

**THE PLAN FOR  
PERSONNEL MANAGEMENT DECENTRALIZATION  
AND  
THE BIENNIAL REPORT ON PERSONNEL MANAGEMENT  
TO  
THE GOVERNOR  
AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 11**

**COMMONWEALTH OF VIRGINIA  
DIVISION OF PURCHASES AND SUPPLY  
RICHMOND  
1979**





COMMONWEALTH of VIRGINIA

Office of the Governor

Richmond 23219

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January 5, 1979

TO: The Honorable John N. Dalton, Governor of Virginia  
and  
Members of the General Assembly of Virginia

To improve state management generally, and personnel management more specifically, the following plan for personnel management in Virginia State government has been prepared. The Plan is presented to the 1979 session of the General Assembly pursuant to House Joint Resolution No. 34, adopted by the 1978 General Assembly. In addition, the Plan shall constitute the Biennial Report required pursuant to Section 2.1-114.8 of the Code of Virginia (1950), as amended.

Personnel management as it is largely viewed and organized in State government is primarily an administrative operation responsible for processing personnel transactions. Most authority and responsibility for such transactions is vested in the Department of Personnel and Training.

To improve the personnel management system, it is necessary for agency management to assume a greater responsibility for managing the employee-employer relationship. This requires that agency management accept the responsibility for operating within the parameters of established state personnel policy, and be held accountable for the discharge of such responsibility.

The Department of Personnel and Training has begun to identify specific administrative tasks that can be readily delegated or decentralized to the agencies. However, for the personnel management program to be materially improved, the respective agencies must shift their program from one of administering a paper system, to a program of employee relations management that will become an integral part of the management character of the agencies.

Respectfully submitted,



Charles B. Walker, Secretary  
of Administration and Finance

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## EMPLOYEE RELATIONS MANAGEMENT OVERVIEW

The Commonwealth of Virginia serves as the employer to over 100,000 employees whose attitudes, morale, and productivity directly impact on the cost and efficiency of government. Accordingly, the effective managing of employee relationships to best serve employees, government management, and the taxpayers of Virginia must be planned --- it cannot be left to chance.

Private industry, particularly those businesses regarded as being well managed, have long recognized the strategic importance of effectively managing the organization's human resources. The lessons derived from such effective management, however, make clear management's need to manage more than just the physical actions of employees. Indeed, employee attitudes and morale, which we know to be critical in establishing a creative and productive work force, must also be effectively managed.

All employees within an organization, to varying degrees, have certain inherent needs that management must be aware of and deal with effectively. A sound and competitive compensation program is one such need essential to maintaining a constructive employee-employer relationship. It is likewise essential that other basic employee needs be met. These are needs for recognition, meaningful respect, and the realization that an employees' individuality does impact on the organization. When such needs are ignored communication is less effective; employees and supervision become estranged; and the organization's energy becomes fragmented.

In recognizing employees, in accepting their input, enlightened management will strengthen the organization. Employees, in turn, will have greater understanding, respect, and acceptance for the management process. This two-way acceptance builds "understanding." Herein lies the key to unleashing the productivity potential of the work force.

With the increasing need to control the cost of government, and with employee perceptions and values ever in a state of change, it is imperative that government management constructively manage the employee-employer relationship. The catalyst for such management is the personnel management program.

The following strategic plan for the Commonwealth's Personnel Management Program is designed to benefit the long range interests of employees, the management of state government, and the taxpayers of Virginia.

The plan envisions a conceptual shift from a system of personnel administration preoccupied with maintaining a centralized personnel system, to a broader concept of Employee Relations Management administered on a decentralized basis. The plan is in two parts as follows:

Part I identifies the strategic requirements that must be met prior to the full delegation or decentralization of personnel management responsibilities to the agencies.

Part II identifies the goals and objectives of the Department of Personnel and Training in support of the overall improvement of the Commonwealth's Employee Relations Management Program. Additionally, this section identifies the specific administrative tasks and/or responsibilities to be delegated or decentralized to the agencies.

## PART I

This section of the Plan identifies the strategic requirements that must be met prior to the full delegation or decentralization of personnel management responsibilities to the agencies.

Strategic Requirement #1

POLICY DEVELOPMENT

Effective employee relations management requires that the Department of Personnel and Training strengthen its performance in the area of personnel policy development. Moreover, the Department must serve with the authority necessary to assure compliance of state operations with such policy.

Statewide personnel policy must be more clearly defined, updated, and documented prior to further delegation and/or decentralization of personnel management responsibility.

In recognition of these needs, and consistent with the Virginia Personnel Act, the following policy and approval levels have been identified.

Policy Development

Governor		Approval Level
Chief Personnel Officer		
Secretary, Administration and Finance		Approval Level
Deputy Personnel Officer		
Director of Personnel and Training		Approval Level
	Compliance (EEO) Management	
	Compensation Management	
	Employee Communication	
Policy Areas	Personnel Practices Development	Development Level
	Local Government Management Relations	
	Manpower Development	

(Figure 1)

Subsequent to the Governor's appointment of a Director of Personnel and Training on May 15, 1978, the following actions have been taken to strengthen the policy development role of the Department.

•The Governor has established an Office of Employee Relations Counselors and appointed its first Director. Although this office is totally independent of the Department of Personnel and Training, it has served effectively to advise the Department on needed changes in personnel policy.

•The Governor has also appointed a seven member Personnel Advisory Committee. The committee is comprised of personnel management professionals and employees from state government, local governments, and private industry. The purpose of this committee is to advise the Department and/or the Governor on all matters of employee relations management.

These actions are consistent with legislation passed by the 1978 General Assembly, and are fully supported by the Governor, as Chief Personnel Officer of the Commonwealth.

To more effectively discharge the Governor's responsibility as Chief Personnel Officer, and to strengthen its policy development role, the Department of Personnel and Training has taken the following initiatives.

•Established an Office of Equal Opportunity and Employee Programs.

Previously the Equal Opportunity operation served to review personnel policies for compliance with EEO legislation and the Governor's Executive Order Number One, which requires equal employment opportunity in state government. Policy development was not clearly defined although the Employee Relations operation provided substantial support in this regard.

The merger of these separate operations has strengthened the effectiveness of our Equal Opportunity Program by assuring the compliance of policies, as they are developed, with EEO standards.

The new Office of Equal Opportunity and Employee Programs has also been given the responsibility for managing the former Office of Recruitment and Examination to better insure that state recruitment and employment operations comply with Executive Order Number One, and the Federal Uniform Selection Guidelines as issued August 28, 1978.

•Additionally, a Personnel Practices Development Specialist and a Benefits Development Specialist have been added to the staff of the Office. These positions have been established as a result of personnel reductions elsewhere in the Department, and thereby serve to meet a basic staffing need while otherwise recognizing the Governor's program to control the growth of government.

•Established an Office of Communications and Community Relations.

This Office is established in recognition that an effective Employee Relations Program requires that employee communication receive high priority. Accordingly, this Office shall establish a communication plan and develop a variety of mediums to better inform employees of policies, benefits, changes impacting on employees, and other items essential to achieving a well informed work force. A Director has been selected for this Office and a total headcount of four professionals shall support this new priority for employee communication.



All of these positions have been or will be established in conjunction with personnel reductions elsewhere in the Department.

- Established an Office of Local Government Management Relations.

This Office will fulfill a growing need to more effectively assist local governments throughout the Commonwealth in all matters related to personnel systems and employee relations management. A Director has been named and the Department's local government training and development staff has been assigned to this Office. The Director position was established as a result of the abolishment of the Department Deputy Director position.

- Increased Accountability for Performance within the Department.

To increase accountability for policy development and Office performance within the Department of Personnel and Training, the Department's previous organization as shown in Figure 2, has been redefined as shown in Figure 3.

The new organization provides for a "Director" of each major area of responsibility who, in turn, reports directly to the Department Director. Moreover, the basic areas of responsibility have been clearly assigned, and communicated to state agencies.

These initiatives will facilitate a more systematic and comprehensive approach to Policy Development. As the development of these written policies materialize, state operations will more readily understand the guidelines within which they must operate as further decentralization occurs on an agency by agency basis.

The fulfillment of this strategic requirement is consistent with recommendations noted in the Sixth Interim Report of the Commission on State Government Management, 1975; and the 1977 Study on Personnel Management resulting from HJR 64 and documented in House Document No. 12.

#### Sixth Interim Report

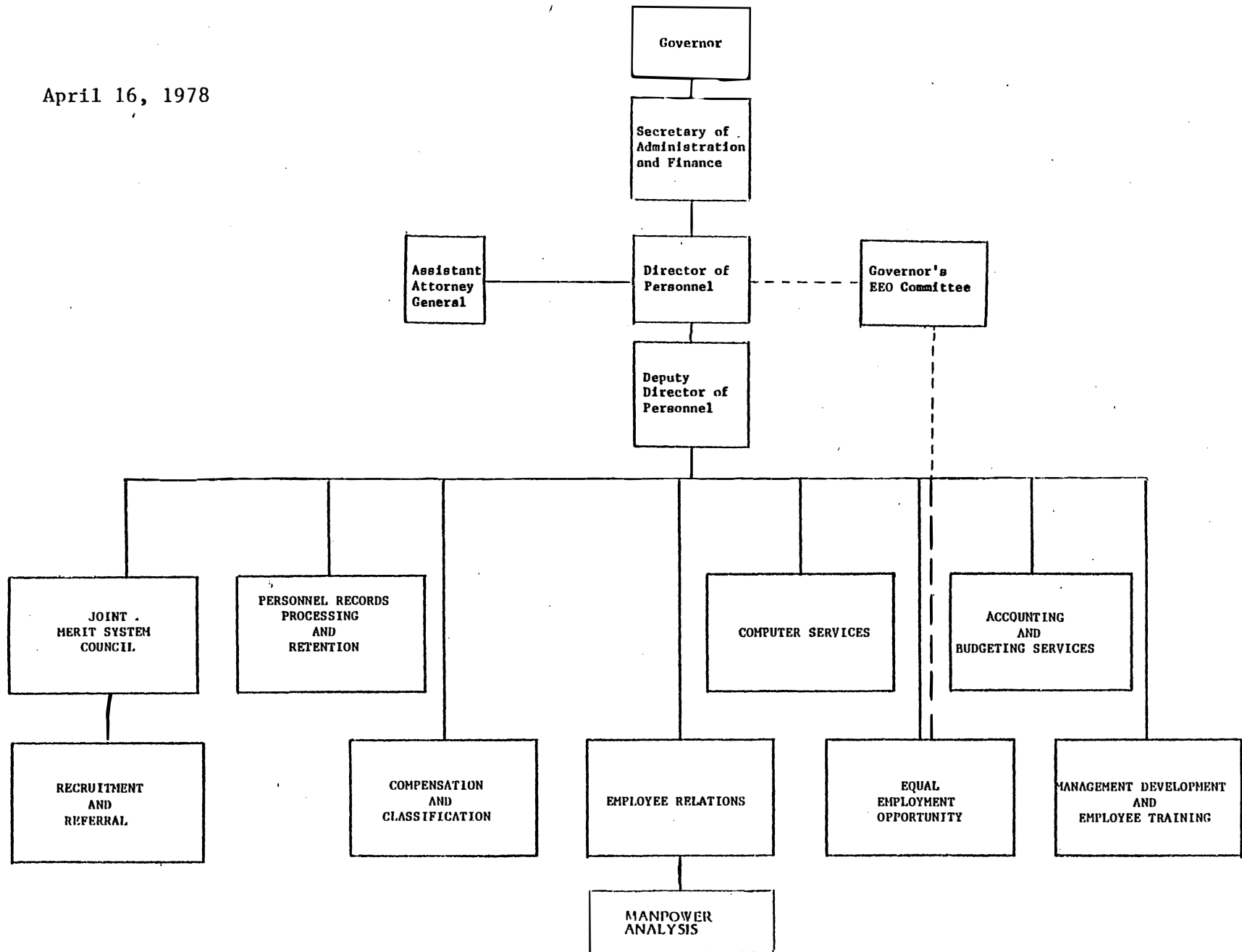
"If the management of the state government is to be substantially improved, it is imperative that the Division be strengthened in its central management role. --- It should maintain primacy in the area of policy and regulatory issuance and enforcement. It should stress research into new approaches and methods. It should train, guide, and participate in the evaluation of the performance of agency personnel specialists. It should develop and maintain lines of communication between itself and the agencies and among agencies on matters relating to personnel administration." (page 15, Central Management Role)

#### House Document 12

"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." (page 18, Conclusion #1)

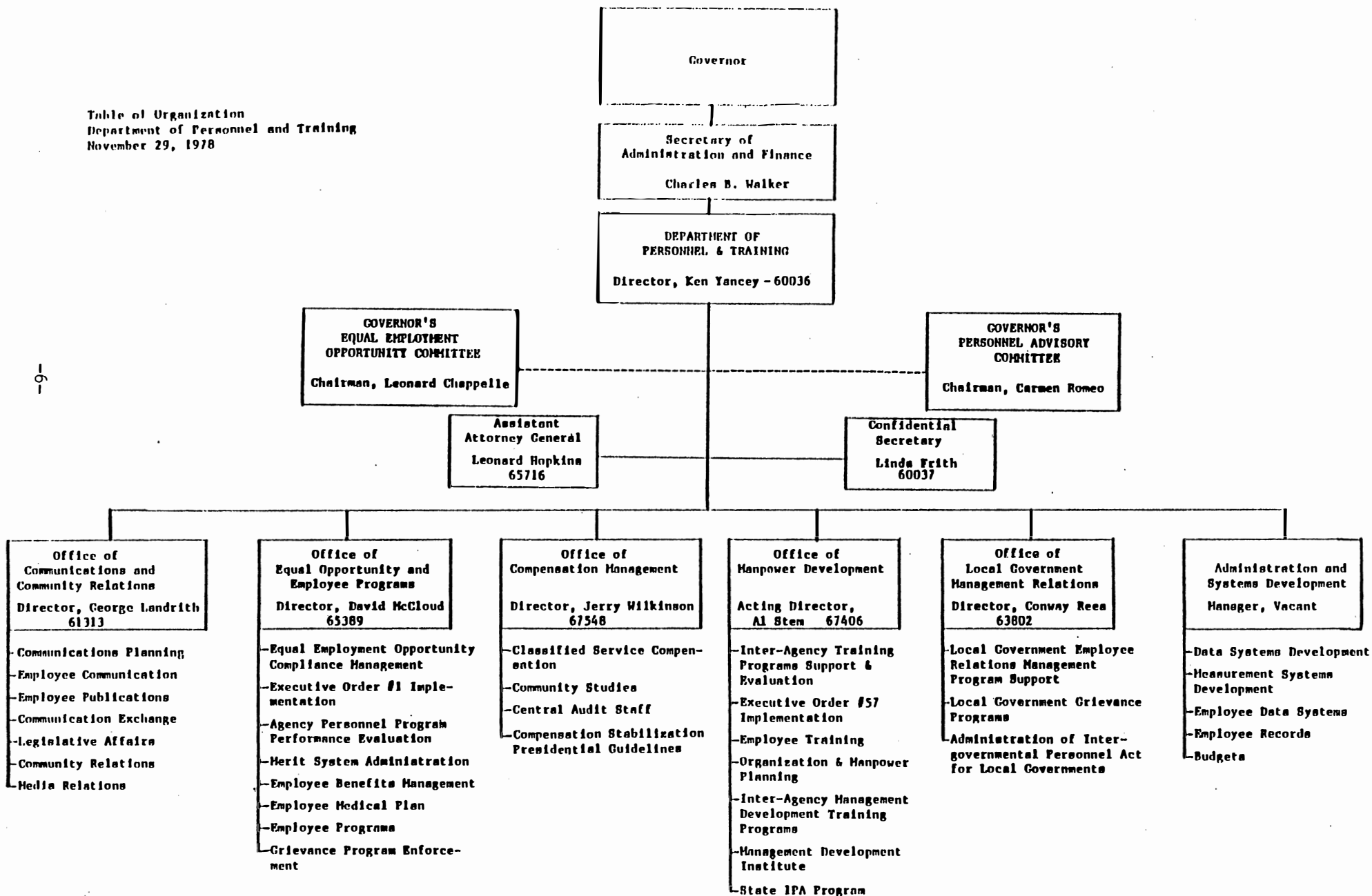
April 16, 1978



(Figure 2)

Table of Organization  
 Department of Personnel and Training  
 November 29, 1978

-6-



(Figure 3)

## Strategic Requirement #2

### ORGANIZATION

A second strategic requirement which must be met prior to increased delegation or decentralization of personnel authority is the reorganization of personnel staffs within the respective state operations. At present, state agency personnel functions have neither the professional resources nor the organizational placement required to effectively manage a sound employee relations management program on a fully decentralized basis.

The current location of the personnel staffs within most state agencies now precludes their effectiveness relative to an expanded program of personnel management. A number of obvious reasons surface upon closer analysis.

First, as the personnel officer attempts to resolve problems or assure the consistent application of established policy, that officer is too likely to be ignored or overruled by peers and superiors in the organization. Management personnel in such an organization naturally weigh their desires and priorities against those of the personnel officer.

Secondly, the immediate superior to which the personnel officer reports has split priorities. Many such administrators currently have responsibility for data processing, budgets, and financial matters, as well as, personnel. A problem with the computer... deadlines with budgets... or financial reports too often take priority over an employee's problem... which can wait till tomorrow?

Thirdly, the personnel officer, as currently placed in the organization, has little or no involvement in the decision making process of the organization. The personnel officer, rather than guiding the communication of such changes to employees, finds out about such changes after they have been made. Under such a system, the personnel staff is severely limited in its ability to manage an effective employee relations program.

Accordingly, it is required that the personnel officer of the respective state organizations be placed in staff relationship reporting to the ranking executive of such organization. Several major and strategic advantages are achieved by doing so.

First, the ranking executive will visibly demonstrate to all employees that the organization is committed to good employee relations and a stronger personnel management program.

Secondly, the personnel staff will have increased authority and responsibility to assist supervision in the resolution of employee-employer problems, and to assure agency compliance with established state personnel policies.

Thirdly, employee concerns and personnel matters will receive the priority and management attention they warrant.

Fourthly, by serving and contributing to the organization in a staff capacity, the personnel officer will be in a position to positively influence decision-making relative to the impact of those decisions on the work force. By having participated in the decision-making, the personnel officer will be able to direct needed employee communication in the best interest of employees, as well as managers.

To prepare for the fulfillment of this strategic requirement, the Department of Personnel and Training has taken the following initiatives:

- a) Reviewed the need for organizational restructuring.

This review indicated that 87% of the state work force is now served by a personnel management unit several organizational layers removed from the ranking executive.

- b) Established a new Occupational Class for Professional Personnel Officers.

<u>Title</u>	<u>Organization's Size</u>
Employee Relations Director	over 5,000
Employee Relations Manager B	over 5,000
Employee Relations Manager A	over 1,000
Personnel Manager	over 1,000
Personnel Officer C	more than 500
Personnel Officer B	less than 500
Personnel Officer A	less than 500

As state operations move to upgrade their personnel functions these new positions will enable appointing authorities to attract the professionally trained personnel required by their agencies. In some organizations, current personnel officers may be qualified to assume the greater responsibility associated with a more decentralized and/or effective program of employee relations management. In other cases, professional personnel talent will have to be obtained from the competitive market place or through inter-agency promotion. At minimum, however, the creation of this new class of positions will enable appointing authorities to advertise for new positions and select the best qualified candidates available. It is expected that current personnel officers not selected will remain in their current or similar capacity. The increased responsibility of personnel staffs in the future will require additional professional resources rather than fewer.

- c) Established as an objective for the Department of Personnel and Training the creation of a State Employee Relations Management Training Program.

This two-year training program would provide talented new recruits assignments in a variety of personnel and supervisory positions. Graduates would continue to move inter-agency as they developed their professional skills on progressively more responsible personnel management assignments. Only through such a program will future manpower needs be met without the high costs of recruitment, transfer, and training of personnel officers from outside the state system.

### Strategic Requirement # 3

#### ACCOUNTABILITY

Once statewide personnel policy is developed, and the agencies have an adequate staff of personnel professionals reporting to the appointing authority, a third strategic requirement must be met prior to increased delegation or decentralization of personnel authority to the agencies.

This requirement is for the establishment of clear and meaningful "accountability" for the effectiveness of the agencies' employee relations management program.

With few exceptions, current organization structures do not provide for such accountability. The existing organization levels between the appointing authority and the personnel operation make accountability difficult to determine. Many agencies do not recognize the need for assessing the effectiveness of their personnel management program.

Moreover, the Department of Personnel and Training does not have an on-going "program of evaluation of the effectiveness of the personnel activities of the agencies" as provided for by the Virginia Personnel Act.

Accordingly, to assure a satisfactory level of accountability, the Department of Personnel and Training shall "establish and administer a program of evaluation of the effectiveness of the personnel activities of the agencies of the Commonwealth" as provided by Section 2.1-114.5(H) of the Virginia Personnel Act. The responsibility for such a program has been assigned to the Department's Office of Equal Opportunity and Employee Programs. This program will, at minimum, consist of two objective effectiveness measures.

The first such measure shall be the evaluation of employee attitude survey results, and the effectiveness of the agencies response to such results. Employee attitude surveys will be administered periodically by the Department of Personnel and Training. Survey results will be presented to agency management for their planning purposes. Subsequent surveys and other means of employee feedback will serve as an indicator of the agencies effectiveness in dealing with areas needing attention.

A second objective measure shall be an evaluation of complaints and grievances, and the agencies' responsiveness to sound problem solving efforts as evaluated by the Office of Employee Relations Counselors.

Moreover, the Office of Employee Relations Counselors will advise the agencies and the Department of Personnel and Training of needed areas of improvement independent of surveys administered by the Department of Personnel and Training.

Where agencies are unresponsive or ineffective in dealing with elements of their personnel program which need improvement, the Director of Personnel and Training shall advise the Agency Head in writing of possible courses of action including the removal of the agencies' chief personnel officer. Agencies unresponsive to a course of corrective action satisfactory to the Director of

Personnel and Training will lose their delegation of authority for personnel management matters, and the Governor shall be so advised as to the nature and status of the agencies' personnel management program.

The Governor may direct whatever corrective action the Governor deems appropriate.

The Department of Personnel and Training shall prepare a documented evaluation program by June 1979.



## PART II

The remainder of this report identifies goals and objectives of the Department of Personnel and Training in support of the overall improvement of the Commonwealth's Employee Relations Management Program. Additionally, this section identifies the specific administrative tasks and/or responsibilities to be delegated or decentralized to the agencies.

## RECRUITMENT, EXAMINATION, AND SELECTION

### Merit System Agencies

The Office of State Recruitment and Examination is responsible for the administration of the Joint Merit System Rules in compliance with Federal Merit System Standards. The Commonwealth's adherence to these standards is required as a result of the State's acceptance of Federal grants-in-aid. Agencies accepting such aid are known as Merit System Agencies. They are:

- Virginia Employment Commission
- Department of Health
- Department of Welfare
- Department of Mental Health & Mental Retardation
- Commission for the Visually Handicapped
- Department of Labor and Industry
- Other agencies in which specific program segments receive federal aid.

### Non-Merit System Agencies

The Office of State Recruitment and Examination also provides a recruitment service to non-merit system agencies, primarily, in the Richmond area. Many of these state agencies, however, have developed their own recruitment program. These decentralized operations have been prompted, in part, by increased affirmative action efforts of the agencies, and the recognition that the agency can better serve itself than can a centralized referral system.

Still, other agencies utilize the Virginia Employment Commission, since all job openings to be filled by external (non-state employees) applicants must be posted with the Virginia Employment Commission.

This system, at minimum, provides for considerable duplication of effort particularly between the Office of Recruitment and Examination and the Virginia Employment Commission. In fact, the majority of applicants interviewed by the Office of Recruitment and Examination for state job openings are also interviewed by the Virginia Employment Commission.

Accordingly, the recruitment service to non-merit system agencies will be discontinued by June 1, 1979. Agencies now using the service of the State Office of Recruitment and Examination will develop their own recruitment program or otherwise utilize the recruitment service of the Virginia Employment Commission. When surveyed regarding the impact of this decentralization program, 86% of the agencies responding indicated the program would have little or no impact on their agencies. The remaining respondent concerns will be addressed in the process of decentralization.

Only the Richmond office of the Virginia Employment Commission will be affected, and owing to the current duplication between the V.E.C. and the Office of Recruitment and Examination, the V.E.C. is not expected to incur any additional financial or staffing requirements.

In support of agency recruitment programs, the Department of Personnel and Training will provide each agency a detailed manual to serve as an Employment Office Model.

#### Merit System Administration

In addition to the decentralization of recruitment responsibilities to non-merit system agencies, merit system recruitment will also be decentralized, as follows:

1. The State Office of Recruitment and Examination will become the State Merit System Administration.
2. Responsibility for the recruitment and interviewing of job applicants will be decentralized to the applicable state agencies and the Virginia Employment Commission.
3. The Merit System Administration will decentralize to the Virginia Employment Commission the responsibilities for administration of all tests to applicants for positions subject to the Joint Merit System Rules. After the tests are completed by applicants, they will be forwarded by the Virginia Employment Commission to Merit System Administration for processing. Currently, applicants for any State position are tested by local offices of the Virginia Employment Commission throughout the State with the exception of the Richmond area where Recruitment and Examination administers the tests. Test administration by V.E.C. in the Richmond area will be supported by the transfer of Merit System, special funded positions to V.E.C. to meet increased workload requirements where necessary.
4. The Merit System Administration will service only grant-in-aid agencies which fall under the Federal Merit System Standards.

Such service to the agencies will include:

- (1) Test development, maintenance, and validation;
  - (2) Test processing, scoring, and evaluation;
  - (3) Maintenance of a central register of applicants eligible for appointment to positions subject to the Joint Merit System Rules;
  - (4) Issuance of certificates to agencies subject to the Joint Merit System Rules listing eligible applicants ranked by score;
  - (5) Audit and review of State agencies subject to the Joint Merit System Rules to insure compliance with Federal Merit System Standards.
5. The Merit System Administration will decentralize to the Virginia Employment Commission the responsibility for maintaining a current list of all positions for which State agencies are recruiting. This is currently a joint effort of Recruitment and Examination and the Virginia Employment Commission. The Merit System Administration will continue to maintain a central register of applicants eligible for appointment to positions subject to the Joint Merit System Rules as required by the Federal Merit System Standards.

6. The current Joint Merit System Rules will be abolished. Where Federal Merit System Standards require a deviation from State personnel policy, such deviations will be included in State personnel policy and apply only to State agencies subject to the Joint Merit System Rules.
7. The current Merit System Council will be abolished and replaced by an advisory committee to the State Director of Personnel and Training, composed of the heads of State agencies subject to the Joint Merit System Rules. The three current Merit System Council members will serve as ex officio committee members. The committee's major responsibility will be to provide information to the Director of Personnel concerning the effectiveness of the operation of the Merit System Administration. This is consistent with new Federal Merit System Standards which do not require State Merit System Councils. These Federal Standards have been approved by the USCSC and are scheduled to be implemented in early 1979.
8. State employees appeals of demotions, terminations, or discrimination from agencies subject to the Joint Merit System Rules will be processed under the State grievance procedure or the procedures established in Governor Dalton's Executive Order Number One governing complaints of discrimination. Complaints of applicants concerned with such matters as rejection from an examination, assigned examination score, or removal from a system will be addressed by the Director of Equal Opportunity and Employee Programs.

#### Interagency Management Development and Upward Mobility Program

Two basic, but distinct personnel management functions are required to assure the availability of qualified candidates for position openings in state service.

The first such function is the "employment process" for new applicants. The decentralization of this function is planned as noted above.

The second such function is the "career development" process wherein current employees are considered for position openings. At present, there is little or no systematic program for career development on an inter-agency basis in government service.

Many employees who are promoted receive such promotion through a reallocation process. That is, some employees who do a good job receive more responsibility which, in turn, results in their job classification being reevaluated to a higher level. This is, in effect, a closed promotion system which is fine for the incumbent in a job who is in the right place at the right time. But for "other" good performers who are ready and available for new job opportunities... they are not considered. Such a closed system reduces the influx of new and creative ideas into the organization. It is often such fresh perspective or the application of ideas learned elsewhere that help reduce costs and improve productivity.

In instances where reallocation does not occur, agency management advertises the open position. Such advertising, however, has its limitation and, in fact, may or may not be posted in other state agencies.

Accordingly, the Department of Personnel and Training will provide a career development program for state employees as follows:

1. Establish within the Office of Equal Opportunity and Employee Programs an interagency, self-nominating, upward mobility program for classified and hourly employees. Such a program will permit agencies to hire both internal as well as external candidates for job openings, but will permit current employees a means for applying for positions in advance of such job openings.
2. Establish and administer management training programs for the areas of personnel management, financial management, and operations management. Consistent with manpower planning projections, managerial trainees will be hired for a two-year program.
3. Establish within the Office of Manpower Development a manpower planning and organization operation that will set up a skills inventory of current managers and professionals. This inventory will be used in conjunction with interagency mobility and career development programs.
4. Establish within the Office of Manpower Development an operation responsible for executive and managerial recruitment for senior executive positions within state government. This operation will assist the Governor, the Governor's Secretaries, and agency heads as needed.
5. Establish the curriculum and identify the facility for a Management Development Institute to train state government management on a continuing basis.
6. Implement Executive Order Number 57 regarding Employee and Organizational Training and Development. Pursuant to this executive order, state agencies will be responsible for:
  - (a) Identifying and analyzing training and development needs of their employees and organizations and documenting such needs in a biennial training plan. A copy of this plan shall be shared with the Department of Personnel and Training.
  - (b) Encouraging and assisting employee self-development.
  - (c) Making available information on training opportunities offered through State and non-State facilities and programs to employees.
  - (d) Conducting planned, on-the-job training programs at the work site.
  - (e) Maintaining statistical information on training conducted by the agency and providing such data to the Department of Personnel and Training as requested.
  - (f) Designating a qualified person within the agency to assist in implementing employee training and development programs. The designated individual will coordinate the agency's training and development program with the Department of Personnel and Training.

(g) Establishing a training committee in the agency if the agency has in excess of 50 employees. Membership should reflect the perspective of employees at all levels of the agency.

(h) Working closely and continuously with the Department of Personnel and Training to implement this Executive Order.

## PROCESSING PERSONNEL TRANSACTIONS/RECORD KEEPING

At present, all personnel transactions for state employees are processed by the initiating agency, then by the Department of Personnel and Training. The processing time for these transactions can take up to six months.

Under a decentralized system for processing transactions processing time could be reduced to less than one pay period. It is only through reducing the time between the effective date of transaction and the complete recording of such transaction that the state record keeping system will reach its full usefulness.

Accordingly, the Department of Personnel and Training has identified the following objectives:

1. Establish the position of Agency Systems Development Manager to provide technical expertise for the Department in support of a decentralized data and records system.
2. Identify and change pay practices that will provide increased managerial judgment and reduced processing of personnel transactions.

One such change in pay practice will be to provide management and personnel officers within the agencies the flexibility of determining the starting rate of a new employee, based on the new employee's qualifications and previous salary.

At present, the agency personnel officer and hiring manager must obtain approval of the Department of Personnel and Training to adjust the starting rate of a new employee.

Such a change will greatly reduce paperwork, grant the agency greater responsibility for salary determination, and yet keep such salary actions within the pay ranges established for the new employee's position.

3. Modify current computer programs so that a change in the compensation structure, such as a 4.8% regrade, could be implemented without input for individual employees. This will eliminate in excess of 100,000 personnel transactions per year.
4. The DPT Systems Development Manager, working with the Department of Accounts and the Department of MASD, will design an integrated payroll and personnel system. Such a system will greatly facilitate further decentralization of responsibility for processing personnel transactions, yet, provide a common data base for auditing purposes.
5. Systems development will focus on additional personnel management needs such as absenteeism control, self-nominating inter-agency career advancement programs, demographic profiles for EEO purposes, turnover, and other productivity considerations.

6. Decentralization of the recruitment operation as noted earlier will eliminate the need for several parts of Phase II of the Personnel Management Information System (PMIS). Systems Development, instead, will move ahead to Phase III and IV to encompass hourly employees and integration of the payroll and personnel systems.
7. Modification in the PMIS and slight modification of pay practices will eliminate the need for central record keeping by DPT. Agency records will be preserved and used for record or audit purposes.



## EMPLOYEE RELATIONS MANAGEMENT

As the concept of personnel management expands from that of personnel administration to the broader concept of employee relations management, a series of integrated personnel policies must be developed by the Department of Personnel and Training. These policies oriented toward improving employee-employer communication will, in turn, be administered by the respective agencies.

These policies will include at a minimum:

### 1. Policy on Performance Standards

This policy will provide a comprehensive performance evaluation program to replace the service rating system of 1949.

The purpose of the new evaluation program will be to identify the employees' performance level, growth potential and developmental needs. This program will serve to:

- a. Clarify the employee's function, duties, and responsibilities,
- b. Motivate employees toward improved performance,
- c. Develop a productive work relationship between the supervisor and the employee,
- d. Give the employees an opportunity to present views regarding their performance and,
- e. Provide for increased employee-employer communication.

### 2. Policy on Conduct Standards

This policy will provide minimum Standards of Conduct for the benefit of each employee, as well as, the Commonwealth.

In addition, the policy will provide a fair and objective procedural process to protect employees from excessive discipline.

Moreover, the policy will provide for:

- a. Informing employees of the policy,
- b. Limits on suspension periods,
- c. Limiting corrective action to work related situations, and
- d. Providing for agencies to modify corrective action where appropriate.

3. Revised policy on Leaves and Pay for time not worked.

The purpose of this revision will be to improve employee communication regarding leave benefits, and make such benefits compatible with decentralized administration.

4. New Orientation Policy

The purpose of this orientation program will be to establish an early awareness among new employees of the benefits, policies, and practices that apply to their new employee-employer relationship.

To provide further, for a sound program of employee relations management the following offices will endeavor to strengthen the employee-employer relationship.

Office of Employee Relations Counselors

Each agency, as part of its personnel program, will be required to establish an open-door, problem-solving atmosphere for employees. Problems unresolved informally will be processed through the State Grievance Procedure. All employees will be advised of the procedure and given a copy of its contents.

The Office of Employee Relations Counselors will assist employees to the extent needed in their use of the grievance procedure. While the Director of the Department of Personnel and Training is responsible for establishing the grievance procedure, the Director of the Office of Employee Relations Counselors shall make and disseminate interpretations of the grievance procedure, and shall exercise authority to direct full compliance of state agencies with the grievance procedure process.

The Office of Employee Relations Counselors shall also advise DPT of needed changes in personnel policy.

Office of Communications and Community Relations

As identified in Part I of this report, the Office of Communications and Community Relations has been established within DPT to improve employee communication and increase employee awareness of benefits, policy changes, and other items important to achieving a well-informed work force.

## COMPENSATION, CLASSIFICATION, AND BENEFITS

Annual compensation and benefits for employees covered by this Plan now exceed one billion dollars. Minute adjustments in the compensation program, such as, an across the board pay raise of one cent per hour increases payroll costs approximately two million dollars per year.

Inflation, national and local wage patterns, changing tax laws and legislated benefit changes, such as, social security, workmen's compensation and unemployment insurance significantly impact on the management of the compensation program. Additional employee benefits, such as, the retirement plan, life and disability insurance, holiday and vacation pay, and a series of other compensation features add still further to the dimensions of managing the Commonwealth's Compensation program.

Consequently, effective management of this program requires that the Department of Personnel and Training be responsible to the Secretary of Administration and Finance, and the Governor for the management and development of the compensation and benefits program for state employees.

### Classification Decentralization - Model Agencies

There are, however, several administrative aspects of the program, such as classification determination, that can be decentralized. Such decentralization requires substantial development and preparation by DPT before further responsibility can be delegated. Moreover, such delegation is to be tested first in two model agencies and thoroughly evaluated before such delegation is extended to other state agencies.

The two model agencies are to be the Department of Mental Health and Mental Retardation, and Virginia Polytechnic Institute and State University. As the Department of Personnel and Training satisfies the policy development requirements over the next 18 to 24 months, the two model agencies will prepare their organizations, personnel staffs, and meet the requirements for accountability.

During this development period, the model agencies will also set up a complete personnel management program consistent with pre-established state personnel policy and subject to the approval of the Director of the Department of Personnel and Training. Although other state agencies will be required to assume more personnel management responsibility, and encouraged to develop a comprehensive employee relations program, only the model agencies will be given classification responsibility, in addition, to the other personnel management functions.

The Department of Mental Health and Mental Retardation has been selected because of its size, geographic dispersion, and the Department's recognition of need for improving the Department's personnel management program. Moreover, the broad range of occupations within the Department offers one of the best proving grounds for a decentralized classification program. The Department in recent months has elevated the agency personnel unit one organization level and is prepared to elevate the unit one additional step, so that the personnel

staff will report directly to the Commissioner. Five agency level professional personnel positions have been established to assist with the development of the agency program. One such position is for a manager of classification. In addition, effective January 1, 1979, the chief personnel officers of each agency facility will report to the facility director.

Virginia Polytechnic Institute and State University has been selected because of its size, diversity, and proven track record of competence and objectivity with respect to classification matters. The University is also prepared to meet the strategic requirements set forth in this plan, and has begun to evaluate the nature of the transition required to operate its personnel program on a decentralized basis.

#### Classification Determination - Three Aspects

Differentiation should be made among three aspects of classification determination to clarify which aspects are to be decentralized. They are:

a. Classification of Work Elements

Work elements for a given position must be analyzed to determine which classification best identifies the work performed and the actual skills required. This function is better known as position allocation, and can be decentralized. The pilot program now in its second year at the Department of Highways and Transportation deals primarily with this aspect of classification.

b. Classification peculiar to an Agency

Many classifications are utilized only within a single agency. The adjustment of salary ranges of classifications unique to an agency constitute a second aspect to classification determination. Adjusting the salary ranges of these positions within specified guidelines can also be decentralized.

c. Classifications having Inter-agency Commonality

Adjusting generic classifications that are utilized on an inter-agency basis represents a third aspect to the classification responsibility. The adjustment of such a classification in one agency has a direct and highly visible impact on similar positions in other agencies. The adjustment of these classifications cannot be decentralized.

#### Classification Plan - Department of Personnel and Training Objectives

The Department of Personnel and Training will be responsible for the following developmental steps in support decentralizing classification determination. These actions will apply first to the model agencies, then to other agencies as the program develops.

1. Job Evaluation Policy Guide

A policy guide regarding the method and process of job evaluation will be developed. This guide will be the basis for classification determinations to be administered first by DPT, then by DPT and the model agencies, and finally by the model agencies themselves.

2. Bench Mark Positions

DPT will establish "bench mark" positions for the model agencies. These positions having substantial commonality with positions in other agencies or the market place will not be subject to independent evaluation by the model agencies. All other positions will be subject to evaluation by the respective agencies as needs arise.

3. Job Slotting

The bench mark jobs will be the basis for internal job evaluation. Non-bench mark positions will be evaluated and slotted in relation to the bench mark position.

4. Position Descriptions

Position descriptions are to be reduced from their average two-page narrative to a brief description of duties for purposes of job identification. The current detail in job descriptions often results in narrow interpretation for purposes of job assignments. As jobs are evaluated and classified on a skill or reporting level basis, the need for such detailed work elements to be described will be largely eliminated.

5. Consolidation of Job Titles

The classification plan now consists of 2,800 occupational titles. Forty-nine percent (49%) of the titles apply to only 2% of the work force. A reduction of job titles by 30% would impact on approximately 1% of the work force. The consolidation of many of these titles to reflect skill levels rather than specific organizational duties would greatly improve employee understanding of the classification plan. This consolidation effort is in process.

6. Classification Job Specifications

A complete review of all job specifications is in process to assure that such requirements as education and experience fully correlate to the skills needed to perform the job. Positions peculiar to an agency will not have state specifications applied to the job. Instead, each agency will be responsible for supporting its own specifications consistent with the provisions of the Federal Uniform Selection Guidelines.

## 7. Secretarial Decentralization - Pilot Project

At present, agencies prepare organizational proposals or justify the establishment of a position largely without the involvement of a professional, trained in compensation and classification management.

It is anticipated that such involvement would support the program to control government growth and assist the Governor's Secretaries in providing analysis and evaluation not readily available at the present time.

Accordingly, the Secretary of Education and the Department of Personnel and Training have agreed to assign a senior job analyst to the Secretary's staff. This analyst will have signatory authority for classification changes impacting only within the Education Secretariat.

Following a 12-month evaluation period by the Secretary and the Director of Personnel and Training, the extension of this concept to other Secretaries will be considered.

### Compensation Plan

As previously noted, the nature of the Compensation Plan is not conducive to decentralization. There are, however, opportunities to further develop or otherwise modify the current compensation program for state employees. Toward this end, the Department of Personnel and Training has identified the following objectives.

1. Establish an audit program to assure the validity of the Department's annual wage surveys. The surveys conducted by DPT shall continue to be the basis for across the board salary adjustments. However, the additional expenditures of government funds for salary surveys other than those conducted by DPT will be prohibited unless approved in advance by DPT.
2. Study the feasibility of adopting a more simplified compensation structure involving a 20 to 30 step program, instead of the current 44 step plan. Such a study is consistent with the consolidation of position titles and a more clearly defined career development program.
3. Study alternatives to the current plan, such as salary increases based upon performance, i.e., different increases for different performance. Other alternatives include variations in time periods for progression increases based on skill levels of the employee's classification. In addition, specific pay practices will be reviewed for modification where appropriate. Special bonuses, cost reduction, and suggestion awards of a monetary nature will also be reviewed.

## Benefits Plan

The employee retirement plan and life insurance program are managed by the Virginia Supplemental Retirement System.

The employee medical plan is managed by the Department of Personnel and Training.

Otherwise, benefit programs have been left to the option of state agencies to offer employees. Some agencies have permitted as many as seventeen insurance companies to offer employees private plans which are paid for through payroll deductions. Employees in other agencies have not had any such programs made available to them. These optional benefits are offered on a private plan basis and are usually not transferrable between agencies. Moreover, there is no professional evaluation of the programs so offered.

To improve benefit opportunities for state employees, the Department of Personnel and Training has employed a professionally trained Benefits Development Specialist. This specialist will evaluate such programs as long term disability insurance, dependent life insurance, weekly sickness and accident insurance and others. As programs are designed, they will be offered for bids from major insurance carriers who can provide improved coverages at group rates.

In conjunction with this effort to improve benefit options for employees, the first Employee Benefits Questionnaire was distributed to many employees in November 1978. The employee input from this survey will provide priorities for improving the optional benefits package. Such benefit planning and development will be the responsibility of the Department of Personnel and Training.

## Plan Implementation

Pursuant to House Joint Resolution No. 34, this Plan has been implemented prior to the nineteen hundred seventy-nine session of the General Assembly.

APPENDIX



This Plan has been  
prepared at the direction of  
the Secretary of Administration and  
Finance pursuant to House Joint  
Resolution No. 34 by:

The Department of Personnel and Training  
Director, Kenneth B. Yancey

1                                   **HOUSE JOINT RESOLUTION NO. 34**

2                                   Offered January 23, 1978

3   *Requesting the Secretary of Administration and Finance to develop,*  
4   *and requesting the Governor to implement, a plan for the*  
5   *delegation of personnel authority.*

6

7 Patrons—Miller, C., Guest, Leafe, Lemmon, Murray, and Pickett

8

9                                   Referred to the Committee on General Laws

10

11       WHEREAS, at its session of nineteen hundred seventy-six, the  
12 General Assembly, in House Joint Resolution No. 64, requested the  
13 Secretary of Administration and Finance to conduct a study of the  
14 relationships between the Department of Personnel and Training and  
15 the several agencies of the Commonwealth; and

16       WHEREAS, a report of the results of that study was presented to  
17 the nineteen hundred seventy-seven session of the General Assembly;  
18 and

19       WHEREAS, while the study did discuss some delegation of  
20 personnel authority to the Department of Highways and  
21 Transportation in two areas on a “pilot project” basis, no specific  
22 plan for the delegation of appropriate personnel authority to the  
23 various agencies the Commonwealth has been presented; now,  
24 therefore, be it

25       RESOLVED by the House of Delegates, the Senate concurring,  
26 That the Secretary of Administration and Finance is requested to  
27 prepare a specific plan to identify functions of the Department of  
28 Personnel and Training which might appropriately be delegated to  
29 other agencies of the Commonwealth, to designate the agencies to  
30 which such delegations should be made, and to determine what  
31 financial and manpower adjustments would be necessitated by such  
32 delegations; and, be it

33       RESOLVED FURTHER, That the Secretary of Administration and  
34 Finance should complete such plan, and the Governor is requested  
35 to implement such plan, prior to the nineteen hundred seventy-nine  
36 session of the General Assembly.

37

