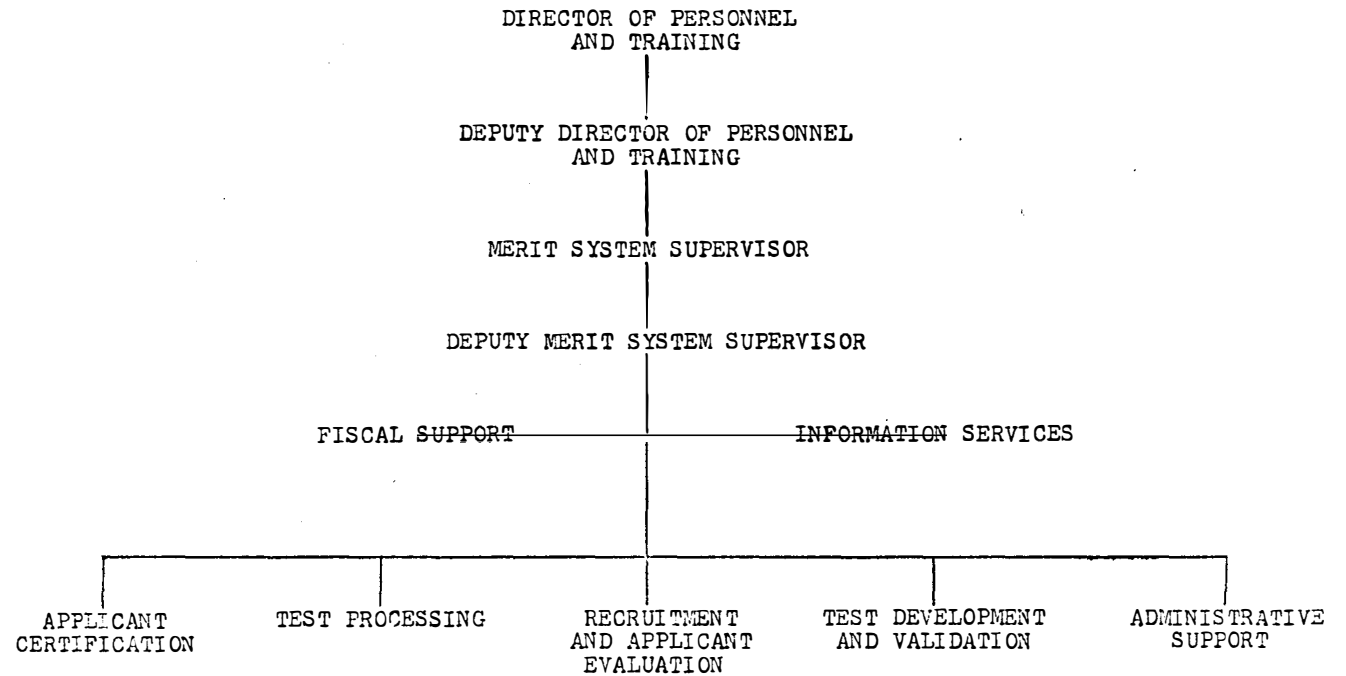
bility to the chief executive; and (3) abolishment of independent civil service boards.

In the present day, the Director of Personnel and Training reports that he has had a number of discussions during his eighteen-year tenure with officials of the Federal agencies which inspect and monitor the Virginia Merit System. (This Federal review is now made by representatives of the U. S. Civil Service Commission from a regional office in Philadelphia.) He has discussed with them, and has expressed in speeches, his feeling that the Virginia system of personnel administration is no less a protector of the principles of selection and service on the basis of merit and fitness than are the civil service-type merit systems. He advocates the Virginia method of selection and advancement by means of a post-certification process whereby candidates for State jobs are accepted or rejected on the basis of a clear-cut pass/fail comparison with established minimum qualification requirements for positions.

One test of the soundness of the Virginia system to which the Director of Personnel and Training points came in 1970 when the transition was made for the first time in modern Virginia history from a Democratic to a Republican Governor. That transition was accomplished without a single appeal of loss of job on the basis of political discrimination. The Director has had computer-based statistical studies made which satisfy him that the more costly selection of a State employee by use of the Merit System's pre-certification, rule-of-five selection procedure offers no greater guarantee of success in State employment than the State's more widely used post-certification method.

In the climate of fiscal restraint which dominates the operation of Virginia's government today, it is the desire of this Committee to contribute to ways of managing the Commonwealth's system of personnel administration in the most cost-effective manner, without the sacrifice of the high standards of integrity that have been its historic forte. In regard to the operation of the Virginia Merit System, this Committee recommends that at the very minimum a clear mandate be given to the Director of Personnel and Training to pursue a new and vigorous inquiry into the possibility of obtaining relief from the burdensome requirement of maintaining and operating this system.

ORGANIZATIONAL CHART-VIRGINIA MERIT SYSTEM



VIRGINIA'S
PERSONNEL MANAGEMENT INFORMATION SYSTEM
AN OVERVIEW

INTRODUCTION

The current automated personnel management system has proven to be inadequate and inefficient in meeting the requirements of State agencies, members of the General Assembly, study commissions, and Federal grantor and enforcement agencies. The current manual system for recruiting, testing and referring or certifying applicants for positions subject to Joint Merit System Rules and for positions not subject to such Rules is so time consuming that it loses its effectiveness. These facts, together with a desire to speed up the processing of personnel and position transactions clearly demonstrate the necessity to upgrade and expand the present automated personnel management system as well as automate the current manual pre-employment system.

System Objectives

The objective of the Personnel Management Information System (PMIS) is to provide a management information system to support the operational and administrative needs of the Department of Personnel and Training (DPT) and of the State agencies in the Executive Branch of government. The system will provide for the personnel management information needs of the Governor, his Secretaries and the General Assembly. In addition, PMIS will serve the recruitment needs of the State agencies of the Executive Branch, local welfare offices and the local emergency services offices.

The specific objectives to be accomplished are:

- 1) To maintain a control of the State classified and faculty established positions.
- 2) To maintain a record of salaried State employees, classified and faculty.
- 3) Provide assistance to DPT Classification Section in the administration of the Statewide classification plan.
- 4) To provide the Department of Accounts with data to pre-audit and/or post-audit payrolls for salaried employees.
- 5) To provide State agencies, including the Department of Planning and Budget, and the Legislature with data relating to salary obligations required for making budget requests, recommendations, and appropriations.
- 6) To assist in the auditing and approval of State agency actions on employee salaries to insure equitable administration of the Statewide compensation plan and to provide for payment of appropriate salaries in a timely manner.
- 7) To maintain individual applicant and employee data and status; to retain raw scores received on examinations where applicable; and to establish and maintain registers in order to certify eligibles for positions subject to the Merit System rules.
- 8) To assist in the auditing and approval of appointments and status changes of State and local salaried employees in positions subject to the Merit System rules.

- 9) To establish and maintain registers of eligibles in order to refer eligibles for positions not subject to the Merit System rules.
- 10) To provide data and statistics on applicants, employees and positions as required by Federal agencies and/or State agencies and officials.
- 11) To provide recurring and ad hoc reports from the data base to State agencies having a legitimate need for the access to the data.

System Description

The current project will result in the design, development and implementation of an automated system utilizing Univac Data Management System (DMS 1100) and Transaction Interface Package (TIP) technology that will provide for both on-line update and inquiry as well as batch processing to DPT and State agencies. This system will replace the current personnel management system and expand its capabilities by providing additional information as well as an automated pre-employment function to assist in the recruiting process. The automated pre-employment function will support the Merit System activities which is currently a manual system and is required by Federal law for the several grant-in-aid agencies. There are two major functions to be served by the PMIS system - the personnel administration function and the pre-employment function. A number of modules have been identified within each of these two major functions.

Within the Personnel Administration function the modules are categorized into three general processes:

- A. Maintenance of the State's classification and compensation plans.

Types of transactions provided:

- Establishment of a new class title
- Class title change
- Class title abolishment
- Salary range revision
- Salary range creation
- Specification creation
- Specification study with revision
- Specification study without revision

- B. Creation and maintenance of data on authorized positions.

Types of transactions provided:

- Position establishment
- Position reallocation

Position duties redefined
Positions transferred between agencies
Position abolishment

C. Creation and maintenance of employee data.

Types of transactions provided:

Original appointments
Reemployments
Reinstatements
Promotions/Demotions
Inter and intra agency transfers
Personnel data changes
Record modification
Terminations

To support the personnel administration function the following modules will be provided:

- 1) Class Title
- 2) Position
- 3) Employee Information
- 4) Regrade/Merit Increase
- 5) Faculty Salary Adjustments

The second major function, that of Pre-employment, will consist of a single general process providing the following types of transactions:

Applicant record creation
Applicant record maintenance
Test area establishment
Test processing
Applicant certifications
Applicant referrals
Agency referral response

The pre-employment function will be supported by the following modules:

- 1) Class title
- 2) Position
- 3) Employee Information
- 4) Referrals
- 5) Certifications
- 6) Applicant testing
- 7) Applications and correspondence
- 8) Test maintenance
- 9) Test research
- 10) Recruiting

In each of these functional areas State agencies will be allowed to update only the employee data for their particular agency. All other updating will be done by DPT with the exception of the Department of Welfare which will be allowed to update local welfare class, position and employee data.

Data Base Description

The entire PMIS system will be supported by a single data base which will maintain and provide access to eight primary types of data. They are:

- 1) Personal data - information such as name, address, sex and birth date of employees and applicants.
- 2) Applicant data - information about an applicant for employment such as classification, geographic location, preference, and exam scores.
- 3) Employee data - information describing an employee's status within a State agency such as position number, salary, pay schedule, next merit increase data or part-time/full-time indicator.
- 4) Class Title data - information describing an authorized personnel classification in the State such as alphabetic classification description, expiration date, minimum and maximum salary, qualifications required to perform the duties.
- 5) Position data - information describing positions authorized in State agencies such as creation date, review date, location, funding codes.
- 6) Faculty data - information concerning faculty members in the State institutions of higher education such as institutions conferring degrees, tenure status, contract type and period, and experience in higher education.
- 7) Agency data - data describing the employing State agency such as agency merit rating month, agency name, functional area and secretarial area.

- 8) Test data - data describing test characteristics such as test code, weight, slope, intercept, critical score, testing time, and re-test allowed.

PMIS will provide a central repository for personnel data allowing immediate access to the information by State agencies within established guidelines and restrictions. Additionally, local welfare and local emergency services employees will be included in the data base.

Future Enhancements

It is anticipated that PMIS will be implemented on a phased basis beginning in the second quarter of 1977. Future additions have already been identified for later inclusion in PMIS such as including in the data base State employees who are, by law, excluded from the provisions of the Personnel Act. Additionally, it is anticipated that PMIS at a future date will be integrated with the State payroll system.

