

**REPORT OF THE  
JOINT LEGISLATIVE  
AUDIT AND REVIEW COMMISSION**

**REVIEW OF THE DEPARTMENT  
OF PERSONNEL AND TRAINING**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**SENATE DOCUMENT NO. 15**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1994**

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## Preface

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The 1993 General Assembly, in Senate Joint Resolution 279 and House Joint Resolution 677, directed JLARC to study the organization, staffing, management, and resource needs of the Commonwealth's personnel function, in conjunction with the Joint Commission on Management of the Commonwealth's Workforce. The study was directed to include, but not be limited to, the Department of Personnel and Training (DPT). In response to these resolutions, this report contains JLARC staff findings and recommendations from a review of the organization and management of DPT. Many of these recommendations are currently under active review by the Workforce Commission.

The review of DPT revealed that the department is relatively decentralized as compared to other states' central personnel agencies, is appropriately organized, and is adequately staffed to perform its statutory responsibilities. Most State agencies reported that they were satisfied with both the overall operation of the State personnel function and with the service provision of DPT.

Of those State agencies that indicated dissatisfaction with the structure and performance of DPT, most were large agencies with more complicated personnel needs, a desire to act independently, and/or a general resistance to the existing controls of the State's personnel function. Given the fact that these large agencies represent approximately two-thirds of the State's workforce, DPT needs to work to improve its relationship with these agencies and to consider decentralization reform efforts on a case-by-case basis.

The study also indicated that there are several areas where operational and management improvements are needed before the performance of DPT can be fully satisfactory. DPT has failed on several occasions to exercise the initiative necessary to meet the personnel demands of a changing workplace. Major departmental reforms, such as a managed health care program and a revised personnel policy manual, have been the direct result of legislative mandates. Internal management problems, including low morale, poor communication, frequent leadership turnover, and the absence of clear departmental goals and priorities, have also reduced the effectiveness of the agency. These and other operational problems are described in detail in the text of the report.

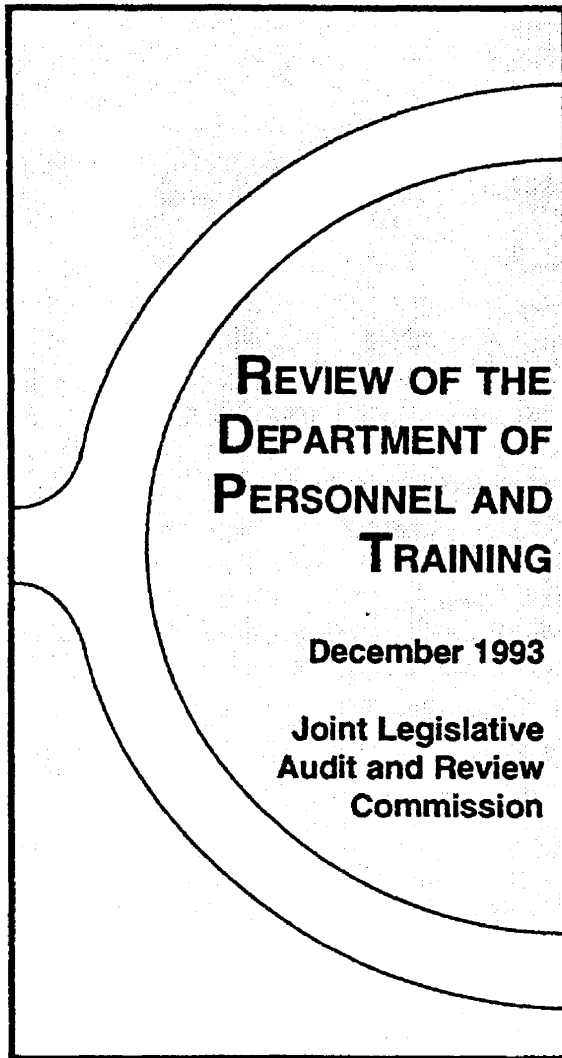
The Director of DPT expressed general agreement with the findings and recommendations of the study. On behalf of the JLARC staff, I wish to express our appreciation for the cooperation and assistance extended by State agency directors and human resource officers, present and former members of the Personnel Advisory Board, former directors of DPT, as well as the present management of the department. Further, I would especially like to thank those DPT employees whose desire to help make the department a better organization resulted in their candid and thoughtful responses to our interview questions and surveys.



Philip A. Leone  
Director

December 15, 1993

# JLARC Report Summary



## REVIEW OF THE DEPARTMENT OF PERSONNEL AND TRAINING

December 1993

Joint Legislative  
Audit and Review  
Commission

Virginia's Department of Personnel and Training (DPT) is relatively decentralized, appropriately organized, and sufficiently staffed to perform its statutory responsibilities. Most agencies are satisfied both with the overall operation of the State personnel function and the services provided by DPT.

The department, however, has not exercised needed initiative in many areas. The department also suffers from low morale, frequent leadership turnover, and in-

consistent direction. Frustrated large agencies are not satisfied with their ability to operate within the confines of the personnel system and want greater autonomy. Opportunities exist both for improvements within DPT and with the overall structure of the State personnel system.

The Virginia Personnel Act establishes the framework of the personnel function and identifies both the key entities responsible for operating the personnel system and the criteria which they must meet. Although seven other State entities provide various personnel-related services, DPT is given primary responsibility to administer the personnel function. In fiscal year 1993, the department was appropriated \$5.4 million and 88 staff to oversee Virginia's personnel function in the more than 90 State agencies employing over 110,000 State workers.

The mission of the department is to "ensure a personnel administration system based on merit principles and objective methods of appointment, promotion, transfer, layoff, removal, discipline and other incidents of state employment" consistent with the requirements of the VPA. Consequently, to meet each of the functional requirements of the Act, the department is organized into six divisions: Classification and Compensation; Health Benefits; Personnel Development Services; Policy and Personnel Programs; Equal Employment Opportunity; and Information Systems.

Senate Joint Resolution 279, of the 1993 Session, asks JLARC to conduct a study of the organization, staffing, management, and resource needs of the Commonwealth's personnel function in conjunction with the Joint Commission on the Management of the Commonwealth's Workforce (Workforce Commission). The



study directed JLARC to include, but not be limited to, the Department of Personnel and Training, the focus of this report. To the extent that other issues related to the personnel function have been uncovered through the process of reviewing DPT, they are brought to the attention of the Workforce Commission. Additional review of the State's personnel function, resulting from issues raised in this report as well as the ongoing activities of the Workforce Commission, could be performed by JLARC staff in the future.

This summary highlights study findings and recommendations. Detailed discussions and supporting explanations are contained in the text of the report.

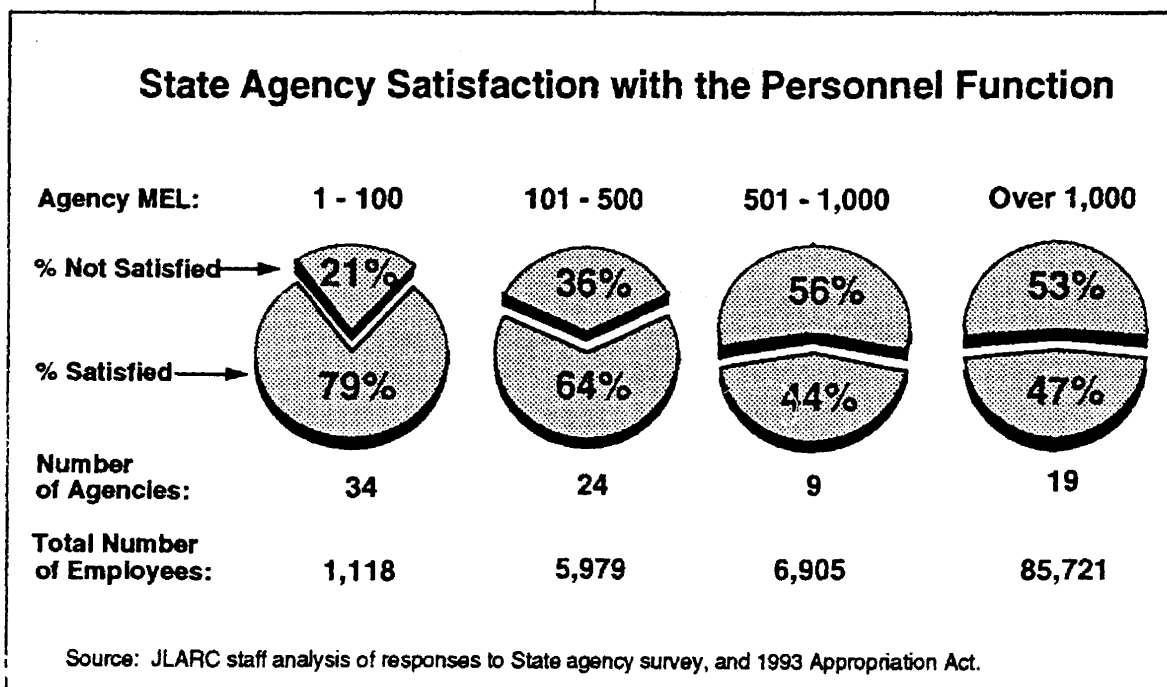
### Most Agencies Are Satisfied with the State Personnel Function

With some exceptions, State agencies appear satisfied with the operation of the State personnel function. However, large State agencies are the least satisfied. As shown in the figure below, 53 percent of

agencies with a MEL over 1,000 were not satisfied with the personnel function, as compared to only 21 percent of agencies with a MEL under 100. This may be true because large agencies have more complicated personnel needs, the ability to act independently, and are more resistant to the controls of the State's personnel function.

State agencies also appear satisfied with the organization and structure of the personnel system, including the division of authority between DPT and line agencies. There appears to be little duplication or conflict among the central State entities responsible for the operation of the State personnel function.

The design and structure of DPT appears to allow it to successfully meet the service and control expectations of most State agencies. State agencies seem to be satisfied with the performance of DPT staff. In addition, agencies report that there is little duplication or overlap of functions within DPT.



## Line Agency Opinions:

### Satisfaction with Present Division of Authority Between Line Agency and DPT

	Percent Satisfied	Percent Not Satisfied	Number of Respondents
Equal Employment Opportunity	95	5	86
Personnel Record Keeping	87	13	85
Agency Reorganization	83	17	84
Employee Layoffs	83	17	82
Employee Training and Development	81	19	84
Employee Recruitment	79	21	85
Health Benefits	77	23	84
Employee Promotions	75	25	83
Employee Performance Evaluation	74	26	86
Job Classification	63	37	85
Employee Compensation	60	40	85
<b>Overall Agency Satisfaction, Present Division of Authority</b>	<b>74</b>	<b>26</b>	<b>85</b>

Source: JLARC staff analysis of responses to State agency survey.

### Large-Scale Efforts to Further Decentralize the Personnel Function Are Not Recommended

Virginia's personnel function is highly decentralized, relative to other states. Unlike many states, where personnel functions such as hiring are often performed by a central personnel agency, Virginia permits a large number of personnel responsibilities to be performed by the State agencies. For example, compared to 12 southeastern states, Virginia has decentralized significantly more personnel-related activities to the line agencies. Because Virginia's present system is so highly decentralized, the opportunities for further decentralization, short of giving agencies almost total autonomy, are somewhat limited. State agencies are generally satisfied with the amount of the

decentralization authority they already have been granted, although larger agencies want more autonomy.

There are however, two areas in which satisfaction with the decentralization of authority is markedly low. Agencies appear to be least satisfied with their level of decentralization authority in the area of classification and compensation. In addition, larger agencies and universities appear to want increased flexibility in the way that they may operate their personnel function. For example, although 74 percent of State agencies reported that they are satisfied with their present division of authority in general, more than one-third of State agencies cite they are not satisfied with their authority in the classification and compensation areas. In particular, the larger agencies and univer-

sities would like increased authority in the area of classification and compensation.

To better meet unique agency needs, requests for further decentralization should be considered by DPT, but on a case-by-case basis only. It is recommended that:

- *The Department of Personnel and Training should assess agency requests for further decentralization authority on a case-by-case basis. The department could modify existing decentralization memoranda through pilot testing the impact of more flexible policies. The department should work with the larger agencies to streamline the processing of personnel actions.*

#### **DPT Needs to Address Some Internal Management Concerns**

Although staffing and resource levels of the department appear appropriate, there are a number of concerns relating to internal management, raised mostly by DPT employees. Many DPT staff appear to have low morale. Sixty-four percent of DPT staff disagreed with the survey statement "employee morale is good." Also, 53 percent of DPT staff indicate that communication within the agency is poor. This not only affects employee morale, but also impacts upon the cooperation and coordination between central agencies and the line agencies.

Additionally, leadership goals and priorities appear unclear to 44 percent of DPT staff. This may have some relationship to the fact that turnover in DPT leadership has been frequent — DPT has had seven directors since 1978. Both are concerns among DPT staff, impacting on agency morale as well as agency effectiveness.

An additional concern that DPT should address is the fact that the department has not formally carried out a responsibility of the VPA. This requirement obligates DPT to

evaluate the performance of State agencies in carrying out their personnel responsibilities. DPT should reinstate such a program, or provide justification to the General Assembly as to why this legislative requirement is no longer appropriate.

- *To be in compliance with statutory requirements, the Department of Personnel and Training should reinstitute a program to evaluate agency effectiveness in implementing State personnel policies. If the department believes the statutory requirement is no longer appropriate, or that it can not comply with the VPA, it should develop a position statement citing its rationale, for presentation to the 1994 General Assembly.*

#### **DPT Needs to Become More Proactive**

In virtually every area of its operations, the department would benefit from a more proactive approach to management and administration. It appears that the agency could avoid a "crisis management" mode if it took more initiative to organize and plan service improvements on an ongoing basis. For example, the department did not enact the managed care health policy, or revise its Personnel Policies and Procedures Manual — both key components of the personnel system — until the General Assembly directed it to do so. Other examples include:

- As DPT's training resources have lessened, its roles as training facilitator and coordinator have become more important. By comprehensively surveying agencies on their needs and coordinating services with other agencies and the VCCS, DPT could maximize its limited resources in this area. Training opportunities that cut across agencies — such as total qual-

ity management (TQM) and the orientation of new State employees — have not been pursued.

- DPT staff have access to a large amount of information in their daily operations. Yet they do not use it effectively. Better utilization of agency information could allow DPT to streamline and improve agency operations. For example, in 1992, DPT received over 8,600 phone calls for policy assistance. However, DPT did not maintain records showing which policies were causing the most confusion, or which agencies were calling the most frequently. If DPT were to track such information, it could target those policies needing improvement, or those agencies in need of additional training.
- DPT's solicitation of policy input from line agencies has been sporadic. Where input has been sought, it appears to have yielded some positive results. Increased and improved utilization of line agency input could improve the policy development process, enhance communication generally, and potentially minimize repetitive agency inquiries.

Management should take greater initiative in developing long-term solutions to the demands placed on the department, rather than focusing the bulk of its energy and resources on reacting to specific problems. It is recommended that:

- *The Department of Personnel and Training should assign a higher overall priority to proactively address long-term problems that face the agency.*

## **Modifications Needed in Providing Compensation and Classification Services**

DPT, through the Office of Compensation Management (OCM), is responsible for maintaining and administering both the State compensation plan and the State classification plan. While the performance of these activities was generally satisfactory, there were concerns with OCM's processing of agency compensation requests and its conducting of special compensation studies.

Agencies also reported that the Classification Review/Specification Update Project (CR/SU), designed to ensure that job positions were allocated correctly and that class specifications were rewritten to accurately reflect the work being done by employees, was beneficial but not timely. Agency comments and a review of the project suggested that DPT should make it a higher priority.

Further consideration should also be given to "banding" the number of position classifications used by the Commonwealth. Evidence suggests that while the State has moved in the direction of reducing the total number of position classifications, there is some resistance to continuing with this practice. In the past two years, the number of active position classifications used by the Commonwealth has been reduced from 1,888 to 1,725; a number fewer than the 50-state average of 1,969.

Most State agencies (79 percent) reported that for their own department the current number of position classifications was either about right (60 percent) or too few (19 percent). Advocates of maintaining the current number of "unique" position classifications contend that the system yields the flexibility necessary to operate effectively. On the other hand, proponents of position banding argue that a reduced number of classifications promotes clarity and simplic-

ity. It is therefore suggested that both DPT and the Workforce Commission continue to research and explore potential solutions to the position classification issue. The following recommendations are made:

- *DPT should evaluate and report to the Workforce Commission on two components of OCM's processing of agency compensation requests: the expeditiousness of processing, and the frequency of new hires being brought into the system at higher pay than existing employees.*
- *In order to further reduce the number of position classifications in the State classification plan, thereby simplifying its structure, DPT should give the Classification Review/Specification Update Project a high priority for completion. Upon completion, project results should be reported to the Workforce Commission.*

### **Health Benefit Services Warrant Changes**

In 1991, the General Assembly selected a managed care, point-of-service plan, titled Key Advantage, to provide health benefit services to State and local government employees. This decision required that DPT, through the Office of State and Local Health Benefit Programs (OHB), make many complex implementation decisions within a six-month time frame. Accordingly, a large-scale, intensive effort was made in the design and implementation of Key Advantage. Given the fact that the implementation phase is virtually complete, OHB needs to continue to make improvements to its program benefit and design process, and to provide agencies with improved assistance.

A review of the program benefit and design process used by OHB indicated that early procedural difficulties generated con-

siderable, and often unnecessary, concerns with the final insurance product. Fifty-six percent of State agencies reported that they thought the process needed to be changed. Specifically, 40 percent of these agencies cited insufficient use of line agency input. This problem was compounded by the inaccurate provision of information to agency benefits administrators, which created a lasting perception that the process did not work.

Similarly, the communication weaknesses evident in the program benefit and design process also negatively affected the ability of OHB staff to provide regulatory assistance to State agencies. Policy guidance on Key Advantage was provided piecemeal and the health benefits manual (last revised in 1989) was not updated to include the new information. Problems of this nature lessened both agency confidence in and reliance on DPT services.

State agency responses to a JLARC survey indicated that the complex area of health benefits was not always well understood by agency benefits administrators. Despite the importance of well-informed agency benefit administrators, DPT has no accurate record of whether or not these administrators attended training. Lack of health program knowledge has, in turn, negatively impacted the ability of agency benefits administrators to provide employees with accurate and timely information. Procedural changes are needed to improve agency confidence in and use of OHB-provided information. Recommendations in this area include:

- *DPT should work to formally incorporate line agency input into its program development processes. The use of employee surveys, task forces, or focus groups should be more extensively utilized, particularly when a major program initiative such as Key Advantage is under development.*

- *Both DPT and OHB need to improve communication within the agency and the accuracy of information provided externally. Specifically, the department needs to improve the timeliness and quality of the Health Insurance Manual. The distribution of a revised Health Insurance Manual should be made a top priority.*
- *DPT should set a goal of mailing health benefit Source Books to agency benefits administrators two to four weeks prior to the start of the annual open enrollment period.*
- *DPT should maintain records on agency participation in major health benefits training programs. If it appears that an agency's level of participation is insufficient to accurately inform State employees, DPT should coordinate needed training with the agency.*

### **Training Services of DPT Need Improvement**

The Virginia Personnel Act requires that DPT "establish and administer a comprehensive and integrated program of employee training and management development." In previous years, DPT met this responsibility by directly providing training to State agencies. Reductions in training staff and resources have necessitated that the department change its training role from that of a provider to that of a facilitator. Accordingly, DPT, through the Office of Personnel Development Services (PDS), currently conducts about 10 percent of its total training activities and contracts out the remaining 90 percent.

Examination of DPT's training services suggested there were three areas in need of change. First, further consideration needs to be given to the training and career devel-

opment of all State employees. A friction exists between agencies' desire to promote from within and the State's imperative to have an open employment process.

Similarly, changes may be warranted in the provision of management training programs, continuing education courses, and orientation information for new State employees. Finally, with respect to the facilitation of training, several improvements are also needed. DPT-initiated training for new agency heads should be institutionalized. Likewise, resources such as the Training Resource Directory and the facilitation of TQM training efforts should be encouraged. Suggested recommendations include:

- *The Workforce Commission may wish to study career development options for State employees, including non-supervisors, that do not conflict with the objectives of equal opportunity and equal access.*
- *DPT should place a higher priority on management training programs so that they can be offered more frequently to State agencies, especially those of medium size which do not have substantial management training programs of their own.*
- *DPT and the Virginia Community College System should resume efforts to assess and meet the professional development needs of State employees.*
- *The Secretary of Administration should develop an inter-agency task force to develop common orientation materials for new State employees.*
- *A training program for all new State agency heads, coordinated by DPT, should be institutionalized.*

- *DPT should assess the extent of TQM initiatives in the Commonwealth and report to the Workforce Commission on options for making TQM-related resources available to State agencies.*

### **Changes Needed in DPT's Policy Development, Information Management, and Equal Opportunity Services**

In the policy development process, efforts need to be made to incorporate more agency input into decision-making, to improve the timeliness with which policies are issued, and to regularly review and update the Personnel Policies and Procedures Manual.

DPT could streamline its operations by tracking incoming requests for assistance, especially in areas such as personnel policy interpretation, where over 8,600 telephone calls for assistance were received in 1992. Similarly, in the area of information management, the department should work to revise the user's manual for the Personnel Management Information System (PMIS).

The department should continue to explore and develop options for adopting an Integrated Human Resource Information System (IHRIS).

Finally, in the area of equal employment opportunity services, the department should consider evaluating its compliance review and affirmative action assessment processes. In the past three years, DPT has experienced a 50 percent increase in EEO complaints. Specifically, JLARC staff found that there were two agencies that received almost 30 percent of the State total of complaints for this three-year period. DPT should use the compliance review process to ensure that discriminatory practices are not occurring within these agencies. The recommendations related to these areas are:

- *Recognizing that there will be occasional exceptions due to extenuating circumstances, DPT should establish an internal guideline that policies be issued to agencies at least two weeks prior to the effective date.*
- *DPT should regularly review and evaluate the policies in the Personnel Policies and Procedures Manual.*
- *DPT should develop a system to analyze agency requests for policy assistance or interpretation. The department should use this analysis to improve existing policies, as well as better identify policy training needs in specific agencies.*
- *DPT should revise the users' manual for the PMIS system to include adequate introductory materials for new users.*
- *DPT staff should evaluate causes of the 50 percent rise in EEO complaints over the past three years. To meet this objective, the department should use the compliance review process to evaluate the equal employment opportunity/affirmative action programs in agencies which have a consistently high number of EEO complaints.*

### **Issues for the Workforce Commission to Consider**

There are a number of issues that the Workforce Commission may wish to consider to improve the operation of the State's personnel function. First, there appears to be no coordinated effort in the area of state-wide human resource planning. Many State agencies are performing their own human resource planning, while other agencies have assumed that it is DPT's role to provide such

planning. However, DPT maintains there is no legislative mandate for the agency to be involved in statewide, human resource planning. Therefore, DPT has not assumed a leadership role in this area.

Second, the Personnel Advisory Board (PAB) appears to have been fairly inactive and ineffective over the past 15 years. Although there have been some recent efforts to increase the PAB's activity, the Workforce Commission may wish to reevaluate the role of the PAB in the State's personnel function.

Third, the Workforce Commission may want to consider realigning some of the personnel functions and agencies. Some options to consider could include:

- the consolidation of DPT and DERC to coordinate policy and procedural elements of the grievance process;

- combining DPT's benefit functions with benefit functions now located in other agencies (such as VRS and workers compensation) to form a comprehensive human resources department;

- reconfiguring the PAB to more comprehensively advise the Governor and General Assembly on employee benefits.

Finally, the General Assembly may wish to consider changing the name of the Department of Personnel and Training to the Department for Human Resources Management. This name change would reflect more current practices in the area of personnel management.



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# I. Introduction

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The recruitment, retention, and management of personnel are some of the most important functions of any organization. In Virginia State government, the personnel function has two principal tiers. The first tier is a group of central policy-makers and agencies that set, monitor, or administer a core set of policies and programs, including:

- compliance with civil rights acts and other legal requirements;
- guidelines for compensation and classification — policies needed to ensure that different agencies and institutions provide “equal pay for equal work,” a principal tenet of the Virginia personnel system, and;
- employee benefits, such as health, retirement and leave.

Such policies and programs fall under a number of different central agencies. The State’s principal personnel office is the Department of Personnel and Training (DPT). The personnel function is also strongly influenced by the Governor — the State’s chief personnel officer — and the General Assembly, which established a statutory framework for the system and establishes funding and maximum employment levels.

The second tier of the personnel function consists of the line agencies that implement and conform to established personnel policies. Within this tier, there is a broad range of agencies. Some larger agencies have personnel staffs larger than that of the State’s central personnel office — the Department of Personnel and Training. These larger agencies are capable of a high degree of autonomous activity. Smaller agencies may have a single administrative officer, for whom the personnel function is but one of many activities. Servicing, and to a lesser extent controlling, such a diverse range of line agencies has been a growing challenge for central policy-making agencies.

The personnel area has been extremely dynamic in recent years. In the private sector, corporate down-sizing and the shift from an industrial to a service-based economy have had wide-ranging implications for employment levels, rates of pay, and job security. The volatility of private sector employment has created additional pressures on public sector employment. Public sector employment also is being influenced by federal cutbacks, increased demands for public funding, and a general sense that government can work better than it does. Many states and the federal government are making fundamental reassessments of how they do business. An integral element of such reassessments is an evaluation of the workforce.

Virginia, like the U.S. government and other state and local governments, is also in the process of evaluating how it manages its workforce. Senate Joint Resolution (SJR) 279 of the 1993 Session established a Joint Commission on Management of the Commonwealth’s Workforce (Appendix A). SJR 279 directed the “Workforce Commission” to undertake a comprehensive evaluation of the Commonwealth’s compensation,

personnel, and management policies and procedures. Other elements of the SJR 279 study were to include, but not be limited to:

- (1) an assessment of the prospects for simplifying the current 1,888 job classifications into a smaller number of "bands;"
- (2) a review of State policies on promotions, layoffs, and career development;
- (3) a review of the appropriateness of the Commonwealth's compensation policies, including employee benefits; and
- (4) the effectiveness of the Commonwealth's ongoing program of decentralization of the personnel function.

The Workforce Commission was instructed to formulate recommendations for improvements that will foster increased managerial flexibility, employee productivity, and overall efficiency of government operations, while at the same time providing needed protections for employees. These areas are currently under review by the Workforce Commission and are not the focus of this report.

As a provision of SJR 279, the Joint Legislative Audit and Review Commission (JLARC) was requested to study the organization, staffing, management, and resource needs of the Commonwealth's personnel function, in conjunction with the Workforce Commission. The JLARC study was directed to include the Department of Personnel and Training.

In addition to the SJR 279 mandate, HJR 677 of the 1993 Session directs the Workforce Commission to review and recommend a strategic approach to meeting the human resource management needs of State government (Appendix B). This resolution requests JLARC and several other State agencies to assist the Workforce Commission in its study.

In response to these resolutions, this report has been designed to address the organization and management of the personnel function as administered by the Department of Personnel and Training. While report findings necessarily address functions which overlap between DPT and other central and line agencies, the overall focus of the report is on DPT's role in the process. Subsequent work by JLARC or the Workforce Commission may be needed to address additional issues relating to the department or other components of the State personnel function. One of the purposes of this review is to identify such issues.

## **THE STATE AS AN EMPLOYER**

Except for the federal government, the Commonwealth is the largest employer in the State. According to the Virginia Employment Commission, census groupings show 179,584 federal non-military employees as of March 1992. As of June 1993, the State

employed 113,183 full-time equivalent (FTE) employees. By contrast, the largest single private employer, the Newport News Shipbuilding and Dry Dock Company employs approximately 22,000 people.

The employees of the Commonwealth include executive branch classified employees, university presidents, faculty, adjunct faculty, agency heads, wage employees and employees of the legislative and judicial, and independent agencies. Because of the complexity of the State's workforce, a single number does not accurately describe its composition. Of the three branches of government, the executive branch employs the most people with 109,051 full-time equivalent employees. Excluding wage and adjunct faculty, 94,357 executive branch employees can be categorized into nine occupational groups with the greatest number in professional and clerical classifications (Figure 1). Of the classified employees, 78,351 are full-time equivalent employees covered by the Virginia Personnel Act. Over one-half (58 percent) of all classified State employees are Grade 7 or below (Figure 2). State employees earned an average salary of \$23,663 as of June 30, 1993. Details on the composition of the workforce are included in Appendix C.

An estimated \$3.6 billion of the funds spent on direct State programs is allocated to funding the benefits, salaries, and wages of State employees (Figure 3). Included in the estimate are the costs to the State for employee benefits, salaries, wages, and special payments such as bonuses and early retirement incentives. It is important to note that

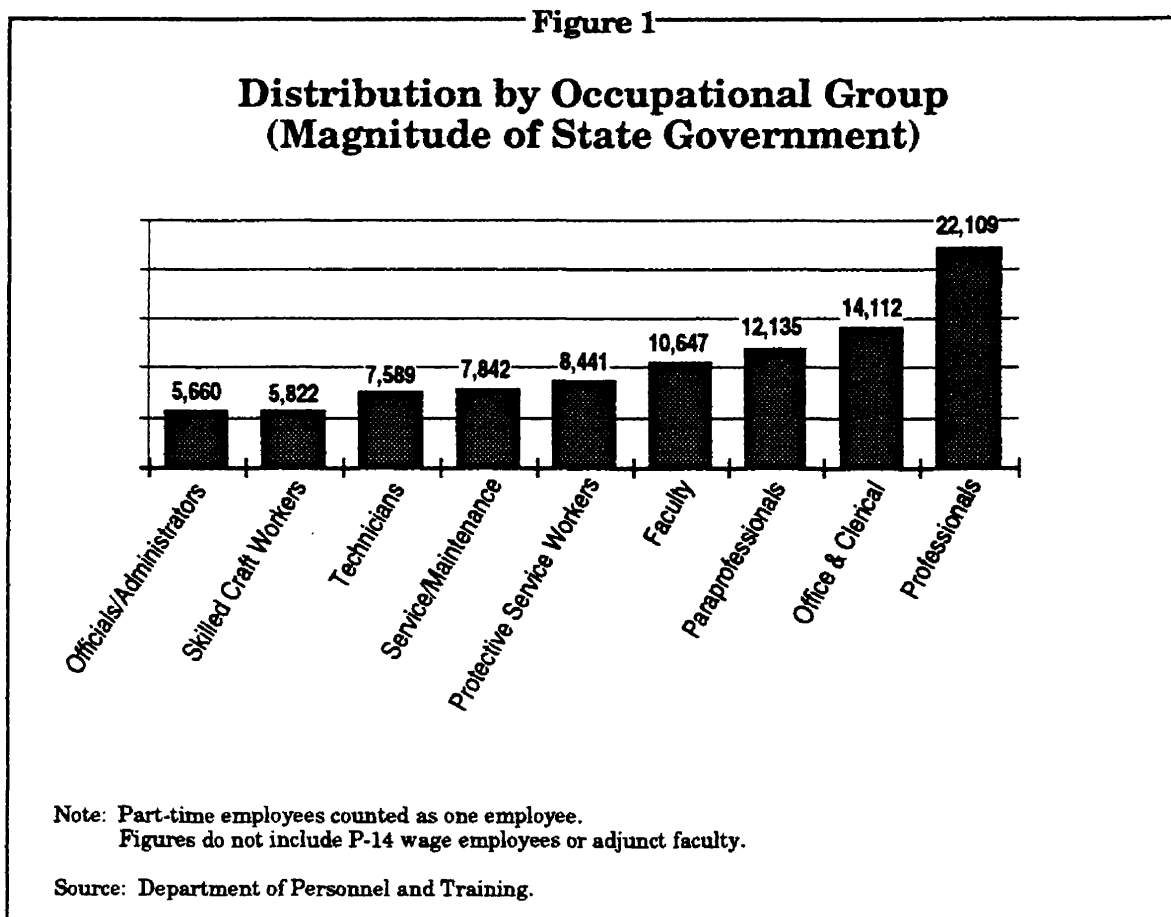
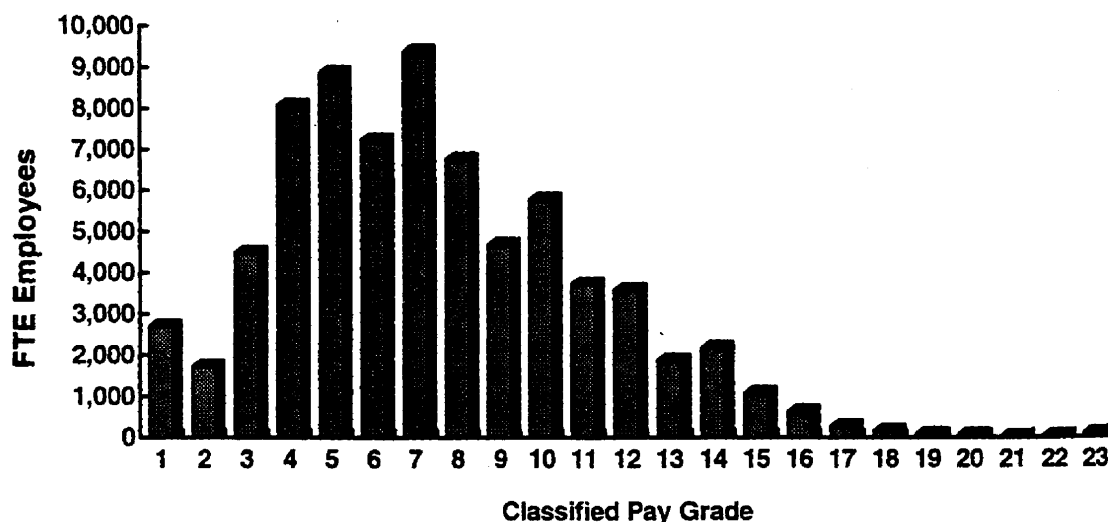


Figure 2

### Executive Branch FTE Employees in Classified Pay Grades



Source: Department of Personnel and Training, 1993.

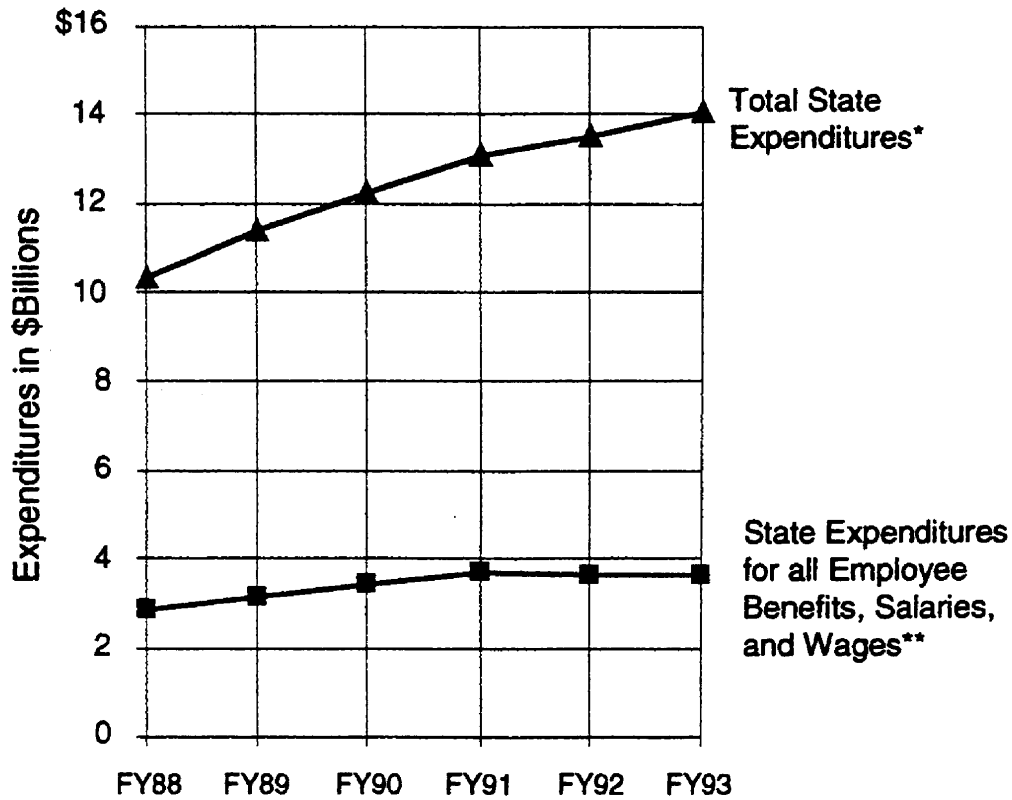
the estimate includes only State money spent for State employees. Federal funds used to support State employees are not included. State expenditures for its employees increased steadily from FY 1988 to FY 1991. In FY 1992, however, as a recession hit Virginia, there was a decrease in State expenditures for State personnel services. This lower level was maintained through FY 1993

The Commonwealth has 1,371 full-time equivalent personnel professionals, who are comprised of State agency human resource personnel and all DPT, Department of Employee Relations Counselors (DERC) and Virginia Retirement System (VRS) staff. Most of these employees are located in State agencies and institutions. To measure the total cost of the State personnel function, data on State expenditures for employee benefits, salaries, and wages along with data on expenditures for administering the personnel function were examined. Expenditures for personnel services have declined since the budget cuts of the early 1990s.

Using data from the survey of executive branch agencies, JLARC staff developed an estimate of agencies' costs of carrying out human resource management responsibilities. In their responses, executive agencies reported that 1,259 agency employees (or 1,150 FTE positions) devote at least ten percent of their time to recruiting and retaining agency staff through the administration of benefits, training, classification, and related personnel functions in FY 1993. The agencies also reported that the

Figure 3

### Comparison of Total State Expenditures To State Expenditures for All Employee Benefits, Salaries, and Wages



\*Total State expenditures are divided into three major object titles: operating expenses, fixed assets, and debt service expenses. Operating expenses are further divided into personal services, contractual services, supplies and materials, transfer payments, and continuous charges. Fixed assets are further divided into property and improvements, equipment, and plant and improvements. Debt service expenses are further divided into obligations and budgetary convenience.

\*\*Includes all State expenditures for employee benefits, full-time and part-time salaries, special payments, and wages of all State employees. Employee benefits include expenditures for employer retirement contributions, federal old-age insurance for salaried State employees, federal old-age insurance for wage-earning State employees, group insurance, medical-hospitalization insurance, and teachers insurance annuity. Salaries include expenditures for administrative higher education salaries, appointed officials' salaries, classified salaries, other officials' salaries, overtime salaries, and teaching and research salaries. Special payments include expenditures for bonuses and incentives, commission and fees, overseas differential compensation, specified per-diem services, wages and allowances, and work programs. Wages include expenditures for general wages, graduate assistants, overtime, students, part-time teaching and research, and work-study student wages.

Source: JLARC staff analysis of Commonwealth Accounting and Reporting System data.

estimated total agency cost for these positions in salary and benefits was approximately \$40 million. The ten largest State agencies all operate under decentralized classification authority with the Department of Personnel and Training (Table 1).

The expenditures for the central personnel administrating agencies — the Department of Personnel and Training, the Department of Employee Relations Counselors, and the Virginia Retirement System (VRS) — were also calculated. Their cost in FY 1993 was \$17.3 million. As shown in Table 2, these agencies' appropriations have fluctuated over the past ten years.

## **OVERVIEW OF THE STATE PERSONNEL FUNCTION**

The principal framework of the State personnel function is established through the Virginia Personnel Act (VPA), codified in Sections 2.1-110 through 2.1-116 of the *Code of Virginia*. This Act states that its purpose is "to ensure 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 main provisions of the VPA are summarized in Exhibit 1. Not all State agencies must conform to provisions of the VPA — independent, legislative, and judicial agencies are exempt. In addition, some individual officers and employees are not covered by the VPA (Exhibit 2). A detailed history of the VPA is provided in Appendix D. This study focuses on the personnel function as it relates to State employees covered by VPA.

In that context, the State personnel function is defined to include all those State activities which involve recruiting, developing, and retaining a qualified, productive workforce for the Commonwealth. The Governor, as the chief personnel officer of the State, is responsible for executing the VPA. Major provisions of the VPA relate to the Department of Personnel and Training, the Department of Employee Relations Counselors, the Personnel Advisory Board (PAB), and the line agencies. In addition, personnel responsibilities have been delegated to the Virginia Retirement System (VRS), the Department of General Services (DGS), the Department of Accounts (DOA), and the Department of Planning and Budget (DPB). This section describes the role of key participants in the management of the State personnel function.

### **The Department of Personnel and Training (DPT)**

The Department of Personnel and Training is an executive branch agency which operates under the Secretary of Administration. DPT is responsible for establishing and maintaining a personnel management system for State government, performing State recruitment activities, administering the merit system, and overseeing personnel management in the State agencies. A detailed overview of this department is contained in Chapter II.

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**Table 1**

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**The Ten Largest State Agencies and  
Total Cost of Their Personnel Functions**

<u>State Agency</u>	<u>MEL</u>	<u>FTE*</u>	<u>Total Cost</u>
Department of Transportation	11,600	108	\$4,355,406
Department of Mental Health, Mental Retardation & Substance Abuse	10,934	169	4,910,127
University of Virginia	9,304	64	2,081,049
Department of Corrections	8,833	119	4,109,235
Virginia Commonwealth University	8,664	70	2,504,291
Virginia Community College System	6,796	55	2,155,380
Virginia Tech	6,136	36	973,000
State Department of Health	4,263	36	1,233,484
Department of State Police	2,316	60	1,977,245
George Mason University	2,131	23	880,681
<b>Department of Personnel and Training</b>	<b>NA</b>	<b>88</b>	<b>\$5,427,739</b>

\*Full Time Equivalents working in the personnel area.

Source: JLARC staff analysis of State agency survey.

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**Table 2**

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**Appropriations for Central Agencies  
with Personnel Responsibility**

<u>Fiscal Year</u>	<u>DPT</u>	<u>DERC</u>	<u>YRS</u>	<u>Total</u>
1985	\$3,473,935	\$394,440	\$12,122,295	\$15,990,670
1986	3,882,250	410,950	14,179,420	18,472,620
1987	4,053,364	483,715	7,790,858	12,327,937
1988	4,138,674	493,840	7,623,167	12,255,681
1989	5,867,392	731,195	9,980,920	16,579,507
1990	6,724,472	776,692	10,050,941	17,552,105
1991	6,112,849	839,330	11,965,506	18,917,685
1992	6,108,101	828,865	11,337,917	18,274,883
1993	5,427,739	749,061	11,204,188	17,380,988
1994	5,389,530	823,025	11,202,117	17,414,672

Source: Acts of Assembly.

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## Major Provisions of the Virginia Personnel Act (Sections 2.1-110 through 2.1-116 of the *Code of Virginia*)

<b>Purpose</b>	The purpose of the VPA is to ensure 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.
<b>Governor</b>	The Governor is the chief personnel officer; executes the VPA.
<b>PAB</b>	An eleven-member Personnel Advisory Board shall advise the Governor, DPT, and DERC on personnel matters.
<b>DPT</b>	<p>...shall establish, maintain, and make recommendations regarding a classification plan and a compensation plan for State employees.</p> <p>...shall design and maintain a personnel information system.</p> <p>...shall establish and direct a program of employee-management relations.</p> <p>...shall establish and administer a system of performance evaluation.</p> <p>...shall establish and administer a system of recruitment.</p> <p>...shall establish and administer a comprehensive and integrated program of employee training and management development.</p> <p>...shall establish and administer a program of evaluation of the effectiveness of performance of agency personnel activities.</p> <p>...shall establish and administer a program to assure equal employment opportunity to applicants for State employment and to State employees.</p> <p>...shall develop, disseminate, and interpret State personnel policies.</p> <p>...shall ascertain and annually publish the number of State employees.</p>
<b>DERC</b>	<p>...shall establish and administer a grievance procedure.</p> <p>...shall conduct a training program on the grievance procedure.</p>
<b>Agencies</b>	<p>...shall establish and maintain personnel standards on a merit basis.</p> <p>...shall establish and maintain rosters of employees.</p>

## Positions Exempt from the Virginia Personnel Act

- Officers and employees for whom the Constitution specifically directs the manner of selection; (i.e. Sheriffs, Treasurers, Circuit Court Clerks, etc.)
- Officers and employees of the Supreme Court and the Court of Appeals;
- Officers appointed by the Governor;
- Officers elected by popular vote or by the General Assembly;
- Members of boards and commissions however selected;
- Judges, referees, and any other persons appointed by any court to exercise judicial functions, and jurors and notaries public;
- Officers and employees of the General Assembly;
- Presidents, and teaching and research staffs of educational institutions;
- Officers and enlisted personnel of the national guard and naval militia;
- Student employees in institutions of learning, and patient or inmate help;
- Laborers and temporary employees compensated on an hourly or daily basis;
- County, city, town and district officers, deputies, assistants, and employees;
- The employees of the Virginia Workers' Compensation Commission;
- Certain officers and employees of the Virginia Retirement System;
- Certain officers and employees of the Virginia Museum of Fine Arts;
- The following officers and employees of executive branch agencies; those who report directly to the agency head; additionally, those at the level immediately below those who report directly to the agency head and are at a salary grade of sixteen or higher (SB 643 employees);
- Sales and marketing employees of the State Lottery Department;
- Production workers for the Blind Sheltered Workshop programs;
- Certain employees of the Medical College of Virginia Hospitals and the University of Virginia Medical Center who are health care providers.

Source: *Code of Virginia*, Section 2.1-116.

## **The Department of Employee Relations Counselors (DERC)**

The mission of the Department of Employee Relations Counselors, under the Secretary of Administration, is to establish and promote a comprehensive program of employee-management relations and to ensure that the State's grievance procedure remains a fair and expeditious means of resolving employee complaints. Additionally, DERC develops supervisory training programs to assist management in addressing employee concerns and develops alternative processes to resolve workplace conflicts.

**Legislative Studies Conducted During the 1970s.** In the early 1970s, the General Assembly addressed the issue of the potential unionization of State employees. As a result of a legislative study, the Department of Personnel and Training was required to establish a grievance procedure. In response to employee concerns in the mid-1970s, the General Assembly conducted additional studies on the rights of public employees in Virginia.

In 1978, the General Assembly studied the impact of the grievance procedure. The conclusion was that a comprehensive grievance procedure should be set forth in statute, and the responsibility for its development given to DPT. At the same time, the Office of Employee Relations Counselors (now DERC) was created to advise employees of their grievance rights. In 1984, the Office of Employee Relations Counselors was separated from DPT and, in 1985, given departmental status. The general consensus is that DERC was established as a separate department to allow employees access to an objective third party which could address their concerns. The director of DERC was given the authority to interpret the grievance procedure and to rule on issues of grievability.

**Organization, Resources, and Operations.** Currently, DERC maintains a maximum employment level of 13. Appropriations for FY 1993 were set at \$749,061. Personnel costs make up approximately 80 percent of the total appropriation. The DERC has a director and 12 classified positions, including a deputy director, employee relations counselors, and support positions.

In FY 1992, DERC assisted 2,277 employees on concerns regarding conditions in the work place, compensation, and discipline. One-half of these concerns involved the fair application of State or agency personnel policies. Additionally, DERC conducted supervisory training for over 1,600 managers in FY 1992, coordinated six personnel officers' workshops, and provided consultation to 471 managers. The Department also assisted local entities with regard to their use of the grievance procedure.

**Grievance Procedure.** The grievance procedure allows all non-probationary classified State employees to pursue their concerns through a series of three management steps. If the concern is not resolved at the first step, the employee's concern is then pursued through successively higher levels of management. In situations where the management steps have been exhausted, employees are then entitled to a panel hearing. The objective during the management steps is to find ways to resolve the complaint to the mutual satisfaction of all concerned with the panel hearing being the last resort. The grievance procedure also defines which issues are grievable and non-grievable. Those issues considered non-grievable include wages and salaries, personnel policies and

procedures, or a failure to promote. Examples of grievable issues include disciplinary actions, application or interpretation of personnel policies, or complaints of discrimination.

### **Personnel Advisory Board (PAB)**

The Personnel Advisory Board as described in § 2.1-113.1 of the *Code* is a board consisting of eleven members representing a cross section of management, non-supervisory employees, and the public at large. Members are appointed by the Governor and subject to confirmation by the General Assembly. The purpose of the PAB is to advise the Governor, the director of DPT, and the director of DERC on all matters relating to personnel administration. In addition, the PAB is responsible for reviewing all public employer-employee relations throughout the State; reviewing DERC's program of employee-management relations; and reviewing DPT's training and management programs, compensation and classification practices, benefit programs, and recruitment practices. The PAB also makes recommendations to improve communications between employees and agencies and instrumentalities of the Commonwealth. The director of DPT and the director of DERC serve as ex officio members. The PAB receives staff assistance from DPT.

### **Virginia Equal Employment Opportunity Council (VEEOC)**

The Virginia Equal Employment Opportunity Council is described in Section 2.1-116.10 of the *Code* as an advisory council composed of sixteen members selected from State employees and non-State employees and appointed by the Governor. The Council is responsible for "monitoring the Commonwealth's equal employment opportunity practices to assure that such practices fulfill the Commonwealth's obligations of providing equal opportunity to all employees and applicants." The director of DPT's Office of Equal Employment Opportunity Services serves as the executive secretary to the Council and provides staff resources as necessary.

### **Virginia Retirement System (VRS)**

The Virginia Retirement System is an executive branch agency which operates under the Secretary of Administration. The VRS exists to provide State employees with benefits at retirement, or upon disability or death, and its services are a condition of employment with the State. Governed by Title 51.1 of the *Code of Virginia*, VRS is administered by a seven member Board of Trustees. It is the Board's responsibility to appoint the director of VRS, who acts as the chief executive officer and serves as its secretary.

Two of VRS's major responsibilities involve administering the retirement system and the group life insurance program for State employees. Both of these benefits are administered through the Division of Agency Operations, Benefit Programs and Services. The retirement system is a statewide multiple-employer public employee

retirement system which provides pension plan coverage for State employees, teachers and non-professional employees of public school divisions, and employees of participating political subdivisions. Group life insurance benefits are available to full-time permanent salaried State employees, teachers, and employees of participating political subdivisions. Two kinds of group life insurance benefits are provided to active employees — regular life insurance and accidental death and dismemberment insurance.

### **Department of Accounts (DOA)**

The Department of Accounts is an executive branch agency which operates under the Secretary of Finance. The purpose of DOA is to ensure that adequate accounting records are maintained and that appropriate financial reports are generated which will ensure that the financial functions of accounting, management, and compliance assurance are effectively executed by State agencies. DOA operates the State's centralized automated payroll system through the Division of Compliance and Disbursements. DOA also works with DPT and State agencies to facilitate child care and medical reimbursement accounts and the premium conversion program.

### **Department of General Services (DGS)**

The Department of General Services is an executive branch agency which operates under the Secretary of Administration. DGS administers State government worker's compensation, liability, and property self-insurance programs through the Division of Risk Management. This division helps employees who have been injured on the job with medical expenses, rehabilitative therapy, and compensation for lost wages. The purpose of the worker's compensation self-insurance program is to get State employees back to work as soon as possible in order to maintain a healthy workforce. The Division of Risk Management also provides State employees tort protection (a form of liability insurance) for wrongful acts which arise out of one's employment, such as discrimination, auto collisions, and slips and falls. Although not an employee benefit per se, this division also provides property insurance for all properties owned and operated by the Commonwealth of Virginia.

### **The Department of Planning and Budget (DPB)**

The Department of Planning and Budget is an executive branch agency which operates under the Secretary of Finance. As a part of the budget process, DPB is responsible for recommending the maximum employment level (MEL) for each State agency. Since the establishment of an agency's MEL directly affects personnel and employment decisions, DPB is able to use its budget role to influence the operation and size of the State personnel system.

## **Line Agencies**

The line agencies are responsible for administering their personnel functions consistent with the VPA. The organization and management of agency-level personnel functions may differ from agency to agency. Larger agencies may have human resources departments reporting to the director or a deputy. Smaller agencies may have one or two people who devote all or a portion of their time to personnel administration. Regardless of how agency-level personnel functions are organized, all State agencies have some level of responsibility for most of the major personnel functions.

## **Legislative Branch Involvement in the Personnel Function**

The Virginia General Assembly has established the statutory framework for the personnel function through the enactment of the Virginia Personnel Act. This statute, and related statutory provisions, provide a framework for the division of functions between the various agencies, institutions, and boards of State government. The General Assembly also establishes the funding and employment levels under which agencies must operate.

In 1993, the Virginia General Assembly created the Joint Commission on Management of the Commonwealth's Workforce (the Workforce Commission) and assigned to this Commission three study resolutions:

- SJR 279, a study of the State's human resource policies and procedures;
- HJR 581, a study of the "family friendly" workplace policies; and
- HJR 677, a study of strategic planning to meet human resource management needs of State government.

It is the intent of the General Assembly that, taken together, these resolutions will comprise a broad review of the Commonwealth's personnel management practices, covering issues such as hiring practices, employee benefits, job classification practices, and compensation.

While a study of this magnitude has not occurred in the past 14 years, this is not the first time that the General Assembly has directed a review of the State's personnel system. Ten such personnel studies have been conducted, and each has contributed to the development of the current personnel system. These studies are summarized in Exhibit 3. These studies, as well as other factors, have resulted in a system of human resource management that has evolved into one of the more decentralized in the United States.

## Major Studies of Virginia's Personnel Management System

<u>Study</u>	<u>Date</u>	<u>Key Findings and Recommendations</u>
Commission on Economy and Efficiency	1918	<ul style="list-style-type: none"> <li>• Centralized Personnel Function</li> </ul>
Commission on Simplification and Economy of State and Local Government	1922-1925	<ul style="list-style-type: none"> <li>• Personnel standards to be supervised by a Director of Personnel</li> <li>• Created the first uniform classification system</li> </ul>
Governor's Committee on Consolidation and Simplification of the Organization and Management of State Government	1927	<ul style="list-style-type: none"> <li>• Centralization of institutional revenues and payroll pre-audits by the Comptroller</li> </ul>
Griffenhagen and Associates (Private Consultant)	1936	<ul style="list-style-type: none"> <li>• Created classification and compensation plans and the Civil Service System</li> </ul>
Virginia Advisory Legislative Council - Committee on Personnel Administration	1938-1942	<ul style="list-style-type: none"> <li>• 1942 Virginia Personnel Act</li> </ul>
Commission on Reorganization of State Government	1946	<ul style="list-style-type: none"> <li>• Division of Personnel made equal in rank to the Division of the Budget (Division of Personnel was established in 1948 with a full time director)</li> </ul>
Zimmer Commission - Governor's Management Study	1970	<ul style="list-style-type: none"> <li>• Cited erosion in service-oriented approach to personnel function</li> <li>• Found DPT duplicated line personnel activities of agencies</li> <li>• Recommended DPT focus on planning, research, coordination and audit, aid, and advice</li> </ul>
Commission on State Governmental Management (Hopkins Commission)	1975	<ul style="list-style-type: none"> <li>• Decentralization of personnel functions; retain policy direction in central office; recommended that the Administration develop a decentralization plan</li> </ul>
Study of Personnel Management within the Commonwealth of Virginia (HD 12)	1977-1978	<ul style="list-style-type: none"> <li>• Comprehensive recommendations in the areas of employee development; classification and wage and salary administration; performance appraisal; and communications</li> <li>• Cited need for greater decentralization of operating personnel administration programs but maintenance of centralized personnel management policies</li> </ul>
Plan for Personnel Management Decentralization and the Biennial Report on Personnel Management (HD 11)	1979	<ul style="list-style-type: none"> <li>• Established the following strategic requirements: (1) strengthen personnel policy development; (2) reorganize personnel staffs in State agencies; and (3) establish accountability by evaluating effectiveness</li> <li>• Identified goals and objectives for DPT and specific tasks to be delegated to agencies (recruitment, record-keeping, classification)</li> </ul>
Joint Commission on Management of the Commonwealth's Workforce	1993-Ongoing	<ul style="list-style-type: none"> <li>• Study of human resource policies and procedures</li> <li>• Study of "family-friendly" policies</li> <li>• Study of strategic human resource planning</li> </ul>

Source: Report by Division of Legislative Services to the Workforce Commission, May 26, 1993.

## DECENTRALIZATION OF VIRGINIA'S PERSONNEL FUNCTION

While Virginia, relative to other states, has decentralized many of its personnel functions, such as direct hiring of staff, the degree of decentralization remains a matter of concern to some agencies.

Ironically, the roots of Virginia's relatively decentralized personnel system began with recommendations to establish a central personnel function by a 1918 Commission on Economy and Efficiency. By 1926, the Governor had been given control over agency pay practices. Subsequently, a merit system was established in 1942, with the enactment of the Virginia Personnel Act. As noted in a May 26, 1993 Division of Legislative Services paper to the Workforce Commission, however:

It appears that while the thrust in the first half of the century was to centralize, the leaders soundly rejected a control-based civil service system. Early designers saw the role of the central agency as a facilitator, coordinator, and provider of services to agencies.

While the impetus to central control seems to have grown and waned in succeeding years, the system has lacked many of the onerous central controls that characterize states that went through "spoils" periods of corruption and patronage. Reflecting this history, Virginia's personnel system remains decentralized relative to other southeastern states.

In 1991, the National Association of State Personnel Executives (NASPE) surveyed the 50 states and Puerto Rico to identify which of 29 personnel functions, such as classification or recruitment, were performed by central personnel agencies (for example, an agency like DPT), other centralized agencies (for example an agency like DPB), or by the line agencies. In Virginia, only three of these functions are performed by central agencies, only one — the administration of an automated human resource management information system is performed solely by the central personnel agency (Table 3). In comparison, 12 other Southeastern states reported that their central personnel agencies performed from a minimum of nine to a maximum of 24 personnel functions. Nine of the 13 states had at least 11 functions that were performed by their central personnel agency (not shown on table). Also, according to the NASPE survey, no other state in the Southeast has more functions decentralized to the line agencies than Virginia (Table 4). Virginia, as well as North Carolina and Kentucky have four fully decentralized services.

Beyond the fact that some personnel functions are either fully centralized or fully decentralized, some states reported using a combination of centralized and decentralized personnel functions. Virginia has used this method to operate a number of personnel functions such as classification, compensation, recruitment, selection, performance evaluation, and position audits. Alabama, Florida, Georgia, Louisiana, and Maryland also rely on this method of personnel administration.



Table 3

**Number of States with Centralized and Decentralized Functions of State Personnel Administration**

<u>Personnel Function</u>	<u>Centralized</u>	<u>Decentralized</u>	<u>Combination Centralized/ Decentralized</u>	<u>Not Applicable or No Response</u>
Administers Merit Tests	34	4	10	4
Establishes Qualifications	41	4	6	1
Provides HRIS	42	0	2	8
Human Resource Planning	10	17	16	9
Classification	34	1	16	1
Compensation	44	0	7	1
Recruitment	15	2	33	2
Selection	8	12	27	5
Performance Evaluation	17	11	24	0
Position Audits	36	3	13	0
Employee Promotion	9	22	21	0
Employee Assistance	24	9	12	7
HR Development Training	26	3	22	1
Employee Health Wellness Programs	29	6	8	9
Affirmative Action	17	3	31	1
Labor and Employee Relations	26	3	16	7
Collective Bargaining	27	2	3	20
Grievance and Appeals	23	1	27	1
Retirement	44	0	7	1
Employee Incentive Productivity System	30	3	3	16
Employee Attitude Survey	14	9	3	26
Child Care	20	2	5	25
Workers' Compensation	40	0	10	2
Group Health Insurance	45	0	7	0
Flexible Benefits	38	1	2	11
Deferred Compensation	45	0	3	4
Drug Testing	8	11	7	26
Budget Recommendations	39	0	11	2
Legislative Liaison	29	3	8	12

Shaded cells indicate Virginia's method of personnel administration.

Source: NASPE, *State Personnel Office: Roles and Functions*, Second Edition, 1991.

Table 4

### Personnel Functions in the Southeastern States\*

State	Number of Centralized Functions	Number of Decentralized Functions	Number of Combination Centralized and Decentralized Functions
Alabama	9	1	16
Arkansas	18	3	5
Florida	13	2	13
Georgia	14	2	11
Kentucky	18	4	1
Louisiana	9	0	11
Maryland	16	0	11
Mississippi	15	0	0
North Carolina	13	4	6
South Carolina	19	3	4
Tennessee	20	0	1
<b>VIRGINIA</b>	<b>3</b>	<b>4</b>	<b>14</b>
West Virginia	24	0	3

\*Personnel functions reviewed for this analysis are listed in Table 3, page 16.

Total number of functions for each state may not add up to 29 due to state survey responses. Either information on particular functions was not provided to NASPE or the functions were not provided by some states.

Source: NASPE, *State Personnel Office: Roles and Functions*, Second Edition, 1991. State's personnel executives were surveyed in April 1991 -- 100% response rate.

Since the mid 1970's, there has been considerable debate regarding the degree to which personnel functions should be decentralized from the central agencies to the line agencies. A series of legislative studies in the mid to late 1970's are in part responsible for generating the debate. In 1975, a legislative study recommended that "to become completely effective in its management role, it will be necessary for the Division (of personnel - now DPT) to divest itself wherever possible of all matters that are extraneous to that central role."

In 1977, another study, published as House Document 12, reviewed the relationships between the Division of Personnel and the line agencies. The study concluded that delegation of authority to line agencies should occur, but determining the extent of the delegation proved to be difficult. The study did however make recommendations for some ways to divide authority in many functional areas.

Finally, pursuant to HJR 34 adopted by the 1978 General Assembly, a plan for DPT decentralization was developed and presented as House Document (HD) 11 (1979), titled "The Plan for Personnel Management Decentralization and the Biennial Report on

Personnel Management.” The focus of the plan was to shift personnel activities from a centralized State personnel system to a more decentralized effort of employee relations management. House Document 11 specified the administrative responsibilities that could be decentralized to State agencies and identified the goals and objectives of DPT necessary to make the shift from a centralized State personnel function to the larger concept of employee relations management.

Although many changes have been made to the State’s personnel system since the 1970’s, including the decentralization of additional personnel functions, some agencies still appear to hold the opinion that DPT is too centralized in its control. Some agencies with large and complicated staffing needs, such as the large educational institutions, as well as other agencies that would like to try more innovative styles of management, want more flexibility in the administration of personnel — the kind of flexibility which could be obtained through further decentralization. Indeed, some large State agencies and educational institutions would seem to prefer virtual autonomy in this area. However, the overall numbers of agencies which report that they are dissatisfied with the division of authority between their agency and DPT are not large. According to the State agency survey, most agencies report satisfaction with the present division of authority between their agencies and DPT. Agency satisfaction with the degree of decentralization for specific functions is discussed throughout this report.

## **JLARC REVIEW**

As stated earlier, JLARC’s review has focused on the organization, staffing, management, and resource needs for the Department of Personnel and Training.

### **Research Activities**

A variety of research activities were conducted to complete this study. These activities included document and literature reviews, interviews with DPT and agency staff, surveys of DPT and line agencies, and analysis of personnel administration data collected from other states.

**Document Reviews.** A number of documents were examined which dealt with DPT’s authority and responsibilities, its organization and operating procedures, and its service provision. The primary source of DPT legal authority is the *Code of Virginia*, which was reviewed for applicability to DPT. Additionally, the Governor’s Executive Orders Numbers One (1990) and Six (1990), federal employment laws (Title VII, Age Discrimination in Employment Act, Americans with Disabilities Act, and the Civil Rights Act of 1991), and federal health care laws (Proposed Section 125 of the IRS Code, Health Insurance Credit for Retirees Act) were reviewed for sections relevant to DPT operations.

The review of DPT’s organizational structure and operating procedures included use of the division manuals, DPT staff position descriptions, a 1992 services

analysis of DPT, and copies of DPT publications such as the *Personnel Communiqué* and the *Personnel Monthly*. Available personnel manuals included the Policy and Procedures Manual (both the existing and the revised copies), the Health Insurance Manual, the Compensation and Classification Manual, and the two PMIS manuals. The 1992 services analysis of DPT provided information on the appropriations, MEL, established priorities, mandates, identified customers, and workload for each of the DPT work units.

DPT service provision was evaluated using a variety of program specific information, including: documents detailing program training offerings, participation rates, and evaluation summaries; copies of written responses to agency inquiries; copies of telephone log books noting the frequency of verbal inquiries from line agencies; examination of several DPT-conducted surveys of line agencies; review of office work papers and files; and detailed descriptions of program activities.

**Interviews.** Structured interviews were conducted with DPT staff, former directors of DPT, directors of the central agencies identified as having personnel functions (DOA, DPB, VRS, and DERC), members of the Personnel Advisory Board, directors and staff of line agencies, and managers from the Division of Legislative Services. The director, the deputy director, and the six division directors of the DPT staff were interviewed for the study. Many line agency directors and/or human resource directors were also interviewed.

**Mail Surveys.** Two primary survey efforts were completed. The first was a survey of 90 executive State agencies and was conducted in July 1993. Executive branch agencies not surveyed were those that operate as authorities, those with no reported MEL, small academic institutions which are tied to a larger institution, and agencies that have no reported State funding in the Executive budget. The survey requested responses from agency directors concerning each of the following areas: cost, planning, organization, performance, decentralization, and overall assessment of the State's personnel function. The response rate for the survey was 100 percent. A copy of the instrument and response frequencies are included at Appendix E.

The second survey was of all 86 DPT employees (as of July 13, 1993). The survey population was stratified into two categories — those employees exempt and those non-exempt from the Fair Labor Standards Act. Both groups were asked to respond to questions dealing with the staffing and resources of the department. Additionally, exempt employees were requested to: respond to questions concerning the planning, organization, performance, and decentralization of DPT; and provide an overall assessment of the State personnel function. The response rate for this survey was 95 percent. Copies of the survey instrument and the respective response frequencies are included at Appendix F.

**Analysis of Data From Other States.** To better understand and evaluate the Commonwealth's personnel system, it was necessary to obtain information on personnel operations in other states. Accordingly, JLARC staff obtained and analyzed national personnel reports, reports evaluating the performance of other states' personnel systems, and a sample of state personnel policy and procedures manuals. National reports included: State Personnel Office: Roles and Functions, by the National Association of

State Personnel Executives and the Council of State Governments; and Civil Service Reform Survey: January 20, 1993, by the National Association of State Personnel Executives. Individual state reports included: Comprehensive Review and Evaluation of Oklahoma's Personnel Function: Full Report, by the Council of State Governments Interstate Consulting Services Project; Modernizing Maryland's Personnel System: A Review of the State's Personnel System and a Plan for Change, prepared by KPMG Peat Marwick Management Consultants; Total Quality Management: Implications for South Carolina State Government, by the State Reorganization Commission; and Uniform Job Classification Specifications and Job Descriptions: 1991, by the South Dakota Legislative Research Council. The sample of state policy and procedures manuals contained sources from Delaware, Georgia, Oregon, Pennsylvania, New York, South Carolina, Tennessee, and Utah.

### **Report Organization**

This chapter has addressed the overall State personnel function and provided brief descriptions of the principal agencies involved. Chapter II focuses on the organization and management of DPT. Three of the principal activities of DPT — classification and compensation, health benefits, and training — are covered in Chapters III, IV, and V, respectively. Chapter VI addresses other DPT functions. Issues that cut across the overall State personnel function are addressed in Chapter VII.

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## II. Organization and Management of DPT

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The Virginia Personnel Act (VPA) establishes the framework for the State's personnel function. Consistent with legislative guidance over the past 20 years, the execution of the personnel function has steadily incorporated a more decentralized means of operation. Decentralization of the personnel function has allowed Virginia to be more progressive than most other states in the administration of personnel.

Consequently, Virginia's Department of Personnel and Training, although the central administrator for the personnel function, shares personnel administration responsibility with other State agencies. While DPT primarily establishes the rules and procedures for the operation of the personnel function, State agencies have been given a substantial degree of discretion with which to carry out these procedures. This chapter and the following four chapters examine DPT's effectiveness in leading, guiding, and carrying out the legislature's directive for a decentralized personnel function.

The focus of this chapter is an evaluation of the collective operations of DPT to give an overall assessment of the department's internal operations. Evaluation of the department's internal operations is based primarily on data obtained from the JLARC surveys of State agencies and DPT employees, and interviews from selected DPT staff, including the director. The survey of DPT staff was designed to gather employee perceptions on morale, agency leadership and management, agency staffing and resource levels, and a variety of other issues. The survey of State agencies was designed to gauge agency satisfaction with the performance of DPT and the State personnel function.

The subsequent chapters provide an assessment of the DPT services furnished to State agencies. Much of that evaluation relies upon information gathered through the JLARC survey of State agencies. Generally, the evaluation is based upon State agency perceptions and satisfaction with the way in which DPT has provided compensation and classification, health benefits, training, policy development, information management, and equal employment opportunity services to their agencies.

Generally, DPT has been a supportive partner in the State's decentralized personnel system. However, departmental leadership and guidance have not always been consistent or proactive. This review found that the current organization and structure of DPT appears adequate to support the missions of the agency. In addition, the staff of DPT are largely able to meet the performance expectations of other State agencies with the exceptions of the training function and, for large agencies, classification and compensation. The department is not, however, fully meeting its own employees' internal management needs nor has it been able to anticipate and respond quickly to the changing personnel environment. Some changes to departmental internal operations are recommended.

In one area, the department has not been able to carry out a requirement of the VPA. This requirement obligates DPT to evaluate the performance of State agencies in

carrying out their personnel responsibilities. The General Assembly may wish to reevaluate the need for this requirement.

## **OVERVIEW OF THE DEPARTMENT OF PERSONNEL AND TRAINING**

The Department of Personnel and Training (DPT) is the principal central State agency with responsibilities for the personnel function. The Virginia Personnel Act (VPA) establishes DPT and assigns to it a variety of functions (as shown earlier in Exhibit 1). The missions of the Department of Personnel and Training (DPT) are derived primarily from the VPA.

The Department of Personnel and Training is responsible for the establishment and administration of personnel policies and procedures for state employment which are consistent with the Virginia Personnel Act. Through administration of the provisions of the Personnel Act, DPT ensures a personnel administration system based on merit principles and objective methods of appointment, promotion, transfer, layoff, removal, discipline and other incidents of state employment.

The current director of DPT has stated that the essence of DPT's missions are to provide quality, timely human resource services and products to State employees, officials, and legislators. In an operational sense, the director said that DPT tries to meet the requirements of the VPA. Although these missions have not changed since the director's appointment in 1990, the director states she has tried to move the agency from a regulatory to a service orientation.

### **Resources of the Department**

Historically, general revenue funds have been the primary source of funds for the Department of Personnel and Training. DPT's appropriations and maximum employment level (MEL) reached a peak of \$6,724,472 in FY 1990, with an attendant MEL of 117 (Table 5). The \$1.7 million increase in total appropriations from FY 1988 to FY 1989 can be attributed to salary increases, benefit cost increases, the addition of the Governor's Management Internship Program for Minorities and Females, the Minority/Female Talent Bank, and expansion of the State Employee Assistance Program. Similarly, the increase in appropriations from FY 1989 to FY 1990 can be attributed to revisions to the classification salary structure, development of the Pay for Performance Plan, and the implementation of the flexible benefits plan and "The Local Choice" (TLC) health benefits program. The implementation of TLC resulted in a net increase of 12 positions to the department's FY 1989 MEL.

Table 5

**Funding and Maximum Employment Levels  
of the Department of Personnel and Training  
FY 1980 - FY 1994**

<u>Fiscal Year</u>	<u>General Funds</u>	<u>Non-General Funds</u>	<u>Total Appropriation</u>	<u>Maximum Employment</u>
1980	\$2,386,955	\$506,520	\$2,893,475	Not Available
1981	\$2,842,650	\$580,000	\$3,422,650	Not Available
1982	\$3,122,875	\$580,000	\$3,702,875	Not Available
1983	\$3,581,925	\$122,500	\$3,704,425	94
1984	\$3,406,140	\$128,500	\$3,534,640	88
1985	\$3,473,935	\$0	\$3,473,935	80
1986	\$3,882,250	\$0	\$3,882,250	80
1987	\$4,053,364	\$0	\$4,053,364	80
1988	\$4,138,674	\$0	\$4,138,674	80
1989	\$5,867,392	\$0	\$5,867,392	104
1990	\$6,724,472	\$0	\$6,724,472	117
1991	\$6,112,849	\$0	\$6,112,849	101
1992	\$5,681,174	\$426,927	\$6,108,101	101
1993	\$4,719,048	\$708,691	\$5,427,739	88
1994	\$4,664,061	\$725,469	\$5,389,530	95

Source: Acts of Assembly.

### Organization of the Department

The Department of Personnel and Training is organized as a State agency within the executive branch of government under the Secretary of Administration. The day-to-day management and operation of DPT is the responsibility of the director who is appointed by the Governor and confirmed by the General Assembly. Since 1978, DPT has had seven agency directors. None of these individuals served for more than four years, and two held the office for less than six months. A listing of recent DPT directors and their tenures of service is located at Appendix G.

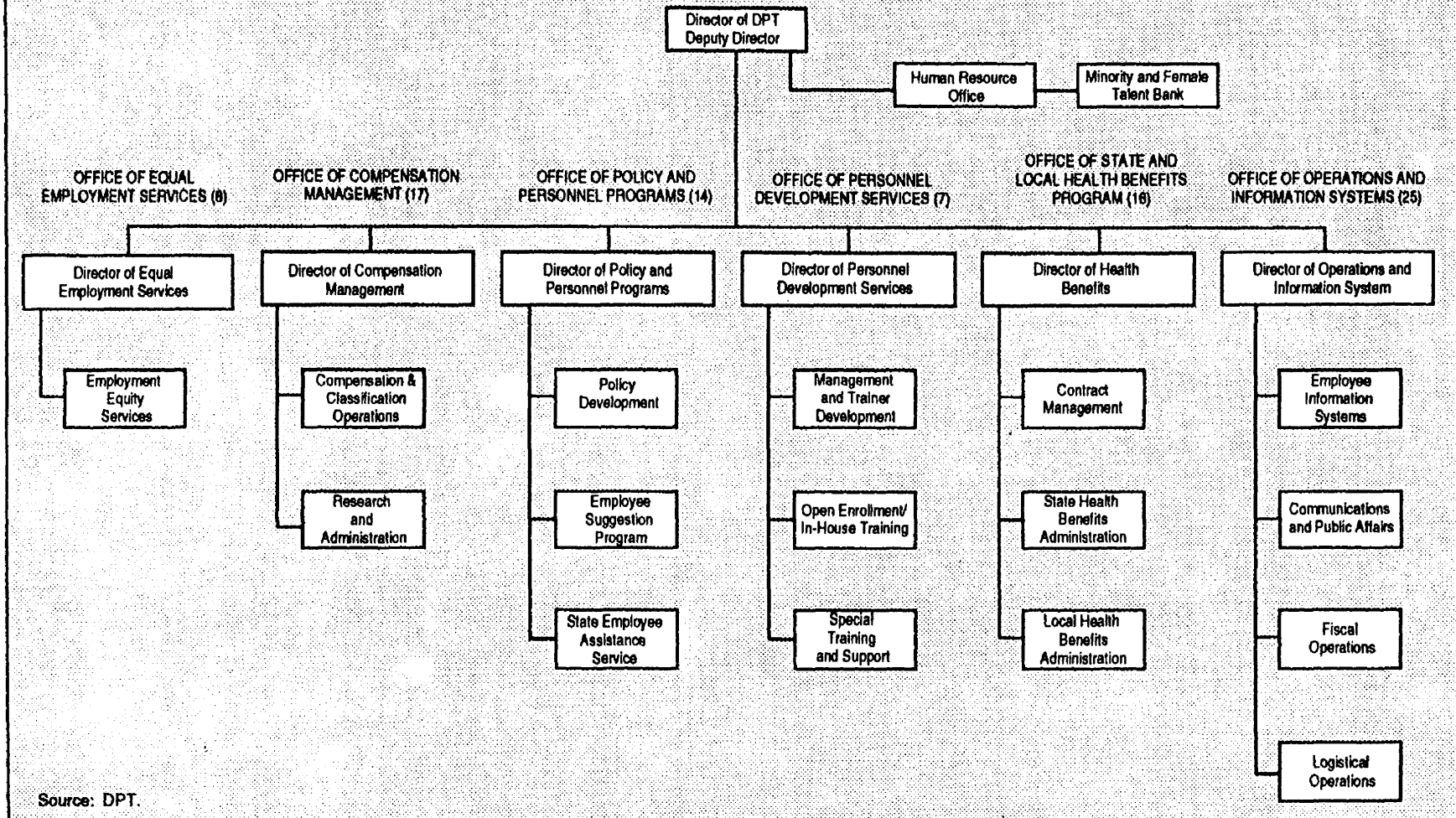
DPT's organizational structure is illustrated in Figure 4. The director and deputy director provide general policy and administrative oversight for the statewide programs of policy development, compensation management, health benefits, equal employment opportunity enforcement, training, and information systems management. They also provide direct supervision to the agency human resource office which is responsible for management of recruitment, selection, other internal employment processes and the Minority/Female Talent Bank. The Talent Bank was created in 1989 to increase the representation of minorities and women in key management and professional positions in the State government. The database system is designed to provide State agencies with computerized on-line access for review of information on



Figure 4

# Organization of the Department of Personnel and Training

## OFFICE OF THE DIRECTOR OF DPT



individuals who aspire to positions at the level of grade 14 and above. The director's office and the human resource office were allocated \$399,269 and six positions in FY 1993.

**Office of Compensation Management.** The Department of Personnel and Training's Office of Compensation Management (OCM) has three primary responsibilities as mandated by the Virginia Personnel Act: administering the classification plan for State employees, administering the compensation plan for State employees, and conducting an annual salary survey to determine where discrepancies exist between the compensation of public and private sector employees. In addition, OCM is mandated by Section 22.1-289.1 of the *Code* to perform a biennial review of the compensation of public school teachers. OCM is currently allocated 17 positions. The general fund allocation for this division of DPT for FY 1993 was \$1,001,764. OCM is divided into three work units: compensation management director's office, research and administration, and compensation and classification operations.

**Office of State and Local Health Benefits Programs.** The Office of State and Local Health Benefits Programs (OHB) is responsible for the oversight and direction of all State health benefit activities, including the design, procurement, pricing, implementation, and administration of the State health benefits program, the State's wellness program (CommonHealth), the State's flexible benefits program, and the local health benefits programs. Organizationally, the office is divided into three work units: contract management, State health benefits administration, and local health benefits administration. Central control and coordination of all health benefit programs is provided by the OHB director's office. In FY 1992-1993, OHB was allocated \$966,432 and 16 positions.

**Office of Personnel Development Services.** The Department of Personnel and Training's Office of Personnel Development Services (PDS) is mandated by Section 2.1-114.5.8 of the Virginia Personnel Act to "establish and administer a comprehensive and integrated program of employee training and management development." PDS has been allocated seven positions, but as of September 1993, had only five filled. The general fund allocation for this division for FY 1993 was \$336,628. Due to the size of its staff, PDS performs about ten percent of DPT's total training activities, while the remaining 90 percent are contracted out. PDS is organized into four work units: PDS director's office; open enrollment/in-house training; special training and support activities; and executive, management, and trainer development services.

**Office of Policy and Personnel Programs.** There are three primary activities performed by the Office of Policy and Personnel Programs (OPPP)—which also define the work units: promulgation and interpretation of the State's personnel policies and procedures for all State agencies and employees, operation of the Employee Suggestion Program (ESP), and administration of the State Employee Assistance Service (SEAS). The purpose of the ESP is to stimulate, recognize, and reward innovative and creative ideas by State employees. SEAS provides confidential counseling, assessment, and referral services to help State employees and their families cope with problems such as substance abuse, marital and family conflicts and parenting issues. In FY 1992, OPPP was allocated 14 positions, and a budget of \$662,376.

**Office of Operations and Information Systems.** The Office of Operations and Information Systems (OIS) is responsible for the operation of the State's personnel management information system and the provision of support services to both the Department of Personnel and Training and line agencies. Support services span a wide range of activity, including the internal management of agency fiscal and logistical operations and the external provision of automated services, production of State personnel publications, and coordination of State charitable and saving bond campaigns. Correspondingly, the office has been divided into four work units: employee information systems, communications and public affairs, fiscal operations, and logistical operations. OIS was allocated \$1,846,240 and 25 positions in FY 1992-1993.

**Office of Equal Employment Services.** The role of the Office of Equal Employment Services (OEES) is to establish and administer a program to ensure equal employment opportunity to State employees and applicants for State employment and to enforce the Governor's Executive Order Number One (1990) which prohibits employment discrimination on the basis of race, gender, color, national origin, religion, age, disability, or political affiliation. The activities of this office include complaint investigations, compliance reviews, affirmative action assessments, the monitoring of State recruitment practices, and submission of Federal EEO reports. In FY 1993, this office was allocated \$369,955 and eight positions.

## **ASSESSMENT OF DPT INTERNAL OPERATIONS**

Generally, the Department of Personnel and Training seems to be operating satisfactorily. The department appears to be organized and staffed appropriately for effectively carrying out its mission. Agencies indicate they are generally satisfied with their level of decentralization authority and with DPT staff. However, large agencies with a MEL exceeding 2,000, particularly educational institutions, are least satisfied with their level of decentralization authority in the area of compensation. Also, DPT appears to be meeting legislative intent with one exception. While required by the VPA, the department does not operate a program to evaluate agencies' performance in carrying out their personnel function.

The department should take a more proactive role in carrying out its responsibilities. There are a number of departmental functions which could be enhanced or improved. Also, many of the department's staff report low morale, and appear concerned with internal agency communications, leadership, and management issues.

### **Organization and Structure of DPT is Appropriate**

The current organization and structure of the Department of Personnel and Training is appropriately designed and able to meet both the service and control expectations of a central personnel agency. Because the major divisions of DPT closely mirror the functional responsibilities of the organization, there is little confusion about the intra-agency division of responsibility. Accordingly, a review of the JLARC State

agency survey indicates that agencies are generally satisfied with DPT's organization. Specifically, 97 percent of the State agencies reported that there were no duplicative audits or personnel-related reports required by DPT staff. Similarly, 78 percent of the State agency respondents felt that they clearly understood where to go within DPT for policy guidance, interpretations, or technical assistance. However, some limited problems with conflicting policy guidance were mentioned; but these were principally attributable to a lack of familiarity with new programs and not with a deficiency in the division of program responsibility.

### **Staffing and Resources Appear Adequate**

The Department of Personnel and Training's staffing and resource levels generally appear to be adequate (Table 6). Based on self-reported data derived from the JLARC survey of DPT staff, a majority of staff (61 percent) believed they could handle more responsibility than they currently have; most (81 percent) believed that they do not have too many responsibilities to complete their work, and; most staff (84 percent) believed they are able to reply to line agency requests in an efficient manner. Additionally, in FY 1992-1993, non-exempt DPT employees logged a collective total of only 98.6 hours of overtime. At the same time, a high percentage of staff (90 percent) reported that they do not believe their division has too many staff. However, there are mixed opinions on whether staff believe their division is adequately staffed. Fifty-two percent of DPT survey respondents reported that they have too few staff for their assigned workload.

Additional research indicates that a wide majority of staff from two divisions in particular, PDS and OEES, reported on the survey that they have too few staff. Accordingly, staff interviews support this notion. Both PDS and OEES staff stated that an increase in workload combined with recent reductions in staff due to budgetary cutbacks have stressed their divisions.

Turnover does not appear to be a major issue for DPT. The average turnover rate for DPT since 1989 is 7.82 percent, compared to a State average of 11.24 percent for the same period. However, under the current set of departmental policies, definitive staffing determinations cannot be made agency-wide due to the absence of specific information on the work activities performed at the individual employee and office levels. For this reason, DPT should record and analyze work activity records, such as personal time sheets and logs of agency inquiries or comments. Some reallocation of staff and programs may prove necessary in the future, as the goals and priorities of the department change. The maintenance and use of such data would allow for more rational decision-making and staffing level justifications.

***Recommendation (1).*** All Department of Personnel and Training employees should be required to keep work activity records. DPT management should design, develop, and monitor the work activity records to better allocate both service and control responsibilities among staff.

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**Table 6**

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### **DPT Staff Responses to Workload Indicator and Quality of Work Questions**

<b>Statement</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>No Opinion</b>	<b>Number of Respondents</b>
I could handle more responsibility than I currently have.	8%	53%	29%	4%	6%	(n=79)
I have too many responsibilities to effectively complete my work.	4	10	73	8	5	(n=79)
My office/division has too many staff for the assigned workload.	0	5	56	34	5	(n=80)
My office/division has too few staff for the assigned workload.	19	33	43	1	5	(n=80)
My office/division is able to reply to line agency requests in an efficient manner.	12	72	10	3	4	(n=78)

Note: Percentages may not add to 100 due to rounding.

Source: JLARC staff analysis of DPT staff survey.

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### **Compliance with Legislative Requirements**

DPT must abide by a number of federal and State laws. As discussed in Chapter I, the VPA mandates that DPT perform certain general requirements. In addition, DPT must abide by various State and federal health benefit regulations. Also, federal law and the Governor's executive orders require that certain equal opportunity requirements must be met.

DPT appears to be meeting its mandated requirements, with the exception of one. This requirement of the VPA states that DPT must

establish and administer a program of evaluation of the effectiveness of performance of the personnel activities of the agencies of the Commonwealth.

The requirement was fulfilled by DPT's Office of Policy and Personnel Programs as recently as 1991. However, according to DPT, this function was eliminated in FY 1991

due to budget reductions. Therefore, DPT no longer evaluates the performance of agency personnel activities.

DPT's estimated cost savings for eliminating the function were \$77,188 in FY 1991, and \$105,459 in FY 1992. Prior to its elimination, there were two FTEs assigned to operate the function, although other staff from DPT were used on an as-needed basis.

Although eliminating the program yielded some cost savings during the past three fiscal years, evaluating the way agencies implement personnel policies can provide a valuable service. If effectively operated, such evaluations give agencies an even greater incentive to appropriately follow State policies and could improve uniformity in the application of personnel policies across State agencies. Evaluations could also provide agencies with on-site assistance in cases where they are not following policies appropriately. Further, such evaluations could help to measure the effectiveness or appropriateness of existing personnel policies.

DPT should reinstitute the evaluation program to be in compliance with legislative intent. If the legislative requirement no longer seems appropriate, or if DPT does not believe that it can comply with legislative intent, it should develop a position statement for presentation to the 1994 General Assembly, explaining its position and rationale. DPT should outline various strategies and funding options, highlighting the advantages and disadvantages of each.

**Recommendation (2).** The Department of Personnel and Training should reinstitute a program to evaluate agency effectiveness in implementing State personnel policies to be in compliance with statutory intent. If the Department of Personnel and Training believes the legislative requirement is no longer appropriate, or that it can not comply with the Virginia Personnel Act, it should develop a position statement, citing its position and rationale. The position statement should be presented to the 1994 Session of the General Assembly and should contain various options for the General Assembly to consider, including estimates of the costs and benefits of each option.

### **State Agency Satisfaction with the Performance of DPT Staff**

In addition to being satisfied with the organization and structure of DPT, a significant number of State agencies were satisfied with the performance of DPT staff. Most State agency survey responses suggested that DPT staff are responsive and accessible, helpful in giving sound advice, quick to provide responses to requests, and knowledgeable about the personnel system. Accordingly, 42 of the 72 comments generated by a question which asked agencies to list the best qualities of the current operations of the State personnel function were positive comments about DPT staff. For example:

The knowledge base of professionals within DPT is exceptional.

\* \* \*

Many DPT staff members are interested in doing a good job and in assisting agencies.

\* \* \*

Knowledgeable, capable DPT employees.

\* \* \*

The staff is accessible and very responsive to requests for counsel.

It is also the perception of State agency personnel staff that DPT staff work diligently in spite of flaws in the system they support. Many State agencies made comments that it is the structure of the personnel system which hinders the effectiveness of the personnel function, and not DPT staff.

Individuals working with the line agencies are good. Their efforts are hampered by the internal operations and procedures. Employees want to be service-oriented, but are unable to provide service.

\* \* \*

DPT staff seem to make every attempt to be helpful and responsive within the fairly rigid constraints of the state system.

\* \* \*

Employees of the State personnel function try to be responsive within the constraints of the system. There is a willingness on the part of some individuals to work with agencies when exceptions are needed.

\* \* \*

The agency employs many people who do their best with a difficult system.

By and large, it appears that State agencies are satisfied with the staff of DPT. The agency concerns that do exist have more to do with control responsibilities of the department, particularly in the area of compensation and classification. These concerns will be addressed in Chapter III.

### **Agency Satisfaction with Decentralization Authority**

According to State agency survey responses, agencies appear to be generally satisfied with the degree of authority they have for the administration of personnel functions (Table 7). Seventy-four percent of agencies indicated they were satisfied or very satisfied with the overall division of authority between their agency and DPT, while 26

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Table 7

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**Line Agency Opinions:  
Satisfaction with Present Division of  
Authority Between Line Agency and DPT**

<u>Personnel Functions</u>	<u>Percent Satisfied</u>	<u>Percent Not Satisfied</u>	<u>Number of Respondents</u>
Equal Employment Opportunity	95	5	86
Personnel Record Keeping	87	13	85
Agency Reorganization	83	17	84
Employee Layoffs	83	17	82
Employee Training and Development	81	19	84
Employee Recruitment	79	21	85
Health Benefits	77	23	84
Employee Promotions	75	25	83
Employee Performance Evaluation	74	26	86
Job Classification	63	37	85
Employee Compensation	60	40	85
<b>Agency Satisfaction with Present Division of Authority in General</b>	<b>74</b>	<b>26</b>	<b>85</b>

Source: JLARC staff analysis of State agency survey.

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percent indicated they were generally not satisfied. Agencies were least satisfied with their level of decentralized authority in classification and compensation. Within this area, it appears that large agencies with a MEL of over 2,000, predominantly large educational institutions, were least satisfied.

Agencies provided a limited number of comments describing why they were dissatisfied with the division of authority for the various personnel functions. The comments show that agencies appear most concerned with their authority to administer the compensation and classification of employees, an issue which is discussed at length in Chapter III. Other areas of concern include their authority to administer recruitment policies, employee promotion policies, and performance evaluation policies.

With respect to recruitment, agencies would like to have more authority in determining how they may recruit and hire employees. For example, some agencies indicated that they would like to be able to advertise only within their organizations. These comments go along with similar remarks made regarding employee promotion. Essentially, many agencies would like to have the option of advertising only in-house when an appropriate applicant pool exists, in order to promote employees and encourage career development. However, while agency interest in promoting personnel from within is understandable, it must be balanced with the necessity that the State provide fair access to public jobs.



For a variety of reasons, agency dissatisfaction with the degree of decentralization is highest in the compensation and classification areas, with over one-third of agencies dissatisfied. Some medium and large sized State agencies asserted that the authority for employee compensation management should be fully decentralized to the agencies. Overall, dissatisfaction was highest among agencies with a MEL over 2000 (Figure 5). Nine of eleven State agencies with a MEL over 2000, predominantly educational institutions, reported being dissatisfied with the present division of authority in the employee compensation area. These eleven agencies have a combined MEL of approximately 73,000 or about two-thirds of the State's total workforce. DPT's Task Force on Job Classification System Review has been asked to review and develop alternatives for implementing a new or revised job classification system for the Commonwealth.

Although many State agencies reported that the authority for acting pay should be fully decentralized, experience in the area of public personnel management suggests that some central requirements are necessary to ensure that there is no agency favoritism in the selection of the acting pay status employee. Decentralization of the acting pay approval process does not appear warranted at this time.

Because Virginia's personnel system is already so decentralized, the opportunities for further decentralization, short of giving agencies almost total autonomy, are somewhat limited. The agencies desiring more decentralization are generally large agencies with their own personnel staffs. DPT should assess the needs of those agencies through a review of their existing decentralization memoranda of agreement and conduct a case-by-case review of the agency's capabilities and performance in already decentralized areas. For example, agencies which routinely require substantial overtime from exempt employees could be permitted additional flexibility in developing more flexible leave policies. There may be also some instances where further decentralization could allow agencies to try more innovative management practices. One process could be to allow DPT to authorize certain aspects of decentralized authority on a pilot basis. The outcome of the pilot projects could be evaluated by DPT and other external authorities such as the Department of Planning and Budget. In addition, DPT should assess ways of evaluating the effects of its policies and procedures on larger agencies as a group.

***Recommendation (3).*** To meet the needs of agencies with unique or special personnel management needs, the Department of Personnel and Training should assess agency requests for further decentralization authority on a case-by-case basis. Where it appears that additional flexibility may be warranted, the department could modify existing decentralization memoranda and assess the impact of more flexible policies on a pilot basis. Further, DPT should establish a working group of representatives of large agencies to assess the impact of proposed and existing policies and procedures on these larger agencies.

Figure 5

**Opinions of Line Agency Respondents with MEL Over 2000:  
Line Agencies Dissatisfied with Present  
Division of Authority Between Their Agency and DPT**

Personnel Function	Tech	VDOT	VCU	GMU	ODU	UVA	DMHMRSAS	DOC	VCCS	DOH	DSP
Job Classification	x	x	x	x	x						
Employee Compensation	x	x	x	x	x	x	x	x		x	
Employee Benefits	x		x	x		x					
Employee Recruitment and Selection	x	x	x	x	x						
Equal Employment Opportunity	x										
Employee Performance Evaluation	x	x	x			x					
Employee Training and Development	x	x							x		
Employee Promotions	x			x	x						
Employee Layoffs	x	x	x			x					
Agency Reorganization	x	x			x						
Personnel Record Keeping		x	x								

Key: x = indication of dissatisfaction.

Note: Virginia Tech (Virginia Polytechnic Institute and State University), VDOT (Virginia Department of Transportation), VCU (Virginia Commonwealth University), GMU (George Mason University), ODU (Old Dominion University), UVA (University of Virginia), DMHMRSAS (Department of Mental Health, Mental Retardation, and Substance Abuse Services), DOC (Department of Corrections), VCCS (Virginia

## DPT Staff Concerns with Internal Management of DPT

While the previous sections suggest that State agencies are relatively satisfied with both the organization of DPT and the overall performance of its staff, a review of the DPT staff survey indicates that DPT employees are concerned with the internal management of their agency. Employee morale, in particular, is cited by DPT survey respondents as a problematic aspect of their agency's operation. Other areas of concern identified by the JLARC survey of DPT staff include: communication within DPT, the establishment of leadership goals and priorities, and the frequency of DPT leadership turnover. The percentages of employees reporting that these four characteristics are problems ranged from 64 percent noting morale concerns to 32 percent citing turnover in DPT leadership (Table 8).

**Employee Morale is Low.** Positive employee morale is important to the effectiveness of an organization because it can affect job commitment, performance, productivity, and motivation. Likewise, negative employee morale can result in increased turnover, low productivity, and reduced performance. For organizations with a customer service orientation, low employee morale can present a considerable obstacle to effective service delivery.

DPT employee morale appears to be low. When asked to respond to the statement "DPT employee morale is good," 64 percent of the DPT survey respondents "disagreed" or "strongly disagreed." In addition, 44 percent of the survey respondents rated their own morale as either "fair" or "poor."

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Table 8

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### DPT Employee Responses to JLARC Staff Questionnaire

Statement	Strongly Agree	Agree	Disagree	Strongly Disagree	No Opinion
<i>DPT employee morale is good.</i>	0%	28%	49%	15%	9%
<i>Communication within DPT is good.</i>	4	40	40	13	4
<i>Leadership priorities and goals are clear.</i>	3	46	29	15	8
<i>Turnover in DPT leadership has adversely affected the ability of the agency to perform.</i>	11	21	42	4	22

N=80

Note: Percentages may not add to 100 due to rounding.

Source: JLARC staff analysis of DPT staff survey.

To put these morale ratings in perspective, a comparison was made between DPT morale responses and those of other State agencies that JLARC has recently reviewed. This comparison indicates that the morale responses of DPT employees are similar to the responses of Department of Education and Department of Taxation employees reported in 1990 and 1991 respectively (Table 9). In all three cases, more than half of the survey respondents "disagreed" or "strongly disagreed" with the survey statement "employee morale is good." The presence of an employee morale problem is therefore not unique to the Department of Personnel and Training. It is, however, a problem that must be addressed if departmental operations are to improve.

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**Table 9**

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### Comparison of JLARC Survey Responses Rating Morale

Statement: *Employee morale is good.*

Department	Strongly Agree	Agree	Disagree	Strongly Disagree	No Opinion	Number of Respondents
Department of Personnel and Training	0%	28%	49%	15%	9%	80
Department of Education	9	34	48	9	0	44
Department of Taxation	2	25	32	32	10	190

Note: Percentages may not add to 100 due to rounding.

Source: JLARC staff questionnaire of Department of Taxation staff, Spring 1991; JLARC survey of Department of Education staff prior to reorganization, Fall 1990; and JLARC survey of Department Personnel and Training staff, Summer 1993.

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The five factors most frequently cited by the 35 DPT respondents expressing problems with their own morale were their concern with the leadership and management of DPT (51 percent), the inadequacy of compensation combined with the limited opportunity for advancement (34 percent), poor departmental communication (31 percent), workload (29 percent), and the reputation of the agency (17 percent). (These percentages do not add to 100 because respondents could give more than one reason.) A sample of the narrative explanations given by employees for their current poor morale includes:

Dearth of leadership combined with an unknown agency direction and mission.

\* \* \*

Isolation of agency head - rigid lines of communication.

\* \* \*

The nature of DPT as a political football - always under attack by someone.

\* \* \*

Extreme workload at various times.

\* \* \*

Lack of growth potential.

While compensation may be beyond the scope of direct agency control, the other identified concerns are not. Moreover, two of the identified concerns — poor departmental communication and the leadership of the agency — are specified by DPT employees as both a cause of low morale and as an internal management problem in their own right. Therefore, a comprehensive approach to understanding the internal management problem appears necessary.

***Communication Within DPT is Poor.*** As mentioned previously, poor departmental communication was identified by DPT survey respondents as both an internal management problem and as a significant cause of negative employee morale. Fifty-three percent of the DPT survey respondents either “disagreed” or “strongly disagreed” with the statement “communication within DPT is good.” Employee survey comments include:

Internal communications are poor in that changes are often told to staff by external parties before our own management tells us.

\* \*

(DPT needs to) develop a communications plan. The objectives of the plan should support the mission of the program. The means should be effective and efficient, and not constrained by personal opinions of managers.

\* \* \*

Each division should be updated as to what is going on in each area, especially when DPT sends surveys to the agencies on policy changes. Sometimes we get a call and we do not know anything about it.

Poor communication seems to be a pervasive problem. It not only affects employee morale, but also impacts cooperation and coordination between central agencies, the dissemination of information to line agencies, and ultimately the operation and reputation of the State personnel system. The managerial staff of the Department of Personnel

and Training need to establish more effective internal lines of communication to resolve other associated problems.

**Leadership Goals and Priorities are Not Clear.** Another factor affecting both agency operations and employee morale is the perceived need for improved leadership priorities and goals. DPT employee survey responses indicate that 44 percent of the staff “disagreed” or “strongly disagreed” with the statement “leadership priorities and goals are clear.” Analysis of these responses reveals that the concern over leadership priorities is more pronounced among mid-level managers and staff who have worked for DPT for more than five years (Tables 10 and 11).

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**Table 10**

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**DPT Employee Ratings of the  
Clarity of Leadership Goals and Priorities  
Classified by the Employee's Level of Supervisory Responsibility**

Statement: *Leadership goals and priorities are clear.*

	Strongly Agree	Agree	Disagree	Strongly Disagree	No Opinion	
All Respondents	3%	46%	29%	15%	8%	N=80
Division Directors	14	71	14	0	0	N= 7
Managers/Supervisors	0	36	27	36	0	N=11
All Other Employees	2	45	31	13	10	N=62

Note: Percentages may not add to 100 due to rounding.

Source: JLARC staff analysis of DPT staff survey.

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Segregating responses by the individuals' level of supervisory responsibility shows that while only 14 percent of division directors expressed a concern with the clarity of agency goals, 63 percent of the managers under their immediate authority found the expression of agency direction problematic. This problem appears to be tied to the issue of poor departmental communication. Failure of top-level authorities to make their priorities understood makes it difficult, if not impossible, for the mid-level intermediaries to communicate departmental goals to the employees they supervise.

Ironically, the classification of staff responses by the length of time employed by DPT reveals that the self-reported understanding of agency goals and priorities diminishes with service. While only 21 percent of the respondents employed less than two years expressed dissatisfaction with their understanding of the agency mission, 55 percent of those employed five years or more were dissatisfied. Some of the problems associated with the understanding of the agency's mission are thought to be beyond immediate control of the agency. One employee noted:

Table 11

**DPT Employee Ratings of the Clarity of  
Leadership Goals and Priorities  
Classified by the Employee's Length of Employment with DPT**

Statement: *Leadership goals and priorities are clear.*

	Strongly Agree	Agree	Disagree	Strongly Disagree	No Opinion	
All Respondents	3%	46%	29%	15%	8%	N=80
Respondents Employed Less Than 2 Years	7	64	21	0	7	N=14
Respondents Employed Between 2 and 5 Years	0	54	29	8	8	N=24
Respondents Employed More Than 5 Years	2	36	31	24	7	N=42

Note: Percentages may not add to 100 due to rounding.

Source: JLARC staff analysis of DPT staff survey.

In my opinion the most important item missing from the state's personnel system is a detailed mission statement regarding what the State wants its central personnel agency to do. Because nothing is written down, DPT's mission is largely determined by the personality and competencies of the agency head and top management.

Priorities and goals must be more effectively communicated. Although DPT operates under the mission statement identified in Chapter I, there is clearly a perceived lack of mission direction among staff.

**Turnover in DPT Leadership is a Concern.** Since 1978, the Department of Personnel and Training has been characterized by frequent turnover in agency leadership. During this period, the agency has had seven agency directors. The average tenure of these directors has been 21 months. No director served for more than four years and two served for less than 6 months. By comparison, director turnover in other central personnel agencies has been somewhat less. Since 1978, VRS has had two directors, DOA has had four, DGS has had five, and DPB has had six.

The absence of leadership stability concerns DPT employees and State agencies. When asked to respond to the statement "turnover in DPT leadership has adversely

affected the ability of the agency to perform,” 32 percent of the survey respondents either “agreed” or “strongly agreed.” Of those respondents who worked for DPT for five years or more, 41 percent agreed with this statement. Accompanying employee responses include:

We have some seasoned and valuable staff members who want to do a good job; but we are affected by the turnover of management. We have over the past years lost some seasoned members, which has hurt the agency. And many of the management positions are replaced by individuals outside of DPT. Promotion of employees always becomes a morale issue.

\* \* \*

I believe DPT's main problems emanate from lack of continuity in top management.

\* \* \*

Over the past 15 years, DPT has had few agency heads or deputies who have had any management experience at all; let alone experience directing actions that must effectively deal with the political and administrative constraints of a public entity the size of the Commonwealth. Since there is little or no planning, most activity is reactive to crisis rather than proactive.

As in any agency where the director is a political appointee, managerial turnover can be expected. The Department of Personnel and Training seems to have experienced a disproportionate share of leadership turnover, however. Given the short average tenure of DPT directors, it is not surprising that employees are expressing difficulty in keeping pace with changing departmental goals and priorities.

***Collective Assessment of the Internal Management Problem.*** A collective assessment of the previously-cited internal management problems reveals that these are not problems to be solved in isolation; rather, they are concerns that require a comprehensive approach to resolution. This is because each area of concern directly impacts the other areas. For example, DPT employees are concerned with agency communication, which in turn affects their morale and their understanding of leadership goals and priorities. Similarly, turnover in DPT leadership impacts employee understanding of leadership goals and priorities, which then negatively affects morale. DPT therefore needs to develop a comprehensive approach to improving internal management. Specifically, it appears as if DPT could improve morale and the overall performance of the organization if it: (1) more precisely defines the agency mission; (2) establishes written leadership goals and priorities; and (3) opens lines of communication.



## **DPT NEEDS TO BECOME MORE PROACTIVE**

A collective analysis of agency management and operations also indicates that DPT needs to be more proactive in the way that it manages agency operations. A frequent complaint of DPT staff is that a disproportionate amount of their time is spent addressing inquiries from line agencies. Correspondingly, line agencies compliment DPT's "customer service" but complain that its manuals and training are inadequate. In virtually every area of its operations, the department would benefit in the long-term from a more proactive approach to management and administration. As will be discussed elsewhere in this report:

- Implementation of the State's managed health care program was the result of a General Assembly mandate.
- Revisions of agency assistance manuals such as the policy manual and the health insurance manual have been delayed repeatedly. In the meantime, agency staff have received literally thousands of inquiries for policy explanation and clarification.
- DPT has delayed completion of the Classification Review/Specification Update (CR/SU) project. Completion of this project would update all position classifications, thereby simplifying the classification structure, reducing the number of position classifications, and providing a foundation for further consolidation and banding of position classifications.
- DPT's solicitation of policy input from line agencies has been sporadic. Where input has been sought, such as in the recent revision to the policy manual, it seems to have yielded positive results. Increased and improved utilization of line agency input could improve the policy development process, enhance communication generally, and potentially minimize repetitive agency inquiries.
- As DPT's training resources have lessened, its roles as a training facilitator and coordinator have become more important. By comprehensively surveying agencies on their needs and coordinating services with other agencies and the VCCS, DPT could maximize its limited resources in this area. Training opportunities that cut across agencies — such as the orientation of new State employees — have not been pursued.
- Staffing reductions and changing service demands have impacted DPT's workload distribution. The department does not, however, routinely collect data on work performed by individuals or by many work units.
- DPT staff collect a large amount of information which could help them more effectively manage their operations. Yet they do not use it. Better utilization of agency information would allow DPT to be more proactive. For example, in 1992, the DPT Office of Policy and Personnel Programs (OPPP) received over

8,600 telephone calls for policy assistance. However, OPSP did not (nor does it currently) maintain records showing which policies were causing the most confusion, or which agencies were calling the most frequently. OHB trains benefits administrators, but it does not maintain records of whom they have trained. Therefore, the Office of State and Local Health Benefits Programs (OHB) does not know which agencies receive the correct information, and which agencies do not. Finally, the Office of Equal Employment Services (OEES) records the number of EEO complaints by agency. Based upon this information, JLARC staff found that over 30 percent of complaints were registered by two agencies over the last three years. Yet, OEES staff have not taken any investigative action toward these agencies.

- Although the Personnel Advisory Board has become more active in recent months, this advisory board has met infrequently and has not been adequately utilized for the review of current programs or facilitating communication with State employees.

In several areas, solutions to the above problems are underway. In the Office of Policy and Personnel Programs, for example, a substantially improved manual was released recently to State agencies. On the other hand, the most recent comprehensive benefits manual was published in 1989. It contains no information on the State's primary benefit program: Key Advantage. No draft of a replacement document was available for JLARC review. Management should assign higher priority to proactive initiatives to resolve some of the long-term problems it has faced, as well as examine future changes that might be anticipated through strategic planning.

***Recommendation (4).*** The Department of Personnel and Training should assign a higher overall priority to proactively addressing long-term problems that have faced the agency. In particular, the department should focus on the completion, dissemination, and regular updating of essential policy manuals. The department should establish a firm deadline for such activities, particularly for the promulgation of a comprehensive update to the 1989 health benefits manual. In addition, the department should more systematically collect and analyze information available to staff through the administration of its routine activities. Using this information, the department should take action to improve and streamline its daily operations.



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## **III. Management of the State Compensation and Classification System**

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The Virginia compensation and classification system has evolved around the operating principle of "equal pay for equal work." Compensation is based on the demands of a particular job, and not on the qualifications of the individual employee performing the job. Thus, while many State personnel functions have been decentralized to individual line agencies, the overall compensation and classification of most State employees remains centrally controlled by the Department of Personnel and Training. The intent behind centralized control is the uniform application of State compensation and classification policies.

As of 1991, the system had resulted in the establishment of 1,888 separate position classifications. Although this is below the 50-state average of 1,969, there are cogent reasons to reduce the number of position classifications. A number of efforts in both the public and private sectors are currently directed at simplifying personnel classification and compensation systems. The objectives of these efforts are to reduce unnecessary complexity, provide managers with greater flexibility, provide additional incentives to employees, and reduce central control.

This central control creates some degree of friction with line agencies. Agencies desire the authority to reward their individual employees. They contend that some job responsibilities do not fit neatly into the State classification system, and therefore some employees do more, without reward, than is specified in their classification. The resulting friction particularly manifests itself through a broad sense of dissatisfaction by large agencies with the division of authority between DPT and the State agencies in the compensation and classification areas. Beyond this general dissatisfaction with the structure of the system, State agencies are specifically concerned with issues relating to DPT's maintenance and administration of the State's compensation plan and the State's classification plan.

### **DECENTRALIZATION: THE DIVISION OF AUTHORITY IN COMPENSATION AND CLASSIFICATION AREAS**

While most State agencies are generally satisfied with the division of authority between DPT and their agency in the classification and compensation areas, some friction is evident. This friction stems primarily from the competing needs of control and flexibility. The friction is manifested least in those functional areas where the decentralization of authority is already permitted. Likewise, it is greatest in those areas where agencies want complete authority over all employee compensation decisions. Given the State's current philosophy of equal pay for equal work, potential costs of increased decentralization in the classification and compensation areas would probably outweigh the potential benefits.

## **Areas in Which the Decentralization of Authority is Permitted**

There are two functional areas in the current State classification and compensation system in which decentralized authority can be obtained from DPT by State agencies. These areas are the determination of an employee's starting pay and classification. The starting pay policy has been decentralized to all State agencies, while decentralized classification authority can only be used by those agencies which have negotiated a memorandum of agreement with DPT.

***Authority to Determine Starting Pay.*** On November 1, 1990, DPT decentralized to all line agencies the authority to make starting pay decisions. The resulting starting pay policy provides that State agency human resource officers have the authority to allow "persons judged to be fully experienced or exceptionally qualified" to be started at steps five through 20 of the Commonwealth Salary Structure. The only qualification is that starting salaries do not exceed employees' pre-employment salaries by more than ten percent. Starting salaries which exceed the ten percent amount must be approved in advance by the Department of Personnel and Training. Within DPT, the Office of Compensation Management (OCM) monitors adherence to the starting pay policy through a post-audit review of 20 percent of starting pay actions. The only reported State agency concern with the starting pay policy relates to its long-term effects on employee morale which will be discussed later in this chapter, not with the degree of authority the policy provides to agencies.

***Authority to Assign a Classification.*** If a State agency desires the authority "to establish, reallocate, or redefine positions in those classes designated by DPT as decentralized," then it has the option of entering into a decentralization memorandum of agreement (MOA) with DPT. These MOAs are restricted to the classification of positions specified by OCM. The DPT Compensation Plan effective December 1, 1992, identifies all those position classifications for which decentralized classification authority can be used by State agencies operating under MOAs. To ensure equity among employees' pay, the authority to change or establish salary grade assignments of entire job classes remains with OCM.

As of July 1993, 34 State agencies had decentralization memoranda of agreements (MOAs) with DPT. Eighty-two percent of these agencies had maximum employment levels above 300. Four additional State agencies reported through the JLARC survey that they were in the process of arranging for decentralized classification authority with DPT. Other State agencies indicated that they would like to pursue decentralized classification authority with DPT, but do not think they have sufficient in-house personnel staff. For those agencies operating without an MOA, the Office of Compensation Management continues to receive, review, and approve all job classification actions.

Additionally, OCM maintains some degree of oversight over State agencies with decentralized classification authority by using a post-audit review process. At one time, OCM post-audited every agency position classification action. Currently, OCM conducts an audit of a random sample of 20 percent of agency classification actions. OCM staff reported that this post-audit review function has been effective in monitoring agency

actions. Similarly, JLARC State agency respondents operating under decentralized classification authority reported few concerns regarding this OCM post-audit function. However, two agencies stated that even the post-audit function can be a “major draw back,” especially when DPT overturns an agency decision.

***Agency Satisfaction with these Authorizations.*** While the decentralization of authority in the area of starting pay has generated few concerns or comments from either DPT staff or State agency personnel officers, the issue of decentralized classification authority has received some attention. Most agencies are in favor of this authority and regard it as beneficial.

The majority of State agencies operating under an MOA stated that this delegation of authority has allowed them to reduce the processing time of classification decisions and to provide the flexibility necessary to administer position classification actions. Specifically, 26 of the 34 State agencies operating under an MOA, or 76 percent, stated that it has enabled their agency to function in the manner that they had hoped it would (Exhibit 4). Agency survey comments included:

Entering into a decentralization agreement with DPT has provided us with opportunities to expedite routine personnel transactions which would otherwise take weeks to complete.

\* \* \*

The process time has been reduced and appropriate delegation of responsibility has resulted.

\* \* \*

We can provide our departments with a more timely response to classification requests and make better classification decisions because of our knowledge of the agency and the organizational structure.

While it is apparent that most State agencies operating under decentralized classification authority view it as a benefit, some State agencies have noted drawbacks to operating under decentralized classification authority. Of the 18 State agencies which responded to the JLARC survey question asking about the drawbacks of entering into an MOA, ten agencies reported drawbacks. Of those drawbacks noted, four involved limitations within their own agency, including the need for in-house staff to process position classifications and internal employee pressure to “process particular classification actions” for the benefit of employees.

It should also be recognized that despite the apparent advantages, almost two-thirds of the State agencies have not entered into a memorandum of agreement with DPT. Most of these agencies (24 of 42, or 57 percent) reported that they do not have sufficient personnel staff to administer decentralized classification authority. Additionally, several small agencies (MEL under 31) reported that they saw no need to pursue an MOA, since they thought their current arrangement with DPT was adequate. DPT staff were

**Exhibit 4**

**State Agency Responses as to Whether the  
Decentralization Memorandum of Agreement  
Has Enabled Their Agency to Function  
in the Manner that they Hoped it Would**

<b>Yes (26 State agencies)</b>	<b>No (7 State agencies)</b>
<p>Christopher Newport University College of William and Mary Department for the Visually Handicapped Department of Agriculture and Consumer Services Department of Corrections Department of Education Department of Environmental Quality Department of Forestry Department of Lottery Department of Medical Assistance Services Department of Motor Vehicles Department of Planning and Budget Department of Social Services Department of State Police Department of Transportation Department of Treasury James Madison University Radford University State Department of Health University of Virginia Virginia Community College System Virginia Employment Commission Virginia Museum of Fine Arts Virginia Museum of Natural History Virginia Retirement System Virginia Polytechnic Institute and State University</p>	<p>Department of General Services Department of Information Technology Department of Mental Health and Mental Retardation Department of Rehabilitation Services George Mason University Old Dominion University Virginia Commonwealth University</p>

Note: The Department of Taxation reported that since it had entered into a MOA with DPT on July 1, 1993, it was too early to adequately respond to this question.

Source: JLARC staff analysis of State agency survey.

able to confirm these reasons, reporting that while they encourage agencies to assume decentralized classification authority, some agencies are reluctant. Notably, OCM staff report that they have never turned down an agency request for decentralized classification authority.

### **Areas in Which Some Agencies Want More Decentralization Authority**

While most State agencies (74 percent of the JLARC survey respondents) report being “satisfied” or “very satisfied” with the present division of administrative authority between their agency and DPT, there were several policy areas where some dissatisfaction was evident. These areas involve the authority to make acting pay approval decisions and the authority to make all employee compensation and classification decisions.

***Desire for the Authority to Make Acting Pay Decisions.*** The State of Virginia is currently operating under a modified acting pay approval process. This process provides supplemental compensation to those employees who temporarily work in a vacant position which is in a higher grade than their current position. Previously, an agency was only permitted to assign acting pay status for up to 90 days. The modified process permits agencies to grant acting pay for up to a six month period and does not require agencies to actively recruit for the vacant position, provided that they are able to certify to their cabinet secretary that all DPT-specified conditions have been met. In all cases, approval of acting pay actions is required by DPT and the appropriate Governor’s Secretary.

DPT staff believe their approval is necessary to ensure fairness in the salary award. Additionally, OCM staff state that since the employee who receives acting pay status normally receives the position permanently, a central review of all acting pay requests is critical to ensure that there is no agency favoritism in the selection of the acting pay status employee.

Several large State agencies reported to JLARC that they would like full authority to make decisions regarding the awarding of acting pay, thus eliminating the requirement of DPT approval. Of the seven State agency survey respondents indicating that they would like acting pay decisions to be fully decentralized to their agency, five have a MEL of above 945. These agencies generally felt that they had “the professional expertise to make these decisions” and were “better able to consider their impacts.”

The JLARC survey also asked State agencies to describe how they would demonstrate accountability for appropriate administration of decentralization of acting pay requests, but none provided specific responses to this question. Despite some State agency requests to decentralize the acting pay approval process and allow agencies more discretion in this area, decentralization of the acting pay approval process does not appear warranted given the need for fairness and the lack of feasible controls.

***Desire for the Authority to Make All Employee Compensation Decisions.*** The JLARC survey of State agencies indicated that 40 percent of all responding agencies



are “not satisfied” with the present division of authority in the employee compensation area (Table 12). Analysis reveals that the dissatisfaction with the division of authority in the employee compensation area rises with agency size. Nine of the 11 State agencies with maximum employment levels over 2000 reported not being satisfied with this area. Furthermore, of these nine agencies, five were educational institutions. Examples of agency comments include:

Our agency would like the authority to develop and implement compensation systems which best meet the objectives of our agency, without seeking DPT approval. [We] would like this authority for all jobs. Our agency would demonstrate accountability for appropriate administration through our level of staff expertise, our budget restraints, our continual monitoring of the system to ensure that system goals are being met, and that our affirmative action goals are not compromised.

\* \* \*

Complete decentralization of classification and compensation activities to the decentralized agencies. Decentralized agencies would assume the responsibility for all agency classification issues, would independently conduct compensation surveys for agency unique classes, and would meet with and share information with other Human Resource Managers in continuous quality groups to monitor classification and compensation issues of shared classes. Decentralized agencies would conduct salary surveys and provide information to DPT to affect changes in the Compensation Plan. All agency actions would be open to audit by the Office of Compensation Management in DPT.

\* \* \*

An entirely different approach should be considered for Compensation Management. Decentralized.

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**Table 12**

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**State Agency Satisfaction with Division of Authority  
in the Employee Compensation Area**

	<u>Not Satisfied</u>	<u>Satisfied</u>	<u>Very Satisfied</u>	<u>All Responses</u>
Number	34	45	6	85
Percentages	40	53	7	100%

Source: JLARC staff analysis of State agency survey.

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Further decentralization of the employee compensation area would, however, involve numerous trade-offs for the State's personnel function. The primary advantage seen by State agencies is increased agency flexibility on compensation decisions. Decentralization of this type is in direct conflict with the State's position on maintaining equal pay for equal work. For this reason, a DPT Task Force on Job Classification System Review is reviewing and developing alternatives for implementing a new or revised job classification system for the Commonwealth, including a review of the State's compensation system.

### **Concerns with Further Decentralization**

Most State agency and OCM staff survey responses indicate satisfaction with the current decentralization initiatives. However, a few (4 of 11) OCM staff reported that decentralization had proceeded too far and were concerned with what they regarded as duplication of effort and costs associated with decentralization.

Decentralization, by necessity, results in more duplication of efforts, not less. Each agency will be required to hire more personnel professionals to perform previous[ly] centralized functions. Management must decide if the increased costs, duplication of effort within each agency, and loss of consistency between agencies is outweighed by the increased flexibility given to agencies.

\* \* \*

Decentralization, by its nature, requires larger staff at every agency to deliver the same service than a more centralized system. It is convenient for a field manager to have face-to-face access to professional personnel staff for advice. It is not cost effective to staff an organization or state with that objective. A more centralized personnel delivery system requires fewer personnel and may sometimes be slower to act. However, the fact is that government does not operate on a profit margin where 'time is money' lost. In government often times slower is better, as when spending taxpayer dollars and 'time is money' saved.

Another OCM staff member believed that asking whether the State's decentralization of any personnel functions had proceeded too far was not a yes or no question. This OCM staff member stated the issue succinctly:

The 'costs' of decentralization are increased HR costs, a lack of consistency among agencies, and increased risks of unfair or illegal actions; the benefit is responsiveness to agency needs.

While the level of decentralization in the compensation and classification areas appears to be adequate at this time, the State must carefully weigh the advantages and disadvantages of any further attempts to decentralize personnel functions in these areas. The imperatives of a public sector employer require a balance between flexibility and accountability. Further decentralization in the form of flexibility given to agency managers should not be so great that the principle of "equal pay for equal work" is violated. Other potential disadvantages to further decentralization in these areas include increased agency costs from the need for additional personnel staff and the increased risks of illegal agency behavior.

**Recommendation (5).** Further decentralization of the division of authority in the job classification and employee compensation areas does not appear appropriate at this time. Although a minority of State agencies desire total decentralization of the employee compensation authority, increased human resources personnel staff costs, difficulties associated with maintaining equal pay for equal work, lack of control over State agency actions, and a lack of consistency among agency actions, are major impediments. Further study provided by the DPT Task Force on Job Classification System Review should provide additional insight into any further decentralization of these areas, particularly as it pertains to larger agencies. The Workforce Commission should carefully weigh the advantages and disadvantages of any proposals to further decentralize any personnel functions in the job classification and employee compensation areas.

### **Maintenance and Administration of the State Compensation Plan**

As the administrator and regulator of the State compensation plan, the Department of Personnel and Training must develop and oversee the State compensation plan, process agency compensation requests, and conduct mandated compensation studies. The JLARC review of the provision of these services suggests that satisfaction with this area of DPT service delivery is mixed. The development and oversight of the State compensation plan is adequate, but there are concerns with DPT's processing of agency compensation requests and conducting of special agency compensation studies.

### **Development and Oversight of the State Compensation Plan is Adequate**

In the development and oversight of the State compensation plan, State agencies report being somewhat dissatisfied with the lack of flexibility permitted by the plan, but not with its maintenance or administration. Therefore, while almost half of the State agency directors (46 percent of the JLARC State agency survey respondents) reported that there should be some change to maintaining the State compensation plan, their comments primarily related to the decentralization of State compensation plan functions.

## Concerns with OCM's Processing of Agency Compensation Requests

The Office of Compensation Management is responsible for processing agency compensation requests; an activity which involves reviewing requests in the areas of starting pay, acting pay, salary regrades, salary differentials, wage employment, compensatory leave, and overtime authorizations. These reviews involve determining the extent of agency retention and recruiting problems, assessing standard industry practices, gathering salary information from localities and firms, and making determinations of the appropriate amount of salary differentials, including those for shift differentials, competitive differentials, call-back pay, and on-call pay. Many agencies (49 percent of survey respondents) stated that they thought there should be some change to this OCM activity. Specifically, seven respondents reported concern over the need for more expeditious processing of agency compensation requests. Their concern is supported by the fact that four OCM staff also reported that the length of time it takes to turn around these requests is a cause of agency dissatisfaction.

An area of concern connected to agency compensation requests involves the DPT starting pay policy. As stated previously in this chapter, the starting pay policy provides line agency human resources officers with the authority to allow "persons judged to be fully experienced or exceptionally qualified" to be started at steps five through 20 of the Commonwealth Salary Structure. Although the starting pay policy has been fully decentralized to all State agencies since November 1, 1990, agencies and OCM alike share the concern that new hires can be brought into the system at substantially higher pay rates than existing employees. One agency personnel director reported the situation this way:

The compensation system allows for no flexibility and as a result, long-term employees are severely penalized. For example, an employee gets promoted and his replacement is hired at a salary in excess of what the employee is earning in the new position. This is because the starting pay policy allows individuals to be brought into the system at a higher pay level under the justification of market conditions while the long-term employee's salary is locked in. A recent egregious example occurred when kitchen workers were promoted to a higher classification and their salaries were increased to approximately \$11,000; their replacements were hired at starting salaries in excess of \$14,000.

OCM staff share this concern. One OCM staff member reported that:

This is an inequity in the current system. Agencies can't adjust the salaries of long-term employees to equate with new hires, who were hired in at a salary based on current market conditions. The only mechanism available to agencies now is to request a competitive differential, which is based on market conditions in certain areas of the State. This leaves out most of the State, however. The current budget situation has exacerbated this problem significantly, since salary increases have pretty much stopped over the last three years. This

creates a larger and larger gap between new hires and long-term employees.

Data were not available to reveal the frequency with which this situation arises. However, frequent instances could adversely affect the morale of the workforce and employee perceptions of equity.

**Recommendation (6).** The Department of Personnel and Training should evaluate two components of the Office of Compensation Management processing of agency compensation requests: the expeditiousness of processing, and the frequency of new hires being brought into the system at higher pay than existing employees. When these data are analyzed, the Department of Personnel and Training should develop appropriate options. Options with potentially significant effects on the personnel function as a whole should be reported to the Workforce Commission.

### **Concerns with OCM's Performance in Conducting Special Compensation Studies**

There are two types of compensation studies performed by OCM, those that are mandated and those that are requested by agencies. Mandated compensation studies include the biennial teacher salary survey, the annual salary survey, the consolidated salary authorization, and compensation studies initiated by both the Legislature and the Administration. Compensation studies requested by agencies, referred to as "special agency compensation studies," are studies of individual job classes which are completed by comparing State salaries with salaries of jobs in the private sector, other State agencies, other states, and local governments.

While most State agency survey respondents reported being satisfied with OCM's performance in conducting mandated compensation studies, concerns were expressed regarding OCM's performance in conducting special agency compensation studies. For example, six State agencies reported that special agency compensation studies were not performed in a timely manner. Similarly, several agencies stated that once these studies were completed, the information was outdated. Agency comments included:

Major studies take an inordinate amount of time to complete, largely because of the conflicting demands on both DPT and agency staff time. Streamline the process so studies are not out-dated before they are released.

\* \* \*

Information to agencies is not always timely nor comprehensive.

\* \* \*

Studies are not timely. By the time salary studies are completed, any compensation adjustments are often obsolete.

In a document prepared by OCM which explains how the office has reacted to the loss of five compensation analysts since FY 1990, OCM staff reported that they have reduced the number of State agency special compensation studies to which they respond. Although OCM staff reported that these studies are generally conducted within 45 days, OCM currently does not monitor the length of time it takes to complete a study. If such a mechanism were in place, OCM could determine ways in which the process could be expedited.

### **Maintenance and Administration of the State Classification Plan**

In addition to the responsibilities associated with maintaining and administering the State compensation plan, the Department of Personnel and Training is also required to oversee the State classification plan. The activity of maintaining the State classification plan involves reviewing requests from agencies to reallocate and establish positions, conducting class series studies, overseeing the decentralization of job classifications to agencies, and conducting job audits.

The majority of OCM staff analyst time is spent reviewing and approving job classification actions from State agencies to: (1) establish new positions, (2) reallocate or change the job classification of existing positions, and (3) update or redefine information which pertains to existing positions. An OCM analyst's review of these actions involves an analysis of responsibilities and duties assigned to positions, comparisons with job classification specifications, and a determination of appropriate job classification assignments. In 1992, there were 7,375 actions reviewed by OCM, which was about the same number reviewed in 1990. OCM reviews all position classification requests from State agencies, and post-audits 20 percent of those position classification actions taken by agencies operating under decentralized classification authority. Taken together, these actions constitute one of the central control elements of the State's personnel system.

Given the fact that these actions are control-oriented, it is not surprising that they represent a source of concern. The function of establishing position classifications has become a focal point of various public and private efforts to reform personnel systems. In Virginia, the General Assembly has expressed concern with the current number of position classifications used in the State personnel system. State agencies, on the other hand, are generally satisfied with the number of position classifications, but are concerned instead with the status of the Classification Review/Specification Update Project (CR/SU). Both of these issues are explored in more detail below.

### **Concerns with the Number of Position Classifications**

Concern has developed in the General Assembly over the number of position classifications that the Commonwealth currently maintains. As of 1991, the personnel

system maintained 1,888 separate position classifications. While this is less than the 50-state average of 1,969 (Table 13), there are valid reasons to reduce the number of position classifications. These include: reducing unnecessary complexity, providing managers with greater flexibility, and providing additional incentives to employees. Accordingly, one of the primary topics assigned to the recently created Workforce Commission is to review "whether simplification of the classification structure for state jobs into a small number of 'bands', rather than the current 1,888 job classifications, would increase managerial flexibility and employee productivity, as was accomplished in a recent pilot study for the federal government, which reduced job classifications from 459 job classifications to only 10 occupational 'families.'"

***Agencies Generally Support the Number of Position Classifications.*** Yet, despite the generalized concern that there are too many State position classifica-

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Table 13

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### Number of Position Classifications by State as of 1991

New York	7,300	Georgia	1,570
New Jersey	6,400	Idaho	1,550
California	4,324	Arizona	1,500
Louisiana	3,800	Indiana	1,500
North Carolina	3,500	Maine	1,500
Maryland	3,000	Rhode Island	1,500
Pennsylvania	2,782	New Hampshire	1,490
Michigan	2,700	Delaware	1,434
Connecticut	2,600	Oklahoma	1,418
Utah	2,500	Montana	1,350
South Carolina	2,318	Colorado	1,348
Tennessee	2,258	Texas	1,339
Minnesota	2,140	Nebraska	1,300
Washington	2,100	Nevada	1,300
Mississippi	2,053	Vermont	1,280
West Virginia	2,000	Iowa	1,250
Wisconsin	2,000	New Mexico	1,200
<b>Average Number</b>	<b>1,969</b>	Massachusetts	1,150
Arkansas	1,900	Kansas	1,142
<b>VIRGINIA</b>	<b>1,888</b>	Puerto Rico	1,107
Ohio	1,804	Missouri	1,100
Illinois	1,680	Oregon	1,100
Hawaii	1,660	North Dakota	1,075
Kentucky	1,614	Alaska	1,050
Alabama	1,600	Wyoming	774
Florida	1,596	South Dakota	551

Source: NASPE, *State Personnel Office: Roles and Functions*, Second Edition, 1991.

tions, 49 of the State agency respondents, or 60 percent, thought that the number of position classifications in their agency was about right (Table 14). Of the remaining State agency responses, 19 percent (15 agencies) thought that there were too few position classifications and 21 percent (17 agencies) thought that there were too many. Interestingly, none of the 81 State agencies reported difficulties with employees complaining that assigned tasks were "not in my job description." That often-mentioned complaint regarding public employment seems to be largely absent from the culture of Virginia State employees. (Similarly, a 1963 Virginia legislative report commented that Virginia seemed unique in the quality of its State employee workforce.)

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**Table 14**

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**State Agency Perspective on Number of  
Position Classifications for Their Own Agency**

	<u>Number</u>	<u>Percentage</u>
Too few	15	19%
About right	49	60
Too many	17	21
Total	81	100

Source: JLARC staff analysis of State agency survey.

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Of those 15 State agencies who thought that there were too few position classifications, the predominant response was that more position classifications were needed to accommodate agency specific needs. Examples include:

I would add classes which specifically describe the jobs to be done at our agency.

\* \* \*

Under the current system, classifications do not reflect job responsibilities, and needs in small agencies must be met by staff members willing to assume a wide variety of duties.

\* \* \*

We would like to add more classifications to better reflect the duties being performed.

Therefore, despite the extensive number of position classifications, it is apparent that all agency-specific needs are not being met by the current structure. Smaller agencies seem to have more difficulty tailoring their current job responsibilities with



those position classifications currently utilized by the Department of Personnel and Training.

Several agencies, on the other hand, felt that they had too many position classifications with which to work. Of the 17 State agency respondents who thought that there were too many position classifications for their agency, 16 were from State agencies whose MELs were over 31. Two themes emerged from the analysis of these State agency responses. First, State agencies would like to reduce the number of clerical position classifications. Second, some State agencies would prefer to simplify the classification structure into a small number of pay bands or occupational "families." For example:

Some of these classifications would more appropriately be incorporated into a pay band, requiring less administrative and management time spent on determining, for example, whether a position is a secretary or a secretary senior.

\* \* \*

Our preference would be to have many fewer classifications, and develop ranges within which skill based pay could be implemented in support of continuous improvement efforts. Such a system might entail broad job families within which agencies would have greater flexibility in addressing job needs, which today are changing at an increasingly rapid pace with technological advances and changing customer demands.

Although the two themes that emerged from the analysis of the large agency responses may at first appear separate, both themes relate to the simplification of the current structure and further consolidation of individual classes into broader, less specific classification specifications. These changes would allow agency management greater flexibility in utilizing staff to meet changing workforce demands.

**Conclusion.** It appears as if the operation of the State's classification plan involves different pressures from various sources which often conflict with one another. First, policy makers are interested in reducing the number of position classifications and may see flexibility as a "wide pay band" which includes many positions. "Pay banding" is a classification process whereby job classifications are reduced to a limited number of occupational groups, or "families," and has the potential for increased management flexibility and employee productivity. Second, State agencies may define flexibility as having their own agency specific classifications. Third, the State classification plan must maintain its guiding principle of equal pay for equal work.

The following examples illustrate this tension. First, consider the creation of a "maintenance class." Although a maintenance class may be viewed as a general classification, both electricians and plumbers might be covered under this classification. If electricians were to command more compensation than plumbers in the marketplace, then a problem with compensation equity may arise, as both are paid the same amount despite the fact that one occupation is more in demand than the other.

Problems associated with classification limitations are also illustrated by an OCM study of deputy director positions. During this study, it was discovered that approximately 75 position classifications were allocated to 50 different deputy classes in State agencies, and another 41 position classifications were allocated to 24 different assistant classes. Clearly, most agencies felt that specific requirements of the deputy position, such as a detailed knowledge of the area, would make a "transportation deputy" unique and different from a "corrections deputy" or "education deputy." The unique duties of deputies in different State agencies had caused the proliferation of the number of agency unique position classifications for deputies. The tension that exists in such a situation is based on State agency needs for flexibility in creating agency unique deputy classes and State policy makers' interests in curtailing growth in the number of position classifications. Another tension that exists is the State's interest in maintaining equal pay for equal work for deputy and other positions. There is some concern that in a simplified system of broad pay bands that senior employees would gradually "float" to the top of the band, regardless of the work demands of their position.

In summary, there are competing rationales for the current system of many agency unique classifications (flexibility) and a system of a reduced number of classifications (clarity and simplicity). Therefore, both the Department of Personnel and Training and the Workforce Commission should continue to research and explore potential solutions to the position classification issue.

### **Status of the CR/SU Project**

Another aspect of the State classification plan which generated concern was the status of the Classification Review/Specification Update Project (CR/SU). This project, which was begun in the spring of 1987, was designed to review all job classifications. The purpose was to ensure that job positions were allocated correctly and that class specifications were rewritten to accurately reflect the work that was being done by employees. A review of the State agency survey comments suggests that while the results of this project have been beneficial, they have not always been timely.

**How CR/SU Works.** In order to better understand the CR/SU review process, it is important to discern how the CR/SU project team functions. The current CR/SU study of administrative operations and administrative service positions illustrates the process. As in most cases, the CR/SU team assigned to the project are comprised of staff from both OCM and agencies. These staff will review position descriptions and prepare class specifications. (Definitions of class series and other terms are included at Appendix H.) Representatives from State agencies with a large number of positions that could be affected will then be asked to meet with the team to reaffirm current class usage and provide updated position descriptions. The CR/SU team then prepares and distributes draft class specifications and proposed salary grades to State agencies. Participating State agencies are given an opportunity to comment prior to the finalization of the class specifications and salary grades. Each CR/SU project takes approximately six months from beginning to end.

As of September 15, 1993, there were a total of 1,870 position classifications in the State classification system. Of this group, 1,725 are considered active position classifications — only these can be used for new positions in State government. The remaining 145 position classifications are inactive, and are closed as State employees move from these positions. Of the 1,725 active position classifications, 1,080 have been evaluated and new position classifications written, while 589 class specifications are still in the old format and need to be reviewed. Of those old class specifications that remain, some date back to 1952. There also remain another 56 classes which have no class specifications in either the new or old format. These 56 classes have job descriptions, but no official position classification written as of yet.

The comments of State agency survey respondents suggest that while agencies are not completely satisfied with the timeliness of the CR/SU project, they do think that the project results are useful. Eight agencies specifically described how the CR/SU project had been beneficial and stated that it should be made a priority again for OCM. For example:

The Classification Review/Specification Update Program was very beneficial. Many classes were updated and the entire classification system was simplified. The CR/SU program is no longer a priority at DPT. The classification plan will suffer for the lack of attention.

\* \* \*

During the time that [CR/SU] was a viable program, the number of classes were reduced from 2,100 to less than 1,800. The occupational families and groups need to be studied and a new schematic plan developed which will recognize progressive movement and career development. As in the past, this should be an agency/DPT effort.

\* \* \*

CR/SU was a great plan which provided needed updates of the current class/comp system. But large delays in processing and implementation of results has shut down the positive aspects of the system. Is there a plan? Is it still alive? Is there long-range planning? What's next? Is there feedback on what's happened so far?

While about 65 percent of the position classifications have been evaluated and new class specifications written, there is a need to conduct the review of the remaining 589 position classifications which are still in the old format. If the pattern of earlier reviews holds, it is likely that there will be further reductions in the number of position classifications. While the result of such reductions may not fully satisfy those who favor pay banding or a similar program, it may represent a reasonable accommodation with those wanting to maintain agency-unique classifications. Updating old position classifications simplifies the classification structure and gives State agencies more flexibility in which to operate their own classification structures. Further, updating antiquated

position descriptions could provide a foundation for additional consolidation and potential banding of classifications.

Completion of CR/SU projects has been slowed by a reduction of OCM's staff from 23 in FY 1989 to 17 in FY 1993 as a result of budget cuts. OCM reduced by about 100 per year the number of position classifications scheduled for review through CR/SU. However, because 86 percent of OCM staff reported that they can handle more responsibility than they currently have, acceleration of CR/SU reviews may be possible. Better direction from DPT leadership will be necessary to effect such a change, however. Of those OCM staff responding to the JLARC survey of DPT, 75 percent disagreed with the statement that agency "leadership priorities and goals are clear." Of this same group, 64 percent disagreed with the statement that "agency leadership provides adequate opportunity for meaningful involvement in policy and decision making." For example:

We must redefine our mission and establish long term goals and objectives that provide the services and needs of our customers. We need to assess every policy, procedure, process, system, and determine if there is a better way. This should be a partnership approach involving the agencies, DPT, other central agencies, and other entities with an interest in building the best human resource system that can be provided, with the resources available, for all employees.

\* \* \*

All services could be improved by having [a] clear understanding of mission, philosophy, attitude, and ethics that are required.

Improved leadership and communication of clear priorities could provide OCM with the needed focus to complete the CR/SU project and address the broader issues associated with pay banding and other potential classification reforms.

**Recommendation (7). In order to further reduce the number of position classifications in the State classification plan, thereby simplifying its structure, the Department of Personnel and Training should give the CR/SU project a high priority for completion. Upon completion, project results and their effect on the total number of position classifications should be reported to the Workforce Commission. The Department of Personnel and Training should include in its report various options for further simplification of the State classification plan structure, including options for pay banding position classifications into occupational "families" to provide agency managers with greater flexibility.**

## CURRENT CLASSIFICATION REFORM EFFORTS

In conclusion, it is important to note that the goals and objectives of the State's compensation and classification plans are currently being assessed by both the DPT Task

Force on Job Classification System Review and the Workforce Commission Task Force on Classification and Compensation. The former group has decided to employ the services of a compensation and classification consultant, pursuant to a request for proposal (RFP) dated August 20, 1993. The stated purpose of the RFP is to select a consultant/contractor who "shall furnish all labor and resources to develop alternatives for implementing a new or revised job classification system(s) for the Commonwealth. An evaluation of the feasibility, cost, and effect on employees and managers shall be provided for each alternative." Correspondingly, it is the intention of the Workforce Commission Task Force to work with the DPT Task Force and the consultant to establish long-term goals and objectives for the provision of classification and compensation services.

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## **IV. The Provision of Health Benefits**

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The provision of health benefits to State and local government employees is another area of service responsibility for the Department of Personnel and Training (DPT). Within DPT, the Office of State and Local Health Benefit Programs (OHB) develops and administers the Commonwealth's health benefit services. While DPT is in compliance with the State and federal statutes pertaining to health benefits, an examination of DPT and OHB operations suggests that change is needed in five key aspects of service provision.

Two of these aspects are agency-wide problems — they are the use of strategic planning and evaluation techniques, and the provision of training (in this case to agency benefits administrators) by DPT. The provision of training services is discussed in Chapter V. The three other aspects, however, warrant consideration at the individual OHB division level. These are the development of health benefit contracts and procedures, the provision of health benefits assistance to State agencies, and the use of strategic planning and evaluation methods. This chapter provides an analysis of these areas of concern and suggests that adjustments in organizational processes are needed if service delivery is to improve.

### **DEVELOPMENT OF HEALTH BENEFIT CONTRACTS AND POLICIES**

One of the primary responsibilities of the Office of State and Local Health Benefits Programs is the negotiation and administration of health benefit contracts and policies. OHB staff interviews and the JLARC survey of DPT employees suggest that the fulfillment of this responsibility has been difficult for OHB staff. Moreover, the JLARC survey of State agencies indicates that agency benefits administrators have been dissatisfied with the OHB program benefit and design process.

Some of the problems associated with the OHB program benefit and design process can be attributed to increased OHB staff workload. An unusually heavy volume of contract negotiations combined with a decrease in authorized staff positions placed considerable demands on the abilities of OHB contract negotiators. Consequently, the need to meet contract deadlines created some implementation and operational problems. However, because the period of new program implementation has passed, many of these concerns do not need to be addressed. There are some continuing concerns, however, which still create problems within the contract development process. Problem areas include the inadequate use of line agency input and the provision of conflicting information. OHB needs to improve its communication processes, both internal and external to DPT.

## **New Additions to OHB Contract Responsibilities**

Since 1990, two major health benefit programs have been added to the contract negotiation and administration responsibilities of OHB staff. These are the flexible benefits program and the Key Advantage Health Insurance Plan. For almost three years, OHB staff have concentrated their time and resources on issues related to these two programs. Much of the JLARC evaluation of OHB activities therefore focuses on problems associated with the development and implementation phases of these benefit plans. Brief descriptions of these programs are provided below.

***The Key Advantage Plan.*** The selection and implementation of the Key Advantage health insurance program was the most significant component of OHB operations from 1991 to 1993. Item 61 of the 1991 Appropriation Act directed the director of the Department of Personnel and Training to: (1) present a proposal to revise the design of the employee health insurance plan by October 1, 1991; and (2) if approved by the 1992 Session of the General Assembly, implement the plan by July 1, 1992. The Act further specified that the plan contain the following five elements:

- a preferred institutional provider network which consists only of cost-effective providers of care that agree to prospective reimbursement based on the severity of the cases treated, or other risk sharing reimbursement formulas;
- “Centers of Excellence” within and if necessary, outside of the Commonwealth for the provision of complex, costly procedures, including, where necessary, the cost of travel for the patient and one family member if the center of excellence is more than 500 miles from either the patient’s home or from the city of Richmond;
- a preferred provider professional network which consists only of cost-effective providers of care who agree to reimbursement on the basis of a resource based relative value scale, or capitation or other acceptable risk-sharing arrangement;
- a separate network for psychiatric and substance abuse services which will provide effective outpatient alternatives to inpatient treatment; and
- expanded employee health promotion services and cost-effective preventive services.

## **OHB Selected the Key Advantage Plan to Fulfill These Requirements**

The Key Advantage Plan is a managed care health insurance program administered by Blue Cross and Blue Shield of Virginia. Hospital and doctor services are provided through a preferred provider organization. To receive the maximum benefits available, enrollees must initially contact their self-selected primary care physician, who then has the authority to either provide treatment or make a referral. As of August 1993, the Key Advantage Plan had 96,458 active and retired State and local government employees enrolled.

***The Flexible Benefits Program.*** The Commonwealth's flexible benefits program was established pursuant to Section 125 of the Internal Revenue Service Tax Code, which allows employers to establish certain benefits (commonly referred to as cafeteria plans) under which employees can choose between tax-free benefits and taxable benefits. The Commonwealth currently offers two flexible benefits programs: the premium conversion program, and the flexible reimbursement accounts program.

The premium conversion program became effective July 1, 1990, and enables employees to pay their portion of the State's health insurance premium on a tax free basis. All State employees are enrolled, unless they elect to opt-out of coverage during the open enrollment period. OHB administers the premium conversion program for approximately 80,000 State employees.

The flexible reimbursement accounts program became effective May 1, 1991, and consists of a medical reimbursement account option and a dependent care reimbursement account option. The medical reimbursement account program enables a State employee to set aside earnings into a medical reimbursement account prior to the calculation of payroll taxes. The money deposited into this account can then be used to reimburse the participant for certain out-of-pocket medical expenses that are not otherwise covered under his or her health benefits program. The end result should be more net income for the participating employee. Similarly, a dependent care reimbursement account enables an employee to set aside earnings into a dependent care reimbursement account prior to the calculation of payroll taxes. The money in this account can then be used to reimburse the participant for certain out-of-pocket work-related dependent care expenses. OHB administers flexible reimbursement accounts for approximately 3,500 State employees.

### **Problems with the Program Benefit and Design Process**

A review of the OHB program benefit and design process indicates that procedural difficulties experienced during the early stages of development generated line agency concerns with the final product. Some of these concerns resulted from the limited time allotted for Key Advantage implementation. However, there were many other concerns that were not directly linked to the timing of the program, but were instead associated with long-term OHB process deficiencies. Specifically, insufficient use of line agency input and the inaccurate provision of contract information created the perception that the program benefit and design process was not working. Changes need to be made to overcome these problems.

***Insufficient Use of Line Agency Input.*** Health benefit implementation problems and line agency dissatisfaction with OHB policies and procedures at times resulted from the insufficient use of line agency input. A central personnel agency, such as DPT, can not always anticipate the full range of effects that stem from a change in a benefit policy. Unnecessary problems can be created when lines of communication and means of agency participation in policy development are weak. Analysis of the JLARC survey of State agencies indicates that these negative characteristics have been associated with OHB decision-making.



An example of the ineffective use of line agency input by OHB involved the handling of a telephone survey of 1,129 State employees. The June 1991 survey was commissioned by OHB and conducted by Virginia Commonwealth University in an effort to determine employee views on the health benefits program. The survey produced two important findings: (1) 86 percent of all employees were either "satisfied" or "very satisfied" with their existing benefits, and (2) 60 percent of the respondents with employee-only coverage indicated that they would prefer that the Commonwealth maintain benefits and charge employees a portion of the premium, rather than reduce benefits and have the Commonwealth continue to pay the entire premium. Although DPT incorporated many of the survey findings in the development of the Key Advantage program, this practice was not effectively communicated to State employees. Employees perceived that their comments were ignored. The new plan was then introduced into an unreceptive environment and implementation was hampered.

Similarly, a number of the problems that were encountered during the implementation of the Key Advantage program could have been anticipated, and possibly avoided, if agency input had been sought. For example, the heated debate regarding the gynecological referral process might have been avoided if OHB staff had initiated early policy development discussions with agency benefits administrators or conducted focus groups with State employees. Administrators knew from insurance enrollment discussions that many female employees participating in HMO programs went directly to a specialist for the provision of gynecological services. (By contrast, none of the State's self-administered programs — Basic Blue Cross, Key Care, or Cost Awareness — offered an annual OBGYN examination.)

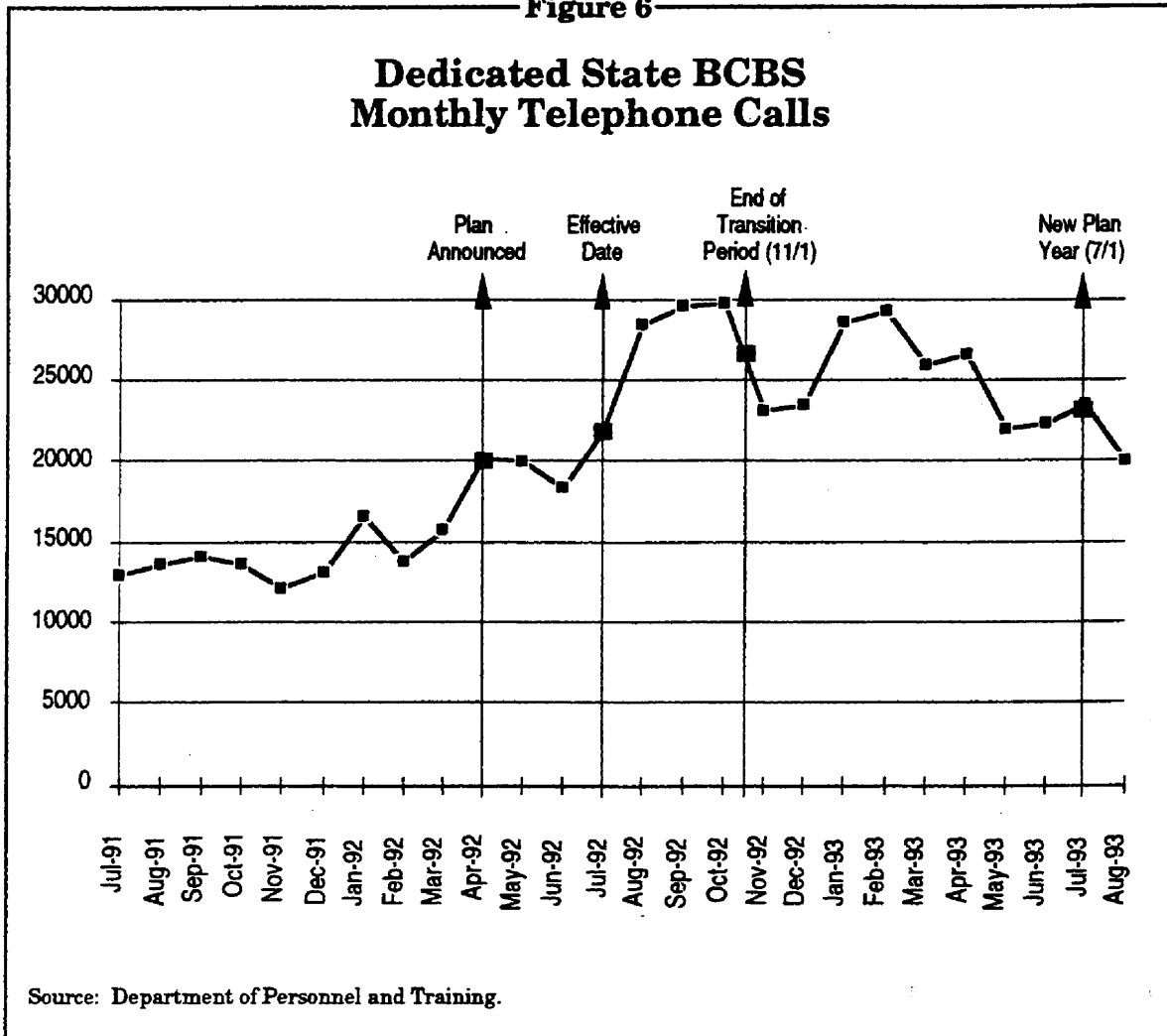
Benefit administrators could have advised policy-makers that the referral requirements were likely to generate concern among State employees. However, OHB staff and the representatives from Blue Cross and Blue Shield did not seek their input, nor did they seem to anticipate the reaction of State employees. According to the director of OHB, the "firestorm" that accompanied the implementation of the Key Advantage program probably did result in the dissemination of conflicting information as to the nature of the referral policy. Had DPT staff worked more closely with agency benefits administrators and Blue Cross and Blue Shield staff prior to the announcement of the referral policy, much of the confusion might have been avoided.

While many of the initial problems of the Key Advantage program have been worked out, a majority of the line agencies surveyed, 56 percent, thought that the health program benefit and design process needs to be changed. Of those agencies recommending a change, 40 percent cited the need to incorporate line agency input into the program development phase.

Some of the line agency dissatisfaction with the current process is probably due to the newness of the Key Advantage Program. As stated in the Alexander and Alexander Consulting Group report, *Study of Employee Health Benefits Program*, "the hurried introduction of Key Advantage appears to have gotten a sound benefit plan off to a very rocky start. Employees, State officials, and legislators alike feel that had more time been available for network development, administrator training, and employee communica-

tions, many of the current problems could have been avoided.” Concern with the Key Advantage program seems to have peaked between August 1992 and February 1993. During that seven month period, the five highest months of recorded customer service calls on record occurred (Figure 6). Monthly calls to BCBS have declined by almost 10,000 (or one-third) since the peak period. Calls probably will not reach pre-Key Advantage levels because the new program includes new requirements for accessing benefits.

Figure 6



While stability is returning to the health benefits area, some concerns are longer term and represent lasting problems that go beyond the implementation of any one program. In the future, the use of line agency input should be an important means of addressing agency concerns. Correspondingly, State agency survey comments suggest that there are many human resource professionals across the Commonwealth who are interested in serving on task forces, reviewing draft policies, and participating in surveys. The willingness of these professionals to serve and advise is a source of valuable information that has been underutilized by DPT. Recent efforts to incorporate input,

such as the formation of the Health Insurance Benefits Advisory Committee (HIBAC) should be encouraged and strengthened. More effective use of this tool should result in greater satisfaction with policy outcomes by all interested parties.

***Provision of Inaccurate Information.*** Difficulties experienced in the communication of health benefit contract provisions present a substantial impediment to positive attitudes regarding health benefit services for State and local government employees. The JLARC survey of State agencies indicates that agency benefits administrators felt that they frequently received conflicting and/or incomplete information in reference to health benefit contract policies and procedures. Of the 21 State agencies responding "yes" to the survey question "does your agency ever receive policy guidance, interpretations of policy, or technical assistance from one person or division within DPT which appears to conflict with that which is offered by another person or division within DPT?" ten identified OHB as the source of conflict. Accompanying narrative comments specified two sources of confusion: the provision of different contract interpretations from DPT and the insurance carriers, and the provision of different health benefit policy interpretations from the central State agencies with responsibilities in personnel management (DPT, DOA, DPB, VRS, and DGS). In both cases, the provision of conflicting information contributed to the agency perception that the program benefit and design process did not work well.

In the first case, confusion about contract information is created when line agencies receive different policy interpretations from OHB staff and the staff of the insurance carriers, particularly Blue Cross and Blue Shield. A provision of the Health Insurance Manual (1989 edition) advises agency benefits administrators to call Blue Cross and Blue Shield "when questions arise about the State's Basic Plan." It also advises them to call OHB if they "have questions about eligibility for coverage, other administrative questions, or have not been able to resolve an employee's claim problem." Many benefits questions therefore require that an agency benefits administrator call both sources in order to get complete information. The problem occurs when agencies receive two different, yet ostensibly definitive, responses. The response variation creates agency uncertainty that is difficult to resolve.

Interviews with staff of OHB and Blue Cross and Blue Shield, as well as with agency benefits administrators, suggest that the problem of conflicting information was especially evident during the Key Advantage transition period. According to one Blue Cross and Blue Shield representative:

In the development stages (45 days prior to the Key Advantage effective date) program revisions were going on almost daily. Depending on when an agency benefit administrator called, it is very possible that they could receive conflicting information from Blue Cross and Blue Shield and DPT.

Not surprisingly, line agency responses indicated problems of this nature. Note the following example:

The issue was whether or not a referral was required for specialist care; DPT said a referral was not needed; BC/BS said it was required. We have had enough consistent problems of this nature that we deal directly with the health care carriers rather than DPT.

The root of this communication problem appears to lie in a collective decision to, in the words of one Blue Cross and Blue Shield representative, "allow fluidity in policy interpretation" until the transition phase was complete. Representatives from both Blue Cross and Blue Shield and DPT made it a practice to provide agency benefits administrators with their most recent understanding of a contract policy, even if this interpretation had not yet been confirmed by both sets of contract negotiators. The end result was that policy interpretations were frequently changing and information became quickly outdated. Consistency was lost.

OHB staff and the insurance carriers need to work together to ensure that policy and procedural advice is consistent. Contract interpretations should only be provided subsequent to confirmation by both sets of negotiators. The creation of a health benefits contract task force, comprised of OHB and insurance carrier representatives, should be encouraged. Such an entity would have the ability to collectively develop, and adopt, uniform policy interpretations in advance of contract implementation. The resulting communication improvements could dispel much of the negative perception that has been attributed to the program benefit and design process.

The second source of contract confusion involves the provision of conflicting information by different central State agencies. The State benefit system is designed so that several State agencies have a role in the administration of benefits. In addition to the Department of Personnel and Training, agencies responsible for benefits administration include the Virginia Retirement System (retirement benefits), the Department of Accounts (payroll procedures for benefits), the Department of Planning and Budget (budget procedures for benefits calculation) and the Department of General Services (workers' compensation issues). Each agency has limited, defined benefits responsibilities. Problems arise when new issues are introduced that do not fit neatly into the traditional assignments.

One such problem area involves the provision and administration of retiree health benefits. Recently a State law (Section 2.1-20.1;04 of the *Code of Virginia*) was enacted which mandated the provision of health insurance credits for retirees (Exhibit 5). When agency benefits administrators sought assistance in complying with the mandate, some said they were "referred back and forth between VRS, DPT and DOA." In one case: "DPT was arguing with VRS over an effective date, giving two entirely different dates and interpretations of policy." The end result was that agency benefits administrators "did not feel knowledgeable to answer employees' questions, especially concerning the options available."

Central agencies must work together to delineate clear lines of responsibility and authority before a policy is implemented. Appropriate central office staff should be knowledgeable about where to direct agency referrals. Similarly, efforts should be made to ensure that line agency administrators are aware of the division of central agency

## Legislative Requirements for the Provision of Health Benefits

<u>CITATION</u>	<u>DESCRIPTION OF LAW</u>	<u>DATE ENACTED</u>
Section 2.1-20.1 of the <i>Code of Virginia</i> - "Health and related insurance for state employees."	The Governor shall establish a plan for providing health insurance coverage for State employees and retired State employees with the Commonwealth paying the cost thereof to the extent of the coverage included in such plan. DPT shall administer this section. The plan chosen shall provide means whereby coverage for families or dependents of State employees may be purchased. The Commonwealth may pay all or a portion of the cost.	1970
Proposed Section 125 of the IRS Code (Cafeteria Plans)	Establishes tax provisions relevant to the flexible benefits program	May 7, 1984
Section 2.1-20.1;01 of the <i>Code of Virginia</i> - "State Health Benefits Advisory Council."	The Council shall advise the Secretary of Administration on issues and concerns of State retirees and active employees regarding health insurance coverage and other health related benefits. The Council shall consist of seven members, two of whom have retired from state service.	March 26, 1989
Section 2.1-20.1;02 of the <i>Code of Virginia</i> - "Health insurance program for employees of local governments, local officers, teachers, etc."	The Department of Personnel and Training shall establish a plan or plans subject to approval of the Governor, for providing health insurance coverage for employees of local governments, local officers, teachers, and retirees, and their dependents. The plan shall be rated separately from the plan established pursuant to section 2.1-20.1. The plan established by DPT shall satisfy public procurement requirements and consist of a flexible benefits structure. DPT shall promulgate regulations including, but not limited to, the issues of eligibility, participation, access and egress, mandatory employer contributions and financial reserves, and the administration of the plan. DPT shall take into consideration the recommendations made by an advisory committee.	March 26, 1989
Section 2.1-20.1;2 of the <i>Code of Virginia</i> - "Health insurance credits for retired state employees."	The Commonwealth shall pay the cost of coverage for State employees (1) retired under any retirement system authorized pursuant to section 51.1-126 of the <i>Code</i> ; and (2) who served no less than 15 years of creditable service as a regularly-employed full time employee of the Commonwealth or rendered service as a temporary employee of the General Assembly in 1972 and became a member of the retirement system immediately following temporary service.	July 1, 1993
Item 61 of the 1991 Appropriations Act	Mandates the design and implementation of a new employee health insurance plan.	October 1, 1991 for the design of the new plan; July 1, 1992 for the implementation

Source: JLARC staff compilation of legislative requirements.

responsibilities. Formal, coordinated efforts at improved communication, such as the recently established monthly meetings between the Department of Personnel and Training and the Department of Accounts, should be encouraged.

**Recommendation (8).** The Department of Personnel and Training should work to formally incorporate more line agency input into its program development processes. The use of employee surveys, task forces, or focus groups should be more extensively utilized, particularly when a major program initiative, such as Key Advantage, is under development.

**Recommendation (9).** To improve communication between the Department of Personnel and Training and the insurance carriers, a health benefit contract task force should be created. The task force should be composed of staff from both the Department of Personnel and Training, participating insurance carrier(s), and selected human resource officers from line agencies. The focus of task force activities should be the development and adoption of uniform policy interpretations.

## PROVISION OF ASSISTANCE TO AGENCIES

The communication weaknesses that are evident in the program development processes also negatively affect the ability of OHB staff to provide regulatory assistance to line agencies. Problems with the accuracy and the timeliness of OHB assistance have lessened both agency confidence in and reliance on DPT services. Agency benefits administrators are therefore often ill-informed about the complex area of health benefits. Procedural changes, such as greater use of strategic planning, are needed to improve agency confidence in the accuracy of OHB-provided information.

### Accuracy of Assistance

In recent years, OHB staff are not regarded as having reliably provided agency benefits administrators with consistent, correct information. Consequently, agency administrators have not always passed on accurate information. Line agency survey respondents cited the following examples:

One DPT representative told our benefits manager that DPT had to review all paperwork for pre-adoptive agreements. Another DPT representative said that DPT did not need to see pre-adoptive agreements as long as we kept a copy.

\* \* \*

We asked the Health Benefits Section for direction concerning the effective date of changing from family to "employee plus one" following the death of a spouse. This office told us one date, the fiscal office

another date. The issue was finally resolved when we called the Director of Health Benefits.

\* \* \*

The Health Benefits Section provided conflicting information (1) in the interpretation of use of PCP (primary care physicians) v. specialized doctors for maternity cases; (2) in the interpretation of health benefit coverage with regard to stepchildren.

These agency experiences are supported by the JLARC survey responses of DPT employees. Individual OHB employee comments include:

Coworkers frequently give out conflicting information about a policy issue.

\* \* \*

The Office of Health Benefits does not keep its staff or other agencies updated on changes in policies and procedures.

\* \* \*

Communications need to improve. For example, the management of our office recently decided to cover Hepatitis-B vaccines for the first time. The benefits specialists were not notified by management that this change had been made, so we couldn't respond accurately to inquires from benefits administrators and employees.

\* \* \*

Agencies have valid complaints regarding the lack of updated information on changes to the policies and procedures of the Commonwealth Health Benefits Program.

Considered collectively, these comments suggest that problems with internal communication processes have contributed to weaknesses in the provision of external assistance.

### **Timeliness of Assistance**

Health benefit assistance problems can be created and/or compounded by the timeliness with which information is provided. Throughout the past two years, OHB staff have been unable to provide prompt answers to many agency and individual employee questions. According to the Alexander and Alexander report, "the employee benefit communications issued in recent years are generally perceived by employees as 'too little,

too late.’” This delay has contributed to some dissatisfaction with State health benefits services.

A significant number of agency survey respondents (ranging from 29 percent to 51 percent as shown in Table 15) recommended changing each of the health benefit program processes. From a different perspective, however, it should be noted that a plurality of respondents recommended “no change” in each area. Further, a majority of respondents, ranging from 58 percent to 76 percent, recommended only minor change or no change. Clearly, there are processes that are serving many agencies well. OHB should build on this base of satisfaction to ensure that all agencies and their employees are adequately served by its processes.

Table 15

**Agencies Rating “Degree of Change Necessary”  
for Each of the Health Benefits Program Processes**

<u>Program Processes Area</u>	<u>No Change</u>	<u>Minor Change</u>	<u>Major Change</u>	<u>Complete Change</u>	<u>No Interaction with DFT</u>
Resolving health benefits claims issues*	31%	27%	15%	9%	18%
Resolving health benefits eligibility issues*	45	22	14	4	15
Resolving flexible benefits issues*	54	19	8	2	16
Conducting health insurance open enrollments**	46	30	14	2	7

\*N=84  
\*\*N=83

Note: Percentages may not add to 100 due to rounding.  
Source: JLARC staff analysis of State agency survey.

The nature of the accompanying survey comments indicates that existing dissatisfaction stems largely from the time required to complete each procedure. Two problems in particular are attributed to weaknesses in providing timely information: difficulty in resolving claims issues and difficulty in informing employees about open enrollment procedures.

***Difficulty Experienced in Resolving Health Benefit Claims Issues.*** State agency survey respondents frequently cited difficulty in resolving health benefits claims



issues. As Table 15 indicates, 51 percent of the respondents recommended some degree of change in this program area. Additional agency comments suggest the extent of some agencies' dissatisfaction:

The scope and size of this program has mushroomed over the past few years making it difficult for DPT benefits staff to provide good response time to field benefits officers. Field benefits officers desperately need a Health Benefits Manual that DPT keeps promising, but has never delivered. I think they do try, but we need better and more timely assistance.

\* \* \*

... response is slow, answers are inconsistent, and issues don't seem to be resolved as priorities, even when employees are anxious and have actions pending on the decision.

\* \* \*

The agency has experienced a number of problems with promptness in getting through to a contact and in the resolution of problems.

Claims resolution would be facilitated by the publication of an updated health insurance manual. The only available health insurance manual was published in January 1989, and lacks information on the program changes of the last four years. Agency administrators are therefore forced to rely on an outdated document and a series of newsletters and memoranda on health benefits. Specifically, the manual: (1) refers continually to KeyCare, a Blue Cross and Blue Shield plan that is no longer available to State employees; (2) lacks any information on Key Advantage, the new Blue Cross and Blue Shield health insurance plan that covers approximately 92 percent of State employees enrolled in a State-sponsored health insurance plan; (3) omits any mention of the "employee plus one" coverage option; and (4) omits any mention of the flexible benefits program, including the premium conversion and the medical\dependent care reimbursement accounts options.

OHB staff are aware of the limitations of the existing manual and the need for a new one. One staff member stated "the health benefits manual should be updated with new information each year. The last published manual was 1989 and the information has changed since then." Another OHB employee noted that "the administrative manual for the flex plan is plain wrong in several areas and has been for years."

OHB staff planned to send State agencies a revised manual by June 30, 1993. In the meantime, the management of OHB opted to develop and use *The Key Advantage Newsletter* as a format for publicizing new program information. This semi-monthly publication, sent to agency health benefit administrators and often to State employees, then became the primary source of information for the Key Advantage Plan.

As of this publication, a new manual still has not been finished. The timely publication and distribution of a quality, updated health benefits manual needs to be made a high priority by the Department of Personnel and Training.

***Difficulty Experienced in the Open Enrollment Process.*** The second area of agency dissatisfaction with the timeliness of OHB assistance involves the provision of information essential to the open enrollment process. "Open enrollment" refers to the time period during the fiscal year when State and local government employees have the option of changing their health benefit selections (including enrollment in insurance plans, premium conversion, and flexible reimbursement accounts). This period lasts for one month, and is currently conducted from mid-April to mid-May. In order for State and local government employees to make informed decisions about their health benefits options, it is important that they receive all information pertaining to changes in the benefits offerings prior to the start of the open enrollment period.

Prior notification has not always been achieved, however. In total, six State agencies responding to the JLARC survey reported a problem in receiving open enrollment materials, even though there was not a specific question on the survey designed to address the issue. Comments were made such as:

1993 SourceBooks were not available in enough time to get them to employees prior to the beginning of open enrollment.

\* \* \*

Open enrollment guidelines always late in higher education.

\* \* \*

Need more timely information and materials before future open enrollments.

The open enrollment process could be improved if agency benefits administrators were to receive all open enrollment instructional materials two to four weeks prior to the start of the open enrollment period. While it is recognized that the employee SourceBook is published immediately before the start of open enrollment so that it can contain the most up-to-date information; this practice does not achieve the desired impact when recipients receive the SourceBook late in the enrollment period. Instead, by moving the scheduled delivery date ahead, OHB can better ensure that employees are made aware of their options before they are required to make benefit choices.

***Recommendation (10).*** Both the Department of Personnel and Training and the Office of State and Local Health Benefits Programs need to improve communication within the agency and the accuracy of information provided externally. Specifically, the department needs to improve the quality of the Health Insurance Manual. The distribution of a revised Health Insurance Manual should be made a top priority and if not already issued prior to this publication, should be issued no later than June 30, 1994.

**Recommendation (11).** The Department of Personnel and Training should set a goal of mailing health benefit SourceBooks to agency benefits administrators two to four weeks prior to the start of the annual open enrollment period.

### **Assessing Agency Understanding of Benefits Policies**

A number of comments made by respondents to the JLARC State agency survey proved to be wrong. One respondent, for example, claimed that DPT had provided no training in several years. In fact, dozens of sessions had been available.

For State employees to receive accurate information on benefits, it is essential that agency human resource officers be well-informed. It was clear from agency responses that the complex area of health benefits is not always well understood.

While it is the primary responsibility of the agency human resource officers to keep themselves informed, DPT could monitor certain aspects of their preparation. At the current time, OHB does not keep comprehensive records of agencies which have or have not attended health benefits training. Therefore it cannot be determined if representatives of all agencies even attended training sessions on the State's new managed care program. DPT should maintain records on agency participation in major training activities, thereby promoting the accurate dissemination of information to State employees.

**Recommendation (12).** The Department of Personnel and Training should maintain records on agency participation in major health benefits training programs. If it appears that an agency's level of participation is insufficient to accurately inform State employees, DPT should coordinate needed training with the agency and, if necessary, the agency's Secretariat.

### **Use of Strategic Planning and Evaluation Methods**

The absence of a formal strategic planning element in the process of OHB decision-making limits the ability of the Commonwealth to effectively use its position as a large-scale employer to the fullest extent. While it is recognized that the Office of State and Local Health Benefits Programs has worked to improve the employee benefit package at a minimum cost to the State, some efforts have been *ad hoc* and largely reactive. For example, the flexible benefits program (including premium conversion and medical/dependent reimbursement accounts) was added to the State benefit package in 1991, even though other states had already achieved considerable FICA savings for several years through this program. (The savings result from the fact that for all participating employees, a State no longer has to pay the FICA tax on benefits, since all flexible benefit expenditures become classified as non-taxable.) Yet, as one DPT staff member acknowledged, Virginia was "rather late in jumping on this bandwagon," since the tax laws had permitted the practice since the mid 1980's. Likewise formal consideration of a "cafeteria" benefits plan, in which employees choose how they will spend their

benefit dollars (on annual leave, retirement, health benefits, life insurance, etc.) has progressed slowly, even though the JLARC survey of State agencies indicates that this issue represents a high priority item for many agency benefits administrators. In order to achieve maximum cost savings while providing a quality benefit package, the department must take a more proactive role in benefits administration.

It must be acknowledged by any fair observer that many of OHB's problems can be attributed to the limited time available for the implementation of the Key Advantage program. As the Key Advantage program stabilizes, however, OHB must anticipate longer-term issues, including the potential interface between the State's managed care program and the emerging health care initiatives at the federal level.



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## V. The Provision of Training

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State training programs are a necessary means of attracting and retaining competent employees. These programs help agency employees acquire the knowledge, attitudes, and skills needed to function appropriately in their job assignments and to prepare for future opportunities and responsibilities in State service.

Most State-provided training is focused on the employee's current job, not individual "career development." The Department of Personnel and Training, through its Office of Personnel Development Services (PDS), has traditionally been a major provider of this training to State employees. The Virginia Personnel Act (VPA) requires that DPT "establish and administer a comprehensive and integrated program of employee training and management development." Accordingly, PDS has developed a mission statement to operationalize its mandate from the VPA (Appendix I). Although there are no specific personnel policies or laws with which PDS must comply, federal mandates create a need for DPT to develop specialized training in areas such as the Americans with Disabilities Act, equal employment opportunity, and sexual harassment issues.

PDS's role in the training system has changed substantially in the past several years. Formerly a key provider of training to State agencies, PDS is evolving toward a "broker" or "facilitator" of training services. PDS currently conducts about ten percent of its total training activities, while the remaining 90 percent are contracted out. The office has therefore redefined its role so that it only provides training in selected areas; and instead focuses primarily on the monitoring and managing of contracted training.

Due to reductions in staff and funding, PDS has been forced to make cutbacks in many training areas. Consequently, some training opportunities are largely overlooked, causing both other divisions within DPT and outside agencies to consider establishing training capabilities of their own. This has resulted in disparities among State agencies in the types of training opportunities available to employees. Other examples of training inadequacies include:

- management training programs, while well-received, are infrequently offered;
- a common orientation program for new State employees is lacking;
- employee training on State personnel policies is somewhat dependent on the initiative of other offices within DPT, such as the Office of State and Local Health Benefits Programs and the Office of Equal Employment Services;
- equal employment opportunity training needs to be expanded; and
- the training resources of other State agencies, such as the Virginia Community College System, have not been fully utilized.

These problems suggest that the Office of Personnel Development Services would benefit from improved communication and agency-level leadership and direction. To operate effectively, choices must be made to realistically allocate PDS responsibilities, so that they are appropriate given its size and resources. PDS has downsized since FY 1991 when it had nine staff and a budget of \$428,425. PDS currently has seven positions, two of which are vacant. It had a budget of \$336,628 for FY 1993. Staff of the division attribute many of their problems to personnel shortages and a reduced budget.

It is evident that the training function in the Commonwealth has been in a period of transition and decentralization, if not decline, for several years. While it is not unusual for training activities to be cut during periods of fiscal austerity, such as the State is currently experiencing, it is important to realize that virtually all State programs and initiatives are dependent on a well-trained and motivated workforce. Recognizing this, the General Assembly created the Workforce Commission. To assist the Commission in its work, as well as to inform policy-makers of existing needs and resources, a strategic planning group for training is needed.

## **TRAINING AND CAREER DEVELOPMENT FOR ALL STATE EMPLOYEES**

The State's full commitment to training and personnel development can be seen as the sum of its expenditures for a variety of training-related activities. State expenditures for convention and educational services totaled \$28 million in FY 1993 (Table 16). State expenditures for personnel development activities have been more varied, reaching a peak of over \$7 million in FY 1990, but totaling just over \$3.9 million in FY 1993. In another category of training-related spending, approximately \$6.3 million was spent in FY 1993 to support 249 training positions (or 161 FTE) in 49 State agencies. The ten largest State agency training functions and their total cost of FTE salaries and benefits account for a significant portion of the \$6.3 million spent in FY 1993 (Table 17). JLARC staff methodology used to estimate these data are explained in Appendix J. Many large State agencies perform much of their own training.

The range of career development activities among State agencies varies. It ranges from informally encouraging individual employee career development to providing numerous training opportunities to all levels of staff. Some agencies are very proactive in the career development area, developing agency training advisory committees which assess current career development needs and interests. Others have implemented creative and innovative approaches, such as job rotation and new skill acquisition experiences. Seventy-four of the 82 State agencies surveyed by JLARC, or 90 percent, reported that they make at least some effort at career development within their agency.

### **Impediments to Career Development**

Despite agency efforts in this area, however, there are numerous impediments to career development under the current system. Of the State agencies responding to the

Table 16

### State Direct Expenditures for Convention and Educational Services and Personnel Development Activities

<u>Fiscal Year</u>	<u>Convention and Educational Services</u>	<u>Personnel Development Activities</u>	<u>Total</u>
1988	\$17,892,479	\$3,602,244	\$21,494,723
1989	21,451,049	7,130,364	28,581,413
1990	23,960,879	7,234,405	31,195,284
1991	18,900,900	4,735,133	23,636,033
1992	22,275,659	2,767,220	25,042,879
1993	28,078,057	3,968,304	32,046,361

Note: Convention and educational services "include expenses for conferences, conventions, courses, seminars, and workshops for State employees, including the cost of materials, registration fees, meals, lodging, and travel fares." Personnel development activities "include expenses for services provided by educators, trainers and similar experts who advise on manpower development, personnel evaluation, and employee performance review." Both include legislative, judicial, and executive agencies. Neither expenditure category contains expenditures for State agency trainers as permanent staff members.

Source: JLARC staff analysis of Commonwealth Accounting and Reporting System (CARS) data.

Table 17

### Ten Largest Training Functions in the State Agencies Arranged by Their Total Cost in Salaries and Benefits

<u>State Agency</u>	<u>MEL</u>	<u>Training FTE</u>	<u>Total Cost</u>
Department of State Police	2,316	35	\$1,260,190
Department of Corrections	8,833	26	\$1,070,638
Department of Mental Health, Mental Retardation and Substance Abuse Services	10,934	27	\$932,252
Department of Transportation	11,600	14	\$675,294
Department of Youth and Family Services	1,706	8	\$328,435
State Department of Health	4,263	8	\$274,163
Department of Motor Vehicles	1,946	5	\$167,768
Virginia Commonwealth University	8,664	4	\$161,842
Department of Rehabilitative Services	1,255	3	\$149,564
Virginia Employment Commission	1,073	3	\$139,389
<b>Total</b>	<b>52,590</b>	<b>133</b>	<b>\$5,159,535</b>

Source: JLARC staff analysis of State agency survey.



JLARC survey, none reported that the current system of State workforce management provides any advantages toward effective career development. Those agencies which commented on the current system saw it as an impediment to agency career development activities. The most frequently identified impediments were:

- lack of resources;
- limited career advancement opportunities for State employees;
- inability to be trained outside of one's current job classification responsibilities;
- policy barrier denying preferential consideration of in-house State employees for position vacancies; and
- State budget cuts.

Even given the impact of cutbacks, however, the majority of agencies attempt to provide some type of career development opportunities for their employees. They do not see, however, the classification system or State policies as being supportive of their efforts. In particular, limited advancement opportunities for State employees within the State classification system are seen as an impediment to agency career development activities. Employees in small agencies have relatively limited career development opportunities within their agency, since there may be few upper level positions.

Another impediment cited by eight State agencies is the current practice of allowing State employees to receive training only for their current position. Three agencies commented as follows:

Since budgets/policy require training to be specific to a current job/position, employee career development may be a misnomer. We encourage employees to take advantage of any available training opportunities; however, we need to extend training beyond current job related requirements.

\* \* \*

It is often difficult for employees to gain enough experience in other jobs to be competitive for them.

\* \* \*

The State system does not allow development outside an employee's current job classification. This is quite an impediment.

The current practice of allowing employees to receive training only for their current position is based on a training memorandum disseminated in May, 1974 titled "Educational Aid for State Employees." The policy established that "training provided

under this authorization must be job related.” In part, because of this restriction, agencies feel that individual career development has been impeded, since employees cannot obtain training for progressive positions.

The current State policy which prohibits agencies from recruiting solely from in-house applicants is also seen as an impediment to effective employee career development, according to comments made by seven surveyed agencies. Two agencies commented that:

Career development is difficult outside faculty ranks and any philosophy of internal promotion can not be supported given the state’s prohibition on internal/agency-only recruitment.

\* \* \*

Primary impediment is weak career training and policy barriers denying preferential consideration of existing employees when vacancies occur.

A concern related to training restrictions is the inability of agencies to “hire from within” on a preferential basis. One DPT employee stated that “a State promotion is a misnomer,” since practically all vacant positions are open to competitive selection. State policy in the recruitment area requires that position vacancies be listed simultaneously for both internal and external applicant pools. This policy, in effect since 1992, was developed in an effort to promote equal access to State positions for all applicants.

Despite agency concerns in these areas, it may be difficult for the State to aggressively promote career development. The motivational objectives of “promoting from within” and work force development can conflict with public sector imperatives to have an open employment process with equal opportunities for a diverse pool of potential applicants. While agencies want to develop the most capable work force possible, they cannot do so in a way that excludes fair access to those outside of the system. Balancing the competing objectives of work force development and fair access to State employment must continue to be an area of consideration for public sector employers.

### **Supervision of Other Employees as a Prerequisite for Promotion**

Another area of concern is that the current State classification system often requires the supervision of other employees as a prerequisite for promotion. A few State agencies expressed an interest in developing some mechanism for rewarding employees who master or expand their responsibilities without moving into management positions. Agency survey comments included:

There are inadequate provisions for upgrading positions that do not include supervision of other employees. This emphasis on supervision encourages agencies to create layers of middle management in order to improve the compensation for those employees. There should be some provision for recognizing and rewarding employees who expand their

responsibilities and skill level without moving into management positions.

\* \* \*

... the current class/comp system undervalues the technical specialties and jobs that require high levels of complex skills, but not a college degree. For example, although their jobs are comparable, salaries for regulatory personnel performing different functions are not comparable. Furthermore, our system forces our technical experts to move to management for promotions. We don't recognize technical specialty to be as valuable as management or staff expertise.

The current situation does not recognize some of the essential skills needed in the modern workplace and the value of technicians in fields such as computer science. An entire office can be "crippled" if a local area network crashes, but there is often no need for the system analyst to supervise any of the individuals who are dependent on his or her technical expertise. Modern technicians and specialists should not be forced into management as the only mechanism whereby they can improve their compensation. Further, the classification system should not encourage the creation of unnecessary supervisory relationships to accommodate the compensation of specialists that managers recognize as essential to their operations.

OCM staff reported that they were aware of the problems associated with the current system, and stated that they are looking into changes to the classification system whereby employees can continue to be rewarded without having to be forced into management positions.

***Recommendation (13).*** The Workforce Commission may wish to study career development options for State employees, including non-supervisors, that do not conflict with the objectives of equal opportunity and equal access.

### **DPT'S ROLE AS A TRAINER PROVIDER**

As a training provider for employees of the Commonwealth, DPT provides the State's executive, management, and training development programs; conducts open enrollments and in-house training workshops; and performs special training and support activities upon request. In addition, other offices of DPT provide training in their areas of responsibility, such as health benefits and equal employment opportunity services. Another major training activity of the department is the annual statewide personnel conference. This event usually serves about 300 human resource personnel. The conference acts principally as a communication link with all areas of State government by providing agencies with current information about human resource programs and initiatives throughout the State. In addition, DPT, in cooperation with the Virginia Equal Employment Opportunity Council, annually hosts an EEO/AA conference. This

is the primary DPT vehicle for EEO training. However, half of all surveyed agencies expressed a need for additional training in this area.

Many agencies expressed concern that an annual conference provided insufficient opportunity to learn complex EEO requirements. For example:

Such training is very limited to date. An annual EEO Conference does not provide sufficient detail or training . . . .

\* \* \*

The training received has been through Personnel Conferences. There needs to be more time and more frequency for small agencies without human resources personnel.

\* \* \*

. . . Training is left to a once-a-year meeting; ongoing communication is lacking . . . .

The nature of these comments and others suggest the need for an increase in training efforts in the area of EEO.

### **Provision of Executive, Management, and Trainer Development Programs**

DPT provides three principal programs for employees of the Commonwealth: the Virginia Executive Institute (VEI), the Commonwealth Management Institute (CMI), and trainer development workshops.

The Virginia Executive Institute is a two week executive development program offered once per year for 30 to 35 high level administrators from all three branches of State government. The program originated in the Governor's office during the Robb administration and has been administered by DPT in recent years. It is designed to improve the effectiveness and efficiency of State government by giving these administrators the chance to improve their managerial capacities. VEI is also designed to provide leaders the opportunity to network with each other to exchange information, promote collaboration on State issues of shared interest, resolve interagency concerns, and improve the relationships between the three branches of State government.

The Commonwealth Management Institute is a one week development program offered three times per year. CMI is designed for groups of 30 to 35 middle managers to improve their professional and personal effectiveness as managers and leaders. This program is designed to help middle managers: (1) improve self-awareness; (2) gain more insight into human behavior; (3) use feedback more effectively; (4) make better use of group process skills; (5) gain more understanding of State government operations; and (6) develop networks to enhance information sharing and cooperation between agencies.

Trainee development workshops are given by PDS two or three times per year. These programs bring prominent training experts to the Richmond area to train specialists and managers in State government about innovative ideas and trends in human resource management. Programs are provided to agency participants at a reduced cost. Programs which have been sponsored by PDS in the past include "Technology Delivered Instruction," "Games and Simulations in Training", and "How to Make Training Stick."

Most JLARC State agency survey respondents appear satisfied with the performance of PDS's provision of the State's executive, management, and training development programs. Almost two-thirds (64 percent) reported that there should be no change or only minor change to these PDS activities (Table 18). However, of the 46

**Table 18**

**State Agency Responses On PDS Performance  
of the State's Executive, Management, and  
Training Development Programs**

<u>Agency MEL</u>	<u>No Change</u>	<u>Minor Change</u>	<u>Major Change</u>	<u>Complete Change</u>	<u>No Interaction</u>	<u>Total Responses</u>
2-30	8	2	2	1	7	20
31-186	10	8	5	0	1	24
187-945	9	4	4	2	1	20
946-11,600	8	6	4	2	2	22
Percentages	41	23	17	6	13	100%

Note: The maximum employment level (MEL) of executive agencies ranges from two to 11,600. To ascertain whether agency MEL was a factor in agency responses executive agency responses were divided by MEL into four roughly equal numerical groups: 2-30, 31-186, 187-945, 946-11,600.

Source: JLARC staff analysis of DPT staff survey.

percent of State agencies that reported that there should be some change to these PDS activities, 58 percent were from medium sized agencies where agency MEL is from 31 to 945. The programs' capacity seems to be adequate for small agencies, while larger agencies often have their own programs. Medium sized agencies appear to be most affected by restrictions on enrollment and consequently the least satisfied with PDS's provision of these programs. Twelve agency respondents stated that the frequency and number of participants who could enroll in these programs was inadequate. For example:

The current management training programs, though quality programs, cannot accommodate the number of managers needing training in small and medium size agencies that lack training staff to do the additional training that is needed.

\* \* \*

*Participants who have attended the . . . Commonwealth Management Institute, and Virginia Executive Institute seem to be pleased with the content and experience of interacting with other supervisors / managers. However, due to the severe limitation of nominations that can be honored, the need that exists cannot be met. Only a very few benefit from the programs.*

PDS staff are aware of the need for additional programs and express frustration over their inability to meet agency needs in this area. It is also frustrating to them that many large agencies, such as the Virginia Department of Transportation (VDOT), the Department of Corrections (DOC), the Division of Motor Vehicles (DMV), and the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) have management training programs that are very similar to the CMI program. As many as 18 other State agencies, including the Virginia Employment Commission (VEC), the Department of General Services (DGS), and the Department of Information Technology (DIT), have programs that are duplicative of some aspects of the CMI program. However, PDS staff maintain that common core management activities should be done predominantly by DPT, with specialized training performed by the State agencies. PDS staff stated that having core training provided at the centralized level produces economies of scale and provides a forum for staff from different agencies to share ideas and thoughts on State government operations.

Participant evaluators at VEI, CMI, and trainer development workshops tend to support elements of this PDS staff viewpoint:

Great opportunity to enhance skills necessary to face current challenges. Networking opportunity invaluable.

\* \* \*

VEI was the most challenging, rewarding and useful seminar/training program I have attended.

\* \* \*

One of the most rewarding and productive educational experiences available to upper level management employees of the Commonwealth.

PDS staff reported that employee demand for VEI, CMI, and trainer development workshops is such that they could easily conduct VEI twice instead of once per year, conduct CMI every other month instead of only three times per year, and increase the number of trainer development workshops on core management training skills.

***Recommendation (14).*** As part of an overall evaluation of its internal allocation of resources, the Department of Personnel and Training should

place a higher priority to management training programs so that they can be offered more frequently to State agencies, especially those of medium size which do not have substantial management training programs of their own. In addition, the department should take steps to increase the level of training provided in the area of equal employment opportunity.

### **Provision of Open Enrollment and In-House Training Workshops**

PDS develops, conducts, and evaluates open enrollment and in-house training workshops for four distinct audiences: supervisors/managers, human resource professionals, training professionals, and general employees. This area also manages the bi-annual publication of the PDS course catalog.

Open enrollment workshops generally last from one to two days and are held at the PDS Training Center in Richmond and at seven other locations across the State. Enrollment is usually limited to 25 participants for each workshop. Workshop information, such as schedules, announcements of new workshops, and registration forms are sent to State agencies quarterly.

In-house training workshops are offered by PDS as requested by State agencies. These workshops are generally held on subject matters that are specific to agency needs, and are conducted at the State agency location which requests the training.

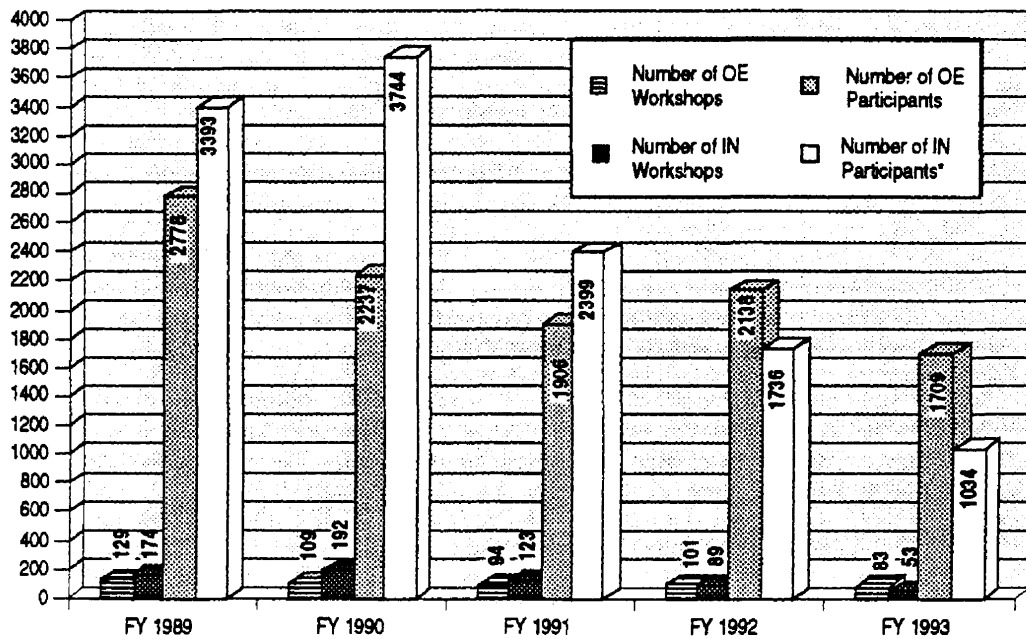
***PDS Open Enrollment and In-House Training Opportunities Appear Inadequate.*** Forty-seven percent of State agency survey respondents stated that there should be some change to the PDS provision of open enrollment and in-house training workshops. Agencies indicated that PDS was not offering enough courses of interest to their employees. Respondents also indicated a strong desire to provide input into the development of the open enrollment curriculum. For the last five fiscal years, there has been a decline in both the number of open enrollment and in-house training workshops conducted by PDS. As a result, the number of participants served in each type of workshop overall has declined (Figure 7).

A primary reason for the decrease in the number of open-enrollment workshops is the 1991 Project Streamline recommendation, which suggested that PDS cut a number of open-enrollment course offerings, since some were duplicative of those courses offered through the Virginia Community College System (VCCS). The Project Streamline report further noted that PDS should coordinate the delivery of State training programs of a generic nature with the VCCS central office, to ensure that employees across the State could have access. Project Streamline's stated goal, agreed to by DPT in a Project Streamline memorandum dated September 26, 1991, was that PDS would ensure that generic training needs of State employees would be addressed through VCCS continuing education courses, and that community college programs would be offered throughout the State by the fall semester of 1992.

Although the goal agreed to by DPT on September 26, 1991 was "to have fully integrated programs offered regionally throughout the State by the fall semester of

Figure 7

### PDS Open Enrollment and In-House Training Workshops Conducted



OE = Open Enrollment  
IN = In-House Training

\*Although exact number of participants are not available, PDS records estimate that each in-house training workshop averages about 20 participants. Estimates are based on attendance rate of 19.5.

Source: The Office of Personnel Development Services.

1992,” this has not been accomplished yet. Further, there appears to be no current activity in developing DPT/VCCS coordinated programs at either agency.

Similarly, the decrease in the number of in-house training workshops can also be attributed to a Project Streamline recommendation. In this case, the Project Streamline evaluated possible modifications to the PDS fee structure and suggested alternatives. Three alternatives were discussed and evaluated. The recommended alternative would have resulted in PDS becoming predominantly self-sufficient. While only partially adopted, the effect of this change was for PDS to discontinue its practice of partially co-funding in-house training workshops as of July 1, 1992. As a result, the number of State agencies requesting in-house training workshops dropped from 123 in FY 1991 to 53 in FY 1993.

**Recommendation (15).** The Department of Personnel and Training and the Virginia Community College System should resume efforts to assess the professional development needs of State employees and the extent to which



these needs can be met through continuing education courses offered by community colleges across the State. Their assessment should be reported to the Workforce Commission by the Fall of 1994. Where it is evident that existing Virginia Community College System courses can meet the training needs of State employees, the Department of Personnel and Training and the Virginia Community College System should initiate programs to inform State employees and personnel directors of the availability of these programs.

### Development of the State's Training Curriculum

DPT assesses the training needs of State agencies and their employees in order to adjust its provision and facilitation of training services for State agencies. PDS informally obtains agency input into the State's training curriculum by asking agency staff to make suggestions for new course offerings. PDS currently solicits this input using open enrollment schedules, workshop registration forms, *Personnel Update*, and *Personnel Communique*. Forty-six percent of JLARC State agency survey respondents reported that there should be some change to DPT's role in developing the State's training curriculum. Ten State agencies, seven of which were of small to medium size, stated that they did not have any input into curriculum development. The majority of the respondents stated that there were no formal needs assessments being done of either State agencies or State employees. For example:

Allow line agencies the opportunity to participate in the curriculum development.

\* \* \*

Do formal needs assessment of managers and employees to establish training schedule and curriculum.

\* \* \*

There does not appear to be any long-term, proactive planning for a State training curriculum, nor does there seem to be an attempt to actively involve state agencies (as customers) in discussing their needs and having input to determining what the curriculum should look like.

At one time PDS performed written quantitative assessments of State agency training needs. The most recent assessment was performed in 1985. PDS staff reported that they no longer perform this activity due to reductions in staff. Currently, the State Training Advisory Committee (STAC) serves as the primary vehicle for training needs assessment in the Commonwealth. State agency participation on STAC is on a voluntary basis. STAC's current statement of purpose is "to provide a forum for the exchange and sharing of ideas, information, and resources important to the Commonwealth's employee training and management development needs. In addition, the committee provides valuable input and direction for services offered by Personnel Development Services."

STAC meets quarterly and has averaged 11 State agency participants per meeting since November 22, 1991, the first meeting at which an attendance list was kept.

Although PDS staff reported that STAC serves as the primary vehicle for needs assessment in the Commonwealth, State agency participation is limited. There has been discussion, however, at the STAC meetings held on April 2, 1993 and June 25, 1993, as to how STAC could be restructured to maximize its effectiveness and increase agency participation. DPT's efforts in this area should continue.

### **Provision of Special Training and Support Activities**

PDS also provides special training and support activities to State agencies on a consulting basis. In addition, it plans and conducts the annual statewide personnel conference for about 300 human resource personnel, conducts special training initiatives required by the Governor (train-the-trainer programs on State policies such as Alcohol and Other Drugs and the Incentive Pay Plan), and assists individual agencies with special requests on a weekly basis.

While there are some opportunities for additional training and support activities, PDS does not appear to be able to provide any more services given its current staffing levels. PDS could instead change its focus by acting primarily as a training facilitator, rather than as both a training facilitator and training provider. PDS currently provides special training and support services by both providing some of these services and by linking agencies with other sources for this information. PDS could maximize its influence in this area if it focused on directing agencies to other agencies or to the private sector for these services.

### **Provision of Orientation Information for New State Employees**

DPT provides limited support to agencies for the orientation of new State employees. The Office of Policy and Personnel Programs within DPT prepares the *Commonwealth of Virginia Employee Handbook*. The handbook provides concise descriptions of some of the Commonwealth's official personnel policies for full-time classified State employees. The purpose of the 41-page handbook is to serve as an employee supplement to the agency human resource officer's *Policies and Procedures Manual* — allowing State employees to quickly access general information on their rights and benefits.

The handbook, based on State policy, discusses conditions of employment, benefits, equal employment opportunity procedures, standards of conduct and performance, the employee grievance procedure, military leave, sexual harassment, and miscellaneous other issues. The production of the handbook is the primary orientation service that DPT provides to State employees.

The PDS Office does not currently see orientation of new State employees as a DPT responsibility. However, many State agency survey respondents said that there

should be some change to the current provision of orientation information. Ten State agencies reported that it should be DPT's responsibility to provide comprehensive orientation information, for example:

DPT should conduct training for new employees to ensure consistency of information.

\* \* \*

From our perspective, DPT should give serious consideration to developing a comprehensive orientation package for new employees. This package should include videos covering such topics as health benefits, flexible reimbursement accounts, the state's incentive pay plan, as well as an orientation to the structure, function, etc. of Virginia's state government.

New State employees would benefit from orientation information which is common to all State agencies, including information which familiarizes new employees with State government operations and policies, benefits, and expected performance standards. Employee benefit information could include health benefits, life insurance benefits, retirement benefits, leave policies, and any other benefits common to all State employees. To develop such an orientation program, DPT would have to work closely with other State agencies providing benefits and services to State employees.

***Recommendation (16).*** The Secretary of Administration should develop an inter-agency task force to develop common orientation materials for new State employees. Representatives should include agencies which provide benefits (pay, health, retirement, etc.) or set standards of conduct, as well as representatives of line agencies. Orientation materials should be provided in a variety of media.

### **Provision of Policy Training by DPT Offices**

Most of DPT's major offices are involved in policy training of one form or another. The Office of Compensation Management provides training to State agency compensation and classification analysts through the PDS open enrollment program. The Office of State and Local Health Benefits Programs has conducted ten different training seminars and produced six program-specific video tapes on the health benefits programs, especially the new Key Advantage program. In several areas, agency users have expressed the need for differentiation between the information provided to new and experienced personnel.

There is a significant need for training on the PMIS system for different levels of staff (e.g. new state personnel to very experienced staff).

\* \* \*

Recent benefits training was a good session, but there is a definite need for different levels of training. (This one was fine as a good refresher course, but probably not helpful for new benefits administrators). Considering the legal ramifications (ex. COBRA requirements) of a benefits administrator giving wrong information, it is obvious that there is a great need for a well-trained benefits staff. In addition, this session was not in-depth enough for those who have been with the program for a while. A lot of complicated issues come up which could be addressed at a more intense session.

Other DPT offices are experiencing the need for additional training activities. The Office of Equal Employment Services is upgrading one of its positions in order to include training responsibilities in the position's job description. The Office of Policy and Personnel Programs has recognized the need to better communicate policy directives to State agency human resource staff. Proponents of other initiatives within DPT also appear to recognize the need for improved communication with and training of agency human resource personnel and the State workforce in general. PDS is involved in some of these initiatives but is largely absorbed with the task of running its current training programs and contracting for others.

To better train and communicate personnel information to the State workforce, DPT should strengthen the coordination of its policy communication and training activities.

***Recommendation (17).*** Representatives of the various Department of Personnel and Training divisions should be used to form a strategic planning group for training. This group should assess training needs across the various groups and develop a comprehensive, complementary strategy for developing the State's workforce using the resources of the Department of Personnel and Training, State agencies, higher education, and other providers. This strategic planning group should report to the Workforce Commission prior to the 1995 Session. The planning group should assess communication and training activities of these offices and develop plans for conducting them simultaneously where possible. These activities should be focused on human resource professionals and specialists, as well as the State workforce as a whole.

## **DPT'S PERFORMANCE AS A TRAINING FACILITATOR**

The Office of Personnel Development Services (PDS) has been changing its focus from that of a training provider to that of a training facilitator. PDS is acting more as a catalyst to promote training programs by sharing training resource information between State agencies and letting agencies know where certain types of training may be found. PDS performs this role by producing the Training Resource Directory, developing training policies, and acting as a clearinghouse for the sharing of State training resources.

## **Training Resource Directory Links Agencies With Training Resources**

In 1992, DPT initiated the Training Resource Directory, a primary resource for State training professionals and a guide for training information dealing with professional development, technical training, and management. The directory was sent to training managers and human resource directors of executive agencies in early 1992. The stated purpose of the directory is to "promote the sharing of training information and resources throughout the Commonwealth. With constrained state budgets and limited resources, it is the goal of the Office of Personnel Development Services in the Department of Personnel and Training to maximize the dollars and resources dedicated to training, ultimately to the benefit of both State employees and the public they serve." The directory provides information on: (1) a State training overview, with a description of 31 State agency training functions; (2) a list of 200 training programs offered by various agencies; (3) a list of 218 videos on training; (4) a list of training facilities in the State; and, (5) a list of training programs and agency contacts.

Several State agencies were contacted to obtain their views on the utility of PDS preparing the directory. State agencies found the section describing the types of training programs offered by various State agencies to be helpful, and therefore believe that PDS should continue to develop and produce such a publication.

Although the directory is viewed favorably by State agencies, it should be revised periodically to incorporate the most current training information available and include information from all State agencies which offer substantial training. In addition, instead of sending the directory to only executive branch agencies, the next edition should be sent to all State agencies. The department is also considering the use of an electronic bulletin board to disseminate training information. This approach has merit and should be further explored.

***Recommendation (18).*** The Department of Personnel and Training should revise the Training Resource Directory by updating existing information, including information from all State agencies with substantial training, and send a copy to all State agencies. Other formats, such as a loose-leaf hard copy or electronic bulletin board, should also be considered.

## **The Employee Training and Development Personnel Policy Needs Updating**

Although DPT intends to issue a revised training policy this year, few substantive changes to the existing policy are planned. According to agency staff, most revisions are only with the format of the document. A year ago the State Training Advisory Committee (STAC) saw the need to have a more flexible training policy, and started a more ambitious rewrite of the policy. Issues that the STAC rewrite was attempting to address included: (1) expanding training options beyond those for the employee's current job; (2) establishing minimum training requirements which all agencies should use to develop the Commonwealth's work force; and, (3) giving State agencies more flexibility with how agency training needs are met. The STAC revision effort, however, has stalled. Because STAC's revision of the training policy is another mechanism by which PDS can

maximize its role as training facilitator for the State, these efforts should be resumed. By addressing such issues it can positively affect the broader training function in the Commonwealth.

**Recommendation (19).** The Department of Personnel and Training should work through the State Training Advisory Committee to assess the need for substantive changes to the current training policy.

### **A Clearinghouse for Information on Total Quality Management is Needed**

Total Quality Management (TQM) is a management philosophy which has been described as "doing the right thing, right the first time, on time, all the time." The Federal Quality Institute, established to improve productivity efforts in federal agencies, describes TQM as follows: "Total Quality Management is a strategic, integrated management system for achieving customer satisfaction. It involves all managers and employees and uses quantitative methods to improve continuously an organization's processes."

Although the PDS mission statement indicates that one of its concentration areas is "coordinating and facilitating the sharing of State training resources among the agencies to reduce redundancy and eliminate unnecessary costs," PDS is not fully realizing its potential in this area. PDS staff reported that it has received criticism from agencies for not leading the State effort to develop TQM plans. Since DPT has not pursued this activity, many State agencies are going forward on their own and developing their own plans. One agency had this to say about the situation:

It does not make sense that all over the state, agencies are presently separately expending a lot of time and funds scrambling to find out information on TQM, locate resources, consultants, and training materials, etc. DPT could be providing a tremendous service on this issue if they were prepared to serve as a clearinghouse for information and training on TQM.

Thirty-two State agency respondents reported that their agency either is beginning to develop or is currently practicing TQM practices or a similar set of management principles. It is apparent that duplication of effort is occurring if 32 agencies are collecting information and securing TQM consultants individually. PDS staff reported that they have neither the staff nor the mandate to act as a clearinghouse for information on TQM. PDS will, however, begin offering a one-day pilot program on TQM and continuous quality improvement beginning in October of 1993. It would appear that PDS could also assist agencies if it were to collect and disseminate information on TQM. In addition, use of the State's collective purchasing power could potentially save agencies money in the procurement of TQM services.

**Recommendation (20).** The Department of Personnel and Training should assess the extent of TQM initiatives in the Commonwealth and report to the Workforce Commission on options for making TQM-related resources available to State agencies.

## **Training for Agency Heads**

State training for new agency heads, either at the time of transition from one gubernatorial administration to another, or to replace an outgoing agency head, has not been institutionalized or assigned to any agency as an area of responsibility. There are no statutory requirements, nor is there a formal process which provides for any training of new agency heads.

In recent years, DPT has on its own initiative provided some training and information to new agency heads. For example, during the transition from the Baliles administration to the Wilder administration, DPT distributed to agency heads a manual titled, "Agency Guide for the Governor-Elect". This manual briefly described the mission and other important information of each agency in the Commonwealth by Secretariat.

In addition, shortly after the transition to the Wilder administration, DPT initiated and coordinated a seminar for incoming agency heads entitled, "State Agency Heads Briefing". There was no requirement that DPT provide such an orientation and there is no certainty that such a program will be conducted in the future. Because DPT had organized a similar training for the changeover from the Robb to the Baliles administration, the agency took the initiative to offer the same service for the Wilder administration. This one day seminar consisted of presentations by a variety of agency heads providing an overview of their agency's missions and functions.

To ensure that each new agency head understand the critical operations of the agency he or she is to lead, some minimum training should be provided on a regular basis. One source that could provide assistance could be an agency head orientation manual, to be distributed to all new agency heads, as well as new gubernatorial cabinet members. The manual could be developed and coordinated through DPT, and updated on a biennial basis. Essential components of the manual could include a description of: agency mission; the role of central agencies such as DPT, DPB, and DOA; major program areas of responsibility; key operational issues currently facing the agency; recent funding levels; key contacts; recent legislative actions, and other items of interest. A base manual could be prepared by DPT with instructions on how to prepare agency-specific information by agency staff.

Another source of training could be a requirement that a State agency head attend a briefing, similar to the program DPT constructed for the changeover from the Baliles to the Wilder administration. The sessions could be coordinated through DPT, videotaped, and kept on file at DPT. These videotapes could be used to train new agency heads, as turnover occurs within an administration.

Finally, such training materials should be evaluated during the final year of each administration, to assess where improvements could be made in the development of training materials for the incoming administration. For example, DPT could survey State agency heads during the final year of an administration to gather suggestions on what revised training materials should contain.

***Recommendation (21).*** The General Assembly should consider establishing a statutory requirement that a training program be conducted for all new State agency heads. This training program could be located within the Department of Personnel and Training, and should at a minimum require the development of a training manual and a State agency head training seminar prior to any gubernatorial transition. Measures should be taken to allow for training materials to exist for incoming agency heads during periods outside of gubernatorial transition.



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## **VI. Provision of Other Services**

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The Department of Personnel and Training has three remaining areas of functional responsibility: (1) the development of personnel policies; (2) the provision of information management services; and (3) the provision of equal employment opportunity services. This chapter has been designed to provide a performance assessment of each of these areas of service provision.

A review of DPT's development of personnel policies suggests that there are legitimate concerns with the department's policy issuance processes and with its management of agency requests for policy interpretation. Department staff are, however, generally providing satisfactory policy interpretation assistance to the line agencies. Similarly, in the area of information management, the evidence is mixed. While some improvement is needed in the production of personnel publications, the provision of technical assistance and the use of strategic planning have been satisfactory. The department's provision of equal opportunity services is also generally well regarded, with only minor changes needed in the provision of complaint investigations, compliance reviews, affirmative action assessments, technical assistance, and information. Some changes to the provision of each of these services is therefore required if efficient and effective service delivery is to result.

### **DEVELOPMENT OF PERSONNEL POLICIES**

The development of the Commonwealth's personnel policies has been assigned to the Office of Policy and Personnel Programs (OPPP) within the Department of Personnel and Training. The evidence suggests that while OPPP is generally meeting its requirements, there are two areas where improvements are necessary. First, OPPP needs to improve the way it develops and issues policies. Specifically, OPPP should increase agency involvement in the development of policy, it should issue policies to line agencies in a more timely manner, and it should review and update the Personnel Policies and Procedures Manual on a more regular basis. Second, OPPP needs to improve its management of agency requests for policy interpretation.

#### **Concerns with the Development and Issuance of Personnel Policies**

A central function of DPT, performed by OPPP, is the promulgation of statewide personnel policies. OPPP could improve how it develops and issues policies in three ways: (1) by allowing more opportunity for agency input into the development of State personnel policies; (2) by improving the timeliness with which policies are issued; and (3) by evaluating and revising the Personnel Policies and Procedures Manual on an ongoing basis.

***The Use of Agency Input into the Development and Evaluation of Personnel Policies.*** Developing and maintaining clearly-written and well-defined personnel policies and procedures is essential to the effective operation of a statewide personnel function. The personnel policies and procedures promulgated by DPT affect the personnel operations of every State agency. Two areas where OPPP could improve is to allow for more agency input into the development of policies, and to establish procedures which use agency input to regularly evaluate the clarity and appropriateness of policies.

In the first case, the way in which DPT promulgates its policies and procedures appears to be one of the largest concerns that agencies have with the policy development process. Fifty-eight percent of all State agency survey respondents indicated that they would like to see some degree of change in the way DPT policies are promulgated. Of that 58 percent, 62 percent believe that a major change is necessary. Based upon the survey comments, it appears agencies would like more opportunity to provide input or to be more involved in the development of personnel policies.

Although 49 percent of agencies reported that they have been given an opportunity to provide input into the development of the State's personnel policies, 86 percent indicated they would like more opportunities to provide input (Table 19). Agencies appear to be dissatisfied with the level and amount of input they are allowed to contribute into the development of State policies and procedures.

Of the survey respondents that said they would like the opportunity to provide more input into the policy development process, 73 agencies provided comments describing how they would like to be able to provide that input (Table 20). Primarily, agencies would like to provide comments on draft policies and/or participate in policy making committees. Regardless of the feedback method used, agencies of all sizes would like to be assured of the opportunity to periodically participate.

While agencies expressed dissatisfaction with the amount of input they are able to provide, DPT staff see the issue differently. DPT staff maintain that they regularly solicit comments and feedback from agencies on policies during the final stages of policy development and then typically send out draft copies of a new policy to a selected group of agencies (usually about five to eight agencies per policy) for comments, or ask that a select group of agencies participate in a focus group. DPT then incorporates the agency feedback into the final draft of the policy. DPT staff reported that they select agencies to provide the feedback based upon agency size, agency expertise in the matter, whether or not they have field offices, and whether or not the policy would appear to have a particularly strong impact on the agency. DPT staff said they do not ask all agencies to provide feedback because it would be too labor and time intensive, and would lengthen the policy development process considerably.

The practice of not using all agencies to provide feedback on every policy appears reasonable. However, the fact that so many agencies expressed the need to provide additional input indicates that agencies are not fully satisfied with the current process. In FY 1992, OPPP received 8,600 requests from agencies for interpretation or assistance on the use of policies. This is a strong indicator that policies are not always issued in a

Table 19

**Number of Agencies Contributing Input, and  
Number that Would Like More Opportunity to Provide  
Input to DPT's Policy Development Process**

	<u>Number of Agencies Responding</u>	<u>Yes (percent)</u>	<u>No (percent)</u>
Agencies have been given an opportunity to provide input	85	49%	51%
Agencies would like more opportunity to provide input	86	86	14

Source: JLARC staff analysis of State agency survey.

Table 20

**Ways Agencies  
Would Like To Participate in  
the Development of DPT Policies**

<u>Suggestion</u>	<u>Number of Agencies Suggesting this Type of Input</u>
1. Review Policy Drafts or Provide Comments Prior to Policies Being Adopted	26
2. Ensure Agencies of Varied Size May Provide Input	8
3. Participate on Policy Making Committee	28
4. Other	20*
<b>Total</b>	<b>82**</b>

\*Some comments may pertain to policies developed apart or in conjunction with other DPT divisions. For example some comments pertain to the development of classification policies, which are not initially developed by the policy division.

\*\*Some agency comments included more than one suggestion.

Source: JLARC staff analysis of State agency survey.

clear and understandable manner. Given the high number of requests for policy clarification, as well as the expressed need for greater agency participation in policy development, changes in the process appear warranted. Therefore, DPT staff should reconsider both the methods used and the degree to which OPPP solicits agency input.

For example, a change in the methods used to solicit input could mean involving committees or task forces made up of agency staff *prior* to the development of a draft policy. One method could be to establish a permanent working group consisting of agency human resource officers with rotating membership, chaired by DPT staff, to promulgate new policies. This could potentially allow for more, or different groups of agencies to be involved in the policy development processes than the current procedures allow. DPT could also publicize efforts to solicit input on policies under study.

In the second case, DPT needs to work to use similar methods of soliciting input to ensure that State agencies regularly review and comment on existing policies. Currently, DPT does not have a systematic process in place which solicits agency input to evaluate policies after they have become effective. Among other concerns, this has led to situations in which policies have become outdated, but still remain in effect. DPT staff, in a recent attempt to alleviate this concern, have been in the process of revising and updating many State personnel policies. This process is part of the department's effort to revise the Personnel Policies and Procedures Manual. As part of that process, agency input has been solicited and utilized. To avoid the problem of ineffective or outdated policies in the future, DPT should establish a system which regularly utilizes agency input to periodically review policies.

Currently, DPT staff use an *ad hoc* "system" to evaluate the impact of policies. If enough agencies complain or DPT considers the point valid, a policy may be changed. However, by waiting for agencies to complain, the effectiveness of a policy has the potential to be degraded. Further, agencies may be tolerating some inefficient or ineffective policies which are causing only moderate problems. The statewide cost of such policies may, however, be substantial.

In conclusion, DPT should expand its methods to obtain agency input. Agencies should be more involved in the processes to develop and promulgate policies as well as to periodically, and systematically, review existing policies.

***The Timeliness of Policy Issuance.*** A second significant concern agencies have with the way that personnel policies are issued involves the timeliness with which policies are distributed to agencies. Agencies reported that DPT policies often are received by their human resources departments after the effective date. This can create problems for agencies in a number of ways. For example, sometimes there are implementation decisions that must be made by the director of an agency, which should be made prior to the policy taking effect. Also, agency human resource officers must understand the policy and may need clarification from DPT prior to distribution of the policy to employees. The degree to which this could have a negative impact on agencies and employees depends upon the policy. Agencies commented that:

Policies should be more timely, particularly those tied to state or federal legislation and having critical effective dates.

\* \* \*

[DPT should] ensure timeliness in getting out policy information.

\* \* \*

Policies should be received by line agencies prior to them going into effect.

\* \* \*

Sometimes information could be distributed more timely to agencies. In the past, some policies were distributed on or after the effective date. Once agencies receive new or revised policies, decisions have to be made such as how to distribute, whether or not clarification is needed, whether or not agency policy must prepared, etc.

An analysis of recent DPT policies indicates that many policies were issued one to three days before their effective date or as many as nine days after their effective date (Exhibit 6). In many cases, agencies were likely to receive the policy after the effective date since there is a mail delay from date of issuance to when the agency actually received the policy.

In some cases, however, DPT staff may not be able to issue a policy much in advance of its effective date. For example, OPPP staff may be dependent upon receiving critical information, such as federal regulations, before the policy can be developed. Sometimes this critical information is not available to DPT staff much before the policy must become effective. Therefore, DPT staff may not always be able to issue policies within a reasonable time frame before the effective date.

Considering that some policies could have a financial or otherwise significant impact on employees or on the State, DPT should issue policies, whenever possible, at least two weeks prior to the effective date. This would give agency managers more time to plan, understand the policy, adapt to policy changes, distribute policies, and educate employees prior to the effective date.

***The Personnel Policies and Procedures Manual.*** The third area of concern involves the Personnel Policies and Procedures Manual. Until recently the Personnel Policies and Procedures Manual was out of date. On the State agency survey, 59 percent of the respondents indicated that there needed to be some degree of change to the format, style, and readability of the Manual. Many State agency survey respondents reported that the Manual was confusing, required cross referencing to sources not cited, and contained out-of-date information.

The Department of Personnel and Training has taken steps to address this concern. In mid-September a new, revised policy manual was released to agencies.

Exhibit 6

**Recent Policies:  
Issue Dates vs. Effective Dates**

<u>Policy</u>	<u>Issue Date</u>	<u>Effective Date</u>
1. Disaster Relief and Family Medical Leave Act	08-02-93	08-05-93
2. Disposition of Balances of Leave Credits on Change of Status or Death	04-16-93	04-07-93
3. Leave Sharing	01-04-93	01-01-93
4. Awards for Length of Service and Employee Recognition Program	04-03-92	04-06-92
5. Sexual Harassment	03-16-92	03-16-92
6. Recruitment Policy	03-16-92	03-19-92
7. Leave to Assist Schools and Students	12-30-91	01-01-92

Source: JLARC staff analysis of DPT's Personnel Policy and Procedure Manual and Transmittal Letters.

Preliminary assessments of the new manual indicate that it is a substantial improvement over the old manual. Many of the concerns that agencies had with the old manual appear to have been met. For example, policies have been updated, and different policies addressing similar issues have been clarified, and where appropriate, consolidated.

However, the problem with the manual revision process is that it was reactive in nature. Clearly, the manual needed revision. While DPT had periodically begun revision efforts, not until a legislative directive was initiated did DPT take steps to finalize a new Policies and Procedures Manual. The 1993 Appropriation Act directed DPT to "issue a comprehensive update of the Personnel Policies and Procedures Manual by June 30, 1994," a requirement with which DPT appears to be in compliance. In addition, the Act requires DPT to "include a summary of key provisions of all major federal and State laws and regulations that impact on the management of State employees." A date has not yet been set for the expected completion of this additional requirement.

DPT should have been more proactive in the development and maintenance of an effective policy manual, without legislative requirement. To prevent the new manual from becoming outdated and ineffective in the future, DPT staff should consider reevaluating the Personnel Policies and Procedures Manual on an ongoing basis. This would mean that each policy in the manual should be reviewed according to a schedule to ensure that the manual remains up-to-date.

As part of the ongoing review of the policy manual, DPT staff could utilize the processes discussed earlier, which recommend that agency input be used to review and update policies on a regular basis. OPPP's stated intention to issue quarterly transmissions to update the policy annotations in the manual could also be utilized to amend or replace revised policies. Further, the planned quarterly transmissions could include user questionnaires or surveys soliciting agency input on the clarity and effect of the policies. Regular feedback from agencies on policy changes would place DPT in a more proactive mode and might lessen its need to be constantly providing interpretations and clarifications to agencies on an inquiry by inquiry basis.

Updating the policies in the policy manual on a systematic basis may prevent the need to conduct a large scale revision in the future, which would appear to require a significant commitment of time and resources. In addition, this process would keep policies up to date and keep agencies informed of the correct application of policies. Both outcomes could save DPT from expending additional time and resources helping agencies with policy interpretations.

***Recommendation (22).*** The Department of Personnel and Training should expand the use of agency input in the development and promulgation of personnel policies. Consideration should be given to developing alternative methods for obtaining agency input as well as expanding the number of agencies currently used in the process. As a part of this process, the Department of Personnel and Training staff should solicit agency comments to systematically review existing policies to make sure they are effective and up to date.

***Recommendation (23).*** Recognizing that there will be occasional exceptions due to extenuating circumstances, the Department of Personnel and Training should establish an internal guideline that policies be issued to agencies at least two weeks prior to the effective date.

***Recommendation (24).*** The Department of Personnel and Training should, on an ongoing basis, review and evaluate the policies contained in the Personnel Policies and Procedures Manual to assure that policies are written as clearly as possible and to assess the impact of these policies on line agencies and institutions.

### **Concerns with the Management of Agency Requests for Policy Interpretation**

In analyzing how OPPP manages agency requests for policy interpretation, JLARC staff found that OPPP could streamline its operations by tracking incoming requests for assistance, by policy or subject matter. Currently OPPP does not record agency requests for assistance or interpretation. It did record 8,600 requests for assistance in 1992, but that was a one-time effort, which according to the OPPP director, may have actually undercounted inquiries because staff probably received some that they did not record. Consequently, OPPP cannot report definitively which policies

generate the most requests for interpretation. Accurate information describing which policies receive the most requests for assistance, or the type of questions that are asked of various policies would help OPPP staff target the policies that should be improved, as well as provide insight as to how the improvements should be made.

OPPP staff currently say they make improvements to policies if incoming requests for assistance warrant a change. However, by not formally tracking this information, the current approach may over or underestimate the concerns that agencies have with various policies. Also, such a process lends itself toward improving policies on an *ad hoc* basis rather than on a systematic basis.

If process changes were made to ensure that improvements to policies were completed as needed, the volume of requests to OPPP for interpretation could be reduced, and a substantial amount of line agency and DPT time could be saved. Also, such information could be used to identify the types of policy training that would be most useful to agencies. A process of recording agency inquiries need not be overly cumbersome or complex. The department's own operations and information systems unit could assist OPPP in developing an instrument that would efficiently capture data on the nature and frequency of agency inquiries.

**Recommendation (25).** The Department of Personnel and Training should develop a system to track agency requests for assistance or interpretation, according to the subject matter or individual policy in question. This information should be analyzed periodically so that the Department of Personnel and Training may better evaluate and improve existing policies, as well as better identify policy training needs.

### Satisfaction with the Provision of Policy Interpretation Assistance

Although agencies have expressed some concerns, it appears that DPT staff are generally performing well in terms of providing personnel policy interpretation assistance to the line agencies. According to the State agency survey, 48 percent of agencies thought there needed to be some degree of change in the way that OPPP provides assistance with policy interpretations. However, of that 48 percent, 71 percent thought only a minor change was necessary. In fact, many comments provided by line agencies were supportive of OPPP staff. For example:

Individuals responsible for interpreting policies and procedures are highly regarded, professional, and prompt.

\* \* \*

Staff are very helpful and responsible in responding to policy questions within the constraints imposed within the system.

\* \* \*



DPT's policy section generally provides sound advice on policy-related matters.

The areas that agencies seem to be concerned with appear not to be related to OPPP staff services specifically, but have to do with other aspects of the way policy interpretations are provided. A few agencies suggested that they would like DPT to disseminate policy interpretations to all agency human resource departments, not just to the agency requesting an interpretation. Some agencies also indicated that interpretations need to be more consistent because policy interpretations may vary from director to director. This has been exacerbated by the fact that DPT has had seven directors in the past 15 years. DPT's stated intention to provide quarterly policy annotations would provide line agencies with the interpretations given to other agencies as well as provide more continuity in interpretations throughout the changing administrations.

## PROVISION OF INFORMATION MANAGEMENT SERVICES

Another responsibility of the Department of Personnel and Training is the provision of information management services. Within DPT, the Office of Operations and Information Systems (OIS) operates the State's personnel management information system (PMIS). The JLARC review of this area of service provision reveals that while some improvement is required in the provision of informative publications, the provision of technical assistance and the use of strategic planning have been satisfactory.

### The Provision of Informational Publications is Mixed

The communications and public affairs work unit of OIS is responsible for facilitating the transfer of information between the line agencies and DPT. As a part of this process, publications are issued from DPT to inform State agencies about required personnel practices and procedures. A review of these publications suggests that while OIS has succeeded in producing a satisfactory newsletter for State employees (the *Personnel Communiqué*), it needs to improve the quality of the PMIS user's manual.

***Personnel Communiqué.*** Agency responses to the JLARC survey suggest that the *Personnel Communiqué* is a satisfactory, generally well-received personnel publication. The *Personnel Communiqué* is a bi-monthly newsletter that has been designed to provide State employees with information on changing personnel policies and procedures. The effectiveness of this newsletter was rated as "good" or "excellent" by 80 percent of the State agency survey respondents. Three agencies cited the publication as a "best quality of the current operations of the State personnel function." Some State agencies did, however, raise the concern that articles were not always timely.

***The PMIS User's Manual.*** The current PMIS user's manual is in need of improvement. The manual assumes a working knowledge of the PMIS system and is weak on introductory or orientation materials. While useful to an experienced PMIS user, it offers little to help a new user gain familiarity with the system. Given the lack

of PMIS training sessions, gaining familiarity with the system could be overwhelming to a new user. The PMIS manual was often cited in JLARC's survey of State agencies as a problem area. Agency users found the manual to be out-of-date and difficult to use. Their comments included:

The PMIS manual is not "user friendly." For example, manual instructions are sometimes incomplete or nonexistent, and some sections are not clear or contain obsolete information. MAPPER is a good illustration of a section with obsolete information. PMIS manual needs more explanations (about) when to use certain transactions and a better index.

\* \* \*

(Agencies) need an up-to-date manual. New manuals should be developed with broad user input.

\* \* \*

More "questions and answers" are needed to establish case histories on which decisions are based.

Many of the agency concerns appear to have merit. A new PMIS operator could experience difficulty in using the manual, both in terms of locating the necessary information and in applying the information to a variety of special circumstances. Given the absence of any supplemental training, the current manual format needs revision or supplementation. A revision of the manual is encouraged since it could reduce both agency difficulties and the need for much on-going OIS staff assistance.

**Recommendation (26).** The Department of Personnel and Training should revise the users' manual for the PMIS system to include adequate introductory materials for new users. An improved manual should contain a more detailed index, as well as a "question and answer" section where example transactions are documented. The department should promote periodic updates to the manual, including annotations addressing inquiries or frequently-made mistakes.

### **Provision of Technical Assistance Has Been Good**

State agencies generally have high regard for the OIS staff responsible for answering agency questions in the area of PMIS data entry and transactions. For example, in the JLARC survey of State agencies, when asked "what do you think are the best qualities of the current operations of the State personnel function?" eight agencies specifically identified PMIS data entry assistance as a "best quality." For example:

DPT provides excellent PMIS data entry assistance by telephone.

\* \* \*

Technical assistance with respect to PMIS is exceptional.

\* \* \*

Assistance from staff of Systems Operations Unit is always beneficial.

Agency responses indicate that requests for guidance from this work unit are quickly and correctly met.

### **OIS Use of Strategic Planning and Evaluation Techniques Have Been Satisfactory**

The OIS management staff have successfully incorporated some strategic planning and evaluation procedures into their daily operations. These proactive measures are being used to assess existing services and to develop procedures for improvement. The OIS planning and evaluation techniques include: (1) the identification of information management needs; (2) the use of line agency input to guide decision-making; and (3) the use of outside consultants to assist in policy development and the exploration of new programs.

***Identification of Existing Needs.*** Both OIS and State agency survey respondents cite the data management processes and capabilities of PMIS as unsatisfactory. The problem is twofold: (1) there is duplication of data input required by PMIS, CIPPS (the Commonwealth Integrated Personnel Payroll System used by the Department of Accounts), and BES (the Benefits Eligibility System used by DPT); and (2) desired personnel data is often difficult, if not impossible to retrieve from PMIS. The following comments are illustrative of agency concerns.

Reports themselves are not necessarily duplicative, however, there is duplicative keying in that information is entered in both PMIS and CIPPS. An integrated payroll/personnel system, maintained by one agency could eliminate this repetitiveness.

\* \* \*

Employer this large needs a consolidated personnel/payroll system. No need for the current duplication.

\* \* \*

Systems are antiquated. We get reports we don't need; we can't get reports we do need. We end up getting our own Information Systems

shop to do what we need. Imagine the duplication that is going on and the cost of this duplication if even half of the state agencies have had to resort to developing and maintaining their own systems which duplicate PMIS data.

Problems noted both by agencies and DPT indicate that PMIS, which was developed in 1978, is no longer sufficient to support the Commonwealth's personnel system. Programming limitations are such that the system needs frequent service and repetitive user assistance.

The inadequacy of the current system is understood by DPT and is being addressed by OIS management. Both the division director and the systems manager are actively working with staff from the Department of Accounts and the Council on Information Management to develop proposals to update and/or replace the existing system. Throughout this process, line agency suggestions for improvement are being requested and, where regarded appropriate, incorporated. Similarly, the assistance of experienced information management consultants is being utilized to ensure that the full range of replacement options are considered.

***Use of Line Agency Input to Improve Operations.*** OIS appears to actively seek line agency input where appropriate and to use that input in the development of personnel information management procedures. The OIS director was able to document the recent use of surveys to assess PMIS training needs. Also documented were several instances where OIS adopted agency suggestions for changes in computer transactions. Correspondingly, line agency responses to the JLARC survey indicate satisfaction with the present opportunities to provide input to OIS.

***Use of Consultants and Outside Information Sources.*** OIS management staff recognize that on its own DPT does not have the singular authority or resources to develop and implement a solution to the PMIS/CIPPS computer integration problem. An acceptable solution requires consensus with the Department of Accounts and the support of the Administration and later the General Assembly. Accordingly, OIS staff have supported the coordinated efforts of the Study Committee on Central Administrative Information Systems, which was established pursuant to the 1990-1992 Appropriations Act.

As a result of the Study Committee's work, a recommendation was made to "pursue a fully integrated human resource information system and to identify short-term improvements to CIPPS/PMIS integration." Consequently, in October 1992, the Council on Information Management issued a Request for Proposal to obtain the services of a qualified contractor to create a conceptual design for an Integrated Human Resource Information System (IHRIS). The IHRIS project was initiated, and an effort is underway to address system overlap, duplication, and limitations.

OIS staff are working closely with the consultants hired to conduct the strategic assessment of an integrated human resource information system. Both the OIS division director and the PMIS system manager attend the IHRIS committee meetings and assist

the consulting team as it studies the PMIS, CIPPS, and BES systems and works to identify future personnel data management needs.

In June 1993, the consultants presented their review of the PMIS, CIPPS, and BES capabilities and introduced a conceptual design for a new data management system. This new system would integrate all three existing systems and expand data management capabilities. The report which accompanied the consultants' presentation, titled *Strategic Assessment of an Integrated Human Resource Information System: Conceptual Design*, targeted a number of areas in which automated systems support could be improved. These areas of concern include:

- redundant data entry between PMIS, CIPPS, and BES;
- lack of comprehensive data in any one system;
- limited line agency access to data;
- labor intensive reconciliation of data between PMIS, CIPPS, and BES;
- lack of flexibility in all three systems;
- weak security and controls in PMIS;
- minimum wage employee tracking in all three systems;
- inefficient benefits enrollment/change through BES;
- inadequate support for the leave accounting process by all three systems; and
- limited Workers' Compensation support by all three systems.

The report then identified "opportunities for improvement" that could be achieved if a new system were adopted. These opportunities include:

- one integrated system with a single point of data entry;
- comprehensive, accurate and timely information for decision making;
- more flexible, user friendly data access for ad hoc reporting;
- improved data entry capabilities to increase productivity and reduce training requirements;
- increased security and controls to ensure accurate processing and controlled, flexible access;
- increased system flexibility to adapt to future change;
- reduced paper tracking and handling; and
- improved communications with employees.

Implementation of the new system, if approved during the 1994 session of the General Assembly, is estimated to be complete by January 1997 and to cost between 5.1 and 7.8 million dollars.

JLARC interviews with OIS staff indicate that they are satisfied with the progress that is being made by the consultants and intend to stay actively involved in the development of a new system. Ongoing involvement with this effort would ensure that the affected agencies are prepared to implement this needed system when the funding environment is more favorable.

## **PROVISION OF EQUAL EMPLOYMENT OPPORTUNITY SERVICES**

A fundamental responsibility of the Department of Personnel and Training is to ensure that individuals in the Commonwealth of Virginia are free of discrimination in the workplace. Within DPT, it is the responsibility of the Office of Equal Employment Services (OEES) to carry out this function. OEES's scope of authority extends to all executive branch State agencies, including 36 State institutions of higher education, as well as to 119 local health departments and 124 local social service agencies. The JLARC review of this aspect of service provision revealed that overall, State agencies appear to be satisfied with the level of service they receive from DPT. In addition, 95 percent of surveyed agencies are satisfied with the present division of EEO authority between DPT and their agencies. JLARC staff also reviewed the provision of complaint investigations, compliance reviews, affirmative action plan assessments, technical assistance, and equal employment opportunity information.

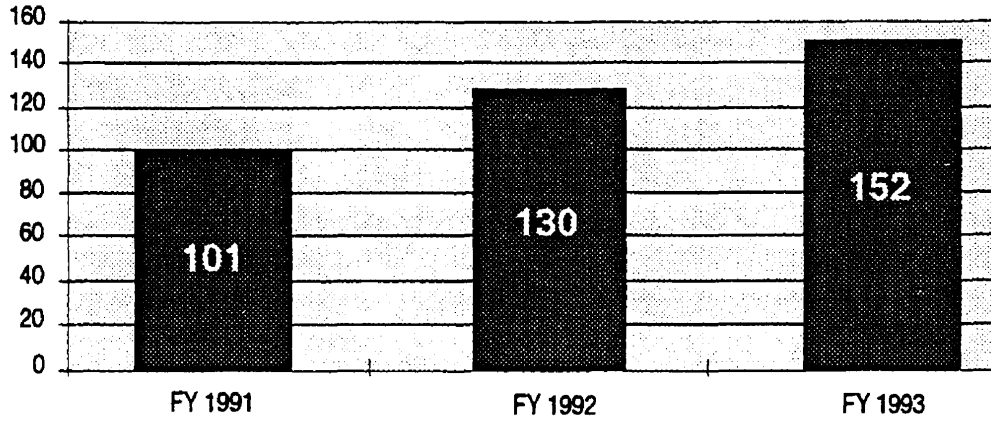
### **Provision of Complaint Investigations**

Allegations of unlawful employment practices can take the form of discrimination based on race, gender, disability, age, national origin, political affiliation, sexual harassment, retaliation, and violation of State policy. There has been a 51 percent increase in the number of discrimination complaints received by OEES since 1990 (Figure 8). A "complaint" must be submitted on a discrimination complaint form and can include multiple "allegations" of discrimination. Consequently, there has been an increase in the number of allegations filed and in the number of cases in which employees' allegations have been accepted for investigation. (Figure 9). The director of OEES suggests that the increase in the number of complaints by both applicants and current employees may be the result of a downturn in the economy and high unemployment. In addition, the director stated that the passage of the Civil Rights Act of 1991, and the publicity surrounding the Anita Hill/Clarence Thomas case of sexual harassment have increased awareness of issues dealing with discrimination. The director expects complaints to continue to rise with the implementation of the Family and Medical Leave Act and the Americans with Disabilities Act. In addition, access to federal court and jury trials may increase due to the Civil Rights Act of 1991, which contains provisions that enable complainants to have a better chance of receiving monetary compensation.

JLARC staff found that there were two agencies — the Department of Mental Health, Mental Retardation and Substance Abuse Services, and the Department of Corrections — that consistently received a significant number of complaints for fiscal years 1991, 1992, and 1993. Over the three year period, these agencies received 53 and

Figure 8

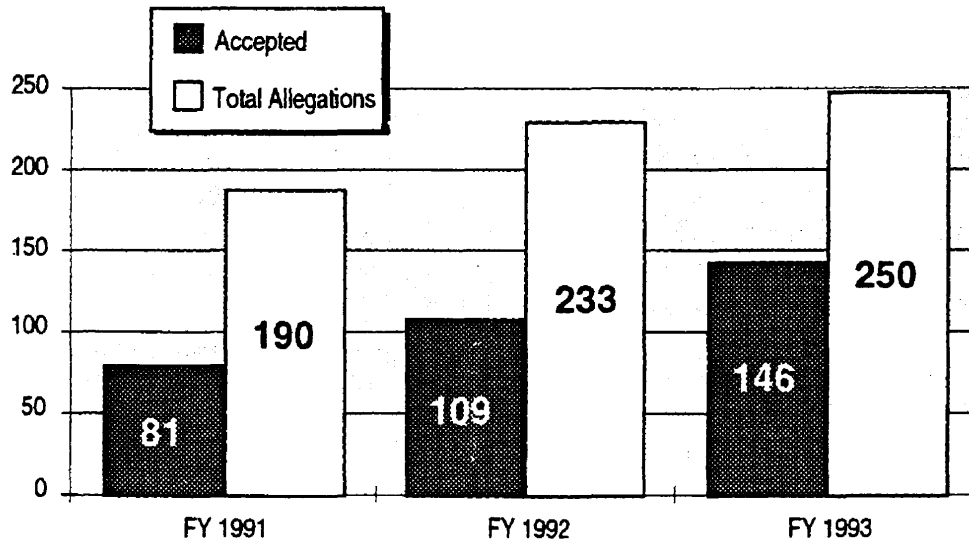
### Total EEO Complaints Filed (In Fiscal Years)



Source: Department of Personnel and Training.

Figure 9

### Total EEO Allegations Filed (In Fiscal Years)



Source: Department of Personnel and Training.

61 complaints, respectively, almost 30 percent of the State total. When such a high concentration of complaints within agencies occurs, OEES should use the compliance review process to ensure that discriminatory practices are not occurring within these agencies. The compliance review process is discussed in the following section.

Most agencies appear satisfied with OEES's complaint investigations. While 30 percent of the agencies responding to the State agency survey thought that there needed to be some degree of change in the way OEES conducts complaint investigations (Table 21), about half of that group thought only a minor change to be necessary.

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**Table 21**

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**Degree of Change Needed for EEO Investigation and  
Resolution of Discrimination Complaints  
(N=85)**

	<u>Number of agencies</u>	<u>Percent</u>
No Change	31	36
Minor Change	13	15
Major Change	9	11
Complete Change	3	4
No Interaction with DPT*	29	34

\* In many of these cases, agencies may not have had any interaction with DPT due to the absence of any EEO-related complaints.

Note: Percentages may not add to 100 due to rounding.

Source: JLARC staff analysis of State agency survey.

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Agency concerns were generally with the timeliness of complaint investigation. One respondent stated "investigations take too long." While the time frame seemed excessive to some agencies, complaint investigations within DPT are typically completed in 60 days. The director of OEES compares the 60 days it takes to complete a State investigation to the six months to a year it sometimes takes to complete a federal complaint investigation. (Staff at the federal EEO Office in Washington, D.C. reported that based on data from the second quarter of 1993, the average time it took to complete a federal complaint was 274 days.) Given the nature of the research and the level of detail required, the 60 days does not appear to be an unreasonable amount of time to investigate a complaint.

### **Provision of Compliance Reviews**

Unlike a complaint investigation, which ascertains whether an individual has been treated differently (disparate treatment), a compliance review tries to determine



whether an agency has a systemic practice of discrimination against a group of people (disparate impact). For example, OEES staff may try to determine whether hiring practices at a particular agency discriminate against Blacks as a group. (Federal EEO statistics at this time use the terminology "Black" as opposed to "African-American.")

Compliance review may be initiated at the request of an agency head or cabinet secretary. The request may be instigated by concerns about how a particular agency is functioning or triggered by a complaint. During a compliance review, OEES staff review records for a period of eighteen months to three years. In addition, staff interview agency employees and management personnel to determine whether an agency's hiring practices and other personnel decisions comply with relevant laws and policies. Once OEES determines its findings in the review, recommendations are made as necessary and a corrective action plan is prepared for the agency in violation to follow.

OEES began conducting compliance reviews in 1990, and has completed eight reviews to date, five within the Department of General Services. While most State agencies have not had compliance reviews, those agencies which have had such reviews appear to be generally satisfied with OEES administration.

### **Provision of Affirmative Action Assessments**

Each agency covered by the VPA is required to prepare a biennial affirmative action plan representing its commitment to affirmative action and equal employment opportunity. Each plan is required to have at a minimum a framework which includes a policy statement, a description of the agency's organization, a means of communicating the plan to interested constituencies, and specific qualitative objectives for assuring that the agency's policy statement is carried out in all personnel actions.

Each year, agencies are required to submit an Affirmative Action assessment describing its progress toward reaching its EEO/AA goals. By reviewing these assessments, OEES can evaluate any action the agency has taken to achieve its Affirmative Action goals and identify areas where potential cases of discrimination may exist. The annual affirmative action plan assessment must include the elements shown in Exhibit 7.

A review of this aspect of service responsibility suggest that agencies are satisfied with the affirmative action assessment process, and use it as an impetus for agency wide strategic planning efforts. No significant changes to this process were recommended by the State agency survey respondents.

### **Provision of EEO Technical Assistance**

Technical assistance in complying with State and federal equal opportunity requirements is provided by request to line agencies by DPT. In 1992, OEES conducted approximately 12 technical training sessions on specific employment laws, including a session which covered almost all management personnel of the State Department of

## Elements Reviewed in Assessments of Agency Affirmative Action Plans

1. Completed Employment Parity Progress Forms.
2. Description of any significant changes to the organization which may have affected the agency's Affirmative Action Plan, employment profile, under utilization statistics, etc.
3. Methods of communication of the Affirmative Action Plan.
4. Qualitative Objectives.
5. List of complaints and grievances filed with EEOC.
6. List of all disciplinary actions processed under the Employee Standards of Conduct and performance.
7. List of all agency initiated reallocations by race/sex.
8. List of all EEO/AA training provided to supervisors and employees during the reporting period.
9. Analysis of personnel activities where adverse impact has been identified.
10. Any other information that has affected the agency's progress toward its established affirmative action objectives.

Source: Guidelines for Annual Agency Affirmative Action Plan Assessment, Office of Equal Employment Opportunity Services.

of Social Services and the 124 local social service agencies. As the following comments suggest, agencies appear to be satisfied with the provision of technical assistance:

When requested, technical assistance on techniques and statistics were also provided in a timely and professional manner.

\* \* \*

This Office regularly provides excellent technical assistance.

\* \* \*

The service we have received from the EEO Office has been excellent. The staff has provided technical assistance and training.

No specific changes are recommended in the provision of this service, however, OEES should take steps to ensure that all agencies are aware of the services provided and the sources of information available to assist them in meeting EEO requirements.

### **Communication of EEO Information**

As stated in Equal Employment Opportunity Policy 2.05, OEES is required to act as an equal employment reference for State government. However, there appears to be very little information available which informs agencies of what EEO resources are available.

OEES distributes flyers and brochures to agencies which contain basic information on OEES services. The poster that is currently being used simply lists the agencies to contact if a person feels that they have been discriminated against. The brochures distributed by OEES describe the process for filing a discrimination complaint. While these sources are helpful they do not specify exactly what services or resources are available to assist agencies in complying with EEO regulations.

OEES maintains an extensive EEO library at its Richmond office. The library contains a variety of publications, federal EEO court rulings and reports. However, agencies do not necessarily know that this information is available unless they call and request it. DPT should take steps to increase the availability of materials which identify specific sources of information that may be used in meeting equal employment opportunity requirements.

As the preceding sections have indicated, the provision of equal employment opportunity services by the Department of Personnel and Training appears to be satisfactory. While many agencies report limited interaction with the Office of Equal Employment Services, those that have had interaction expressed few concerns. Efforts should be made by DPT to continue to evaluate the causes behind the increasing numbers of discrimination complaints and allegations to ascertain how the needs of agencies can best be met. Similarly, the department should work to make minor improvements in the service areas discussed.

**Recommendation (27).** Staff of the Department of Personnel and Training should evaluate causes of the 51 percent rise in EEO complaints over the past three years. The department should use the compliance review process to evaluate the equal opportunity/affirmative action programs in agencies — such as the Department of Corrections and the Department of Mental Health, Mental Retardation, and Substance Abuse Services — which have a consistently high number of EEO complaints.

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## **VII. Issues Facing the State Personnel Function**

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The slowing economic conditions of the 1990s have essentially forced governments and the private sector to reexamine how they conduct their business. So that corporations may better compete by expending fewer financial resources, many private sector companies have restructured the way they manage their workforce. State, local, and federal governments, have also been asked to do more with less resources, and there is a growing trend to reevaluate the appropriateness of public personnel systems. The Commonwealth of Virginia is among many states that are reevaluating personnel management.

However, to determine where improvements could be made to Virginia's personnel system, as well as how those improvements should be made, an understanding of the performance of the existing personnel function is necessary. In this context, the Commonwealth appears to be starting from a fairly strong position. Generally, as noted earlier, Virginia has a relatively decentralized personnel function. Further, most State agencies appear satisfied with the overall structure and operation of the State personnel function, although there are significant exceptions both by agency and by function.

There are a number of personnel-related issues that were raised during the course of this JLARC review that may be of interest to the Workforce Commission or potential areas for further JLARC review. There is a need to establish responsibility for human resources planning in the Commonwealth and to determine appropriate goals and objectives for human resource planning statewide. Also, the effectiveness of the Personnel Advisory Board (PAB) over recent years has been questionable, therefore its role may need to be reconsidered.

Finally, the Workforce Commission may wish to consider options to realign some personnel functions. Although there appears to be little duplication or conflict of functions among the agencies responsible for carrying out personnel activities, options to realign some functions could allow some components of the State personnel system to operate more efficiently and effectively. Also, in light of the expanding role of human resources, the General Assembly may wish to consider renaming the Department of Personnel and Training to reflect the agency's broader mission.

### **MANAGEMENT OF THE STATE'S OVERALL PERSONNEL FUNCTION**

Although most State agencies appear to be satisfied with the operations of the personnel function, a number of issues were identified that may be of interest to the Workforce Commission. This information could also serve as the basis for future JLARC work, if requested. Among the issues raised are agency satisfaction with the personnel function, the need for statewide human resource planning, and the role of the Personnel Advisory Board.

## Agency Satisfaction With The Personnel Function

Similar to the fact that agencies were generally satisfied with the division of authority between themselves and DPT, State agencies appear to be fairly satisfied with the operation of the State's personnel function as a whole (Table 22). According to the JLARC survey of State agencies, 66 percent of agencies reported that they are satisfied or very satisfied with the operation of the State personnel function. However, it appears that the smaller agencies are generally more satisfied with the personnel function than are larger agencies. For example, 79 percent of agencies with a maximum employment level (MEL) between one and 100 were satisfied or very satisfied with the personnel function, while only 47 percent of agencies with a MEL above 1,000 were satisfied or very satisfied with the personnel function. Also, non-decentralized agencies appear to be more satisfied. It appears that large agencies, with more complicated personnel needs, are less satisfied with their ability to operate within the confines of the State's personnel function.

Table 22

### Level of Agency Satisfaction with Operation of State Personnel Function

	<u>Percent Satisfied</u>	<u>Percent Not Satisfied</u>	<u>Respondents</u>
All Agencies	66%	34%	86
Agencies with MEL			
1 to 100	79	21	34
101 to 500	64	37	24
501 to 1000	44	56	9
>1000	47	53	19
Decentralized Agencies	55	45	31
Non-decentralized Agencies	73	27	55

Note: "Percentage satisfied" includes both the "satisfied" and "very satisfied" survey responses.

Note: Percentages may not add to 100 percent due to rounding.

Source: JLARC staff analysis of State agency survey.

Analysis of agency comments from the State agency survey help to provide some insight as to the degree of satisfaction reported. Excluding the comments that address concerns within a particular functional area of DPT (which are addressed in other sections of the report), many of the general concerns highlighted by agencies are that they would like increased flexibility in the application of personnel rules so that they can better meet their management needs, as well as to be able to use more modern human resources practices. For example, some agencies reported:

The state needs to redesign the personnel system. Although there are issues with function, the greater problem is the rigidity in the system that impedes progressive management of the workforce and creative strategy development.

\* \* \*

The State could allow more flexibility to the agencies in making some decisions or allow them to have input on various policies which will affect them.

\* \* \*

The State's personnel function needs to be on the cutting edge of human resource management. Programs should provide for more flexibility and creativity.

\* \* \*

The policies of DPT do not reflect the fact that the needs of the employees are changing. They do not compete with the changes that the private sector is making to reflect those new needs, such as career development, succession planning, and formal mentoring programs. For the most part, DPT's model for human resources is outdated. State compensation structure is no longer competitive with market place.

However, these comments conflict with some other agency comments describing the best qualities of the personnel system. For example, when asked "What do you think are the best qualities of the current operations of the State personnel function?" many agencies responded favorably to the existence of some centralized authority:

DPT as a central authority, maintains a credible level of equity in state government especially in classification and compensation.

\* \* \*

That there is a central agency to provide some consistency of policy formulation and interpretation.

\* \* \*

The fact that the central agencies are there to "control" and maintain some level of fairness in the state system especially in compensation/classification.

It appears that many agencies value the services that a central agency provides such as the maintenance of a fair, equitable, nondiscriminatory, and credible employment system.

A natural tension seems to exist between the valued components of the *status quo* and the desire to make the existing system more effective. Although these qualities do conflict with each other, they are not necessarily mutually exclusive. Despite the fact that the State appears to be doing an adequate job of balancing these competing interests, there is room for improvement. Were DPT to monitor and analyze agency policy concerns, and differentiate by size, it might be possible to identify areas where policies could be modified to achieve a better balance between control and flexibility.

## **Human Resource Planning**

Planning for human resources can be defined as identifying an agency's future human resource needs and developing strategies to meet those needs. Human resource planning is important in the area of personnel because the human resources environment is undergoing fundamental change in terms of regulation, the needs of the work force, technology, and compensation and benefits policy. Unlike strategic planning which considers a broader view of an agency's functions, human resource planning considers specific elements directly related to maintaining a qualified workforce such as type of employees, demographics, and training needs.

While the precise definition may vary by organization, the concept of human resource planning is basically the same. Many State agencies across the country, as well as in Virginia, perform some form of human resource planning. However, in Virginia, it is unclear whether the individual State agencies or a central agency should be responsible for human resources planning. Legislative direction may ultimately be necessary to assign responsibility for human resource planning if it is determined that the function is necessary to ensure that agencies are prepared for the work force of the future.

***Human Resource Planning in Other States.*** Studies show that many state and private organizations alike are involved in some sort of human resource planning process. The report, "State Personnel Office: Roles and Functions" prepared by the Council of State Governments in 1991 lists the results of a survey in which states were asked questions pertaining to their personnel function. Forty-three states, including Puerto Rico, responded that they engage in some form of human resource planning (Exhibit 8). The report generalized the definition of human resource planning to mean the agency "projects future needs of the state in terms of numbers of employees, types of employees, demographics, training, and competitive posture of the state based on compensation, benefits, and trends in human resource management."

In the state of New York, legislation was passed last year requiring agencies to prepare an annual workforce management plan. According to staff at the New York State Department of Civil Service, the legislation was developed in an attempt to avert future lay-offs by moving people in state government, and being better prepared for future changes in the workforce.

Similarly, while the Commonwealth of Pennsylvania is not statutorily required to provide human resource planning, it annually publishes the Governor's Workforce report. This report includes demographics of State employees.

### States that Have a Human Resource Planning Function

State	Central Personnel	Central Agency	Decentralized
Alabama			✓
Arizona			✓
Arkansas			✓
California (Dept. of Personnel Administration)		✓	✓
California (b)			✓
Colorado			✓
Connecticut	✓		✓
Delaware	✓		✓
Florida			✓
Georgia			✓
Hawaii			✓
Idaho			✓
Illinois			✓
Indiana	✓		✓
Iowa	✓		✓
Kansas	✓		✓
Kentucky			✓
Louisiana		✓	✓
Maine	✓		✓
Maryland	✓		✓
Massachusetts	✓		✓
Michigan	✓		✓
Minnesota	✓		✓
Mississippi	✓		✓
Missouri			✓
Montana			✓
Nebraska			✓
Nevada			✓
New Hampshire			✓
New Jersey	✓		✓
New Mexico	✓		✓
New York	✓		✓
North Carolina			✓
North Dakota			✓
Ohio			✓
Oklahoma	✓		✓
Oregon	✓		✓
Pennsylvania	✓		✓
Rhode Island	✓		✓
South Carolina	✓		✓
South Dakota	✓		✓
Tennessee	✓		✓
Texas (c)		✓	✓
Utah			✓
Vermont	✓		✓
<b>VIRGINIA</b>			✓
Washington	✓		✓
West Virginia	✓		✓
Wisconsin			✓
Wyoming	✓		✓
Puerto Rico	✓		✓
<b>TOTAL</b>	<b>23</b>	<b>3</b>	<b>33</b>

Human Resource Planning - projects future needs of the state in terms of numbers of employees, types of employees, demographics, training, and competitive posture of the state based on compensation, benefits, and trends in human resource management.

Source: 1991 State Personnel Office: Roles and Functions, National Association of Personnel Executives and The Council of State Governments.



***The Need for Human Resource Planning in Virginia.*** Virginia's response to the Council of State governments survey placed it among the 17 states that claimed such planning was done on a decentralized basis only. The JLARC survey of State agencies confirms that human resources planning is done on a decentralized basis. Seventy-nine percent of the responding agencies indicated that they regularly assess the strengths and weaknesses of their human resource practices such as recruiting, hiring, and the administration of benefits.

Eighty-three percent of the agencies said they develop human resource goals, review or evaluate these goals, and then develop strategies to address identified problems. A number of agencies responded that human resource goals were developed through the agency's broader strategic planning process. Forty-seven percent of Virginia agencies reported that they go so far as to regularly consider the effect of external environment trends such as potential labor market entrants or national demand for services on its future work force.

While much human resources planning in Virginia occurs on an agency by agency basis, there is no mechanism in place for statewide human resource planning, nor is there a legislative or executive requirement for such planning. Despite this fact, there appears to be confusion among the State agencies, and even DPT staff, as to whether a central planning entity indeed exists, and if so, who is responsible. Thirty-six percent of the State agency respondents believe that a central entity responsible for statewide planning already exists. Of these, DPT was the entity most often cited. In addition, 81 percent of DPT staff stated that DPT is the entity responsible for statewide human resource planning, despite the fact that it is not required to perform that function.

Responses from agencies were mixed as to whether an entity charged with statewide planning responsibility should exist. For example, some agencies felt that there was not a need for statewide human resource planning:

From our perspective, we do not believe that central planning should exist, except perhaps in a consulting role. The issues across state government are sufficiently diverse and human resource planning would be best done in a decentralized environment.

\* \* \*

There should not be a centralized State entity responsible for planning human resource needs statewide. A central agency should provide guidance to agency human resource personnel as to how to determine the needs and strategies for their specific agencies. This centralized agency should also be a source of data for all State agencies and provide trend information relative to geographic labor pools, state and national trends, and future work force needs.

Others felt that there should be a central entity responsible for statewide human resource planning, as is the case in the following examples:

Such an agency is vital - personnel costs account for approximately 80% of the budget of most agencies. A central agency has the unique function of envisioning what tasks will be essential for the future delivery of services and how the state can get there (what policies need to be changed, what training should be made available, and what financial resources will be necessary.)

\* \* \*

Such an entity would be useful in helping agencies identify relevant long-range issues and in formulating strategies to deal with these issues.

Because there is no requirement for DPT to conduct human resources planning statewide, it has not been an ongoing activity of the agency. Although the current director of DPT believes there is a need to work on cutting edge personnel initiatives, the director states that DPT has had limited capacity to do such planning because of resource constraints. Accordingly, the director stated that in an era of budget cuts, long-term planning has not been a priority.

DPT's resource capability for conducting human resource planning is questionable. It does appear that if DPT were to take actions to streamline operations, the agency may be able to take on more responsibility in the area of human resources planning. As noted earlier in Chapter II, 61 percent of DPT staff believe they could handle more responsibility than they currently have. Also, as highlighted throughout this report, management of DPT has been largely reactive. If actions were taken to streamline and improve key agency operations, DPT may then be able to effectively reallocate its resources.

However, the problem remains as to whether human resources planning should be conducted statewide, and if so, whether DPT or other entities should be required to carry it out. As noted earlier, a number of agencies commented on the adequacy of planning for human resource needs as is exhibited in the following examples:

Planning of the human resource needs seems to be lacking — more of a reactive role than proactive. It is more of a wait-and-see approach rather than being a leader.

We desperately need to prepare for the future workforce, including training skilled laborers, diversity training, supervisory skills, etc. We are not receiving any information from DPT which we can put to use in the field. Job-sharing, benefits for part-time, hourly employees and some other ideas need to be implemented to allow for a friendlier work environment and better recruitment.

The Workforce Commission may wish to consider taking further action to more clearly define the roles and responsibilities for human resources planning among DPT, other central agencies if appropriate, and the State agencies.

Also, human resource planning is made more difficult because there is little consistent information available regarding the characteristics of the statewide workforce. To aid statewide human resources planning in the future, the Workforce Commission may wish to consider a requirement that a report describing characteristics of the State's workforce be issued prior to the change of each gubernatorial administration. This would allow incoming administrations to plan for workforce needs, as well as provide consistent information over time from which future decision makers could benchmark.

***Recommendation (28).*** The Workforce Commission may wish to consider the need for statewide human resource planning. If such a need were supported, the Workforce Commission should take further steps to clarify the entity(s) responsible for conducting such planning, as well as criteria to meet in conducting human resources planning.

***Recommendation (29).*** The Workforce Commission may wish to consider whether the Governor, as Chief Personnel Officer, in cooperation with the Department of Personnel and Training, the Department of Planning and Budget, and the Virginia Employment Commission, should prepare a quadrennial report on the Commonwealth's workforce, including an analysis of its characteristics, demographics, training needs, and trends to consider in the future. This report could be prepared the last year of the Governor's tenure to be made available to the General Assembly and the incoming Governor.

### **Personnel Advisory Board**

The Personnel Advisory Board (formerly the Personnel Advisory Committee) was created in 1978 through legislation to advise the Governor, the Secretary of Administration and Finance, and the Director of Personnel on issues regarding personnel administration. The Board originally consisted of seven members until a 1992 amendment to the *Code* increased the representation to eleven. Membership is currently designed to include four management State employees, four non supervisory State employees, and three members from the public at large appointed by the Governor and confirmed by the General Assembly to serve four year terms. No member may serve more than two full successive terms. The Directors of the Department of Personnel and Training and the Department of Employee Relations Counselors serve as permanent *ex officio* members of the Board without voting privileges.

The Board is legislatively required to perform specific duties (Exhibit 9), and meet at least once every three months. With the exception of the addition of DERC to the list of advisees, the duties of the Board have remained somewhat constant since its inception.

However, interviews with past and present members of the PAB revealed that many of the PAB's required activities are not being carried out. In addition, the PAB has not been very active over the last few years, meeting infrequently and doing little of record.

## Duties of the Personnel Advisory Board

- Advise the Governor, the Director of the DPT, and the Director of the DERC on all matters relating to personnel administration.
- Review all public employer-employee relations throughout the Commonwealth.
- Review DERC's program of employee-management relations and make recommendations to improve communications between employees, agencies, and instrumentalities of the Commonwealth.
- Carry out such other functions as the Governor deems appropriate.
- Review DPT's training and management programs, compensation and classification practices, benefit programs, and recruitment practices.

Source: Section 2.1-113 of the *Code of Virginia*.

As stated, the PAB is required to meet at least once every three months or at the call of the chairman. DPT files containing minutes from past PAB meetings are incomplete, so a comprehensive review of the frequency of meetings is not possible. However, past and present members of the PAB have stated that the Board has met only twice a year for the last few years.

Additionally, very little written information was available to substantiate past activity of the Board. However, discussions with past and present members of the PAB have given some perspective to the level of activity taking place. A former member stated that in the early years of the Board, members would travel across the State to hear the concerns of employees reflective of the different geographical regions of the State. These activities could have been the result of the series of personnel studies conducted in the late 1970s and the State's interest in improving personnel management during that time. Such activity, however, appears to have declined by the mid 1980's.

More recently, there is evidence that the Board has advised the Governor on certain personnel issues by submitting position statements and contributing to the 1991 PAB report to the Governor on a "Parental Leave Policy for State Employees". However, past and present members have stated that they do not recall any attempt to review all public employer-employee relations, review DERC's program of employee-management relations, or review DPT's programs. Board members have stated that they have had the

opportunity to review some personnel policies or procedures, but have had limited impact because decisions had already been made.

Since April of 1993, the Board has met every month, established a set of Board guidelines, and developed a schedule that calls for one meeting a month through June of 1994. Although this shows signs of an attempt to become more active, the overall effectiveness of the PAB remains unclear. The Workforce Commission may wish to reevaluate the role of and need for the PAB, to determine whether its existence actually has an impact on State personnel administration.

**Recommendation (30).** The Workforce Commission should evaluate the Personnel Advisory Board to determine whether its functions should be reconsidered, whether it should be replaced with some other entity, or be disbanded.

### OPTIONS TO RESTRUCTURE COMPONENTS OF THE PERSONNEL FUNCTION

According to State agencies, components of the State personnel function appear to be operating predominantly free from duplication and conflict. However, through the course of the JLARC review, it has become apparent that some aspects of the personnel function could potentially operate more effectively if realigned. While the current overall structure does not suggest the need for immediate change, the Workforce Commission may wish to consider options to realign certain personnel functions to allow the system to continue to adapt to the present and future needs of the Commonwealth. The General Assembly also may want to consider renaming the Department of Personnel and Training, to reflect more current personnel practices and philosophies.

#### **Duplication or Conflict Among Central Personnel Agencies is Minimal**

Primary State agencies which have responsibility for the personnel function include the Department of Personnel and Training (DPT), the Department of Employee Relations Counselors (DERC), the Department of Planning and Budget (DPB), the Virginia Retirement System (VRS), the Department of General Services (DGS), and the Department of Accounts (DOA). Because of the number of agencies performing different personnel-related functions, the potential exists for them to duplicate activities, or to conflict with one another. Specifically, there are two areas where this is likely to occur — in the areas of auditing for compliance with personnel-related activities, and submissions of personnel-related reports. Overall, duplication and conflict do not appear to be major problems except in some specific, limited areas.

**Personnel Compliance Audits.** Central personnel agencies typically audit State agencies for compliance with personnel policies and procedures. Seventy-five State agencies, or 86 percent, reported that their agencies were audited by at least one central personnel agency. However, it appears that there is very little overlap or duplication in

auditing State agencies for personnel-related activities. Only nine percent, or five out of 54 State agency respondents, reported being audited by more than one entity and thought that these audits were unnecessarily duplicative.

***Requirements for the Provision of Personnel-Related Reports.*** Central personnel agencies typically require that State agencies provide personnel-related reports directly to them. Almost all of the 87 State agencies responding to the survey reported that they had to submit personnel-related reports to at least one central personnel agency. Of those 77 State agencies who stated that they were required to submit reports to at least two agencies, 15 State agencies reported that they thought that these reports were unnecessarily duplicative.

State agencies reported that a consolidation of the personnel and payroll systems would eliminate DPT and DOA from auditing the same payroll process. State agencies reported duplication of data entry between the PMIS and CIPPS personnel information systems. Initiatives are currently underway to coordinate submission of these reports (see Chapter VI), however, funding may not be available to support the project.

In sum, there does not appear to be significant duplication or conflict in the functions of agencies responsible for personnel activities that is not already in the process of being addressed. However, there may be some reasons to consider realigning some personnel functions, in order to obtain maximum utility from these functions.

## **Realignment of Functions**

Virginia's organization of personnel functions exists as a result of its history, experiences, past studies, legislative and executive philosophy and leadership, and a variety of other factors. While the current overall structure of the personnel function does not suggest the need for immediate change, a number of possible realignments deserve consideration. For example:

- The consolidation of DPT and DERC would unify various policy and procedural elements of the grievance process. Cost savings could result.
- Certain functions of the Department of Personnel and Training could be combined with other employee benefit functions. For example, the merger of the administration of health benefits (currently under DPT) and retirement benefits administration (currently under VRS) would combine two principal central benefits functions and could provide potential opportunities for greater employee choice and an expanded range of "cafeteria-style benefits." The State employee workers' compensation benefits program, now administered by the Department of General Services, could also be considered for consolidation in a more comprehensive "human resources agency." A comprehensive consolidation of human resource benefits could enable policy-makers and recipients alike to better understand the total value of State compensation.

- Reconfiguration of the Personnel Advisory Board, potentially in combination with the VRS Board and the other related entities, could be made to more comprehensively advise the Governor and General Assembly on employee benefits.

Such “big picture” proposals are beyond the scope of the JLARC review but may be of interest to the Workforce Commission as it comprehensively reviews the Commonwealth’s compensation, personnel, and management procedures.

### **Name Change for the Department of Personnel and Training**

The name of the Department of Personnel and Training dates back to the mid-1970s. At that time, personnel activities were largely clerical in nature and training was a more significant component of the agency’s role. Since that time, personnel activities, in a global sense, have broadened considerably. Personnel activities, both in the private and public sectors, now incorporate such concepts as human resources planning, family friendly policies, career development, employee health wellness, and other subjects. Further, many of DPT’s former “clerical” activities have been decentralized to the State agencies. To reflect the changing practices and priorities in the central agency personnel environment, the General Assembly may wish to consider renaming the Department of Personnel and Training. A potential option could be to change DPT’s name to the Department for Human Resources Management.

***Recommendation (31).*** The General Assembly may wish to consider changing the name of the Department of Personnel and Training to the Department for Human Resources Management.

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## Appendixes

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## **Appendix A**

### **Senate Joint Resolution No. 279 1993 Session**

Patrons: Holland, R.J. and Andrews

**Establishing a joint commission to study management of the Commonwealth's work force and its compensation, personnel and management policies and to recommend improvements to Virginia's system.**

WHEREAS, \$3.6 billion of the Commonwealth's budget, just under 60 percent of the funds spent on direct state programs, is spent on salaries and benefits; and

WHEREAS, the proper functioning of the Commonwealth's personnel system is important because of this central role played by state employees in providing state services; and

WHEREAS, the Commonwealth's personnel system is intended to support the provision of state services, while at the same time providing protection for employees; and

WHEREAS, the state personnel system must remain flexible and adaptable if it is to meet the needs of a modern information- and service-oriented organization; and

WHEREAS, many current governmental personnel systems, including Virginia's, grew out of federal reforms began in the 1880s, and concerns have been raised to suggest that Virginia's system may be an impediment to effective management; and

WHEREAS, increased flexibility and responsiveness could allow service expansion either through savings or increased efficiency and productivity; and

WHEREAS, models exist, often adapted from the private sector, that provide greater flexibility and productivity than is typical of public sector personnel systems; and

WHEREAS, no comprehensive studies of Virginia's personnel system have been done since the adoption of the Personnel Act in 1948; now, therefore, be it

**RESOLVED** by the Senate, the House of Delegates concurring, That the Joint Commission on Management of the Commonwealth's Work Force be hereby established. The Joint Commission shall undertake a comprehensive evaluation of the Commonwealth's compensation, personnel and management policies and procedures and formulate recommendations for improvements that will foster increased management flexibility,

employee productivity and overall efficiency of government operations, while at the same time providing such protections as are needed for employees. In conducting its review the Joint Commission shall consider, but not be limited to:

1. Whether simplification of the classification structure for state jobs into a small number of "bands," rather than the current 1,888 job classifications, would increase management flexibility and employee productivity, as was accomplished in a recent pilot study for the federal government, which reduced job classifications from 459 job classifications to only 10 occupational "families";
2. Whether existing state policies on promotions, layoffs and career development promote the efficient provision of government services;
3. The appropriateness of the Commonwealth's compensation policies, including employee benefits; and
4. The effectiveness of the Commonwealth's ongoing program of decentralization of the personnel function and the need, if any, for improvements of this area.

The Joint Commission shall be composed of 10 members, four to be appointed by the Senate Committee on Privileges and Elections, and six to be appointed by the Speaker of the House.

To assist the Joint Commission in this review, the Joint Commission may employ such consulting services as it deems necessary. Expenses for such services shall be partially funded from a separate appropriation for the General Assembly in the amount of \$50,000. The Joint Commission shall establish a professional advisory committee made up of individuals from both the public and private sectors who are knowledgeable in personnel, management and compensation systems to provide technical advice. The members of this professional advisory committee may be reimbursed for actual expenses. The Joint Commission may request the participation of other members of the General Assembly and individuals knowledgeable in personnel systems as it deems appropriate. The Joint Commission may also request employee input through the assistance of the Governor's Personnel Advisory Committee, or such other ad hoc groups of state employees as it deems appropriate.

The Joint Commission shall complete its work in time to submit its recommendations to the Governor and the 1994 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents; and, be it

RESOLVED FURTHER, That the Joint Legislative Audit and Review Commission (JLARC) be requested to conduct a study of the organization, staffing, management, and resource needs of the Commonwealth's personnel function in conjunction with the Joint

Commission on Management of the Commonwealth's Work Force. This study shall include, but not be limited to, the Department of Personnel and Training.

To assist the staff in this review, the Commission may request the participation of other members of the General Assembly and individuals knowledgeable in personnel systems.

JLARC shall complete its work in time to submit its recommendations to the Joint Commission on Management of the Commonwealth's Work Force, the Governor and the 1994 Session of the General Assembly as provided for in the procedures of the Division of Legislative Automated Systems for processing of legislative documents.

Staffing for the Joint Commission shall be provided jointly by the staffs for the House Appropriations Committee, the Senate Finance Committee, and the Division of Legislative Services.

The Department of Personnel and Training and all other agencies and institutions of the Commonwealth shall make available to the Joint Commission on Management of the Commonwealth's Work Force and the Joint Legislative Audit and Review Commission all information and shall provide any assistance which shall be necessary for the completion of this review.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

## Appendix B

### House Joint Resolution No. 677 1993 Session

Patron: Smith

**Directing the Joint Commission Studying Management of the Commonwealth's Work Force, created pursuant to Senate Joint Resolution No. 279 (1993), to review and recommend a strategic approach to meeting the human resource management needs of state government.**

WHEREAS, the Commonwealth of Virginia employs over 100,000 people whose morale and productivity directly affect the cost and efficiency of government; and

WHEREAS, the effective management of human resources and employee relationships serves the interests of employees, government managers, and the taxpayers of Virginia; and

WHEREAS, a positive and productive labor climate in the Commonwealth is the shared responsibility of all employers in both government and private industry; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Commission Studying Management of the Commonwealth's Work Force, created pursuant to Senate Joint Resolution No. 279 (1993), be directed to review and recommend a strategic approach to organizational structure; policy development, including payroll deduction policy; and accountability in human resource management in the executive branch of state government. The Commission is also directed to review organizational structure with the objectives of strengthening the effectiveness of the Department of Personnel and Training (DPT) to address overall human resource policy needs and upgrading agency human resource departments to be more responsive to policy directives. The Commission shall also address such critical human resource components as employee communications and recognition, manpower development and training, equal employment opportunity, compliance management, and compensation and benefits at the DPT level as well as in the various agencies of the executive branch.

The Department of Personnel and Training, the Department of Employee Relations Counselors, and the Department of Labor and Industry and the Joint Legislative Audit and Review Commission are requested to assist the Commission in its study. The Commission shall complete its work in time to submit its findings and recommendations to the

Governor and the 1994 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

In addition to the costs provided for in Senate Joint Resolution No. 279 (1993), there shall be additional indirect costs estimated to be \$4,720 and additional direct costs not to exceed \$3,600.

Implementation of this resolution is subject to the subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

## Appendix C

### Composition of the Commonwealth's Workforce

Because of the complexity of the composition of the Commonwealth's workforce, a variety of figures can accurately be used to define it. The definition of State employee usually includes "classified" employees, "excluded" employees, "excepted" employees, "wage" employees and "adjunct" faculty. These five basic types of employees are identified in the State Compensation and Classification Manual for the purpose of outlining rules by which employees' salaries are determined and maintained. Within these five types are 113,183 FTE employees of the Commonwealth, who work within the three branches of government and in independent agencies. "FTE" employees are full-time equivalents. For example, two employees working half-time would constitute one full time equivalent.

#### Categories of State Employees

State employees may be characterized into five basic groups. Table A identifies a breakdown of State employee by type.

**Classified Employees.** Classified employees are employees in positions in executive branch agencies which are established under the provisions of the Virginia Personnel Act. As such, they are not exempt from the Virginia Personnel Act. Part-time permanent classified employees work less than 40 hours per week. There were 78,351 classified employees as of June 30, 1993.

**Excluded Employees.** Excluded employees, also known as SB 643 employees, are classified employees who are exempt from some of the provisions of the Virginia Personnel Act under Section 2.1-116(16). Excluded appointees are generally "those who report directly to the agency head; additionally, those at the level immediately below those who report directly to the agency head and are at a salary grade of sixteen or higher." They receive normal fringe benefits. However, unlike other classified employees, they are not covered by grievance policies. In Table A, 450 excluded employees are counted in the "classified" total.

**Table A**  
**Employee Breakdown**  
**Full-Time Equivalent Employment (FTE)<sup>1</sup>**

<u>Employee Type</u>	<u>As of June 30, 1993</u>
<b>Classified</b>	78,351
(This total includes 450 <b>Excluded</b> employees)	
<b>Excepted</b>	
University Presidents	41
Agency Heads	82
Faculty	14,390
Non-Executive Branch	3,926
<b>Wage</b>	13,124
<b>Adjunct Faculty</b>	3,269
	-----
<b>TOTAL</b>	<b>113,183</b>

<sup>1</sup> One FTE represents 40 hours worked in a week (e.g. one person working 40 hours, or two people working 20 hours each).

Source: Department of Personnel and Training.

**Excepted Employees.** Excepted employees are employees who are not covered by the provisions of the Virginia Personnel Act. They include college/university presidents, faculty, agency heads, employees appointed by the Governor, and certain officers and employees specified in Section 2.1-116 of the *Code of Virginia*. The Governor, Lieutenant Governor, the Attorney General, employees of the legislative and judicial branches of government, and employees of independent agencies would also be categorized as State employees under this classification.

**Wage Employees.** Wage employees are temporary employees that are used to meet, among other things, seasonal, temporary, part-time, or casual manpower needs. They are not covered by the VPA. The distribution of the workforce as listed in Table A represents 13,124 full-time equivalent employees such that one FTE represents 40 hours worked in a week (e.g. one person working 40 hours or two people working 20 hours each).



**Adjunct Faculty.** Adjunct faculty are considered part time faculty employees.

### **Classification of State Employees by Branch of Government**

Table B lists the employees of the Commonwealth by branch of government. As indicated, executive branch employees make up 96 percent of the Commonwealth's workforce. While the numbers for the legislative branch include all employees of legislative agencies, they do not include the 140 members of the Virginia General Assembly. The three independent agencies, the State Corporation Commission, the Virginia Workers' Compensation Commission, and the State Lottery Department do not report to any of the three branches of government. They are, however, considered State agencies and receive authority to spend funds through the Appropriation Act.

### **Distribution of Employees by Occupational Group**

Federal law requires that the Office of Equal Employment Services (OEES) report information on State employees by EEO occupational group. A breakdown of executive branch employees (employees over which OEES has jurisdiction) by this occupational grouping is listed in Table C. For this reporting, figures are based on "head count" of individuals and not Full-Time Equivalents. As a result, part-time employees are counted as 100 percent, therefore causing the numbers to be slightly different from those represented by FTE. However, neither adjunct faculty nor wage employees are included in this listing.

**Table B**

**Employee Breakdown  
Full-Time Equivalent Employment (FTE)<sup>1</sup>**

<u>Executive Branch</u>	<u>As of June 30, 1993</u>
Permanent	92,864.06
Temporary <sup>2</sup>	12,918.08
Adjunct Faculty	3,268.79
 Legislative Branch	
Permanent	611.00
Temporary	29.35
 Judicial Branch	
Permanent	2,285.40
Temporary	110.24
 Independent Agencies	
Permanent	1,029.10
Temporary	66.65
	-----
TOTAL	113,182.67

<sup>1</sup> One FTE represents approximately 40 hours worked in a week (e.g. one person working 40 hours, or two people working 20 hours each).

<sup>2</sup>Temporary employees include wage P-14 employees.

Source: Department of Personnel and Training, 1993.

**Table C**

**Distribution of State Employees by Occupational Group  
Head Count - Executive Branch**

<u>Occupational Group</u>	<u>As of June 30, 1993</u>
Officials/ Administrators	5,660
Professionals	22,109
Technicians	7,589
Protective Service Workers	8,441
Paraprofessionals	12,135
Office and Clerical	14,112
Skilled Craft Workers	5,822
Service/Maintenance	7,842
Faculty	10,647
	-----
TOTAL	94,357

Source: Department of Personnel and Training.

## **Appendix D**

### **Legislative History of the Virginia Personnel Act**

As early as 1920, the Governor of the Commonwealth of Virginia expressed concern regarding the condition of State personnel management. In a presentation to the General Assembly he stated that: "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 inefficiency, poor service, wastefulness and non-performance on the other."

In response, a Commission on Simplification and Economy of State and Local Government recommended to the General Assembly in 1924 the establishment of personnel standards under the administration of a Director of Personnel. Although the General Assembly did not agree with the recommendation at that time, widespread demands for salary increases in 1929, pay cuts during the depression of the early 1930's, and again with salary demands in the post-depression period, it became apparent that a system of personnel management was becoming essential to the orderly functioning of State government.

In 1938, the General Assembly adopted a joint resolution which directed the Virginia Advisory Legislative Council (VALC) to study the possibilities of either adopting a civil service system or a merit system for employees of the Commonwealth. Civil service systems were first used as a mechanism to purge partisan bias and political coercion from appointment, promotion, and other incidents of public sector employment. Merit systems of employment are based on the tenet that only objective performance-based criteria be used for appointment and promotion.

In 1938, the VALC appointed a committee, which was comprised of prominent Virginia citizenry, to study these issues. A draft of a bill, which became known as the Virginia Personnel Act (VPA), provided the basis for the origination of a centralized personnel function in the State. The framers of this bill believed that a civil service system would not be appropriate for the State, since Virginia had experienced few of the political spoils systems problems that had led to the establishment of the federal civil service and similar programs in other states. Instead, Virginia chose an approach which it referred to as "appointments, promotions, and tenure in classified service based on merit and fitness." The early designers of the State personnel function saw the role of a central personnel activity as being one of a facilitator, coordinator, and provider of services to the operating agencies.

Public hearings were held on the issue of a centralized personnel function in 1941, which included heads of State agencies and institutions. As a result of these hearings and further study, the original bill was revised. The revised version designated the Governor as the chief personnel officer of the State, but prohibited him from usurping agency head authority with regards to the tenure of office or selection of

any person. Another significant provision of the revised bill gave responsibility to each agency head for the authority of appointment for the agency.

The revised version of the bill was passed in 1942 as the Virginia Personnel Act, thus acknowledging the State's need for a personnel function. The threefold purpose of the VPA was to establish a personnel administration system, to prescribe the duties and powers of the Governor and other State employees, and to provide funds for carrying out the VPA. The passage of this legislation was the State's first significant step toward ensuring that tenure, appointments, and promotion of State employees was based on fitness and merit.

In 1948, the Governor acted on a recommendation made by the Commission on Reorganization of State Government and brought about the Division of Personnel. That same year a full-time Director of Personnel was appointed. Prior to this, the Director of the Budget also served as the Director of Personnel. This basic structure of the State personnel function was to remain in place until the early 1970's.

The 1970's brought a great deal of growth and change for the State personnel function, in terms of both the numbers of employees involved in it and the complexity of the function. By this time, the Division of Personnel had been renamed as the Department of Personnel and Training (DPT). A report to the Governor in 1970 issued by the Governor's Management Study stated that the service-oriented approach to the personnel function as originally intended had eroded over the years, and that: "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 (DPT) is conducted as a line personnel organization which duplicated or supplements to a large degree the line personnel activities of the agencies."

Several other studies of the State personnel function were conducted during the 1970's. In 1973, the General Assembly established the Commission on State Governmental Management, which included a review of the State personnel function. This Commission concluded that to become more effective in its central management role, DPT should divest itself where possible of responsibilities that were not central to that role. This decentralization theme was qualified by the statement that there was concern over what the Commission saw as a lack of personnel expertise in many agencies to handle more personnel responsibility.

As a follow-up to the decentralization recommendation made by the Commission on State Governmental Management, a committee was appointed in 1976 by the Secretary of Administration and Finance to conduct a study of the State personnel function. Of primary interest was the relationship between DPT and State agencies, and the development of a definitive plan for the delegation of operating personnel functions to the appropriate levels of management. Active and ongoing involvement was given by the Cabinet and State agency personnel. This committee, however, experienced a great deal of difficulty in trying to identify those personnel functions that were not policy related. The majority of State agencies saw a great deal of value in DPT establishing personnel policies and monitoring them, but the real issue remained as to what extent DPT delegation of personnel functions should occur.

Pursuant to House Joint Resolution 34 adopted by the 1978 General Assembly, a plan for DPT decentralization was developed and presented as House Document 11 (1979), titled "The Plan for Personnel Management Decentralization and the Biennial Report on Personnel Management." The plan was implemented as a shift from a centralized State personnel function to the larger concept of Employee Relations Management on a decentralized basis. House Document 11 specified the administrative responsibilities that were to be decentralized to State agencies, and identified the goals and objectives of DPT necessary to make the shift from a centralized State personnel function to the larger concept of Employee Relations Management. Other than reports on the salary structure of State personnel, no other legislatively mandated personnel-related organizational studies have been commissioned by the General Assembly since House Document 11 was prepared in 1979.

In 1985, the Virginia Personnel Act was amended to exempt from the grievance process "those who report directly to the agency head; additionally, those at the level immediately below those who report directly to the agency head and are at a salary grade of sixteen or higher."

## Appendix E



# COMMONWEALTH OF VIRGINIA

## Joint Legislative Audit and Review Commission of The Virginia General Assembly

### Survey of State Agencies

The State personnel function is defined in this survey to include all those State activities which are aimed at recruiting and retaining a qualified, productive work force for the Commonwealth. We have further defined the State personnel function to contain two components: the personnel function of the line agencies; and those central State agencies which perform essential personnel activities. Central State agencies which have primary responsibilities for the personnel function include the Department of Personnel and Training (DPT), the Department of Employee Relations Counselors (DERC), the Department of Planning and Budget (DPB), the Virginia Retirement System (VRS), the Department of General Services (DGS), and the Department of Accounts (DOA).

Information from this survey will be used by JLARC staff to make recommendations to the Joint Commission on the Commonwealth's Work Force regarding the organization, staffing, management, and resource needs of the Commonwealth's personnel function. To help you complete the survey, directions are listed at the beginning of each section. There are six sections: (1) cost, (2) planning, (3) organization, (4) performance, (5) decentralization, and (6) overall assessment. Please check or fill in the boxes or spaces as the directions specify.

If you have any questions about the survey direct them to Julie Cole or Deborah Moore at 786-1258. Please make a copy of the completed survey for your records and return the original by July 23, 1993, to Julie Cole, Joint Legislative Audit and Review Commission, Suite 1100, General Assembly Building, Capitol Square, Richmond, Virginia 23219 (Fax: 804-371-0101).

Sign your name below before returning the survey to verify for us that you have reviewed the information provided and that it is accurate to the best of your knowledge. In addition, list the name and telephone number of the person we should contact for questions regarding your responses.

#### SIGNATURE OF STATE AGENCY DIRECTOR

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_

Agency: \_\_\_\_\_

## Part One: Cost of Administering the State Personnel Function

One goal of this study is to estimate the total cost of administering the State personnel function. This function includes agency staff responsible for carrying out human resource management responsibilities. The following questions pertain to your agency human resources staff. These persons would be responsible for recruiting and retaining agency staff through the administration of benefits, training, classification, and related personnel functions.

Do not include financial management activities, such as payroll or fiscal technicians.

- (1) Please describe, in your agency and any other agencies over which you have responsibility, each position which is devoted to administration of the personnel function. Report all those staff, including that of the director, who devote **at least ten percent** of their time to personnel-related activities. *(For those staff identified, please state their title, class, grade, the estimated individual cost of their provision of personnel-related services, which would involve your estimate of the staff person's total combined annual salary or wages and benefits, and the percent of their total work time devoted to personnel-related activities. Please make additional copies of this sheet as necessary and attach.)*

Position Title	Class	Grade	% Time Allocated to Personnel-Related Activities	Estimated Cost
Position Title	Class	Grade	% Time Allocated to Personnel-Related Activities	Estimated Cost
Position Title	Class	Grade	% Time Allocated to Personnel-Related Activities	Estimated Cost
Position Title	Class	Grade	% Time Allocated to Personnel-Related Activities	Estimated Cost
Position Title	Class	Grade	% Time Allocated to Personnel-Related Activities	Estimated Cost
Position Title	Class	Grade	% Time Allocated to Personnel-Related Activities	Estimated Cost



## Part Two: Planning for Human Resource Needs

Planning for human resources can be defined as identifying an agency's future human resource needs and developing strategies to meet those needs. The following questions are designed to assess agency-level and statewide human resource planning.

- (2) Does your agency regularly assess the strengths and weaknesses of its human resource practices such as recruiting, hiring, administration of benefits, etc.?

Yes  68      No  18      N=86

**If Yes,** please explain how often this is done, and the nature of the assessment.

- (3) Does your agency regularly consider the effect of external environmental trends such as potential labor market entrants or national demand trends on its future work force?

Yes  40      No  46      N=86

**If Yes,** please explain how often this is done and how your agency goes about identifying these trends. Also, please identify the types of trends your agency follows.

- (4) Does your agency develop human resource goals, review or evaluate these goals, and develop strategies to address identified problems?

Yes  71      No  15      N=86

**If Yes,** please explain how often the goals are reviewed or evaluated, how problems are identified, how problem-solving strategies are developed, and identify who is responsible for ensuring that strategies are carried out.

- (5) Does your agency receive information or guidance from a central State agency or other entity regarding changes in federal or State personnel requirements?

Yes  83      No  4      N=87

If Yes, please identify the source, nature and frequency of the information.

- (6) Does your agency receive assistance from a central State agency or other entity to help anticipate and prepare for work force changes that may affect your agency?

Yes  38      No  49      N=87

If Yes, please identify the source, nature and frequency of the assistance.

- (7) In your opinion, how sufficient is the centralized mechanism within the Commonwealth through which agencies such as yours receive information on human resource issues and guidance on how to meet the needs of the future work force?

<input type="checkbox"/>	Central State mechanism is sufficient	39	
<input type="checkbox"/>	Central State mechanism is insufficient	28	N=85
<input type="checkbox"/>	I am not aware of a central State mechanism	17	
	Other	1	

*(If you checked either of the first two boxes, please identify the agency responsible for this mechanism and describe the nature of the assistance you receive)*

(8) To your knowledge, is there a State entity responsible for planning human resource needs **statewide** and developing **statewide** strategies to meet those needs?

Yes [If Yes, please identify this entity and describe its activities.]  
31

No [If No, please comment as to whether you think such an entity should exist and what its role might be.]  
55

N=86

(9) Please include any additional comments you have regarding the adequacy of planning for human resource needs.

*[Attach additional sheets if needed]*

### **Part Three: Organization of the State Personnel Function**

The following questions are designed to elicit information on the organization of services provided within the Department of Personnel and Training (DPT). The six divisions within DPT are the Office of Equal Employment Services, the Office of Compensation Management, the Office of Policy and Personnel Programs, the Office of Personnel Development Services, the Office of Health Benefits, and the Office of Operations and Information Systems.

- (10) Is your agency ever audited by one division of DPT for compliance with personnel policies and procedures which unnecessarily duplicate the auditing performed by another DPT division?

Yes  No  N=86  
1 85

If Yes, please explain the timing and nature of the audits, the divisions requesting them, and what actions might be taken to eliminate the duplication.

- (11) Is your agency ever required to provide duplicative personnel-related reports to more than one division within DPT?

Yes  No  N=86  
3 83

If Yes, please cite the specific reports, the divisions requesting them, and whether you feel the duplicative reporting is necessary.

- (12) Is it always clear to your agency which person or division within DPT to contact for policy guidance, interpretations, or technical assistance?

Yes  No  N=87  
68 19

If No, please specify the type(s) of policy guidance, interpretations, or technical assistance for which the line(s) of responsibility are unclear.

(13) Does your agency ever receive policy guidance, interpretations of policy, or technical assistance from one person or division within DPT which appears to conflict with that which is offered by another person or division within DPT?

Yes  21 No  66 N=87

If Yes, please indicate the specific conflicting information and how the situation was resolved.

The following questions are designed to identify whether you are aware of any duplication, overlap, or conflict among the services provided by various State agencies providing personnel services. Primary State agencies which have responsibility for the personnel function include the Department of Personnel and Training (DPT), the Department of Employee Relations Counselors (DERC), the Department of Planning and Budget (DPB), the Virginia Retirement System (VRS), the Department of General Services (DGS), and the Department of Accounts (DOA).

(14) Which of the agencies listed below, if any, directly audit your agency for compliance with personnel policies and procedures? (Please place an X in the appropriate box(es).)

DPT	DERC	DPB	VRS	DGS	DOA	Federal Agencies (Please Specify)	Other (Please Specify)	None
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
52	20	4	7	6	25	19	35	12
(87)	(87)	(87)	(87)	(87)	(87)	(87)	(87)	(87)

If you marked more than one agency in item 14, do you perceive these audits to be unnecessarily duplicative?

Yes  4 No  50 N=54

If Yes, please explain the nature of the audits and what actions might be taken to eliminate the duplication.

(15) Which of the agencies listed below, if any, require that your agency provide personnel-related reports directly to them? *(Please place an X in the appropriate box(es).)*

DPT	DERC	DPB	VRS	DGS	DOA	Federal Agencies <i>(Please Specify)</i>	Other <i>(Please Specify)</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
81	71	24	28	21	28	18	18
(87)	(87)	(87)	(87)	(87)	(87)	(87)	(87)

If you marked more than one agency in item 15, do you think that these reports are unnecessarily duplicative?

Yes  No  N=77  
15 62

If Yes, please explain the nature of the personnel-related reports and what actions might be taken to eliminate the duplication.

(16) Which of the agencies listed below, if any, give your agency direct personnel policy guidance, interpretations of personnel policy, or technical assistance? *(Please place an X in the appropriate box(es).)*

DPT	DERC	DPB	VRS	DGS	DOA	Federal Agencies <i>(Please Specify)</i>	Other <i>(Please Specify)</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
85	73	15	56	26	38	15	12
(87)	(87)	(87)	(87)	(87)	(87)	(87)	(87)

If you marked more than one agency in item 16, is it always clear to your agency which agency to contact for policy guidance, interpretations, or technical assistance?

Yes  No  N=77  
65 12

If No, please specify the type(s) of policy guidance, interpretations, or technical assistance for which the line(s) of responsibility are unclear.

(17) Which of the agencies listed below, if any, provide your agency information which conflicts with that which is provided by another agency? *(Please place an X in the appropriate box(es), and indicate in the space provided below the specific conflicting information and how the situation was resolved.)*

DPT	DERC	DPB	VRS	DGS	DOA	Federal Agencies <i>(Please Specify)</i>	Other <i>(Please Specify)</i>	None
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	3	1	2	0	12	4	2	68
(87)	(87)	(87)	(87)	(87)	(87)	(87)	(87)	(87)

(18) Please include any additional comments you have regarding the organization of the State personnel function. *[Attach additional sheets if needed.]*

## Part Four: Performance Assessment

For those services DPT provided to you in the last four calendar years, please state whether you think DPT should change the way the services are provided to you. Responses which indicate a need to change a service could be based on such concerns as the timeliness, responsiveness, or the professionalism with which the service has been provided to you, or DPT's procedures used to provide that service. For those services where you have had no interaction with DPT within the last four calendar years, please check the corresponding box.

- (19) Please check the box which describes the degree to which you think the service should be changed. For those services which you think need a major or complete change, please provide comments as necessary to indicate more specifically what you think needs changing and how. Finally, for any services which you think have been provided in an exemplary manner, please describe in the comments section or on attached sheets.

### DPT Services to Agencies

<u>Equal Employment Services</u>	<u>No Change</u>	<u>Minor Change</u>	<u>Major Change</u>	<u>Complete Change</u>	<u>No Interaction With DPT</u>	
A. Conducting EEO investigation/resolution of employment discrimination complaints and violations of state personnel policies	<input type="checkbox"/> 31	<input type="checkbox"/> 13	<input type="checkbox"/> 9	<input type="checkbox"/> 3	<input type="checkbox"/> 29	N=85
B. Conducting EEO compliance reviews	<input type="checkbox"/> 31	<input type="checkbox"/> 11	<input type="checkbox"/> 3	<input type="checkbox"/> 3	<input type="checkbox"/> 38	N=86
C. Providing EEO orientation/training on relevant employment laws	<input type="checkbox"/> 30	<input type="checkbox"/> 18	<input type="checkbox"/> 19	<input type="checkbox"/> 5	<input type="checkbox"/> 12	N=84

Comments: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

### Compensation Management

D. Processing of agency compensation requests	<input type="checkbox"/> 36	<input type="checkbox"/> 22	<input type="checkbox"/> 13	<input type="checkbox"/> 7	<input type="checkbox"/> 8	N=86
E. Conducting mandated compensation studies	<input type="checkbox"/> 24	<input type="checkbox"/> 14	<input type="checkbox"/> 20	<input type="checkbox"/> 4	<input type="checkbox"/> 24	N=86
F. Maintaining the state compensation plan	<input type="checkbox"/> 34	<input type="checkbox"/> 16	<input type="checkbox"/> 16	<input type="checkbox"/> 8	<input type="checkbox"/> 12	N=86
G. Maintaining the state classification plan	<input type="checkbox"/> 28	<input type="checkbox"/> 18	<input type="checkbox"/> 22	<input type="checkbox"/> 10	<input type="checkbox"/> 8	N=86

Comments: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



**(19) DPT Services to Agencies (continued)**

<u>Policy Development</u>	<u>No Change</u>	<u>Minor Change</u>	<u>Major Change</u>	<u>Complete Change</u>	<u>No Interaction With DPT</u>	
H. Promulgating all personnel policies	<input type="checkbox"/> 31	<input type="checkbox"/> 19	<input type="checkbox"/> 27	<input type="checkbox"/> 4	<input type="checkbox"/> 5	N=86
I. Interpreting personnel policies for agencies	<input type="checkbox"/> 41	<input type="checkbox"/> 29	<input type="checkbox"/> 8	<input type="checkbox"/> 5	<input type="checkbox"/> 3	N=86
J. Providing training to agencies on personnel policies.	<input type="checkbox"/> 34	<input type="checkbox"/> 29	<input type="checkbox"/> 10	<input type="checkbox"/> 5	<input type="checkbox"/> 8	N=86
K. Development of employee performance evaluation procedures	<input type="checkbox"/> 30	<input type="checkbox"/> 19	<input type="checkbox"/> 20	<input type="checkbox"/> 10	<input type="checkbox"/> 7	N=86
L. Format, style, and readability of the DPT Policies and Procedures Manual	<input type="checkbox"/> 31	<input type="checkbox"/> 25	<input type="checkbox"/> 15	<input type="checkbox"/> 8	<input type="checkbox"/> 4	N=83

Comments: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Health Benefits**

M. Developing health benefits programs	<input type="checkbox"/> 23	<input type="checkbox"/> 19	<input type="checkbox"/> 23	<input type="checkbox"/> 6	<input type="checkbox"/> 14	N=85
N. Resolving health benefits claims issues	<input type="checkbox"/> 26	<input type="checkbox"/> 23	<input type="checkbox"/> 13	<input type="checkbox"/> 8	<input type="checkbox"/> 15	N=85
O. Resolving health benefits eligibility issues	<input type="checkbox"/> 38	<input type="checkbox"/> 19	<input type="checkbox"/> 12	<input type="checkbox"/> 3	<input type="checkbox"/> 13	N=85
P. Resolving flexible benefits issues	<input type="checkbox"/> 46	<input type="checkbox"/> 16	<input type="checkbox"/> 7	<input type="checkbox"/> 2	<input type="checkbox"/> 14	N=85
Q. Conducting health insurance open enrollments	<input type="checkbox"/> 39	<input type="checkbox"/> 25	<input type="checkbox"/> 12	<input type="checkbox"/> 2	<input type="checkbox"/> 6	N=84

Comments: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Personnel Management Information System (PMIS) and other Communications Processes**

R. Providing agencies with assistance for PMIS	<input type="checkbox"/> 38	<input type="checkbox"/> 16	<input type="checkbox"/> 17	<input type="checkbox"/> 5	<input type="checkbox"/> 8	N=84
S. Producing and evaluating personnel newsletters for State employees	<input type="checkbox"/> 38	<input type="checkbox"/> 21	<input type="checkbox"/> 5	<input type="checkbox"/> 2	<input type="checkbox"/> 18	N=84

Comments: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

19) DPT Services to Agencies (continued)

Training	No Change	Minor Change	Major Change	Complete Change	No Interaction With DPT	
T. Providing the State's executive, management, and training development programs	<input type="checkbox"/> 35	<input type="checkbox"/> 20	<input type="checkbox"/> 15	<input type="checkbox"/> 5	<input type="checkbox"/> 11	N=86
U. Conducting open enrollments and in-house training workshops	<input type="checkbox"/> 35	<input type="checkbox"/> 25	<input type="checkbox"/> 12	<input type="checkbox"/> 3	<input type="checkbox"/> 10	N=85
V. Developing the State's training curriculum	<input type="checkbox"/> 20	<input type="checkbox"/> 18	<input type="checkbox"/> 13	<input type="checkbox"/> 9	<input type="checkbox"/> 26	N=86
W. Performing special training and support activities upon request	<input type="checkbox"/> 30	<input type="checkbox"/> 12	<input type="checkbox"/> 9	<input type="checkbox"/> 1	<input type="checkbox"/> 32	N=84
X. Providing orientation information for new State employees	<input type="checkbox"/> 18	<input type="checkbox"/> 15	<input type="checkbox"/> 10	<input type="checkbox"/> 7	<input type="checkbox"/> 35	N=85

Comments: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(20) *Personnel Communique* is a primary vehicle for communicating personnel programs and policies with State employees. How would you rate the effectiveness of this newsletter?

Poor  Fair  Good  Excellent  N =86  
 2 15 63 6

(21) Are there any other services which DPT provides that have not been discussed, but about which you would like to express an opinion? If so, please describe your opinions below or on attached sheets. Please consider only those services where you have had interaction with DPT within the last four calendar years.

(22) Does your agency practice total quality management (TQM) or a similar set of management principles?

Yes  32      No  54      N=86

If Yes, please describe your TQM-type program and how it works in the context of the State government/public sector environment.

(23) What is the approach of your agency regarding employee career development? What *advantages or impediments* to effective employee career development result from the current system of State workforce management?

(24) The State currently has many position classifications. For *your* agency only, would you say the number of position classifications is:

Too few  15      About right  49      Too many  17      N=81

If you answered "too many" or "too few" which would you eliminate, or add, and why?

(25) Has your agency been given an opportunity to provide input into the development of DPT personnel policies?

Yes  42      No  43      N=85

(26) Would your agency like more opportunity to provide input into the development of DPT's personnel policies?

Yes  74      No  12      N=86

If Yes, how?

## **Part Five: Decentralization of Personnel Functions from DPT to the Line Agencies**

The following questions examine the extent of the decentralization of the personnel function from DPT to your agency. Decentralization is defined here as the transfer of authority for decision-making and accountability from a central State personnel agency to the personnel functions of the line agencies.

(27) Has your agency entered into a decentralization *Memorandum of Agreement* with DPT?

Yes  34      No  53      N=87

---

A. Why or why not?

B. If you answered *yes* to 27, please answer the next three parts to this question. If you answered *no*, continue to question 28.

1) Has this arrangement enabled your agency to function in the manner you hoped it would?

Yes  26      No  7      N=33

2) What have been the major benefits of entering into a decentralization agreement with DPT?

3) What have been the major drawbacks of entering into a decentralization agreement with DPT?

(28) Whether or not a decentralization *Memorandum of Agreement* exists between DPT and your agency, have you initiated any reforms in the area of workforce management that you regard to be significant?

Yes  44      No  42      N=86

If Yes, please describe.

(29) How would you describe your agency's overall satisfaction with the present division of administrative authority between your agency and the centralized State personnel functions?

Not Satisfied  22      Satisfied  52      Very Satisfied  11      N=85

A. For each of the following personnel functions, please indicate your agency's level of satisfaction with the present division of administrative authority by placing an X in the appropriate box.

<u>Personnel Function</u>	<u>Level of satisfaction with the present division of authority</u>			
	<u>Not Satisfied</u>	<u>Satisfied</u>	<u>Very Satisfied</u>	
a. Job classification	<input type="checkbox"/> 31	<input type="checkbox"/> 40	<input type="checkbox"/> 14	N=85
b. Employee compensation	<input type="checkbox"/> 34	<input type="checkbox"/> 45	<input type="checkbox"/> 6	N=85
c. Employee benefits	<input type="checkbox"/> 19	<input type="checkbox"/> 57	<input type="checkbox"/> 8	N=84
d. Employee recruitment and selection	<input type="checkbox"/> 18	<input type="checkbox"/> 51	<input type="checkbox"/> 16	N=85
e. Assurance of equal employment opportunity	<input type="checkbox"/> 4	<input type="checkbox"/> 64	<input type="checkbox"/> 18	N=86
f. Employee performance evaluation	<input type="checkbox"/> 22	<input type="checkbox"/> 56	<input type="checkbox"/> 8	N=86
g. Employee training and development	<input type="checkbox"/> 16	<input type="checkbox"/> 58	<input type="checkbox"/> 10	N=84
h. Employee promotions	<input type="checkbox"/> 21	<input type="checkbox"/> 54	<input type="checkbox"/> 8	N=83
i. Employee layoffs	<input type="checkbox"/> 14	<input type="checkbox"/> 56	<input type="checkbox"/> 12	N=82
j. Agency reorganization	<input type="checkbox"/> 14	<input type="checkbox"/> 53	<input type="checkbox"/> 17	N=84
k. Personnel record keeping	<input type="checkbox"/> 11	<input type="checkbox"/> 65	<input type="checkbox"/> 9	N=85
l. Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

B. For each box marked *not satisfied*, please attach additional sheets as necessary and specify:

- 1) To which personnel function you are referring,
- 2) What additional authority your agency wants,
- 3) Why your agency wants this additional authority,
- 4) Whether your agency wants this authority for all job grades and classes or for particular job grades and classes, and
- 5) How your agency would demonstrate accountability for appropriate administration of the personnel function.

## **Part Six: Overall Assessment of the State's Personnel Function**

(30) In general, how satisfied are you with the way that the State's personnel function operates?

Not Satisfied  29      Satisfied  53      Very Satisfied  4      N=86

(31) What do you think are the best qualities of the current operations of the State personnel function? (*Attach additional sheets if necessary*)

(32) What do you think are the areas that the State could improve upon regarding the operation of the State's personnel function? (*Attach additional sheets if necessary*)

(33) **The following question is designed to gauge the impact of the State's personnel requirements on your agency, relative to a variety of other factors which are likely to impact your agency.**

To what degree do the following current conditions negatively impact on your ability to effectively and efficiently manage your agency? (*Please check the box that best corresponds with your opinion.*)

	No Negative Impact	Some Negative Impact	Major Negative Impact	
A. Your current overall funding levels	<input type="checkbox"/> 12	<input type="checkbox"/> 33	<input type="checkbox"/> 40	N=85
B. Your ability to provide employee pay raises	<input type="checkbox"/> 4	<input type="checkbox"/> 31	<input type="checkbox"/> 50	N=85
C. Externally imposed rules by the federal government	<input type="checkbox"/> 35	<input type="checkbox"/> 41	<input type="checkbox"/> 9	N=85
D. Lack of knowledge of agency role in overall strategic plan or vision by the State	<input type="checkbox"/> 28	<input type="checkbox"/> 39	<input type="checkbox"/> 13	N=80

(33) **Continued**

	No Negative Impact	Some Negative Impact	Major Negative Impact	
E. Requirements of the State's personnel system	19	45	21	N=85
F. Requirements of the State's financial management system	24	40	16	N=80
G. The State's layoff policy	38	30	13	N=80
H. Other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
I. Other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(34) When was the last time a DPT employee performed an on-site audit or assistance visit to your agency?

*Please list date* \_\_\_\_\_

(35) Are there any other comments you would like to make concerning the State personnel function? (*Attach additional sheets if necessary.*)

**THANK YOU FOR YOUR TIME AND COOPERATION**

**PLEASE RETURN NO LATER THAN JULY 23, 1993 TO:**

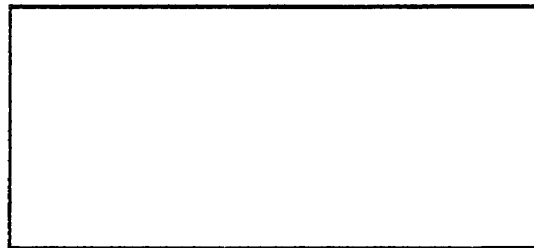
**JLARC  
SUITE 1100, GENERAL ASSEMBLY BUILDING  
CAPITOL SQUARE  
RICHMOND, VIRGINIA 23219  
FAX: (804) 371-0101**

**ATTENTION: JULIE COLE**



**COMMONWEALTH OF VIRGINIA**  
**Joint Legislative Audit and Review Commission**  
**The Virginia General Assembly**

**Questionnaire for Department of Personnel and Training Staff**



During the 1993 legislative session, the General Assembly requested JLARC to conduct a study of the organization, staffing, management, and resource needs of the Commonwealth's personnel function. The purpose of this questionnaire is to obtain your views on the organization, management and operations of the Department of Personnel and Training and its role in the state personnel function.

To help you complete the survey, directions are provided at the beginning of various sections. There are six sections: (1) staffing and resources, (2) planning, (3) organization, (4) performance, (5) decentralization, and (6) overall assessment. Please mark or fill in the boxes or spaces as the directions specify.

Your response is very important to us in that we want everyone in the agency to have the opportunity to provide input to the study. Responses will be reported in aggregate form with no identifying information being given to or shared with any agency. However, your name and telephone number are requested in case it becomes necessary to contact you for follow-up or additional information.

In answering the survey, please give each question your careful consideration. If you have any questions about the questionnaire, please direct them to Deborah Moore or Julie Cole at 786-1258. We would appreciate receiving your completed questionnaire by July 22, 1993.



**Part One: Staffing And Resources**

- (1) How long have you worked for the Commonwealth of Virginia? Average=  
11.3837  
\_\_\_\_\_ years \_\_\_\_\_ months
- (2) How long have you been involved in the human resources field? Average=  
11.2961  
\_\_\_\_\_ years \_\_\_\_\_ months
- (3) How long have you worked for the Department of Personnel and Training? Average=  
8.2353  
\_\_\_\_\_ years \_\_\_\_\_ months
- (4) How long have you been employed in your current position with the Department of  
Personnel and Training? Average=5.9063  
\_\_\_\_\_ years \_\_\_\_\_ months
- (5) In what office/division of the Department of Personnel and Training do you work?  
\_\_\_\_\_
- (6) What is your current job title and grade level?  
Job Title: \_\_\_\_\_  
Grade Level: 10.9 (Average)

(7) Please respond to the following statements on the basis of how you currently view the organization, management, and operations of the Department of Personnel and Training. For each statement, please check the box which indicates whether you *strongly agree, agree, disagree, strongly disagree, or have no opinion*. If the statement does not apply to you, please check "no opinion." (Please place an X in one box for each statement.) Additionally, please provide comments (either on page 17 or on a separate sheet of paper) for those items eliciting a "strong" response.

	<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>No Opinion</u>	
A. Expectations for the <b>amount</b> of work I perform are reasonable	<input type="checkbox"/> 5	<input type="checkbox"/> 60	<input type="checkbox"/> 9	<input type="checkbox"/> 5	<input type="checkbox"/> 1	N=80
B. Expectations for the <b>quality</b> of the work I perform are reasonable	<input type="checkbox"/> 12	<input type="checkbox"/> 60	<input type="checkbox"/> 5	<input type="checkbox"/> 2	<input type="checkbox"/> 1	N=80
C. I could handle more responsibility than I currently have	<input type="checkbox"/> 6	<input type="checkbox"/> 42	<input type="checkbox"/> 23	<input type="checkbox"/> 3	<input type="checkbox"/> 5	N=79
D. I have too many responsibilities to effectively complete my work	<input type="checkbox"/> 3	<input type="checkbox"/> 8	<input type="checkbox"/> 58	<input type="checkbox"/> 6	<input type="checkbox"/> 4	N=79
E. Equipment and supplies I need to complete my work are available	<input type="checkbox"/> 12	<input type="checkbox"/> 61	<input type="checkbox"/> 6	<input type="checkbox"/> 1	<input type="checkbox"/> 0	N=80
F. My office/division has <b>too many</b> staff for the assigned workload	<input type="checkbox"/> 0	<input type="checkbox"/> 4	<input type="checkbox"/> 45	<input type="checkbox"/> 27	<input type="checkbox"/> 4	N=80
G. My office/division has <b>too few</b> staff for the assigned workload	<input type="checkbox"/> 15	<input type="checkbox"/> 26	<input type="checkbox"/> 34	<input type="checkbox"/> 1	<input type="checkbox"/> 4	N=80
H. My office/division is able to reply to line agency requests in an efficient, effective manner	<input type="checkbox"/> 9	<input type="checkbox"/> 56	<input type="checkbox"/> 8	<input type="checkbox"/> 2	<input type="checkbox"/> 3	N=78
I. High-quality work is performed by my office/division	<input type="checkbox"/> 22	<input type="checkbox"/> 54	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 1	N=80

	<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>No Opinion</i>	
J. DPT performs high-quality work	<input type="checkbox"/> 14	<input type="checkbox"/> 50	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 11	N=81
K. Communication within my office/division is good	<input type="checkbox"/> 13	<input type="checkbox"/> 42	<input type="checkbox"/> 18	<input type="checkbox"/> 4	<input type="checkbox"/> 1	N=78
L. Communication between my office/division and line agencies is good	<input type="checkbox"/> 8	<input type="checkbox"/> 56	<input type="checkbox"/> 7	<input type="checkbox"/> 3	<input type="checkbox"/> 7	N=81
M. Communication within DPT is good	<input type="checkbox"/> 3	<input type="checkbox"/> 32	<input type="checkbox"/> 32	<input type="checkbox"/> 10	<input type="checkbox"/> 3	N=80
N. Communication between DPT and line agencies is good	<input type="checkbox"/> 3	<input type="checkbox"/> 40	<input type="checkbox"/> 18	<input type="checkbox"/> 1	<input type="checkbox"/> 18	N=80
O. There are too many management staff in my agency	<input type="checkbox"/> 3	<input type="checkbox"/> 13	<input type="checkbox"/> 44	<input type="checkbox"/> 4	<input type="checkbox"/> 15	N=79
P. There are too few management staff in my agency	<input type="checkbox"/> 0	<input type="checkbox"/> 8	<input type="checkbox"/> 46	<input type="checkbox"/> 3	<input type="checkbox"/> 21	N=78
Q. Leadership priorities and goals are clear	<input type="checkbox"/> 2	<input type="checkbox"/> 37	<input type="checkbox"/> 23	<input type="checkbox"/> 12	<input type="checkbox"/> 6	N=80
R. Turnover in DPT leadership has adversely affected the ability of the agency to perform	<input type="checkbox"/> 8	<input type="checkbox"/> 16	<input type="checkbox"/> 32	<input type="checkbox"/> 3	<input type="checkbox"/> 17	N=76
S. Agency leadership provides adequate opportunity for meaningful involvement in policy and decision making	<input type="checkbox"/> 1	<input type="checkbox"/> 28	<input type="checkbox"/> 20	<input type="checkbox"/> 13	<input type="checkbox"/> 16	N=78
T. DPT employee morale is good	<input type="checkbox"/> 0	<input type="checkbox"/> 22	<input type="checkbox"/> 39	<input type="checkbox"/> 12	<input type="checkbox"/> 7	N=80

(8) How would you rate your own morale at the current time? (Please place an X in the appropriate box.)

Excellent  5      Good  40      Fair  29      Poor  6      N=80

(9) What factors primarily influence your current morale? (Please list in the order of importance.)

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

(10) While you have been in your current position with DPT, has your workload increased, decreased, or stayed the same?

Increased  69      Decreased  1      Stayed the Same  10      N=80

If you answered *increased* or *decreased*, then please answer the next question.

If you answered *stayed the same*, then proceed to question 11.

A. Would you primarily attribute the change in your workload to a change in the volume of services provided, to a change in the complexity of services provided, or to some other factor?

Change in Volume      53 (79)

Change in Complexity      40 (79)

Other Factor      23 (79)  
\_\_\_\_\_

(please specify)

(11) Do you have any job responsibilities that you believe could be performed more efficiently/effectively by another office within DPT or by another agency?

Yes  7      No  73      N=80

If Yes, please cite both the responsibility and your suggested location.

(12) Have any of your previous job responsibilities been delegated to the line agencies?

Yes  10      No  69      N=79

Yes, please identify which responsibilities were delegated, and when.

(13) What could your office/division or DPT do differently to operate more efficiently, effectively, or economically? (*Attach additional sheets if necessary.*)

(14) Are there any other comments you would like to make concerning the organization, management and leadership of DPT? (*Attach additional sheets if necessary.*)

**Part Two: Planning For Human Resource Needs**

**Planning for human resources can be defined as identifying an agency's future human resource needs and developing strategies to meet those needs. The following questions are designed to assess agency-level and statewide human resource planning.**

- (15) Does DPT provide assistance to help line agencies anticipate and prepare for work force changes that may affect them?

Yes       No       N=45  
34                      11

**If Yes, please explain the nature and frequency of this assistance.**

**If No, please explain whether you think DPT should be responsible for providing this type of service.**

- (16) Within your division, how is information regarding changes in federal or State personnel requirements received?

- (17) Within your division, how is information regarding changes in federal or State personnel requirements disseminated to line agencies? How long does dissemination generally take?

(18) In your opinion, is DPT responsible for planning human resource needs **statewide** and developing **statewide** strategies to meet those needs?

Yes   
35

**If Yes, is DPT's performance in this area:**

9  Not Satisfactory

25  Satisfactory

1  More than Satisfactory

[Proceed to Question 19]

N=43

No   
8

**If No, should there be an entity with this responsibility?**

Yes   
4

**If Yes, please identify the entity you feel should have this responsibility.**

---

No   
4

[Proceed to Question 20]

(19) Are line agencies consulted in the process of planning for human resource needs statewide?

Yes   
33

No  N=37  
4

**If Yes, How would you describe their involvement?**

(20) Please list any additional comments you have regarding the adequacy of **statewide planning** for human resource needs.

**Part Three: Organization of the State Personnel Function**

**The following questions are designed to obtain information on the organization of services provided within the Department of Personnel and Training.**

- (21) Does your division have any specific responsibilities which you believe unnecessarily duplicate those provided by another division within DPT?

Yes  0      No  50      N=50

**If Yes, please explain the unnecessary duplication, how it could be avoided, and in which division the specific responsibilities appear to be best suited.**

- (22) Do you believe that it is always clear to line agencies which person or division within DPT to contact for policy guidance, interpretations, or technical assistance?

Yes  26      No  21      N=47

**If No, please specify what is unclear and what actions might be taken to clarify the situation.**

- (23) Does your division ever disseminate policy guidance, interpretations of policy, or technical assistance to line agencies which appears to conflict with that which is offered by another division within DPT?

Yes  3      No  45      N=48

**If Yes, please indicate the type(s) of policy guidance, interpretations, or technical assistance where conflicts arise and what actions might be taken to eliminate such conflicts.**



The following questions are designed to identify whether you are aware of any duplication, overlap, or conflict among the services provided by your division of DPT with respect to various State agencies providing personnel services. Besides DPT, primary State agencies which have responsibility for the personnel function include the Department of Employee Relations Counselors (DERC), the Department of Planning and Budget (DPB), the Virginia Retirement System (VRS), the Department of General Services (DGS), and the Department of Accounts (DOA).

- (24) Which of the agencies listed below, if any, disseminate policy guidance, interpretations, or technical assistance to line agencies which appears to conflict with that which is offered by your division within DPT? *(Place an X in the appropriate box(es).)*

DERC	DPB	VRS	DGS	DOA	Federal Agencies <i>(Please Specify)</i>	Other <i>(Please Specify)</i>	None
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 (50)	1 (50)	2 (50)	1 (50)	5 (50)	0 (50)	0 (50)	39 (50)

If you marked at least one agency in item 24, please specify the type(s) of conflicting policy guidance, interpretations, or technical assistance and what actions might be taken to eliminate the conflict.

- (25) Which of the agencies listed below, if any, perform services which you believe unnecessarily duplicate any of the services performed by your division? *(Place an X in the appropriate box(es).)*

DERC	DPB	VRS	DGS	DOA	Federal Agencies <i>(Please Specify)</i>	Other <i>(Please Specify)</i>	None
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
0 (50)	1 (50)	1 (50)	1 (50)	2 (50)	0 (50)	0 (50)	41 (50)

If you marked at least one agency in item 25, please specify the type(s) of services you are referring to and where responsibility for the service(s) appears to be best suited.

(26) Are there any services or functions performed by your division within DPT which unnecessarily duplicate the services or functions performed by the personnel function staff of the line agencies?

Yes  5      No  43      N=48

If Yes, please specify the type(s) of services or functions which appear to be duplicative, where the responsibility appears to be best suited, and why.

(27) Please include any additional comments you have regarding the **organization** of the State personnel function. (*Attach additional sheets if necessary.*)

**Part Four: Performance Assessment**

- (28) Are there services provided by your division to the line agencies which you think are generally performed in an exemplary manner?

Yes  39      No  5      N=44

**If Yes, please name the service(s) and describe why.**

- (29) Do line agencies ever express concern about the services your division provides to them?

Yes  32      No  14      N=46

**If Yes, please comment on the specific services, the nature of the concerns, and the extent to which you think the line agency concerns are valid or invalid. Also explain how these concerns have been addressed. Please use examples to illustrate. (*Attach additional sheets if necessary.*)**

- (30) Are there any services that are provided by your division to the line agencies which you think could be improved? Please consider such items as the standard procedures used, as well as the timeliness or responsiveness with which the services are generally provided.

Yes  36      No  10      N=46

**If Yes, please list those services. Also, please describe on attached sheets how you think the services could be improved, and whether a minor or major change is needed.**

(31) How does your division ensure that its policies and procedures are followed by line agencies?

(32) Does your division give line agencies the opportunity to provide input into the development of its policies and procedures?

Yes  35      No  8      N=43

**If Yes, through what mechanisms are agencies able to provide input and to what extent have agencies used these mechanisms to provide input? What changes, if any, have resulted from this input in your division's policies and procedures?**

(33) Are there components or requirements of the Virginia Personnel Act, or other State or federal laws which you think limit your ability to make improvements or changes to the personnel operations performed in your division?

Yes  8      No  35      N=43

**If Yes, please cite the relevant sections of the requirements, and describe how this has limited you in making improvements to State personnel operations.**

**Part Five: Decentralization of Personnel Functions from DPT to the Line Agencies**

The following questions relate to decentralization, which is defined here as the transfer of authority for decision-making and accountability from DPT to the personnel functions of the line agencies.

- (34) For each of the following personnel functions, please specify whether or not you have had direct exposure to and experience with the personnel function through your position(s) within DPT by placing an X in the appropriate box. For those personnel functions marked "Yes", please specify whether or not you believe the personnel function can be further decentralized by placing an X in the appropriate box.

<u>Personnel Function</u>	<u>Have you had direct experience?</u>		<u>If Yes, is further decentralization possible?</u>	
	Yes	No	Yes	No
A. Job classification	<input type="checkbox"/> 24	<input type="checkbox"/> 24 (48)	<input type="checkbox"/> 10	<input type="checkbox"/> 12 (N=22)
B. Employee compensation	<input type="checkbox"/> 24	<input type="checkbox"/> 24 (48)	<input type="checkbox"/> 9	<input type="checkbox"/> 13 (22)
C. Employee benefits	<input type="checkbox"/> 22	<input type="checkbox"/> 25 (47)	<input type="checkbox"/> 0	<input type="checkbox"/> 20 (20)
D. Employee recruitment and selection	<input type="checkbox"/> 25	<input type="checkbox"/> 22 (47)	<input type="checkbox"/> 4	<input type="checkbox"/> 20 (24)
E. Assurance of equal employment opportunity	<input type="checkbox"/> 22	<input type="checkbox"/> 23 (45)	<input type="checkbox"/> 3	<input type="checkbox"/> 15 (18)
F. Employee performance evaluation	<input type="checkbox"/> 29	<input type="checkbox"/> 17 (46)	<input type="checkbox"/> 2	<input type="checkbox"/> 24 (26)
G. Employee training and development	<input type="checkbox"/> 27	<input type="checkbox"/> 21 (48)	<input type="checkbox"/> 3	<input type="checkbox"/> 22 (25)
H. Employee promotions	<input type="checkbox"/> 20	<input type="checkbox"/> 25 (45)	<input type="checkbox"/> 5	<input type="checkbox"/> 14 (19)
I. Employee layoffs	<input type="checkbox"/> 13	<input type="checkbox"/> 31 (44)	<input type="checkbox"/> 2	<input type="checkbox"/> 9 (11)
J. Agency reorganization	<input type="checkbox"/> 17	<input type="checkbox"/> 29 (46)	<input type="checkbox"/> 2	<input type="checkbox"/> 12 (14)

<u>Personnel Function</u>	<u>Have you had direct experience?</u>		<u>If Yes, is further decentralization possible?</u>	
	Yes	No	Yes	No
K. Personnel record keeping	<input type="checkbox"/> 25	<input type="checkbox"/> 22 (47)	<input type="checkbox"/> 4	<input type="checkbox"/> 19 (23)
L. Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**For each personnel function which you believe could be further decentralized, please specify: (Attach additional sheets as necessary)**

- To which personnel function, and to which specific services you are referring,
- What additional authority could be decentralized to the line agencies,
- What would be the advantages of further decentralizing this personnel function,
- What would be the disadvantages of further decentralizing this personnel function,
- How would further decentralization change the distribution of DPT and line agency costs associated with this personnel function,
- How would line agencies demonstrate accountability for appropriate administration of the personnel function,
- The extent to which further decentralization of this personnel function is desirable.

(35) Has decentralization gone too far in any of the functional areas listed in question 33?

Yes  9      No  28      N=37

**If Yes, please explain.**

**Part Six: Overall Assessment of the State's Personnel Function**

(36) Are you generally satisfied with the organization and structure of the existing State personnel function?

Yes  37      No  13      N=50

If No, please explain.

(37) Are you generally satisfied with the standard procedures used by DPT (with which you are familiar) to operationalize the State personnel function?

Yes  39      No  8      N=47

If No, please explain.

(38) How necessary do you think it is to maintain a uniform system of personnel policies and procedures statewide? (*Please explain your response below*).

Not Necessary  0      Somewhat Necessary  6      Very Necessary  42      (N=48)

*Comments:*

- (39) What do you think are the best qualities of the current operations of the State personnel function?
- (40) What do you think are the areas that the State could improve upon regarding the current operations of the State personnel function?
- (41) Are there any other comments you would like to make concerning the State personnel function? (*Attach additional sheets if necessary.*)



Please sign your questionnaire to assist us in follow-up on any answers for which we may need further information. Your responses will be reported in aggregate form with no identifying information being given to or shared with any agency, including your own.

---

*(Your signature)*

---

*(Your telephone number)*

**THANK YOU FOR YOUR TIME AND COOPERATION.  
PLEASE MAIL YOUR COMPLETED QUESTIONNAIRE IN THE ENCLOSED  
ENVELOPE BY JULY 22, 1993 TO:**

**JLARC  
SUITE 1100, GENERAL ASSEMBLY BUILDING  
CAPITOL SQUARE  
RICHMOND, VIRGINIA 23219**

**ATTENTION: DEBORAH MOORE**

## Appendix G

### Recent DPT Directors

<u>Director</u>	<u>Period of Service</u>
Kenneth Yancey	May, 1978 to January, 1982
Conway Rees (Acting)	January, 1982 to April, 1982
Regina Williams	April, 1982 to October, 1984
Ronald Bouchard	October, 1984 to June, 1986
Chong Pak	July, 1986 to July, 1989
Karen Washabau (Acting)	August, 1989 to January, 1990
Dorthula Powell-Woodson	January, 1990 to Present

Source: DPT correspondence.

## Appendix H

### Definitions and Example of Classification Review/Specification Update (CR/SU) Project Consolidation Review of State Agency Position Classifications

#### I. Class Series and Class Titles Under Review

**Class Series:** A group of classes which are sufficiently similar in kind of work performed to warrant similar titles but sufficiently different in difficulty or responsibility to warrant different levels and ranges of pay. There are currently 600 active class series.

**Class Title (Position Classification):** A group of positions which are sufficiently similar in kind or subject matter of work and level of difficulty and responsibility so that they may have the same class title and salary grade. There are currently 1725 active class titles, or position classifications.

**Business Manager Class Series:**

**Class Titles:** Business Manager A, Business Manager B, Business Manager C.

**Administrative Support Field Class Series:**

**Class Titles:** Administrative Support Manager  
Administrative Support Manager Assistant  
Administrative Support Manager Senior  
Administrative Support Coordinator

**Numerous Agency Specific Single Position Class Titles:**

Mental Hygiene Administrative Services Director  
Water Control Assistant Director of Administration  
DPT Director of Operations and Information Systems  
Rehabilitative Services Assistant Commissioner - Administration  
Conservation Administrative Director  
Agriculture and Consumer Services Administrative Director  
Treasury Operations Manager  
Highway Director of Financial Affairs  
State Health Administrative Director

#### II. Class Series Concept

**Administrative Services and Operations:** Positions in this series perform or supervise a combination of or all administrative services, i.e., fiscal, budget, procurement, facilities management, human resources, information systems, and general support services agency wide or for a satellite, sub-unit, or program area of an agency. These positions typically report to an executive management position or program, facility or field office director, and may serve as liaison to central office programs for assigned areas of responsibility.

**Source:** The Office of Compensation Management.

## **Appendix I**

### **Personnel Development Services DEPARTMENT OF PERSONNEL AND TRAINING MISSION STATEMENT**

The mission of the Office of Personnel Development Services (PDS), Department of Personnel and Training, is to promote quality, cost-effective management and employee development training and personal growth opportunities for employees of the Commonwealth of Virginia. In carrying out responsibilities to support this mission, PDS will concentrate in the following areas:

- A. Developing, coordinating and providing State-specific training for agencies to enable employees to perform their jobs more effectively. Specific courses will address Commonwealth policies, practices, and systems as they relate to job performance improvement and human resource development.
- B. Determining needs for, designing, scheduling and conducting interagency management institutes to assist State executives and managers in understanding and using state-of-the-art managerial concepts and practices.
- C. Serving the needs of training professionals throughout the Commonwealth by providing basic and advanced courses and periodic conferences.
- D. Coordinating and facilitating the sharing of State training resources among the agencies to reduce redundancy and eliminate unnecessary costs.
- E. Coordinating training offerings with community colleges and other institutions of higher learning to make needed training available on a timely and cost-effective basis.
- F. Coordinating the design and presentation of an annual statewide personnel conference for human resource personnel in the Commonwealth.
- G. Providing assistance and support to State agencies, through training courses and consultation, to help them implement projects and programs to enhance individual and work group performance.

11/26/91

## Appendix J

### JLARC Staff Methodology Used to Analyze Training Data

The purpose of the JLARC State agency mail survey instrument was to elicit information from State agencies on a number of topics, including an estimate of the total cost of administering the State personnel function. Agencies were asked to report all staff who devote at least ten percent of their time to carrying out human resource management responsibilities through the administration of benefits, training, classification, and related personnel functions. Agencies were asked to exclude those staff persons involved in financial management activities, such as payroll administrators or fiscal technicians. For those staff devoting at least ten percent of their time to personnel-related activities, including the agency director, agencies were also asked to report staff title, grade, percent of total work time devoted to personnel-related activities, and the estimated individual cost of the staff's provision of personnel-related services. The estimated individual cost involved estimating the staff person's total combined annual salary or wages and benefits.

Using data from the survey of executive branch agencies, JLARC staff developed an estimate of agencies' costs of carrying out human resource management responsibilities. Executive agencies reported that 1,259 agency employees (or 1,150 FTE positions) devote at least ten percent of their time to recruiting and retaining agency staff through the administration of benefits, training, classification, and related personnel functions in FY 1993. The agencies also reported that the estimated total agency cost for these positions in salaries, wages, and benefits was approximately \$40,065,765.

Although agencies responded with information requested of them, it became apparent to JLARC staff that some agencies had not included information on personnel staff who devote at least ten percent of their time to the training function. Follow-up telephone calls were then made to agencies which did not report any training staff. As a result, 49 executive branch agencies estimated that approximately \$6,322,667 was spent in FY 1993 to support 249 training positions (or 161 FTE). The remaining 41 State agency respondents reported that no staff member spends at least ten percent of their time devoted to the training function within their agency. A portion of these expenditures, agency training positions, and FTE are included in the executive agency response totals mentioned in the previous paragraph. Approximately 173 positions (or 88 FTE) and State agency costs in salaries, wages, and benefits of \$3,507,755 are included in the overall figures of agency staff and costs associated with carrying out human resource management responsibilities.

Agency data on training positions, FTE, and costs reported here are estimates. Some large agencies stated that since much training is decentralized and occurs at many different levels, it would take several weeks, if not months, to identify and cost out all the agency staff devoted to training within their agencies. The data reported in this study provide an estimate of the magnitude of the current size and cost of the training function within the Commonwealth.

## **Appendix K**

### **Agency Responses**

As part of JLARC's data validation process, each State agency involved in an assessment effort is given the opportunity to comment on an exposure draft of the report.

Appropriate technical corrections resulting from the written comments have been made in this version of the report. Page references in the agency responses relate to an earlier exposure draft and may not correspond to page numbers in this version of the report.

Included in this appendix are the following responses:

- Secretary of Administration
- Department of Personnel and Training
- Department of Employee Relations Counselors
- Virginia Community College System



# COMMONWEALTH of VIRGINIA

Ruby G. Martin  
Secretary of Administration

Office of the Governor  
Richmond 23219

(804) 786-1201  
TDD (804) 786-7765

October 7, 1993

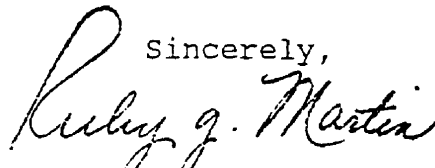
Mr. Philip A. Leone  
Director  
Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Richmond, Virginia 23219

Dear Mr. Leone:

Thank you for sending me a copy of the exposure draft of your report, Review of the Department of Personnel and Training.

I understand that Dot Powell-Woodson, Director of the Department of Personnel and Training (DPT), met with you and other representatives from JLARC today to provide you her comments. As my office had previously discussed the exposure draft with Dot, and had concurred with her evaluation of it, I endorse her comments to you today, and have no additional comments.

Thank you for providing me an opportunity to review and comment on this report.

Sincerely,  
  
Ruby G. Martin

RGM/mbh



**RESPONSE OF THE  
DEPARTMENT OF PERSONNEL AND TRAINING  
TO THE REPORT OF THE  
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION**

**October, 1993**

Thank you for the opportunity to respond to the study of the Department of Personnel and Training (DPT) that was concluded recently by JLARC.

I want to begin by noting that the JLARC study team was extremely professional, and the team was thorough in their attempts to understand fully the scope of what we do at DPT. We believe that the report, as a whole, represents an effort to present a balanced and fair evaluation that recognizes many of the Department's accomplishments to date. Moreover, the report is helpful in identifying ways that we can make some improvements to the manner in which we accomplish what we do.

We viewed the work of the study team as another step in a process of continuous quality improvement. This process for us, which the Department has been working towards for a few years, has focused primarily on providing more timely and better quality service to state agencies and employees, legislators, and the Administration. It is gratifying then to receive confirmation that our intense efforts have been effective and that, by and large, the Department is meeting the needs of its customers.

The success of these efforts is affirmed throughout the report. For example, with respect to the Department as a whole, the study team found that the Department seems to be operating satisfactorily (page 34); that the Department is appropriately designed and able to meet both the service and control expectations of a central personnel agency (page 35); that a significant number of state agencies were satisfied with the performance of DPT staff in that they [DPT staff] are responsive and accessible, helpful in giving sound advice, quick to provide responses to requests, and knowledgeable about the personnel system (pages 38 and 39).

Similar comments also were provided with respect to several of DPT's functional areas. For example, in the area of compensation and classification, it was noted that most state agencies are satisfied or very satisfied with the division of administrative authority between DPT and their agency in this area (page 56), although the report correctly notes some friction does exist. In the area of health benefits, as everyone here is very much aware, the health benefits program for state employees has gone through a tremendous period of change over the last 18 months, and this period of change regrettably was difficult for employees and agencies alike. Thus, I believe the report fairly acknowledges that many of the problems cited by agencies with the Office of Health Benefits can be attributed directly to the limited time available for the implementation of the Key Advantage program (page 98).

With respect to training, the report found that most agencies responding to the JLARC survey appeared satisfied with the manner in which the Office of Personnel Development Services provides executive, management, and training development programs (page 108). Similarly, there is general satisfaction with policy interpretation assistance provided to line agencies by the Office of Policy (page 123). In this area, we are particularly pleased that the report acknowledges the recent issuance of a "substantially improved" (page 130) Policy and Procedures Manual. The Department allocated significant resources over the last 18 months to this project, and we believe the

**new manual will greatly enhance our service delivery to agencies in the area of Policy. Finally, we also are pleased that the services provided by the Office of Equal Employment Services are generally well regarded by agencies (page 123).**

**Given these comments, we are gratified with the recognition that we are effectively carrying out our core services. However, we hope that as an agency we never reach the point where we believe that we are beyond making improvements. Thus, we have not taken lightly the suggestions for improvements made in the report, and we will endeavor to implement many of the recommendations identified, as I will discuss momentarily.**

**Before addressing the specific recommendations, however, I would like to comment briefly on the aspect of the report that discusses the morale of the agency, because this discussion was not codified in a formal recommendation.**

**The report notes that the responses of DPT employees regarding their morale were similar to those of employees in other agencies that JLARC has reviewed recently. However, even though employee morale also may not be high in other agencies, this finding does not provide solace, and we believe it is important to analyze and understand the root causes for such. To the extent that enhancing internal communications within the Department will help to improve morale, efforts will be made to accomplish this task.**

**The climate of employee morale, however, also can be affected by change, and the last three years at DPT have been occasioned by significant change. Some of this change has been that which has affected all employees - such as the moratorium on salary increases and a new healthcare plan. Other aspects of this change have been unique to DPT, as we have tried to focus the agency on being more service oriented. Thus, I have been acutely aware over the last three years that trying to affect change so that we could do our job better often has come with a price - the price sometimes being positive employee morale. I am pleased though that DPT employees met the challenge of change by improving the quality of the services we provide and their response times. I am committed to continuing to move the agency forward. I also am committed to helping to foster positive internal employee relations and will endeavor to balance these sometimes conflicting goals so that neither has to be sacrificed for the other to be achieved.**

**I now would like to address the specific recommendations set forth in the report.**

**Recommendation (1). *All Department of Personnel and Training employees should be required to keep work activity records. DPT management should design, develop, and monitor the work activity records to better allocate both service and control responsibilities among staff.***

Although we agree with this ultimate recommendation, we do not agree with the analysis that supports it. In summary, the study team concluded that 61% of the employees at DPT believed that they could handle a greater workload. We believe this conclusion is faulty for the reason set forth below.

The survey question on which the percentage is based, asked whether employees felt that they could handle more responsibility (emphasis added) that they currently had. While the study team interpreted "responsibility" to be synonymous with workload, employees answered this question from the perspective that more "responsibility" meant handling work at a higher level, such as assuming greater decision-making responsibilities. This particular perspective of DPT's employees is supported by the fact that when asked whether employees' office/divisions had too many staff for the assigned workload, 90% of the employees responded "no" (i.e. if the study team's analysis were correct that a majority of employees did not have a sufficient workload, then a majority of employees also should have responded that there were too many staff in their areas).

Despite our disagreement with the analysis, there are a multitude of positive reasons to support implementing work activity reports. Accordingly, we concur with this recommendation.

*Recommendation (2). The Department of Personnel and Training should reinstitute a program to evaluate agency effectiveness in implementing State personnel policies to be in compliance with legislative intent. If the Department of Personnel and Training believes the legislative requirement is no longer appropriate, or that it can not comply with the Virginia Personnel Act, it should develop a position statement , citing its position and rationale. The position statement should be presented to the 1994 Session of the General Assembly and should contain various options for the General Assembly to consider, including estimates of the costs and benefits of each option.*

The finding that DPT does not evaluate agency effectiveness in implementing state personnel policies is not supported. While the formal program evaluation unit was eliminated in 1991 as a result of budget cuts, the function has continued in a variety of ways. For example, as recently as the spring of this year DPT conducted a comprehensive evaluation of the human resource functions of the Department of Health. In addition, the Offices of Compensation Management, Equal Employment Services, and Policy Development, assist agencies in evaluating their compliance with, and effectiveness in implementing, various personnel policies.

However, we concur with the recommendation in so far as it directs DPT to re-evaluate the viability of reinstating a formal program evaluation unit.

Recommendation (3). *To meet the needs of agencies with unique or special personnel management needs, the Department of Personnel and Training should assess agency requests for further decentralization authority on a case-by-case basis. Where it appears that additional flexibility may be warranted, the department could modify existing decentralization memoranda and assess the impact of more flexible policies on a pilot basis.*

We concur with this recommendation.

Recommendation (4). *The Department of Personnel and Training should assign a higher overall priority to proactively addressing long-term problems that have faced the agency. In particular, the department should focus on the completion, dissemination, and regular updating of essential policy manuals. The department should establish a firm deadline for such activities, particularly for the promulgation of a comprehensive update to the 1989 health benefits manual. In addition, the department should more systematically collect and analyze information available to staff through the administration of its routine activities. Using this information, the department should take action to improve and streamline its daily operations.*

We concur with this recommendation.

Recommendation (5). *Further decentralization of the division of authority in the job classification and employee compensation areas does not appear appropriate at this time. Although a minority of State agencies desire total decentralization of the employee compensation authority, increased human resources personnel staff costs, difficulties associated with maintaining equal pay for work, lack of control over State agency actions, and a lack of consistency among agency actions, are major impediments. Further study provided by the DPT Task Force on Job Classification System Review should provide additional insight into any further decentralization of these areas. The Workforce Commission should carefully weigh the advantages and disadvantages of any proposals to further decentralize any personnel functions in the job classification and employee compensation areas.*

We concur with this recommendation.

Recommendation (6). *The Department of Personnel and Training should evaluate two components of the Office of Compensation Management processing of agency compensation requests: the expeditiousness of processing, and the frequency of new hires being brought into the system at higher pay than existing employees. When these data are analyzed, the Department of Personnel and Training should develop appropriate options. Options with potentially significant effects on the personnel function as a whole should be reported to the Workforce Commission.*

We concur with this recommendation.

Recommendation (7). *In order to further reduce the number of position classifications in the State classification plan, thereby simplifying its structure, the Department of Personnel and Training should give the CR/SU project a high priority for completion. Upon completion, project results and their effect on the total number of position classifications should be reported to the Workforce Commission. The Department of Personnel and Training should include in its report various options for further simplification of the State classification plan structure, including options for pay banding position classifications into occupational "families" to provide agency managers with greater flexibility.*

We concur with this recommendation.

Recommendation (8). *The Department of Personnel and Training should work to formally incorporate line agency input into its program development processes. The use of employee surveys, task forces, or focus groups should be more extensively utilized, particularly when a major program initiative, such as Key Advantage, is under development.*

We concur with this recommendation.

Recommendation (9). *To improve communication between the Department of Personnel and Training and the insurance carriers, a health benefit contract task force should be created. The task force should be composed of staff from both the Department of Personnel and Training, participating insurance carrier(s), and selected human resource officers from line agencies. The focus of task force activities should be the development and adoption of uniform policy interpretations.*

We concur with this recommendation.

Recommendation (10). *Both the Department of Personnel and Training and the Office of State and Local Health Benefits Programs need to improve communication within the agency and the accuracy of information provided externally. Specifically, the department needs to improve the quality of the Health Insurance Manual. The distribution of a revised Health Insurance Manual should be made a top priority and if not already issued prior to this publication, should be issued no later than June 30, 1994.*

We concur with this recommendation.

Recommendation (11). *The Department of Personnel and Training should set a goal of mailing health benefit SourceBooks to agency benefits administrators two to four weeks prior to the start of the annual open enrollment period.*

We concur with this recommendation.

Recommendation (12). *The Department of Personnel and Training should maintain records on agency participation in major health benefits training programs. If it appears that an agency's level of participation is insufficient to accurately inform State employees, DPT should coordinate needed training with the agency and, if necessary, the agency's Secretariat.*

We concur with this recommendation.

Recommendation (13). *The Workforce Commission may wish to study career development options for State employees, including non-supervisors, that do not conflict with the objectives of equal opportunity and equal access.*

The Department of Personnel and Training would be pleased to assist the Workforce Commission as may be needed concerning this recommendation.

Recommendation (14). *As part of an overall evaluation of its internal allocation of resources, the Department of Personnel and Training should place a higher priority to management training programs so that they can be offered more frequently to State agencies, especially those of medium size which do not have substantial management training programs of their own.*

After an analysis of the Department's internal resources, the Department will evaluate whether sufficient resources exist to offer its management training programs more frequently to those agencies which do not have management training programs of their own.

Recommendation (15). *The Department of Personnel and Training and the Virginia Community College System should resume efforts to assess the professional development needs of State employees and the extent to which these needs can be met through continuing education courses offered by community colleges across the State. Their assessment should be reported to the Workforce Commission by the Fall of 1994. Where it is evident that existing Virginia Community College System courses can meet the training needs of State employees, the Department of Personnel and Training and the Virginia Community College System should initiate programs to inform State employees and personnel directors of the availability of these programs.*

The Department would be pleased to work with the Virginia Community College System to assess the extent to which employees' training needs can be met through continuing education courses offered by community colleges across the State.

Recommendation (16). *The Secretary of Administration should develop an Inter-agency task force to develop common orientation materials for new State employees. Representatives should include agencies which provide benefits (pay, health, retirement, etc.) or set standards of conduct, as well as representatives of line agencies. Orientation materials should be provided in a variety of media.*

The Department of Personnel and Training would be pleased to assist the Secretary of Administration with this initiative.

*Recommendation (17). Representatives of the various Department of Personnel and Training divisions should be used to form a strategic planning group for training. This group should assess training needs across the various groups and develop a comprehensive, complementary strategy for developing the State's workforce using the resources of the Department of Personnel and Training, State agencies, higher education, and other providers. This strategic planning group should report to the Workforce Commission prior to the 1995 Session. The planning group should assess communication and training activities of these offices and develop plans for conducting them simultaneously where possible. These activities should be focused on human resource professionals and specialists, as well as the State workforce as a whole.*

We concur with this recommendation.

*Recommendation (18). The Department of Personnel and Training should revise the Training Resource Directory by updating existing information, including information from all State agencies with substantial training, and send a copy to all State agencies.*

We concur with this recommendation.

*Recommendation (19). The Department of Personnel and Training should work through the State Training Advisory Committee to assess the need for substantive changes to the current training policy.*

We concur with this recommendation.

*Recommendation (20). The Department of Personnel and Training should assess the extent of TQM initiatives in the Commonwealth and report to the Workforce Commission on options for making TQM-related resources available to State agencies.*

We concur with this recommendation.

*Recommendation (21). The General Assembly should consider establishing a statutory requirement that a training program be conducted for all new State agency heads. This training program could be located within the Department of Personnel and Training, and should at a minimum require the development of a training manual and a State agency head training seminar prior to any gubernatorial transition. Measures should be taken to allow for training materials to exist for incoming agency heads during periods outside of gubernatorial transition.*

The Department of Personnel and Training would be pleased to facilitate the development of a training program for new State agency heads.



Recommendation (22). *The Department of Personnel and Training should expand the use of agency input in the development and promulgation of personnel policies. Consideration should be given to developing alternative methods for obtaining agency input as well as expanding the number of agencies currently used in the process. As a part of this process, the Department of Personnel and Training staff should solicit agency comments to systematically review existing policies to make sure they are effective and up to date.*

We concur with this recommendation.

Recommendation (23). *Recognizing that there will be occasional exceptions due to extenuating circumstances, the Department of Personnel and Training should establish an internal guideline that policies be issued to agencies at least two weeks prior to the effective date.*

We concur with this recommendation.

Recommendation (24). *The Department of Personnel and Training should, on an ongoing basis, review and evaluate the policies contained in the Personnel Policies and Procedures Manual to assure that policies are written as clearly as possible and to assess the impact of these policies on line agencies and institutions.*

We concur with this recommendation.

Recommendation (25). *The Department of Personnel and Training should develop a system to track agency requests for assistance or interpretation, according to the subject matter or individual policy in question. This information should be analyzed periodically so that the Department of Personnel and Training may better evaluate and improve existing policies, as well as better identify policy training needs.*

We concur with this recommendation.

Recommendation (26). *The Department of Personnel and Training should revise the users' manual for the PMIS system to include adequate introductory materials for new users. An improved manual should contain a more detailed index, as well as a "question and answer" section where example transactions are documented. The department should promote periodic updates to the manual, including annotations addressing frequently-made mistakes or inquiries.*

We concur with this recommendation.

*Recommendation (27). Staff of the Department of Personnel and Training should evaluate causes of the 51 percent rise in EEO complaints over the past three years. The department should use the compliance review process to evaluate the equal opportunity/affirmative action programs in agencies - such as the Department of Corrections and the Department of Mental Health, Mental Retardation, and Substance Abuse Services - which have a consistently high number of EEO complaints.*

**We concur with this recommendation.**

*Recommendation (28). The Workforce Commission may wish to consider the need for statewide human resource planning. If such a need were supported, the Workforce Commission should take further steps to clarify the entity(s) responsible for conducting such planning, as well as criteria to meet in conducting human resources planning.*

**The Department of Personnel and Training would be pleased to assist the Workforce Commission as may be needed.**

*Recommendation (29). The Workforce Commission may wish to consider whether the Governor, as Chief Personnel Officer, in cooperation with the Department of Personnel and Training, the Department of Planning and Budget, and the Virginia Employment Commission, should prepare a quadrennial report on the Commonwealth's workforce, including an analysis of its characteristics, demographics, training needs, and trends to consider in the future. This report could be prepared the last year of the Governor's tenure to be made available to the General Assembly and the incoming Governor.*

**The Department of Personnel and Training would be pleased to assist the Workforce Commission as may be needed.**

*Recommendation (30). The Workforce Commission should evaluate the Personnel Advisory Board to determine whether its functions should be reconsidered, whether it should be replaced with some other entity, or be disbanded.*

**The Department of Personnel and Training would be pleased to assist the Workforce Commission as may be needed.**



# COMMONWEALTH of VIRGINIA

## Department of Employee Relations Counselors

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October 4, 1993

Mr. Philip A. Leone  
Director  
Joint Legislative Audit and Review Commission  
Suite 1100  
General Assembly Building  
Capitol Square  
Richmond, Virginia 23219

Dear Mr. ~~Leone~~ *Leone*:

Thank you for including me on the distribution list for receipt of the report, Review of the Department of Personnel and Training.

It was thorough and fair and of great interest. One thought: Would the response of agencies have been different if agency heads rather than personnel officers responded to the questionnaire?

I was very impressed with the staff involved in the project. They were exceptionally perceptive and competent.

Again, thank you.

Sincerely,

*Phyllis*  
Phyllis C. Katz  
Director

PCK:ew

K-13



**VIRGINIA COMMUNITY COLLEGE SYSTEM**  
*James Monroe Building • 101 North Fourteenth Street • Richmond, Virginia 23219*

October 5, 1993

Mr. Philip A. Leone, Director  
Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Richmond, Virginia 23219

Dear Phil:

Thank you for the opportunity to review the exposure draft of Chapter 5 of the Review of the Department of Personnel and Training. We have focused our review on Recommendation 15 regarding the provision of employee training through the community college continuing education program.

I would prefer a revision in the wording of the following phrase in Recommendation 15; "The Department of Personnel and Training and the Virginia Community College System should resume efforts to assess the professional development needs of State employees and the extent to which these needs can be met through the continuing education courses offered by community colleges across the state." We do not have sufficient staff to conduct an assessment of the professional development needs of State employees. However, we can determine if the community colleges' continuing education programs can meet professional development needs once those needs are identified.

On another point, I wonder if the report could devote more consideration to another aspect of education aid - the reimbursement policy. As you know, state policy currently requires employees to pay the cost of educational courses as well as fees. These costs are then reimbursed when the course has been successfully completed. We are interested in a policy that would allow agencies to provide funds for courses "up-front" rather than on a reimbursement basis. I was anticipating that your report would consider this option and recommend it. The VCCS would be interested in serving as a pilot agency.

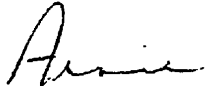
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Mr. Philip Leone  
Page 2

I am very supportive of efforts to improve professional development opportunities for classified employees. Your report will hopefully serve as a catalyst to strengthen efforts in this important area.

Please contact me if you have any questions about this response.

Sincerely,



Arnold R. Oliver  
Chancellor

ARO/msh

c: Dr. Roy Flores  
Mr. Michael Hickman  
Ms. Marian Hassell

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