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**Report to the Governor and the
Colorado General Assembly:**

**COMMITTEE
ON
PERSONNEL**

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December, 1971

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COMMITTEE
ON
PERSONNEL

Colorado Legislative Council Research Publication No. 182

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THE STATE OF COLORADO
HOUSE OF REPRESENTATIVES
DENVER

JOHN D. FUHR
SPEAKER OF THE HOUSE

11075 EAST COLFAX
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Governor John A. Love
Members, 48th Colorado General Assembly

Dear Colleagues:

The Committee on Personnel submits herewith its report in accordance with the directives of House Bill 1246 of the 1971 Session.

House Bill 1246 implemented the provisions of Amendment No. 2 which was approved by the voters at the 1970 general election. The bill also provided for the appointment of a temporary committee on the personnel system comprised of four members of the House of Representatives, four members of the Senate, three members of the executive department and three representatives of the Colorado Association of Public Employees. The directive to the Committee from the General Assembly was extensive: conduct a study of the state's entire personnel system, including employee motivation, performance appraisal, compensation and fringe benefits, and the conduct of the wage survey. By no means have we been able to examine all subjects in depth; however, we are submitting several recommendations in a number of vital areas.

Early in its deliberations the Committee decided that compensation, training, performance evaluation, and classification were the areas of priority. The report contained herein certainly reflects this concern.

These recommendations do not offer a panacea, but their implementation should enable the State to continue to effect the modern personnel system called for in the passage of Amendment No. 2. It is the Committee's desire and strong recommendation that the Committee be re-constituted for the 1972 interim so that the work begun during the 1971 interim shall continue.

The Committee wishes to acknowledge the aid and assistance rendered by many individuals, organizations, departments and agencies of government to the work of the Commit-

Governor John A. Love
Members, 48th Colorado General Assembly
Page Two

tee. Particular recognition should be given to the staff of the Department of Personnel and the staff of the Colorado Association of Public Employees (CAPE). The officers of CAPE, Mr. Harry Reese and Mr. Jim Gilsdorf in particular, and their colleagues, have made valuable contributions along with Mr. Rudy Livingston, Mr. Joe Aragon, and Miss Mildred Stier, and their fellow colleagues on the staff of the Department of Personnel, and Mr. George Hopfenbeck, Jr., chairman, and Mrs. Dorothy McRae, member, State Personnel Board.

Kay Johnson was secretary to the Committee and other staff assistance was provided by Becky Lennahan, Legislative Drafting Office, and Lyle Kyle and David Hite, Legislative Council staff. All of these individuals have performed admirably for the Committee.

Finally, I want to acknowledge the time, advice and counsel of my colleagues on the Committee whose names appear on the inside cover of this report. Each has made important contributions to the total effort of the Committee. It has been an invaluable experience to work with all the Committee members and a great learning experience for me to be associated with individuals, who, without exception, have broad experience and working knowledge in personnel matters.

Respectfully submitted,

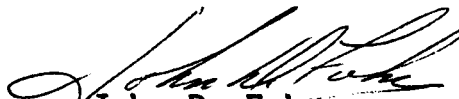

John D. Fuhr
Chairman

TABLE OF CONTENTS

	<u>Page</u>
LETTER OF TRANSMITTAL.....	iii
TABLE OF CONTENTS.....	v
SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE PERSONNEL COMMITTEE.....	1
Salary System.....	1
Training.....	2
Performance Evaluation.....	3
Collective Bargaining.....	3
Hours of Work.....	4
Employees Outside Personnel System.....	4
Realignment of the Provisions of Chapter 26.....	4
INTRODUCTION.....	5
PRINCIPLES AND OBJECTIVES OF THE COMMITTEE'S STUDY.....	7
COMMITTEE FINDINGS AND RECOMMENDATIONS.....	9
I. The Salary System.....	9
Salary Plan.....	13
Classification Study.....	14
II. Performance Evaluation.....	17
III. Training.....	21
Filling Middle and Top Management Positions..	26
Employee Orientation.....	28
IV. Other Topics.....	31
Fringe Benefits.....	31
Hours of Work.....	33
Entrance and Promotional Examinations.....	35
Collective Bargaining.....	36
Committee's Rationale for not Studying and Including Educational, Judicial, and Legislative Employees in the Personnel System.....	37
Funding the Department of Personnel.....	42
Continuation of the Committee.....	43
TEXT OF COMMITTEE BILL.....	45

	<u>Page</u>
APPENDICES.....	87
Appendix A -- Collett Report.....	89
Appendix B -- Questions Most Frequently Asked About the System.....	141
Appendix C -- State Employees Within and Outside the Personnel System Paid by State Funds as of November, 1971.....	145

Summary of
Findings and Recommendations
of the Committee on Personnel

Listed below are the findings and recommendations of the Committee on Personnel arrived at during the 1971 Interim.

Salary System

1) Work has commenced on a major re-structuring of the classification system. The root of many of the difficulties in the Personnel System as it existed prior to the passage of Amendment No. 2 in 1970 and even as it exists today is the unwieldy number of classes, over 1,300. A re-structuring of the system will lead to fewer classes, a sounder basis for comparing salaries for similar duties and responsibilities externally with those in the State service, the maintenance of more equitable inter-class relationships, and a basis upon which to more accurately evaluate employee performance. Finally, a classification study will provide a wealth of previously unknown information about the entire personnel system. The study will also include an analysis of the classification of employees within the legislative service agencies.

2) Steps have been taken to increase the credibility of the salary survey. These steps include assuring the maximum validity of wage data by (a) providing that data be collected as close to its effective date as possible; (b) enlarging the scope of the survey sample; (c) making more realistic the "key class" concept; (d) providing that all phases of the collection and tabulation process be discussed in advance with the State's management and employee representatives; (e) fully publishing the details, design, methodology and results of the survey for the benefit of all interested parties.

3) A modification of the pay grid as provided for in the statutes is recommended. To implement the goal of the prevailing wage concept and comparability of compensation to that in the private and other governmental sectors, the Committee is recommending that the salary grid reflect a 2½ percent differential between grades, and that ten new grades be added to the pay plan with the proposed 2½ percent differential between each of these new grades. Such a change in the pay plan will (a) allow more flexibility within the pay plan to respond to the results of the salary survey, and (b) relieve the compression at the top of the present pay grid which is currently preventing the state, in many cases, from recruiting, compensating, and retaining for career employment the kind of qualified personnel needed.

4) A new formula is recommended for the application of salary survey data to the proposed statutory pay grid.

5) The Committee recommends that the prevailing wage study include a survey of fringe benefits. Whether the state's benefits are comparable to those in industry and other governmental sectors, how benefits should be priced, and how they should be reported, this topic has been a source of concern to the General Assembly and state employees alike. The Committee recommends that in conjunction with the annual salary survey a survey be conducted of fringe benefits and the results of such a survey be reported to the General Assembly.

6) It is recommended that statutory language providing for an automatic five percent pay increase or termination from state service be repealed, and that instead, all salary increases be based on performance and length of service. In addition, the Personnel Board should, by rule, provide for the holding or the accelerated movement of an employee along the salary scale.

7) It is recommended that the law be amended to require the Personnel Department to expedite employee requests for reclassification.

Training

The statutes now authorize the Director of Personnel to provide opportunities for training to state personnel. This broad grant has not led to the development of specifics regarding the scope and objectives of training at the state level. The Committee concludes that the lack of a comprehensive and effective training and career development program has cost the state in the retention and development of productive personnel and the efficient and economical implementation of state programs. In seeking to reverse this procedure, the Committee recommends that the state:

1) Employ the "buy-back" training approach whereby departments purchase training programs designed by the Personnel Department. If the programs are not worthwhile in the opinion of the departments, the Department of Personnel will have to reshape its offerings. The U.S. Civil Service Commission training programs for federal agencies employ the "buy-back" principle and have realized great success with such a procedure. The Committee recommends that the Governor establish a group, reporting to him, which would oversee the Department of Personnel's efforts in this area.

2) Charge the Department of Personnel with the responsibility for appropriate service-wide orientation, training and reference information geared to the needs of employees and of supervisory staff, and ensure that operating departments provide orientation appropriate to their own programs.

3) Charge the Department of Personnel with the development of a data bank inventory which would identify key management and other administrative jobs which, when they become vacant, can be filled by transfer or promotion rather than appointment from outside the system. Also a complete inventory of all state employees should be established and maintained. The state government will thus begin to develop the needed elements of a true career service.

Performance Evaluation

Regarding the topic of performance evaluation, the following recommendations are made:

1) The Committee recommends that the Department of Personnel be given the responsibility for developing and monitoring a single performance evaluation program for state employees.

2) A mechanism should be established whereby the kinds of "standards of performance" called for by present statute can be developed.

3) A performance evaluation form appropriate for immediate use by the Department of Personnel is detailed in the Committee's report.

Collective Bargaining

In recognition of the trend at the federal, state and local levels for an accelerated movement of formalized relations between public employees and their respective public employers, and, in recognition of legislation currently before Congress, and being mindful that there is public employee activity in Colorado at the municipal, school, college faculty, and State level, the Committee calls for a Governor's Commission to be formed within the next twelve months to study the problem of State management, and that the Commission study and employ the "meet and confer" concept.

Hours of Work

Information was compiled on hours of work for state employees. After the results of the classification study are known the Committee will make a recommendation on the standardization of hours of work.

Employees Outside the Personnel System

The Committee has gained a greater understanding of how the system works for employees of educational institutions, the courts, and the General Assembly, but no recommendations are included in this report concerning these groups of employees. Study will continue in this area.

Realignment of the Provisions of Chapter 26

In working with Chapter 26 of the Revised Statutes, the Committee was faced with (a) antiquated provisions of the law carried over from the days of the Civil Service System; (b) a lack of order in the statutes with provisions relating to single subject matters spread indiscriminately throughout the chapter; (c) various provisions contained in H.B. 1246 covering the transition from operations under the Civil Service Commission to operations under the Personnel Department which are no longer necessary; and (d) provisions that have proven unworkable.

With these factors in mind the Committee realigned Chapter 26 to correct the inadequacies and incorporate the recommendations resulting from interim activities.

Introduction

In studying Colorado's state personnel system and submitting this report to the Governor and General Assembly, the Committee's single goal is a personnel system for the state which will result in attracting and retaining an excellent work force to carry out the functions of state government. To achieve such an objective, the Committee advances a number of substantive recommendations. In doing so the Committee has sought to continue the impetus for modernization of the system initiated in 1970, with voter approval of a constitutional change, and in 1971, with statutory implementation by the General Assembly. These actions provided for the general structuring of a more relevant and effective system. The Committee, through this report, submits recommendations for the gearing of somewhat more technical, although still fundamental, aspects of the system.

In submitting its recommendations, the Committee emphasizes that legislative action alone will not accomplish the task of implementing the objectives incorporated in the Committee's proposals. The positive and active commitment of the executive leadership of state government is the other vital element. Throughout this report, a great deal of emphasis is placed upon the need for initiative and commitment by the Governor and the management team afforded the Governor with the implementation of Amendments 1 and 2 of 1970. The Committee is confident that this new management team for Colorado state government will produce a responsive and vital personnel system; implementation of the Committee's recommendations will provide the additional tools to expedite that task. In addition, and as equally important, is the necessity for a commitment by the staff of the personnel department to the personnel system: to uphold the integrity of the system, and to carry out the system's objectives as set forth in statute and personnel board rule.

Early in the Committee's deliberations it became evident that the Committee had neither the time or adequate resources to examine, to the extent desired, all the elements of the state personnel system. In addition to this consideration it was concluded that an independent appraisal by an expert in the areas of concern would provide new insight and increase the credibility of information presented to the Committee. With these factors in mind the Committee concluded it was desirable to hire a consultant as an impartial, objective advisor who is not an employee of the state and does not influence the conduct of the state's business in any way.

The broad topics of compensation, performance evaluation, and training were selected for consultant assistance, since these items are of primary importance in an understanding and strengthening of the personnel system. The Committee found that all three of these topics were interwoven in such a manner that a single consulting firm should study all three subjects. After review of the qualifications of a dozen nationally recognized firms, Executive Management Service, Incorporated, Mr. Merrill J. Collett, President, was selected for the entire study. Mr. Collett and a staff of a half dozen began their study on September 9 and concluded their study with a report to the full Committee on October 13. The complete text of the Executive Management Service, Inc., study included as Appendix A beginning on page 89 of this report.

Principles and Objectives of the Committee's Study

The Committee's approach to the issues was formulated upon certain principles and objectives:

-- There is a distinct need for greater understanding and knowledge of the operations of the state personnel system on the part of the state's employees and members of the General Assembly alike. The unfamiliar leads to doubt and too often suspicion and sometimes to contempt. There is little contempt for the system; there is a great deal of unfamiliarity and doubt and a measure of suspicion. Thus, it is necessary to build knowledge and, hopefully, confidence in the new personnel system from all quarters and at all levels.

-- The basic structure of the Personnel System is sound. The constitutional changes of 1970 establishing the Department of Personnel; setting up the Personnel Board; adopting the "rule of three"; providing for "probationary periods"; modifying the provisions of veterans' bonus points; and other important changes enhance the system. Efforts should now be directed toward more technical procedures of the organization and operation of the new system.

-- Although there are many areas of concern in examining the state's personnel system, four broad topics are of central importance: compensation, classification, performance evaluation, and training, with the topic of compensation of greatest priority.

-- The objective of the Personnel System is to execute the business of State government in the most efficient and economical manner possible. To meet this objective requires the recruitment, employment, and retention of people with the highest competence and dedication. To see that this goal is achieved requires a system that is responsive to employees and management alike.

-- The constitutional changes, and the statutes enacted to implement those changes, set forth a new concept in Colorado state government: a management team headed by the Governor, and consisting of the Personnel Board, Personnel Director, and the appointed executive directors of the various departments. The Personnel Department serves as the mechanism to accomplish the desired objectives of the new management team.

-- There is need for flexibility in every aspect of the personnel system -- the kind of flexibility that responds to change in the employment picture, the objectives of the management of the state, changing management principles, and changing economic conditions.

COMMITTEE FINDINGS AND RECOMMENDATIONS

I. The Salary System

In studying the personnel system the Committee found that the most critical area of concern to legislators, management, and employees alike is the salary system in general, and specifically, the elements of the system: classification; the selection and composition of key classes; the annual salary survey and how it is reported; and the general salary plan as it now appears in the statutes. The Committee found that present legislation, procedures and regulations on compensation permit inequities to exist in the compensation of employees within the personnel system. The present method is inflexible and thus requires, in some cases, increases too rapid for certain classes of employees and not rapid enough for other classes of employees. The result is non-comparable or non-competitive salaries.

The Committee maintains that it is essential that the principles of prevailing wage and comparability of compensation to that found in the private and other governmental sectors not only be maintained but strengthened. To achieve this goal the Committee concluded that (a) although the present method of annual salary surveys should be continued, some modifications should be made including (1) a method of reducing the time lag between gathering of data and implementation of recommendations, and, (2) greater participation in the design of the survey by employee, legislative and executive leaders; (b) the current method of formalizing the salary plan restricts flexibility needed to respond accurately to changes in economic conditions and the labor market; and (c) to insure that state employees receive fringe benefits comparable to those found in the community, a procedure should be established to determine such levels.

Committee Recommendations. The Committee recommends the findings of the consultant's study regarding the salary system with the exceptions of those findings regarding removal of the pay grid from the statutes. The Committee's recommendations on that subject are contained in subsequent sections of this report.

The adopted recommendations of the consultant are summarized below with Committee additions or substitutions indicated by underscored language and deletions shown by struck-through language.

Salaries and Position Responsibility

- The classification of State employees be reviewed in their entirety; and that the class specifications resulting from this review describe clearly the differences in levels between classes in the same series and in the nature of work between series, based upon the duties performed.

(See page 14 for further comment on a classification study.)

- "Key classes", as specified in Section 26-1-2 (3), (4) and (5), C.R.S. 1963, ~~be interpreted to~~ shall include classes at supervisory and/or top levels of occupational series in addition to entrance levels; and that "key class" wage comparisons be based upon individual class rather than group composite descriptions.
- The annual survey of prevailing rates and fringe benefits ~~continue to~~ serve as the basis for determination of salary and fringe benefit.

The Survey Coverage

- The "recruiting area for various key classes" (26-1-2 (4)) be considered to include localities throughout the State where State or interstate employment recruitment is a factor in the total employment market.
- The survey sample include both large and small firms falling within this definition, at least until the facts have been clearly established in the minds of State officials whether rate differences exist between size categories.

Data Collection and Presentation

- (a) The data collected be reported for minimum hiring, 1st Quartile, median, 3rd Quartile, and maximum rates for total private employments covered as well as by size grouping, by local public juris-

dictions, by other States, and by Federal agencies.

- (b) The data be separately presented showing the total for the State, the Denver region, and the regions so identified; and that the State consider the establishment of pay differentials in such regions for all classes of positions for which recruitment is made within the region and in which employees are not subject to transfer by their departments.

-- The State lessen the burden on private employers imposed by a variety of public salary surveys and at the same time ensure the consideration of salary data as nearly as possible to the effective date of salary decisions by:

- (a) Cooperative arrangements with the Career Service Authority involving (1) addition of State Key classes to the Authority's metropolitan area salary survey in July, (2) agreement on firms and public agencies to be covered, and (3) State contributions to assist the survey;
- (b) Placing raw salary and fringe benefit data resulting from the survey in the State's data bank for analysis in August to indicate general trends for preliminary estimates of an allowance needed for salary adjustments (see (e), below) and decisions later on salary recommendations;
- (c) Conducting in December a private salary study outside the metropolitan area; and verifying in January, by telephone, the rates collected in July for metropolitan firms.
- (d) Holding a hearing on recommended revisions the first part of January;
- (e) Amending the statutory requirement for Director of Personnel submission of salary determinations (26-1-2 (6)) by providing for such submission to the Governor on February 1, an estimated

"Allowance for Salary Adjustments" having been included earlier in the budget process and submitted in the Governor's budget;

- (f) Assuring that the Governor transmit to the Joint Budget Committee, together with the Personnel Department salary survey report, the actual appropriation for Salary Adjustments by mid-February;
- (g) Providing that the Joint Budget Committee include in the Appropriation Act a single lump sum appropriation to the Department of Administration.

- The Director of Personnel limit the number of steps within a salary range for classes of positions involving highly standardized methods of operation for which growth factor is limited, such as trades series, and ~~extend the effective applicable salaries for teaching and similar classes to two ranges for teaching and other classes in which the only other salary recognition for superior performance involves "promotion" into administrative work.~~
- The Director of Personnel Board prescribe ~~consider~~, as the annual survey demonstrates a prevailing practice to exist in industry and in other States, ~~the formulation and recommendation of State~~ policies on pay for shift differentials, holiday and Sundays, and hazardous (safety or health) working conditions.
- All phases of this collection and tabulation process be discussed in advance with both the State's management and employee representatives. The director should publish and make available complete findings concerning salary and fringe benefit data and interpretation.

Salary Plan

At the present time the compensation plan for the classified service provides for 42 grades with 5 percent wage differentials between each grade. Within each grade there are seven steps with 5 percent increments between each step. This plan appears in the statutes as Section 26-1-2 (2). As of July, 1972, the lowest grade utilized in the plan will be the designated grade 10, therefore some 18,000 employees will be divided among 36 grades. General provisions for advancing an employee through the pay grid are also provided in the statutes (Section 26-1-2 (9)).

The Committee finds that there are severe limitations to the present compensation system. These limitations can be enumerated as follows:

(a) The 42 grade plan forces restrictions at the top of the salary grid or causes bypassing of the entire system. The 42 grade grid is forcing compression at the top of the grid, creating difficult constraints on the hiring and retention of highly qualified individuals at competitive salaries. In addition, the current plan is also limited in its ability to properly differentiate between levels of responsibility. Thus, there are only one or two grade differences between the heads of major divisions and their subordinates. To circumvent these barriers to a responsive system, the statutory salary plan is bypassed and contracts for full-time employees are drawn with, as an example, psychiatrists who cannot be recruited or retained because of the present statutory pay plan.

(b) A pay grid of 5 percent differentials between grades does not respond to the findings of the salary survey. Often, the results of the survey indicate a salary increase is desired for a class but not a 5 percent increase; because of the rigid salary grid an increase cannot be granted and thus the standards of prevailing wage and comparability cannot be achieved.

(c) Regarding promotions, the statutes provide for two approaches; both are rigid and unrealistic: automatic 5 percent pay increases or an unsatisfactory rating and subsequent dismissal from state service. Such a practice leads to a distortion of a system which should reward employees on the basis of longevity and merit based on a meaningful performance evaluation system.

Committee Recommendations. The Committee recommends that the following changes be made to the salary plan. Effective July, 1973, the present salary grid with 5 percent

differentials between grades should be changed to a grid with 2½ percent differentials between grades. This recommendation expands the present upper limit of the salary grid by ten 2½ percent grades and drops those grades presently in the statutes but not used. Secondly, statutory language providing for an automatic 5 percent pay increase or termination from state service should be repealed and authority granted to the Personnel Board to provide standards for salary increases based on performance evaluation and length of service.

Considerable Committee discussion favored removal of the salary grid from the statutes entirely. It was concluded, however, that until a determination can be made on the character of the new classification plan and, in turn, its effect on the pay plan understood, the grid should remain in the statutes. By providing for 2½ percent increases between grades and by increasing the number of grades at the top of the salary grid, the Committee asserts that the salary plan will be more responsible to the salary survey, the goals of comparability and prevailing wage, the employment needs of the State in professional categories, and the standards of a meaningful employee measurement system.

Classification Study

The Executive Management Service study appended to this report makes the following observation on the state's present classification system:

Unexpectedly, an early and unavoidable conclusion was that the classification plan upon which State salaries are based raises questions as to whether actual position allocations can reflect differences in level based upon complexity and responsibility of work performed, and therefore whether results of data for "key classes" can in fact be applied equitably and accurately to reflect true inter-class relationships in the service.

Possibly because of the previous "certification of one" rule, possibly because of a woefully inadequate number (3) of central professional positions, including division direction, expected to maintain effectively a current classification plan for 18,000 positions, a situation has resulted which one department director indicated as follows:

"It is becoming more and more obvious that solutions to problems which concern the Interim Personnel Committee cannot be fully effective until the problem of an unwieldy and inefficient classification system is first solved."

The Committee concurs with this appraisal.

Acceptance of the consultant's analysis of the state's present classification system and an understanding of the system based upon the Committee's own study, has led the Committee to contract with Executive Management Service to conduct a comprehensive re-structuring of the classification plan based upon modernizing the State's position classification philosophy.

Late in the Committee's deliberations the Department of Administration's Management Services Office presented for Committee consideration a comprehensive and thought provoking study for a new classification plan which also encompassed a salary plan and an employee performance appraisal system. Although there was a compelling interest in this proposal, time did not allow full understanding of the report itself or consideration of its many ramifications.

As a part of the consultant's task, the Committee has directed that the Management Services Office classification plan be reviewed by the consultant.

It is anticipated that the consultant's report will be submitted not later than October 15, 1972. This single, exhaustive project will provide the most comprehensive study of the Personnel System that has been undertaken in recent memory and will provide the greatest understanding of the system possible to date. In addition to the consultant staff, six personnel from the Department of Personnel and twelve individuals from other departments will be working full time on the project. Every job within the classified service will be examined, new class specifications will be written, and adequate appeal procedures will be provided at each step of the project.

To facilitate the classification project the Committee calls for the full cooperation of all employees within the Personnel System. Resolution of the unwieldy system the state is now operating under will have important ramifications for all aspects of the system. The Committee is committed to the belief that implementation of a re-structured system will lead to a state employee program that is more responsive to employee needs, program goals, and broad state objectives.

II. Performance Evaluation

The Colorado statutes stipulate that "any employee whose standards of performance are such as to permit him to retain job status in the classified service shall be advanced within the series of steps in his assigned pay grade at regular increments..." Terms such as "standards of performance" are not defined in statute or rule. The Committee on Government Efficiency and Economy indicated that state employees receive annual increases virtually without regard to performance and there are no provisions for granting pay increases to reward outstanding performance. The Stone, Gray Survey of Organizational Structure and Operating Policies of the Civil Service Commission outlined the need for a better, "more specific system" of performance evaluation.

The Committee is well aware of the weaknesses as well as the strengths of performance evaluation systems. In making any recommendations on this subject the Committee is mindful of the fact that few, if any, performance appraisal plans have worked either in the public or private sector. Nevertheless, the need for a workable system is self-evident; as the Committee's consultant report noted "the frustration and exasperation felt by the General Assembly, as it was exposed to the situation [the lack of an effective performance evaluation system], resulted in passage of Section 26-1-2 (9). In effect this granted automatic step increases in salary to employees unless they were so unsatisfactory as to be fired. Legislative desire for change is now clear."

Committee Recommendations. With the exception of certain recommendations regarding salary step procedures, the Committee endorses the proposals made in the consultant's report regarding performance evaluation. Implementation of the recommendations will require changes in the rules and regulations of the State Personnel Board, and increased appropriations will be needed to enlarge the staff of the Department of Personnel in establishing and overseeing implementation of a system on a state-wide basis.

A separate appraisal and Committee recommendation regarding salary setting is found on page 13 of this report. In supporting the other recommendations of the consultant's report regarding performance evaluation, the Committee emphasizes the following:

a) the statutes and the Constitution clearly indicate that employees are to be evaluated against a "standard of performance";

b) the Department of Personnel should be given responsibility by the Governor of developing and monitoring a single performance evaluation program for state employees;

c) although there is, to quote the consultant's report, "nothing magical about any rating form so far devised", it is important that a single form be used throughout the personnel system and that it be a relatively unstructured form like the one suggested in the consultant's report;

d) whatever "standard of performance" is used to evaluate an employee, it should be a standard that has been developed in a manner which allows the employee to participate in its development and which provides that the evaluator sit down with the employee before the evaluation period -- when hired and at intervals before the annual review -- and establish what is expected of the employee;

e) funds must be appropriated to increase the Department of Personnel staff to carry out the overall coordination of a system-wide evaluation program.

f) the constraints of the current statutory language of 26-1-2 (9) do not allow for the development of employee growth based on performance. The Personnel Board should be given the authority to provide for or deny salary increases on the basis of performance evaluation, as well as length of service.

The recommendations of the Committee's consultant are detailed below with Committee additions or substitutions indicated by the underscored language.

Responsibilities and Staffing

- Top State officials commit themselves to provide the support, personal review, and basic training and evaluation without which no performance evaluation system is worth the time and money involved.
- Chapter 5, Article 3 of the Rules and Regulations be revised to give the Personnel Director authority and responsibility for establishing a State-wide and uniform system of performance evaluation, for ensuring that evaluation of employee performance is regarded as a significant exercise of supervisory responsibility at all levels, and for administering the system as uniformly as is possible.

- Supervisors be considered as exercising the same essential management right they exercise in selecting employees to fill vacancies.
- Department heads clearly establish organizational units for which raters and reviewing officers are responsible at each level, as dictated by the structure and operations of their departments, and name the raters and reviewing officers; and that they notify the Director of Personnel of these designations.
- He [Personnel Director] be provided funds to appoint a broad gauge, management-background professional as division head, a technician, and two supporting clerical/stenographic staff.

The System

- The Director of Personnel, meeting with departmental personnel officers and through them maintaining liaison with the line officials involved, use a task group approach for the several occupational services to develop, prior to management-employee representative conferences, draft "standards of performance" called for in C.R.S. 26-1-2 or the "standards of efficient service" referred to in the recent constitutional amendment (paragraph 8).
- State employees, through their designated organizational representative, prepare draft "standards of performance" for discussion at employee-management conferences at which agreements are reached in tasks to be evaluated and the standard of performance for evaluation purposes.
- The performance evaluation form prescribed by the Director of Personnel be the only official form to record supervisory decisions and evidence of discussions with employees, and that if departments desire a supplemental form to record additional determinations, use of such forms be subject to approval by the Director of Personnel

and, if approved, become a part of the official record of employee performance evaluation. The performance evaluation form as outlined on pages 19-20 of the consultant report should be amended to provide a place for the employees assessment of the evaluation of his work by his supervisor.

- To ensure the standards against which an employee's performance is measured are understood, the supervisors should confer with their employees before the evaluation period (i.e., when hired and before each annual review) and appraise the established standards of performance, allowing the employee to say if he feels the standards are fair. In addition, as an accountability tool for management, an informal review of the supervisor's conduct of performance appraisal should be initiated.
- In July, each rating officer prepare a list of his employees and by class title, indicate those he considers outstanding, exceeding the average, average, and below average; and that he submit the list through administrative channels to the Personnel Director.
- The provisions of C.R.S. 1963, 26-1-2 (9) be deleted and a substitute paragraph provide for granting salary step increases for performance.

III. Training

Section 26-5-19 contains an authorization to the Director of Personnel to "provide opportunities for training, which need not be limited to training for specific jobs but may include training for advancement and for general fitness for public service." This broad grant has unfortunately not led to the development of specifics regarding the scope and objectives of a training program at the state level. This does not mean that several departments lack some training or career development programs; it does mean that the state has, at best, a fragmented approach to training and career development. It also means that the state is seriously short in the quality and depth of training programs at all levels and in particular supervisory and management levels.

As an example of training currently being conducted by the state, at the level of the Department of Personnel the only training activities are seven clerical skills improvement classes conducted by an instructor provided at no cost to the state by Denver Opportunity School. The Public Service Careers program, which is totally federally funded, has been directed to provide as much supervisory skills training as is possible within the guidelines of that program. It is estimated by the Department of Personnel that 250-300 first-line supervisors will receive training under this program. An effective program should provide 1,500 firstline supervisors with immediate training.

In the long run, the lack of a comprehensive and effective training and career development program for all levels of state employment has cost the state in the retention and development of productive personnel and the efficient and economical implementation of state programs. The Committee submits that this course of action should be reversed.

Committee Recommendations. The Committee supports the recommendations of the consultant's study regarding training and career development. Implementation of these recommendations will not require major statutory change. Section 26-5-19 of the statutes already authorizes a broad grant of authority to the Personnel Director in the area of training. The Committee's recommended bill does specify that the Personnel Director make an annual assessment of training needs, and that the Governor provide for training programs in his annual budget. Implementation will also require modifications and additions to the Rules and Regulations of the State Personnel Board, realignment of the function within the Department, and increased appropriations to a training division within the Department of Personnel. Finally, and perhaps foremost, it is imperative that the management of state gov-

ernment -- the Governor, the Director of Personnel, the Executive Director of the Department of Administration and the other department heads -- make a determination regarding the direction the state will follow in the area of employee training and the priority that is to be given to this element of the personnel system. The Committee recommends the highest priority for this item.

In its endorsement of the recommendations of the consultant's report, the Committee places special emphasis on the following:

a) responsibility for the state's effort in training should be centered in the Department of Personnel;

b) training must be carried out at all levels of an organizational structure with special emphasis on training at the management and supervisory levels;

c) the "buy-back" training approach should be implemented by the Department of Personnel; to start such a program it has been suggested that a revolving fund of \$50,000 should be initiated and funded by the state or through available federal funds;

d) a data bank personnel inventory should be used to identify 1) management positions which will become vacant and 2) potential candidates to fill these positions from within the state service as part of a career development program.

The recommendations of the Committee's consultant are detailed below with Committee additions or substitutions indicated by the underscored language.

Training and Program Effectiveness

- State executives recognize that effective delivery of State services depends in large part upon how fast and how well managers, supervisors, and employees learn what they are expected to do and why, at their respective levels in the State service.
- Executives and managers consider as fundamental to effective operations the "on board" capability of staff to perform at the level required by the time required.
- The Governor establish a group within his office to oversee the Department of Personnel's monitoring of departmental training efforts.

- The Governor focus in the Personnel Director responsibility for:
 - (a) Defining for his approval the scope of training to be provided by the State;
 - (b) Recommending the best way -- techniques and procedures -- to implement training objectives;
 - (c) Serving as a "clearing house" on training programs and sources, whether within or outside the State service;
 - (d) Evaluating training and management development programs within departments, or developed at their request, in order to ensure avoidance of duplication and to balance cost against results in job performance;
 - (e) Planning and arranging for training and management development of supervisors, managers and executives on a service-wide basis through planned career assignments and structured training programs especially tailored to the laws, organization, and processes of the Colorado State service; and
 - (f) Formulating for the Governor's approval guidelines and standards for employee participation in educational training which will improve their performance in carrying out State programs.

- The Rules and Regulations contain both a statement of authority to be exercised by the Personnel Director and a limitation of the broad training authorization granted under C.R.S. 1963, 26-5-19.

- The Personnel Department review and approve arrangements with colleges and universities within the State for structured training in State departments before contracts are entered into.

- The Personnel Department have it training developed and run through existing resources (expertise in the departments, colleges, and universities, Denver Federal Regional Training Center, jointly with the City and County of Denver), utilizing locally available consultants for specific programs.
- The Personnel Department employ the "buy back" principle, similar to that of the Training Bureau of the U.S. Civil Service Commission, in which departments are charged per participant costs on a cost-recovery basis to the Commission.
- The Personnel Director be provided funds to appoint a broad-gauge, management-oriented professional as division head, a technician, and two supporting clerical/stenographic staff.
- The Personnel Director initiate training programs as follows:
 - (a) a department director workshop program of identifying management elements affecting programs which are failing to meet goals, schedules, cost limitations, or public requirements of service;
 - (b) a similar program for division and section heads specifically relating budget, personnel, planning, purchasing, and systems elements of management to unsolved program problems; and identifying desirable delegations to first line supervisors; and
 - (c) a program for first line supervisors providing
 - (1) instruction in critical management functions such as performance evaluation; the creation and classification of positions in relation to basic organization principles, system considerations, and employee morale; handling grievances and discipline; time and leave approvals, control, and reporting, etc.; and

Two additional issues which were discussed by the Personnel Committee are specifically relevant to the general topic of training. These topics concern the recruitment for and filling of middle and top management positions, and employee orientation and communication.

Filling Middle and Top Management Positions

Committee Recommendation. The question of how the State can recruit in a more effective manner to fill middle and top management positions confronted the Committee throughout its study. Although no dramatic change is recommended by the Committee as a solution to this issue, the Committee makes the following observations and recommendations.

The thrust of the state's recruitment effort should be innovative. Although the Department of Personnel may feel confined by the system, the demands by other departments for high level and specially skilled personnel will continue and probably intensify in the future. Thus, it becomes incumbent upon the Department to break away from past practices. If statutory change or increased budgetary expenditures are necessary to meet the demand for innovative programs, it is the responsibility of the Department of Personnel to call this to the attention of the General Assembly.

Implementation of specific provisions of the Collett Report plus the full use of management tools provided by the Constitutional amendment of 1970 should provide much that is necessary to revitalize the state's recruitment program.

Comment. Specifically, the new constitutional and statutory language allows recruitment of personnel residing outside of Colorado and provides for the rule of three, as well as implementing a "management team" approach to running Colorado state government. In addition, the Collett Report offers several recommendations for strengthening the state's position in filling middle and top management positions. Among these proposals are (a) altering the present salary grid in the statutes which will probably have the effect of greatly reducing the compression presently realized in the top grades; (b) implementing effective performance evaluation and training programs for employees within the Personnel System; and (c) instituting a data bank personnel inventory to identify key management and other jobs which can be filled by transfer or promotion rather than appointment from outside the system.

The Committee recommends that special emphasis be placed on the development of a data bank personnel inventory. Such a recommendation would facilitate the desire for a meaningful career development program, i.e., a program for the identification, encouragement, and training of executive, managerial, and other appropriate personnel.

Career development is a relatively new program in most organizations. In such a program, a concerted effort is first made to identify the positions that lead to a logical chain of promotion to the higher levels, and secondly to identify those employees who may eventually be qualified to move up the chain to these more senior positions. Special efforts, specific personnel, and long-range training plans are then made to prepare candidates for promotion. This is done through training, educational leave, and assignments to various jobs that will give these candidates necessary experience. ✓

Several departments have career development programs but few of these programs provide for development of junior professional and managerial employees for promotion across agency lines. Overall, there is no coordination in this area.

Recruitment approaches should also be strengthened. The advantages of state service and the challenges it offers are two areas that need to be amplified. This can be accomplished through increased participation in college recruitment visits, community action center job information meetings, and the like.

Training, specifically management and supervisory training, is also an essential element of a career development program. Committee recommendations of specific proposals of the Collett Report relating to training are essential parts of a career development program.

✓ Robert Johnson, Career Development, July 9, 1971, page 1.

Employee Orientation

This subject deals with the introduction of new personnel into state employment and with efforts to keep employees aware of what their agency and department are to accomplish and the employees' role in achieving these goals. The Committee regards this subject as a long neglected but essential aspect of the personnel system. There are no existing statutes or Personnel Board rules regarding job orientation or formalized communication with employees. Although some departments have orientation programs, there is no comprehensive, or consistent, effort in the state. There is no doubt that because of this fact the state comes out second best when compared with the efforts of private industry and the federal government in the area of employee orientation.

Committee Recommendation. Taking these factors into account, the Committee recommends that the Department of Personnel develop a comprehensive program of employee orientation and communication to serve as a model upon which other departments within the executive branch can pattern a system for their employees. This recommendation is in line with the comments of the Collett Report:

That, since many employees and executives enter the State service from private firms or from other public jurisdictions which have different goals, functions, structures, rules, and practices:

The Department of Personnel arrange for appropriate Service-wide orientation training and reference information geared to the needs of employees and of supervisory staff, and ensure that departments provide orientation appropriate to their own programs.

Such a program should focus on the employee's role in his agency and his agency's role in state government, rights and benefits of employees, and an orientation to the functions of the personnel system and Colorado's state government. These specific items can most effectively be presented in an employee handbook or manual. The Committee recommends that funds in the amount of \$4,000 be appropriated by the General Assembly to initiate a handbook authored by the Department of Personnel and supplied to every employee under the personnel system. The handbook should include an explanation of the personnel system including fringe benefits, appropriate fiscal rules, and explanation of insurance benefits, a listing of rules regarding days off, vacations, overtime, retirement,

and the like. In short, the handbook should familiarize an employee with what he can and cannot do under the personnel system and where or who to go to on matters regarding his position as a state employee.

The Committee submits that with an effective orientation and communication system, employees will have a greater working knowledge of their job and the role of their agency and consequently have a greater pride in their work and the general functioning of state government.

IV. Other Topics

Fringe Benefits

Committee Recommendation. The Committee recommends that a survey of fringe benefits be conducted in conjunction with the annual salary survey, and that the results be reported to the General Assembly annually. Statutory language to implement this recommendation is detailed in the bill contained in this Report.

Comment. Included in the usual list of fringe benefits are vacations, paid sick leave, holidays, medical-hospitalization plans, retirement, Social Security and/or separate plans, unemployment compensation, and life insurance. These benefits are usually paid for in part, or fully, by the employer. The list can be supplemented by termination pay allowances, private benefit plans, profit sharing plans, bonuses, special awards, educational leaves, and the like.

It has been asserted that state employees are not receiving fringe benefits comparable to those found in the community. It is reported that as a percentage of wages, fringe benefits for state employees are below benefits received by employees of the city of Denver and additional percentage points below benefits found in the private and other governmental sectors. In fact, however, the Committee is uncertain where the state ranks on fringe benefits. The survey will provide this information.

The Department of Personnel has computed a fringe benefit package for state employees, using only benefits which are likely to be offered by industry. The benefits calculated as an average percentage value or payroll cost for a state employee with five years of service are:

Vacation	5.8%
Holidays	4.4
Sick Leave	2.7
Life Insurance	0
Medical/Hospital Ins.	1.0
Retirement	
Social Security	0
Supplemental	8.5
Unemployment Comp.	<u>0</u>
	22.4%

Average fringe benefits for firms and classes surveyed by the City and County of Denver were 26.4 percent in 1970. A 1969 U.S. Chamber of Commerce report notes an average of 27.9 percent benefit figure for companies surveyed.

The practice of the Department of Personnel regarding the treatment of fringe benefits and their relationships to the annual salary survey and the salary setting procedure is outlined below along with comments on this method and observations on other methods by staff of the Personnel Department.

As a matter of practical salary setting procedure, fringe benefits are reviewed as a separate issue from the analysis of actual "prevailing rates" compiled as a result of our annual salary survey. In the first instance, the actual rates paid for comparable classes of work can be surveyed, identified, tabulated and reviewed with some confidence in the resulting recommendations, whereas any study of fringe benefits or attempts to adjust salaries by statistically treating fringe benefits has always been a debatable issue even with the most sophisticated handling of the data.

Fringe benefits on the other hand can be reviewed on an overall comparative basis. We participate in and have access to the results of a number of current benefit surveys. By our participation in and review of these surveys and other fringe benefit information we are able to compare the State of Colorado generally to other jurisdictions and to the private sector.

Perhaps more adequate provisions should be made for reporting deficiencies or overages in our fringe benefit package, with some assurance positive or correcting action would be taken by the proper authority, usually the legislature.

Another possible treatment for the evaluation of fringe benefits is the pricing method. Some jurisdictions, including the City and County of Denver Career Service Authority, collect fringe benefit data (cost to employer) in the conduct of their pay surveys. Briefly, this cost factor is added to the cash rate data and the value of the jurisdictions own

fringe benefits are deducted, thereby giving an adjusted real salary or range of salaries to which current or proposed salary grades can be compared.^{2/}

Hours of Work

Section 26-3-3 of this present statute provides that "all offices in the executive and judicial departments of the state government" shall remain open for business from 8:30 a.m. until 5:00 p.m. The statutes do not, however, specify the number of hours employees are to work. As the table on page 34 indicates, there are about an equal number of classified employees working 37½ hours and 40 hours. With few exceptions those working 37½ hours per week are employed in the Capitol Complex, while those working 40 hours per week are located at state institutional and educational facilities out-state as well as in the Denver area.

The Committee was confronted with several issues in discussing the matter of hours of work for state employees. Should there be a standard number of hours of work designated for state employees, and if so, should this standard be statutory? How would this standard influence other "fringe benefits"? What effect would a change in a standard number of hours have on the wage survey? What provisions should be made regarding overtime if a standard is accepted? How will a standard hours provision affect employees on shifts?

Committee Recommendation. After review of the issues involved, and with knowledge that a consultant is being employed by the Committee to accomplish re-structuring of the classification system, the details of which will influence employee compensation and fringe benefits as well as duties and responsibilities, the Committee recommends that further consideration and final determination of this issue be postponed until the classification study has been completed. Thus the subject of hours of work will appear on the Committee's agenda for consideration during the 1972 interim. At that time the issue of hours of work should be integrated into a total plan for classification, pay, and fringe benefits.

^{2/} "Treatment of Fringe Benefits in the Salary Setting Process", Classification and Pay Division, Department of Personnel, July 9, 1971, pages 5-6.

SUMMARY OF WORKSHIFTS FOR CLASSIFIED EMPLOYEES

<u>No. of Employees</u>	<u>Length of Shift</u>	<u>Lunch Hour</u>	<u>Total Workweek</u>
7,455	8½ hrs.	1	37½
373	8 hrs	½	37½
65	7½ hrs	½	35
5,634	9 hrs	1	40
279	8 hrs	lunch on duty	40
46	10½ hrs	½	40 (4 days)
2,806	8½ hrs	½	40
4	8 hrs	1	40 (5½ days)
38	8½ hrs	lunch on duty	40
154	8 ¾ hrs	lunch on duty	40
76	8¼ hrs	lunch on duty	40
15	9¼ hrs	1¼	40
183	8 ¾ hrs	¾	40
69	8½ hrs	lunch on duty	44
32	9 hrs	1	44 (5½ days)
27	9½ hrs	lunch on duty	47½
43	8 hrs	no lunch	46 (6 day week)
52	11 hrs	1	50
57	9 hrs	½	59½ (7 day week)
17	16 hrs	lunch and/or breakfast on duty	80 (1 weekend day, 1 week day off each week)
<hr/> 17,422			

SOURCE: Division of Accounts and Control, Department of Administration, December 3, 1971.

Entrance and Promotional Examinations

Comment. The Committee submits that, as a practical matter, the need for promotional exams is questionable for personnel filling high level positions within the State service. In advancing such a recommendation, the Committee is aware of legal opinions of the Attorney General that an employee is required, under the Constitution and the statutes, to take a competitive examination to retain his position if that position is reallocated to a different grade.^{3/}

In an effort to provide more flexibility and relevance for the present examination system, the Committee suggests that the Department of Personnel strive to develop innovative approaches to entrance and promotional examinations. For example, in the area of promotional examinations, the Committee has been briefed on the assessment center approach.

Under this procedure, applicants are brought in for two or three days and are put into a variety of situations which are designed to simulate the job which they are seeking. After this extensive and intensive review of the candidates' capabilities, recommendations are made to the department on who would be best able to handle the demands of the job sought and the department would make a decision from the top eligibles.^{4/}

^{3/} See Opinion No. 70-4451 dated April 21, 1970, to Mr. Floyd Oliver.

^{4/} Jerry Davies, "Employee Motivation: The State's Role in Promoting Job Involvement", July 27, 1971.

Collective Bargaining

The right of public employees to organize, and to join or not to join an employee organization of their choice has become an increasingly acceptable practice in public as well as private employment. This fact is emphasized by (1) the President's recognition of the need through Executive Order 11491; (2) the Model Personnel Act promulgated by the National Civil Service League; and (3) the standards of state and local government Merit Systems for the receipt of federal grants under HEW, Defense, and Department of Labor programs. Perhaps of greatest importance is the desirability of having orderly and locally-oriented labor laws governing formalized negotiations rather than federally imposed laws.

Committee Recommendations. In recognition of the trend at the federal, state, and local levels for an accelerated movement of formalized relations between public employees and their respective public employers; and, in recognition of legislation which has been introduced and considered in the Congress over the past several years which would impose rigid and far-reaching federal standards upon the conduct of employer-employee relations at the State level, comparable to the National Fair Labor Standards Act; and being mindful that there is public employee activity in Colorado at the municipal, school, college faculty and state levels of government; the Committee recommends that a Governor's Commission be formed within the next twelve months to study the problem of State management, and that the Commission study and employ the "meet and confer" concept. This recommendation is made in order to gain necessary and valid experience without the threat of crisis and undue pressures.

Committee's Rationale for Not Studying and Including Educational, Judicial, and Legislative Employees in the Personnel System

Of the 32,000 persons employed full-time by the State of Colorado, nearly 15,000 are not included within the personnel system. Approximately 13,000 of this number are employed by various educational institutions within the Department of Higher Education; 1,400 are employed within the Judicial Branch and 175 serve the Legislative Branch on a full or part-time basis.

Early in the Committee's deliberations it was decided that time and available resources did not allow for a full study of positions outside the personnel system. Personnel directors from three state educational institutions did appear before the Committee to review the personnel practices at C.U., C.S.U., and Colorado School of Mines. The personnel director for the University of Colorado reported that the school's compensation and classification plan was first established in 1957 and its development paralleled that of many other universities throughout the country. The University uses over 400 classifications; about 200 of these have counterpart classifications under the personnel system. The University has about twenty key classifications. The directors of personnel from the School of Mines and Fort Collins explained that their systems are similar to C.U.'s. It was reported to the Committee that non-academic employees of the School of Mines are already under the personnel system. A large number of non-academic employees at Colorado State University are also under the personnel system.

In addition, the Committee directed letters to the Executive Director of the Department of Higher Education and the Chief Justice of the Colorado Supreme Court asking their rationale for not including their groups within the system. Dr. Abbott's response is found below. The rationale for excluding employees of the legislative and judicial department is found in the new constitutional language adopted by the electorate in 1971. Article XII, Section 13 (2) notes that "the personnel system of the state shall comprise all appointive public officers and employees of the state, except the following ... members, officers, and employees of the legislative and judicial departments of the state, unless otherwise specifically provided in this constitution." Article XII, Section 13(3) provides that: "Officers and employees within the judicial department, other than judges and justices, may be included within the personnel system of the state upon determination by the supreme court sitting en banc, that such would be in the best interests of the state."

It is anticipated that during the 1972 interim the Committee will reexamine in greater detail the constitutional and statutory provisions which now exempt certain state employees. The Committee has requested an opinion from the Attorney General regarding under what circumstances employees of educational institutions can be brought into the personnel system. It is anticipated that a response will be ready for the Committee's review during the 1972 interim.

Dr. Abbott's Response. "In studying your question I have made some assumptions that I hope are warranted. Section 13 of Article XII of the Constitution as recently amended provides for the exclusion from the state personnel system of "faculty members of educational institutions and departments not reformatory or charitable in character, and such administrators thereof as may be exempt by law." First, I have assumed that you intend that I should take the recent constitutional provision as given, and reply on the basis that the law will conform to this provision without the effect to provide for further constitutional amendment. I have, secondly, assumed a certain definition of "educators." In the constitutional provision the term "faculty members" may not be explicitly clear. For example, professional employees of state departments of education might not be thought of as "faculty members," but their teacher-like function was held by the Colorado Supreme Court, in Board of Education v. Spurlin (141 Colo. 527, 347 P. 2d 357 (1960)) to encompass them within the term "officers and teachers" as set forth in the comparable clause in Section 13 of Article XII before its recent amendment. It appears that the same ruling would apply to many of the educational officers enumerated in subparagraphs (1)(a) through (f) in H.B. 1246 (1971) Section 16, amending 26-5-34 C.R.S. I assume, in any event, that your reference to "educators" did not mean to include classroom teachers because of their clear constitutional exemption but would apply to "such administrators thereof as may be exempt by law." Though this group of what might be called "exempt educational administrative personnel" would also seem to include an undetermined number of constitutionally exempt officers, I am assuming that it is this group that you have in mind.

"There seem to me to be two kinds of reasons for the exemption envisioned constitutionally and provided for by law -- (1) what might be called "philosophical" and (2) operational or practical.

"The fundamental reason, in my opinion, is rooted in the nature of the supportive assignment carried out by these kinds of people within an educational enterprise. Any college worth its salt builds its program and its staff in rec-

ognition that only part of its educational impact occurs in the classroom. There would be broad agreement that the library should be included as "educational," but there is less recognition of the educational contribution made by the counselor, the business manager, the staff in institutional research and evaluation, the dormitory head resident, the purchasing agent, the admissions staff which is interested in identifying students who can really catch on in a specific program at a given institution. Any effective president is deeply interested in employing and inspiring an administrative and support staff that in a genuine sense is "the other half" of the educational team. Personal and professional qualities that do not lend themselves well to objective evaluation and testing are often more important than qualities that do. Of course the chief executive of any type of enterprise seeks a staff that is effective. My point is that the head of a college seeks to build a staff that is effective at education.

"The 'practical' points follow from this goal. There is and ought to be a considerable flow of people between the areas of teaching and supportive (or administrative) service. The interaction between the instructor, student, and the administrator is virtually constant, and the effectiveness of the one depends upon the effectiveness of the other. In many cases, such administrators teach as well as administer. In others, the officers concerned come out of teaching positions and very often return to them after a period in administration. (This is true in our own office, for example, where of our eleven professional staff members, ten entered CCHE employment from campus positions and six of the ten entered administration from teaching.)

"Moreover the colleges (and our type of agency) recruit for administrative as well as for faculty personnel in a market that is national. Unlike in state service where there is a fairly standard array of positions and much recruitment even for top-level jobs can come from within the service, in the colleges there are wide variations in the responsibilities of positions the titles of which may be similar, hence of the combinations of professional and personal qualities sought; and there are insufficient numbers of qualified people within the state to give assurance of adequate choice. There is, further, an analogous condition as among teachers. In any teaching field, the qualities of a given person may properly be assessed by many persons but assessments by persons within his own profession would be overlooked at our peril. Such assessments are also highly relevant in choosing senior administrators, and junior staff who are on the way to major responsibility in professional slots within higher education.

"A related practical factor is the need for flexibility in defining particular tasks and in the assignment of personnel, particularly in the smaller institutions. In a sense, the very objective of a personnel system is to reduce the 'flexibility' the executive has to hire people according to his own whims. As a student of public administration I appreciate both the theoretical and practical reasons that personnel structures and rules were needed in government, and I recognize also that in the effective personnel system various means are used to retain as much flexibility as possible. However in educational administration I believe operating efficiency depends on the power of the executive to redefine tasks and to move people among positions according to changing needs and opportunities -- actions that probably could be encompassed within a personnel system but which would be considerably complicated and slowed by such provisions.

"The 'academic marketplace' has its problems as does any system, but there is a remarkable uniformity of practice in this country in excepting educational administrative staff (at elementary-secondary as well as higher levels) from civil service structures. 'Whatever is' is not necessarily right, but the almost universal condition invites careful consideration of a change. I think it would be fair to observe that civil service systems were initiated to overcome excesses of political intervention in personnel practices of governmental units. These excesses did not occur in the colleges, not because the colleges are "above" excess but because there were professional safeguards and because the structure of presidential and governing board responsibility made such excesses very rare indeed. To shift the arrangements for higher education would bring to bear entire new conditions the effects of which are difficult to foretell, and for what purpose?

"If the Committee were to conclude that exempt educational administrative personnel should be under the Personnel System, I have no suggestions as to circumstances or methods for accomplishing this. I do believe that such a step would jeopardize our ability, and that of the colleges, to recruit personnel of the quality of present staff.

"I know that a number of persons in the institutions and governing boards would wish to meet with the Committee if the Committee does wish to consider changes in the provisions of HB 1246 affecting these matters."

Further correspondence with the Executive Director of the Department of Higher Education brought the following response:

"Specifically you asked whether it can be assumed that 'if the provisions of H.B. 1246 were continued and implemented that this would meet with the approval and support of "Higher Education" governing boards.' I directed this question, and a question whether any groups would wish to have an opportunity to be heard by the Committee, to representatives of each of the governing boards, and am pleased to be able to advise that you can correctly make the assumption indicated in your letter.

"I should add that the representatives of the boards with whom I have communicated are all responsible executives and advisors who are in a position to know the views both of institution administration and of governing boards, but I think in no case was it possible for these men to raise the question formally with their board. Some do plan to do so, but in any case I feel certain that I can assure you of higher education's support for the act as it stands and of our sincere desire to work with you in every way possible to meet the needs of the Personnel System and of higher education. (I should also add that the University of Colorado comment in response to my query indicated that the law had not been examined in detail because of opinions of the Resident Legal Counsel and of the Attorney General that H.B. 1246 is not applicable to the University's non-faculty staff.)

Funding the Department of Personnel

Time did not allow the Committee to adequately study the Department of Personnel's budget request for fiscal year 1973, thus no specific Committee reaction or recommendation can be made regarding the request. Subsequent to the publication of this Committee Report a subcommittee will meet with staff of the Department to review the request before a presentation is made to the Joint Budget Committee. The budget will reflect those recommendations made by the Personnel Committee which effect the Department's budget.

Implementation of the Committee's recommendations will require increased appropriations to the Department of Personnel. This will be necessitated by the realignment and strengthening of existing programs together with the initiation of new approaches and techniques.

There is no doubt that the Department of Personnel has been working with an antiquated system. The Committee's recommendations are directed at making the system relevant and responsive again. It is doubtful that the restructured system can properly be implemented with the present staff of the Department of Personnel. Those recommendations of the Committee's consultant accepted by the Committee call for the addition of a division head, a technician, and two supporting clerical/stenographic staff for the training effort, a division head, technician, and two supporting clerical/stenographic staff for the performance evaluation program, and the six new professional positions to the classification function of the Department. These additions will meet the minimum requirements of the Committee's recommendations. Implementation of other Committee recommendations may call for additional expenditures for personnel in the future.

The most effective implementation will result from a phase-in of the new and expanded activities involved in the Committee's recommendations; it is the Committee's recommendation that the Department of Personnel take such an approach in presenting its budget to the General Assembly's Joint Budget Committee.

Continuation of the Committee

The Committee recommends that the General Assembly continue the Committee on Personnel as it is presently constituted for the 1972 interim and direct that the Committee report its findings and recommendations to the Governor and the members of the General Assembly prior to the start of the First Session of the Forty-ninth General Assembly.

This recommendation is made with the knowledge that although a great deal of progress has been made, the Committee's task remains unfinished. House Bill 1246, 1971 Session, provided for the appointment of a temporary committee to conduct a study of the entire personnel system. In pursuing the directive of the General Assembly, the Personnel Committee met nineteen times during the interim and accomplished many of its objectives. The Committee, as an essential element of its study, has contracted for a major re-structuring of the classification plan for state personnel. This project will not, however, be complete until October, 1972. The development of a new classification plan will influence other areas of concern to the Committee including the compensation of state employees, the decentralization of personnel functions to the several principal departments within the executive branch, and the hours of work for those within the system. The project will also provide a wealth of previously unavailable information about the state personnel system, knowledge of which may provide the Committee with additional study topics.

TEXT

A BILL FOR AN ACT

CONCERNING THE STATE PERSONNEL SYSTEM.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Chapter 26, Colorado Revised Statutes 1963, as amended, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

CHAPTER 26

STATE PERSONNEL SYSTEM ACT

ARTICLE 1

DEPARTMENT OF PERSONNEL

26-1-1. Short title -- legislative declaration -- terminology. (1) This chapter shall be known and may be cited as the "State Personnel System Act". It is the purpose of this chapter and the personnel rules adopted pursuant to this chapter to provide a sound, comprehensive, and uniform system of personnel administration for the employees within the state personnel system as defined by the constitution of the state of Colorado and laws enacted pursuant thereto, including all employees of the state colleges and universities not otherwise exempted by law. Appointments and promotions to offices and employments in the personnel system of the state shall be made according to merit and fitness, to be ascertained by competitive tests of competence without regard to race, creed, color, or political affiliation.

EXPLANATION

As the legislative declaration, this subsection combines the present Section 26-5-1 (1) with the language of Section 13 (1), Article XII.

TEXT

(2) Whenever, in any law of this state relating to state employees, reference is made to the civil service, the state civil service, or the classified service, such terms shall be deemed to refer to the state personnel system. Whenever reference is made to the civil service commission in any law of this state relating to the administration of the state personnel system, such term shall be deemed to refer to the state personnel director. Whenever reference is made to the civil service commission in any law of this state relating to rule-making powers, administrative appeals, or any power vested by the state constitution in the state personnel board, such term shall be deemed to refer to the state personnel board.

26-1-2. Department of personnel - state personnel director. (1) Pursuant to section 14 of article XII of the state constitution, there is hereby created the department of personnel, the head of which shall be the state personnel director, who shall be appointed by the governor, with the consent of the senate, and shall serve at the pleasure of the governor. The state personnel director shall be responsible for the administration of the state personnel system in accordance with the provisions of sections 13, 14, and 15 of article XII of the state constitution, laws enacted pursuant thereto, and rules adopted thereunder or under this chapter by the state personnel board. The state personnel director shall be qualified by education and experience in the field of public or private personnel administration or industrial relations and shall be of known sympathy with the merit principle.

(2) Subject to the provisions of the state constitution, the state personnel director shall have those powers, duties, and functions prescribed for heads of principal departments in the "Administrative Organization Act of 1968". Any assistants and employees of the department shall be appointed pursuant to the provisions of article XII, section 13, of the state constitution.

EXPLANATION

This is necessary language providing for the transfer from the old civil service system to the new personnel system. It is a reenactment of the present Section 26-5-1 (2).

Subsection (1) which creates the department and provides for a director of personnel is a reenactment of the present 26-5-3 (1).

This subsection is a reenactment of 26-5-3 (2).

TEXT

(3) The state personnel director shall prepare and transmit annually, in the form and manner prescribed by the controller pursuant to the provisions of section 3-3-17, C.R.S. 1963, a report accounting to the governor and the general assembly for the efficient discharge of all responsibilities assigned by law or directive to the department of personnel.

(4) Publications by the state personnel director circulated in quantity outside the executive branch shall be issued in accordance with fiscal rules promulgated by the controller pursuant to the provisions of section 3-3-17, C.R.S. 1963.

26-1-3. State personnel board. (1) Pursuant to the provisions of section 14 of article XII of the state constitution, there is hereby created the state personnel board, referred to in this chapter as the "board", which shall consist of five members to be selected in the manner provided in this section. Three members of the board shall be appointed by the governor, with the consent of the senate, and two members of the board shall be elected by persons certified to classes and positions in the state personnel system in the manner prescribed by subsection (3) of this section. Each member of the board shall be a qualified elector of the state, but shall not be otherwise an officer or employee of the state or of any state employee organization. The terms of office of members of the board shall be five years, except that of the members appointed by the governor to take office on July 1, 1971, one shall be appointed for a one-year term, one shall be appointed for a two-year term, and one shall be appointed for a three-year term, and of the members elected to take office on July 1, 1971, one shall be elected for a four-year term and one shall be elected for a five-year term. Members of the board may succeed themselves in office.

EXPLANATION

This subsection is a reenactment of the present 26-5-3 (3).

This subsection is a reenactment of the present 26-5-3 (4).

A reenactment of the present 26-5-4 (1), this subsection provides for a state personnel board.

TEXT

(2) The board shall exercise its powers and perform its duties and functions under the department of personnel and the state personnel director as if the same were transferred to the department by a type 1 transfer, as such transfer is defined in the "Administrative Organization Act of 1968", article 28 of chapter 3, C.R.S. 1963.

(3) (a) In the year 1975 and every fifth year thereafter, and in the year 1976 and every fifth year thereafter, an election shall be held for a member of the board in the manner provided in this subsection (3).

(b) The elected members of the board shall be elected by persons certified to classes and positions in the state personnel system. On or before April 1, each individual seeking election shall be nominated by petition, signed by not less than one hundred certified employees within the state personnel system and acknowledged before a notary public, which notarized petition shall be submitted by employees or their representative organizations to the secretary of state. Petitions shall be accompanied by an acknowledged statement of the nominee that he is qualified and will serve if elected. Only the names of qualified nominees on the first fifteen valid petitions received shall be placed on the ballot. Not later than May 1, the secretary of state shall prepare a ballot to be used in the election and shall mail one ballot, accompanied by an addressed return envelope and voting instructions, to the last known home address of each certified employee qualified to vote.

EXPLANATION

This subsection is a reenactment of the present 26-5-4 (2).

This subsection is a reenactment of the present 26-5-4 (3).

This subsection regarding nominating and election procedures is a reenactment of the present Section 26-5-4 (3)(b) with the exception of, first, a change in the number of qualified nominees placed on the ballot for election to the Board. Presently, the first thirty qualified nominees are placed on the ballot. Experience with the first Board election indicates this figure is too high. The Committee recommends a change to the first fifteen qualified nominees.

Secondly, the bill provides for a change in the procedure whereby ballots are distributed to qualified voters. The current provisions specify that the Secretary of State "provide a sufficient number of ballots and return envelopes to the various state departments to enable them to send one ballot ...to the...certified employee". This procedure has proved to be a very poor administrative approach; thus the section provides that the Secretary of State mail the ballots directly to qualified voters.

TEXT

EXPLANATION

(c) Ballots shall be marked by employees and mailed to the secretary of state for his receipt not later than 5:00 p.m. on June 1. Not later than June 15, the secretary of state shall cause the ballots to be counted, and the nominee receiving the greatest number of votes shall be certified by the secretary of state and declared elected.

(d) The general assembly shall appropriate to the department of state sufficient funds to carry out the provisions of this subsection (3).

(4) A vacancy in office shall be filled in the manner used for the selection of the person vacating the office, and for the unexpired term. Elected member vacancies shall be filled within three months after the date of the vacancy, and in the event of a vacancy for an elected member position, the governor shall request a supplemental appropriation in an amount sufficient to conduct the election, and the general assembly shall appropriate such amount for that purpose.

(5) Any member of the board may be removed by the governor for willful misconduct in office, willful failure or inability to perform his duties, final conviction of a felony or of any other offense involving moral turpitude, or by reason of permanent disability interfering with the performance of his duties. Removal shall be subject to judicial review.

(6) The board shall adopt, and may from time to time amend or repeal, rules to implement the provisions of sections 13, 14, and 15 of article XII of the state constitution and laws enacted pursuant thereto, including but not limited to rules concerning standardization of positions, determination of grades of positions, standards of efficient and competent service, conduct of competitive examinations of competence, grievance procedures, appeals

This language is a reenactment of 26-5-4 (3)(c) except for the provision that ballots shall be returned by mail to the Secretary of State.

This new subsection specifies that the General Assembly appropriate sufficient funds to the Secretary of State to conduct personnel board elections.

New language in this subsection provides that the Governor shall request a supplemental appropriation to cover the cost of an election to fill the vacancies on the Board.

This is a reenactment of the present 26-5-4 (5).

This subsection outlining the general powers and duties of the personnel board is a reenactment of the present 26-5-3 (6).

TEXT

from actions by appointing authorities, and conduct of hearings by officers. The board shall also define by rule any terms which are necessary in the administration of the state personnel system.

(7) The board shall employ hearings officers, either full or part time, and such other personnel as may be necessary for the performance of its duties, including an administrator who shall serve as secretary to the board with such duties as the board may assign. Funds for this purpose shall be appropriated by the general assembly.

(8) Members of the board shall be compensated at the rate of one hundred dollars per day for each day in which they are actually engaged in the performance of their duties, plus reimbursement for actual and necessary expenses incurred in the performance of their duties. The board shall meet as often as necessary to conduct its business. The board shall elect a chairman and a vice-chairman from among its members, and meetings shall be called by the chairman or a majority of the board. All members of the board shall be given reasonable notice of all meetings, and three members of the board shall constitute a quorum for the transaction of business.

(9) The board and any political subdivision of the state may contract for the furnishing of personnel services by the department of personnel to such subdivision.

26-1-4. Classification and compensation. (1) Payment of salaries. The monthly salaries of positions in the state personnel system are fixed as provided in this article and shall be paid monthly or more often in the discretion of the executive director of the department of administration from funds made available therefor.

EXPLANATION

This language concerning the funding and employment of hearing officers and other personnel necessary for the conduct of the Board's business is a reenactment of the present 26-5-3 (7). The personnel director currently acts as secretary to the board.

This is a reenactment of the present 26-5-3 (8) providing for compensation of Board members and the internal structure of the Board.

This is a reenactment of 26-5-3 (9).

Basically the language of the present 26-1-1, this section allows discretionary authority to pay state employees on a bi-monthly basis rather than the present monthly basis.

TEXT

(2) Salaries. It is the policy of the state to encourage career service for officers and employees in the state personnel system. It is likewise the policy of the state, in recruiting and retaining competent personnel, to compensate such officers or employees with salaries, fringe benefits, working conditions, and hours of work comparable to those found by the state personnel director to prevail for comparable kinds of employment in typical places of public and private employment with which the state competes in recruiting personnel. In order to preserve the integrity of the merit system of employment, and to insure that employees in the state personnel system are graded and compensated according to standards of efficient service, which shall be the same for all persons having like duties, the state personnel director, with the approval of the board, shall establish a classification plan under which all such employees shall be placed.

(3) Classification plan principles. (a) The classification of positions shall be based on the principle that positions having comparable duties and responsibilities shall be grouped into classes subject to the same descriptive title, a definition of duties and responsibilities, and requirements for filling positions in the class.

(b) The allocation of individual positions to a class shall be based on a clear and distinct evaluation of duties and responsibilities assigned by proper authority. Subject to the rules of the board, each position shall be allocated to a class by the state personnel director after considering the recommendation of the appointing authority of the appropriate principal department or division.

EXPLANATION

This broad statement of legislative intent and direction to the Personnel Board and Director conveys the conclusions of the Committee and language of Amendment No. 2 that (a) the state should emphasize career service; (b) competent employees should be provided comparable salaries and fringe benefits to those prevailing in the community; and (c) the Director of Personnel, with the Personnel Board's approval, should maintain a classification plan that ensures an evaluation of complexity of duties and responsibility of work grouped into separate classes of positions.

This subsection and subsection (4) which follows combine in a more orderly fashion the current provisions regarding classification and also provides statutory guidelines for the strengthening of the present system. To implement the second objective the statute emphasizes reordering the system so that position assignment to classes and classes to occupational levels and occupational levels to pay levels be accurately and clearly represented and based on "clear and distinct" criteria.

This rewrite of the present 26-5-5 (3) emphasizes that assignment of positions to a class be based on a clear and distinct evaluation of duties and responsibilities.

TEXT

(c) Classes of positions shall be grouped and related to occupational levels of work which can be clearly distinguished and logically related to the compensation plan.

(d) The pay grade, salary rate, or salary range for each occupational level of classes shall be such as to reflect accurately and clearly the relative level of difficulties and the differences in duties and responsibilities of each class and shall be at the current level of compensation of comparable employments in other places of public and private employment in appropriate competitive labor markets.

(e) The classification plan shall be based on sound, systematic occupational analysis and position evaluation methods which provide for consistent occupational groupings of classes and uniform alignment of classes and salaries among the various departments, institutions, and agencies.

(f) The state personnel director shall assign and may reassign classes of positions to grades in the pay plan, subject to the provisions of this article.

(4) Revision and maintenance of classification plan.

(a) The state personnel director shall revise the classification plan whenever conditions indicate that change is necessary. Such revision shall be made on the basis of evidence which clearly indicates the need for change. Such revision may consist of the addition, abolition, consolidation, division, or amendment of existing classes, occupational groupings, and levels.

(b) At the same time the state personnel director revises the classification plan, he shall assign the class to an appropriate pay grade, salary rate, or salary range.

EXPLANATION

In this subsection emphasis is placed upon relating classes to levels of work which are clearly distinguished and logically related to the compensation plan.

This subsection provides that pay accurately and clearly reflect the level of job difficulty.

The Personnel Director is given the responsibility for assignment of classes to grades and the reclassification procedure.

This subsection allows for revision of the classification plan by the Personnel Director with review by the board if evidence is present which clearly indicates the need for change; thus the intent is that great care be taken in altering the classification plan.

Currently, under 26-5-6 (3), the Personnel Board is given authority to revise and maintain the plan. The Committee's bill transfers this authority to the Personnel Director with provision for Board review.

TEXT

EXPLANATION

(c) The assignment of a class to a pay grade, salary rate, or salary range shall be effective when approved by the state personnel director, unless otherwise provided by law.

(d) The board shall provide by rule for review of such actions.

(5) Salary and fringe benefits survey. (a) To determine comparable rates for salaries and fringe benefits prevailing in other places of public and private employment, the state personnel director shall annually conduct a salary and fringe benefit survey. In conducting the survey, the state personnel director shall select various key classes, including, as applicable, classes at the entrance, supervisory, and management levels of occupational series within the classification plan, to be used in establishing prevailing rates for all classes and employees in the state personnel system. The state personnel director shall determine the relationships between key classes and all other classes, and shall publish such relationships. In addition, he shall determine any changes in such relationships and shall publish such changes whenever they occur. The board shall provide by rule for review of such actions.

(b) In order to establish confidence in the salary and fringe benefits survey, the state personnel director shall confer with employee and management representatives of the state in the design and methodology of the survey, the selection and description of the key classes to be used in

This key provision sets forth the statutory framework for the conduct and application of the salary survey and directs that an annual survey be conducted of fringe benefits. Although retaining some of the broad objectives of the present law as set out in 26-1-2, this section contains those proposals of the consultant adopted by the Committee or modifications thereof.

Subsection (5)(a) provides for the following modification to current procedures as a means of strengthening the survey and its application by generally providing more information to the Personnel Director, Board, and the General Assembly for decision making in their respective areas of authority: (1) A survey of fringe benefits is provided for in addition to the present salary survey; (2) in surveying key classes, entrance, supervisory, and management levels will be surveyed as applicable; (3) full publication and distribution of the results of the salary survey and the changes made pursuant to the survey will be made.

This subsection makes the following modifications to the present statutory language and Department of Personnel procedures: (1) the Personnel Director is directed to confer with employee representatives regarding

TEXT

the survey, and the system used in the collection, tabulation, and analysis of the survey data. The survey shall include a fair sample of public and private employments in what the state personnel director determines to be the competitive labor market area for various key classes. The state personnel director may use the results of other appropriate surveys conducted by public or private agencies and may contract with such agencies to conduct the survey.

(c) The state personnel director shall use valid statistical techniques and, after collecting all appropriate data, shall relate these data to the state pay plan by use of the following formula: When the data show that any two points on the interquartile range for any class are equal to or greater than one-half the distance to the next higher grade in the state pay plan, the class shall be raised in pay. However, if the weighted average hiring rate in the community, after applying this formula, is still higher than the starting rate produced by the formula, the pay range shall be set on the basis of a starting rate which is within five percent of the weighted starting rate in the community.

(d) The state personnel director shall, by November 15 of each year, submit to the general assembly and the governor for inclusion in the governor's budget recommendation a preliminary estimate of the amount needed to implement salary adjustments in the next fiscal year. No later than the February 1 next following, the state personnel director shall report to the governor his final salary recommendations for the ensuing fiscal year, which report shall be published and shall include a detailed explanation of the methodology and conduct of the survey. No later than the February 15 next following, the governor shall transmit the state personnel director's report and the governor's allowance for salary adjustments to the joint budget committee of the general assembly for inclusion as a separate item in the general appropriations bill, including

EXPLANATION

the elements of the survey; and (2) the Personnel Director may use other salary surveys as resources in the compilation of the survey findings.

A new formula for the application of the salary survey data is prescribed in this subsection.

This subsection details a new schedule for submission of the appropriation request based on the salary survey results. This new time schedule will give more validity to the wage survey data since data will be collected as close as possible to the date it is made effective. This makes it possible to delay final wage data verification until January, a compression from the present September collection time. The new time schedule will be:

November 15 -- preliminary estimate of amount needed to implement salary adjustments;

TEXT

with such transmittal all proposed reassignments of classes to pay grades, salary rates, or salary ranges as submitted by the state personnel director, which reassignments shall take effect at the start of the ensuing fiscal year. Any assignments or reassignments of classes to pay grades, salary rates, or salary ranges required by the creation of new positions or any duly authorized reorganization or change in work method may be made effective on a date prior to any July 1 with the approval of the governor.

(e) The state personnel director shall, by November 15 of each year, submit to the general assembly the results of the survey of fringe benefits, including those benefits which are granted by statute and those which are prescribed by rule of the board. The state personnel director shall also, by November 15 of each year, submit to the general assembly and the governor for inclusion in the governor's budget recommendation a preliminary estimate of the amount needed to implement any adjustments in fringe benefits prescribed by statute or by rule which may be recommended for the next fiscal year. No later than the February 1 next following, the state personnel director shall report to the general assembly and the governor his final recommendations for fringe benefits for the ensuing fiscal year, which report shall be published and shall include a detailed explanation of the methodology and conduct of the survey. No later than the February 15 next following, the governor shall transmit his recommendations on fringe benefits to the joint budget committee of the general assembly for inclusion as a separate item in the general appropriations bill. No change in fringe benefits which are granted by statute shall take effect until enacted by the general assembly.

(6) Pay plan. There is hereby established a basic plan of pay ranges to which the state personnel director shall assign and may reassign classes of positions, subject to the provisions of this section. The pay ranges and the salary rates for each step in each range shall be as follows:

EXPLANATION

February 1 -- report to the Governor on final salary recommendations;
February 15 -- Governor transmits report of salary adjustments to the General Assembly for inclusion in the appropriations bill.

The procedure for the fringe benefits survey is detailed in this new subsection. The time frame is the same as that enumerated for the salary survey: the survey results are to be presented to the General Assembly by November 15. Also by this date the Personnel Director will submit to the General Assembly and the Governor estimates of the amount needed for adjustments in those fringe benefits prescribed by statute or board rule. Then by February 1 final recommendations to the Governor and the General Assembly shall be made, published and made available to all interested parties. By February 15 the Governor will transmit to the General Assembly his recommendations on fringe benefits; changes in statutory fringe benefits shall take effect only upon action by the General Assembly.

The present pay plan as set forth in 26-1-2 (2) enumerates a 42 grade plan with 5 percent differentials between each grade. In effect, however, only 36 grades will be used after July 1 with the bottom six grades

TEXT

EXPLANATION

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
1	\$ 333	\$ 350	\$ 367	\$ 386	\$ 405	\$ 425	\$ 447
2	341	358	376	395	415	436	458
3	350	367	386	405	425	447	469
4	358	376	395	415	436	458	481
5	367	386	405	425	447	469	492
6	376	395	415	436	458	481	505
7	386	405	425	447	469	492	517
8	395	415	436	458	481	505	530
9	405	425	447	469	492	517	543
10	415	436	458	481	505	530	557
11	425	447	469	492	517	543	570
12	436	458	481	505	530	557	585
13	447	469	492	517	543	570	598
14	458	481	505	530	557	585	614
15	469	492	517	543	570	598	628
16	481	505	530	557	585	614	645
17	492	517	543	570	598	628	660
18	505	530	557	585	614	645	677
19	517	543	570	598	628	660	693
20	530	557	585	614	645	677	711
21	543	570	598	628	660	693	727
22	557	585	614	645	677	711	747
23	570	598	628	660	693	727	764
24	585	614	645	677	711	747	784
25	598	628	660	693	727	764	802
26	614	645	677	711	747	784	823

(grades 4-10) below minimum rates paid by the state.

The new subsection provides for a pay plan which would expand the present plan to one with 2½ percent intervals between grades and increase the present upper limit of the salary grid by ten 2½ percent grades. The present grade 10, the lowest grade effective July 1, will become grade 1 under the new pay plan grid. The present grade 11 will be grade 3 under the new grid with a new grade 2 representing a 2½ percent increment above grade 1.

The present 5 percent increments between the seven steps within a grade remain in the new grid plan.

TEXT

EXPLANATION

27	628	660	693	727	764	802	842
28	645	677	711	747	784	823	864
29	680	693	727	764	802	842	884
30	677	711	747	784	823	864	907
31	693	727	764	802	842	884	928
32	711	747	784	823	864	907	952
33	727	764	802	842	884	928	975
34	747	784	823	864	907	952	1000
35	764	802	842	884	928	975	1023
36	784	823	864	907	952	1000	1050
37	802	842	884	928	975	1023	1075
38	823	864	907	952	1000	1050	1103
-57- 39	842	884	928	975	1023	1075	1128
40	864	907	952	1000	1050	1103	1158
41	884	928	975	1023	1075	1128	1185
42	907	952	1000	1050	1103	1158	1216
43	928	975	1023	1075	1128	1185	1244
44	952	1000	1050	1103	1158	1216	1277
45	975	1023	1075	1128	1185	1244	1306
46	1000	1050	1103	1158	1216	1277	1341
47	1023	1075	1128	1185	1244	1306	1372
48	1050	1103	1158	1216	1277	1341	1408
49	1075	1128	1185	1244	1306	1372	1440
50	1103	1158	1216	1277	1341	1408	1478
51	1128	1185	1244	1306	1372	1440	1512
52	1158	1216	1277	1341	1408	1478	1552

TEXT

EXPLANATION

53	1185	1244	1306	1372	1440	1512	1588
54	1216	1277	1341	1408	1478	1552	1630
55	1244	1306	1372	1440	1512	1588	1667
56	1277	1341	1408	1478	1552	1630	1712
57	1306	1372	1440	1512	1588	1667	1750
58	1341	1408	1478	1552	1630	1712	1798
59	1372	1440	1512	1588	1667	1750	1837
60	1408	1478	1552	1630	1712	1798	1888
61	1440	1512	1588	1667	1750	1837	1929
62	1478	1552	1630	1712	1798	1888	1982
63	1512	1588	1667	1750	1837	1929	2025
64	1552	1630	1712	1798	1888	1982	2081
-58- 65	1588	1667	1750	1837	1929	2025	2126
66	1630	1712	1798	1888	1982	2081	2185
67	1667	1750	1837	1929	2025	2126	2232
68	1712	1798	1888	1982	2081	2185	2294
69	1750	1837	1929	2025	2126	2232	2344
70	1798	1888	1982	2081	2185	2294	2409
71	1837	1929	2025	2126	2232	2344	2461
72	1888	1982	2081	2185	2294	2409	2529
73	1929	2025	2126	2232	2344	2461	2584
74	1982	2081	2185	2294	2409	2529	2655
75	2025	2126	2232	2344	2461	2584	2713
76	2081	2185	2294	2409	2529	2655	2788
77	2126	2232	2344	2461	2584	2713	2849
78	2185	2294	2409	2529	2655	2788	2927
79	2232	2344	2461	2584	2713	2849	2991
80	2294	2409	2529	2655	2788	2927	3073
81	2344	2461	2584	2713	2849	2991	3141
82	2409	2529	2655	2788	2927	3073	3227

TEXT

(7) Salaries specified in dollars per month. All salaries specified in the state plan of pay ranges shall be in dollars per month for full-time employment for the hours and shifts prescribed. Regular part-time employees shall be paid proportionately to the time actually worked. Persons may be employed for periods of not more than six months to engage in special projects at salary rates below those specified in the state pay plan, upon approval of the state personnel director.

(8) Step for initial hiring. Persons initially appointed into the state personnel system shall normally be hired at the first step of the salary range for their class, but on a showing of recruiting difficulty by the state personnel director or a showing of other unusual conditions by the head of the principal department, the governor or his designee may authorize the appointment of a person at not to exceed the third step; except that as to grades forty-one and above an individual may be appointed at any step in the grade upon approval of the governor or his designee.

(9) Limitation of steps. For classes of positions determined by the state personnel director to involve highly standardized methods of operation for which the growth factor is limited, or for which one or two steps constitute a salary range in industry, the state personnel director may limit the number of steps to as few as an entrance step and two additional steps as being the range for the class.

(10) Salary increases. (a) The board shall provide by rule for salary increases within ranges on the basis of performance evaluation and length of service; except that step 7 shall be achieved by the employee upon the completion of not less than five years of satisfactory service following his placement in step 6 in any grade or combination of grades. The board may provide by rule for periodic step increases; for the holding of an employee at a step in his pay range for a period of one year beyond his

EXPLANATION

This is essentially the language of 26-1-2 (12) with the addition of a new provision regarding the employment of special groups of people for short periods of time (under six months).

In substance, this is the language of the present section 26-1-2 (7) which provides that the normal hiring rate is the first step of the salary range for the class except, when there are recruiting difficulties, with the Governor's approval, (a) appointments can be made not exceeding the third step in the grade, and (b) appointments to grade forty-one and above can, be made to any step within the grade.

This Committee recommendation gives the Personnel Director the flexibility to alter the pay plan grid for certain established occupations (for example, trades) by reducing the number of steps within the salary grade to which the class is assigned.

Several Committee recommendations are detailed in this subsection: (a) salary increases should be based on performance evaluation as well as length of service; (b) as presently provided in 26-1-2 (9), step seven in a grade should be the stability step, promotion to which may be achieved after five years in step six in any grade or combination of grades; (c) allow the

TEXT

anniversary date; and for a two-step or ten percent salary increase in recognition of an unusually outstanding performance by the employee.

(b) An employee's anniversary date shall be established on the date he first becomes certified in the state personnel system, and his anniversary date shall not change thereafter except in the case of unpaid leaves of absence.

(11) Promotions. When an employee is promoted to a class at a higher pay grade, his salary shall be adjusted step for step; except that when he is promoted more than four pay grades, his salary shall be adjusted upward ten percent or to the hiring step of the class to which he is promoted, whichever rate is higher.

(12) Fringe benefits. The board shall prescribe by rule the amount and conditions of annual leave and sick leave (subject to any authorization of the amount of such leave which may be made by the general assembly), holidays, shift differentials, premium pay, hazardous duty pay, and other nonstatutory benefits to be granted employees in the state personnel system, which benefits shall be consistent with prevailing practice. The board may also recommend to the general assembly any changes in the amount or conditions of those fringe benefits which are granted by statute.

EXPLANATION

Personnel Board the flexibility to promulgate rules for holding an employee at a step for one year or for an accelerated -- ten percent -- salary increase.

Implementation of this language will allow the state to abandon the present procedure of either promoting an employee or releasing him from state service.

Although rewritten, this language is, in substance, the provision of 26-1-2 (10).

This is the formula for promotion.

Here the Personnel Board and the General Assembly are given the responsibility for the setting of fringe benefits: the Board, non-statutory benefits subject to some legislative purview, and the General Assembly those benefits granted by statute.

TEXT

26-1-5. State personnel system - cost of administration. (1) The cost of administering the state personnel system as determined by annual appropriation shall be borne proportionately by each principal department of the executive branch of state government, as measured by the ratio of its payroll for employees in the state personnel system to the total payroll for employees in the state personnel system in the preceding fiscal year. Such payments shall be part of the cost of administration of such principal departments.

(2) Each principal department shall pay from its current funds its pro rata share, which shall be deposited to the credit of the general fund. Annual appropriations shall be made from the general fund to pay the cost of the state personnel system.

26-1-6. Transfer to new pay plan. All persons under the state personnel system on June 30, 1972, as set forth in this chapter shall be transferred to comparable grades and steps as set forth in section 26-1-4 (6) on July 1, 1972. The rights, status, or privileges accrued by an employee shall not be adversely affected by the enactment of this chapter, as amended.

26-1-7. Demotion by classification action. The board shall by rule provide that under certain conditions and for specified periods, the compensation rate of an employee may be sustained in the event of his position being placed in a lower pay grade due to a classification study of his position, an occupational study of all positions in a class, or a general classification study of the state personnel system.

26-1-8. No claim against state. No employee whose salary may be increased by a reclassification or regrading of his position to a higher grade shall have any claim against the state for the difference, if any, between the

EXPLANATION

This provision is comparable to the language in the present Section 26-1-7 (1) which directs that the cost of administering the personnel system shall be shared by the principal departments.

This section is necessitated by the section of House Bill 1246, 1971 Session, which provides that the new personnel system shall be operative July 1, 1971 through June 30, 1972.

This new language gives the Personnel Board the responsibility for stipulating under what conditions and for what periods of time the compensation of a state employee shall not be reduced when his position is assigned to a lower pay grade by a classification study, or the like.

This is the language of the current Section 26-1-4 with the addition of a new provision which stipulates that if a valid reclassification request is left pending by the De-

TEXT

salary of the position under its old classification and grade and that which he may receive by reason of a new classification and grade of the position, but if the reclassification to the higher grade is effective more than one year from the time the reclassification request is initiated by the employee or department, the employee shall receive the difference between the salary of the position under its old grade and that which he receives at the new grade.

26-1-9. Insufficient funds. Within any fiscal year, no adjustment shall be made which will require expenditures greater than those for which appropriations have been made. Should funds made available for the payment of salaries be insufficient for the payment of the employees at the rate to which they are entitled under this article, the proper salary shall nevertheless be paid to all who are employed, and employees shall be separated in accordance with such deficiency. The order of separation due to reduction of force in accordance with such deficiency shall be based on quality of service and seniority under a formula established by the board.

26-1-10. Budget control - personal services. (1) (a) In order to provide controls and proper identification of personal services costs necessary to carry out the policy of the state regarding compensation of state employees, the following administrative and fiscal procedures shall apply:

(b) Whenever the authorities or responsibilities within state government are altered by the general assembly, executive order of the governor, or action of an executive director of a principal department, or whenever in the course of administering the state personnel system, the state personnel director conducts a study of positions or classes in the state personnel system, the state personnel

EXPLANATION

partment of Personnel for more than one year from the time the request is initiated, the employee is entitled to the salary difference from the date of request to the time the reclassification is granted. Such a provision puts the Department of Personnel on notice to expedite the investigation of the reclassification request.

With the exception of the first sentence this is the language of Section 26-1-5 of the current statute which specifies what shall be done when there are insufficient funds to pay employees. The first sentence underscores the Committee's desire that departments not exceed their budgets and that requests for supplemental appropriations be stopped.

This entire section is 26-1-8 as first enumerated in H.B. 1246, 1971 Session. It directs the Personnel Director and heads of the principal departments to project anticipated personnel costs as the result of new department duties, or position or class studies, promotions, and the like.

TEXT

director shall estimate the increased costs of personal services, if any, resulting from such actions and shall submit such estimated costs to the joint budget committee of the general assembly and to the executive budget office.

(c) In their annual budget requests, the heads of all principal departments of state government shall set forth separately the projected costs of personal services arising from anticipated classification reviews, promotions, and ordinary and accelerated step increases for employees in their departments.

(d) No funds appropriated to any principal department for purposes other than personal services shall be used for personal services without the prior approval of the governor, and each such transfer shall be reported to the general assembly.

26-1-11. Original appointments - promotions - competitive examinations. Original appointments and promotions to vacancies shall be based on merit as determined by competitive examination. Examinations shall be in such form as will fairly evaluate the abilities and aptitudes of candidates but may not include any inquiry into, or in any way be influenced by, the political or religious affiliations or beliefs or race of any candidate. No examination shall involve any discrimination on account of sex, except as a bona fide job requirement.

26-1-12. Examinations - when held - standards - eligible list. (1) Examinations may be based on the duties, responsibilities, and requirements of a given class or upon specific knowledges, skills, and abilities common to several classes; in which latter case the state personnel director may create eligible lists for a class from among those who have established by examination their qualifications for special requirements of a class.

EXPLANATION

This limits use of funds to the purposes for which they were designated by the General Assembly unless otherwise approved by the Governor. Provision is also made for the reporting of any approved transfer of funds to the General Assembly.

This is a reenactment of the present Section 26-5-8 with coverage of promotions and sex discrimination added to the existing provisions of the section.

This entire section on examinations is a reenactment of the present Section 26-5-9.

TEXT

(2) Any examination may be held at any time that candidates are available and the needs of the state personnel system require. The normal life of an eligible list shall be for one year, but it may be extended for an additional period of one year at the discretion of the state personnel director.

(3) The board shall provide by rule, considering the recommendations of the state personnel director, the conditions under which applications will be accepted, the procedures by which tests will be held, the frequency with which candidates may compete in the same examination, and the standards by which candidates shall be deemed qualified.

(4) Candidates meeting the established standards for a class shall be placed on an eligible list in the order of their scores on the examination; except that veterans and their widows shall be given the preference prescribed by the constitution.

26-1-13. Promotions. Positions above the entrance level may be filled by promotion through the creation of promotional eligible lists resulting from examinations limited to qualified employees, after determination by the state personnel director that the needs of the state personnel system can be fully met by such limited competition.

26-1-14. Temporary appointments - term - tenure. (1) Pending the availability of an eligible list determined by the state personnel director to be appropriate for a class, the appointing authority, with the prior approval of the state personnel director, may fill a vacancy for a permanent

EXPLANATION

This is a reenactment of the present Section 26-5-10 with two exceptions: (a) the term "qualified employees" is used rather than "qualified certified employees"; and (b) the determination is made by the Personnel Director, not the Board. The Committee sees no reason why all employees, including employees not yet certified, should not be entitled to take promotional exams, including employees who are in probationary, conditional, provisional or "trial service" status.

This section enumerates the provisions for appointment of temporary employees. The provisions parallel those in the current Section 26-5-11 with the exception of (b) described below.

TEXT

position by temporary appointment of a qualified, certified employee in accordance with the promotional policy established by the board. In the absence of such an eligible employee, temporary appointments of qualified persons may be made from without the state personnel system. Such temporary appointments shall not exceed six months in length. If the vacancy is for a permanent position, an eligible list shall be established within the six-month period following the appointment.

(2) Upon justification of the appointing authority, the state personnel director may also authorize temporary appointments of persons from outside the state personnel system to positions typically seasonal or nonpermanent in nature, for a period not to exceed six months in any twelve-month period.

(3) Temporary appointees from outside the state personnel system shall have none of the protection of tenure afforded by this article to certified employees.

(4) In case of emergency threatening the public health, welfare, or safety, a temporary appointment may be made without prior approval of the state personnel director; but such appointment may not continue without such approval for more than fifteen days.

26-1-15. Employment lists - classifications - appointments - probationary periods. (1) Employment lists for each class, in the order of their priority, shall be departmental reemployment lists, general reemployment lists, promotional eligible lists, and eligible lists.

(2) Departmental reemployment lists shall contain the names of certified employees in a given department laid off for lack of work, lack of funds, or reorganization, arranged in order of separation rights, as defined by rule of the board.

EXPLANATION

This subsection regards the appointment of people to non-permanent positions; the only change from the present language is made at the suggestion of the Attorney General and The Personnel Board to avoid a possible constitutional conflict. That change involves substituting "twelve-month period" for the present "calendar year" at the end of the sentence.

This entire section -- 26-1-15(1) through (6) -- is a reenactment of the present section 26-5-12 with the following minor exceptions: (a) "reorganization" is added in subsections (2) and (3) as an additional factor causing the establishment of departmental and general reemployment lists; and (b) the term "separation rights" has been substituted for "seniority rights".

TEXT

(3) General reemployment lists shall contain the names of all certified employees, regardless of department, laid off for lack of work, lack of funds, or reorganization, arranged in order of separation rights, as defined by rule of the board.

(4) Eligible lists and promotional eligible lists shall be created as provided in sections 26-1-12 and 26-1-13.

(5) The person to be appointed to any position under the state personnel system shall be one of the three persons ranking highest on the eligible lists for such position, or such lesser number as qualify, as determined from competitive tests of competence, subject to limitations set forth in rules of the board applicable to multiple appointments from any such list.

(6) The board shall establish probationary periods for all persons initially appointed, but not to exceed twelve months for any class or position. After satisfactory completion of any such period, the person shall be certified to such class or position within the state personnel system, but unsatisfactory performance shall be grounds for dismissal by the appointing authority during such period without right of appeal.

26-1-16. Standards of performance and conduct. Each employee shall perform his duties and conduct himself in accordance with generally accepted standards and with specific standards prescribed by law, rule of the board, or by any appointing authority.

26-1-17. Prohibited activities of employees. No employee shall engage in any employment or activity which creates a conflict of interest with his duties as a state employee. The board shall promulgate general rules on incompatible activities, conflicts of interest, and employment outside the normal course of duties of state employees.

EXPLANATION

To the present language of 26-5-13, the phrase "rule of the board" has been added to allow the Personnel Board to promulgate rules in this area.

This is a rewrite of the present Section 26-5-14 which requires the Board to promulgate "lists" of incompatible employment and activities. These lists are not entirely feasible, thus the new language merely requires the Board to adopt general rules on incompatible activities, conflict of in-

TEXT

26-1-18. Service and performance evaluations - system and use. (1) The state personnel director shall provide a system for the evaluation of employee performance and conduct, and the service of each employee shall be periodically evaluated under such system.

(2) The evaluation of service shall be used in the manner prescribed by rule of the board as a factor in compensation, promotions, demotions, removals, reduction of force, and all other transactions in which considerations of quality of service and conduct are properly a factor.

26-1-19. Incentive and recognition plans. The state personnel director shall develop and recommend to the board plans for providing incentives and recognition for commendable or unusual service.

26-1-20. Leaves of absence. (1) The board shall prescribe by rule the conditions and length of time for which leaves of absence without pay may be granted by appointing authorities.

(2) Leaves of absence for jury duty or to fulfill military duty may be granted with or without pay as provided by applicable state law or rule of the board.

(3) The rules of the board shall provide for conditions under which leave with full or part pay or without pay may be granted for educational purposes deemed to benefit the state as well as the employee, subject to authorization of funds for the purpose by the general assembly.

26-1-21. Transfer of employees. Employees may be transferred between positions in the same class or related classes on request and with approval of the appointing

EXPLANATION

terest and employment outside the normal course of duties.

The single change made in this section (which otherwise is a reenactment of 26-5-15) occurs in subsection (2) with the addition of compensation as a factor of employment which will be affected by a performance evaluation system. This addition reflects the Committee's desire to implement a viable performance evaluation system which will have impact on every phase of state employment.

This general statement of intent is a reenactment of the present language of 26-5-16.

This entire section relating to leaves of absence is a reenactment of the present language of 26-5-17 with the omission of subsection (4) which currently stipulates that the Board shall by rule provide the conditions of annual vacation and sick leave subject to any authorization of the amount of such leave made by the General Assembly. This language is incorporated in the new bill proposal as 26-1-4 (12) found on page 60 of this report.

The second sentence is the only new language of substance in this section. It provides that when an employee is trans-

TEXT

authorities concerned. The gaining organization shall assume all liability for the employee's leave accruals, and the employee shall be credited with all leave accruals.

26-1-22. Opportunities for training. The state personnel director shall annually recommend to the governor what opportunities for training of state employees should be provided during the ensuing fiscal year, and such opportunities need not be limited to training for specific jobs but may include training for advancement and for general fitness for public service. The governor shall include in his budget recommendations an amount designated for training programs.

26-1-23. Grievances - review. The board shall by rule adopt a uniform grievance procedure to be used by all principal departments and agencies for employees in the state personnel system. The grievance procedure shall provide an orderly system of review for all grievances except those arising under section 26-1-25. The decision of the appointing authority shall be final but shall be subject to advisory arbitration.

26-1-24. Reduction of employees. (1) When certified employees are separated from state service due to lack of work, lack of funds, or reorganization, they shall be separated or demoted according to quality of performance within the class and seniority within the total state service, and such employees shall have retention rights throughout the principal department from which they were separated.

(2) Certified employees who are separated shall be placed on departmental and general reemployment lists for a period of not less than two years.

EXPLANATION

ferred to another organization within state government his accrued leave is also transferred and is assumed by his new employer.

This rewrite of the present section on training (26-5-19) specifies that (a) the Personnel Director make an annual assessment of training needs; and (b) the Governor in his annual budget provide for training programs. This language reflects the Committee's desire to give training a high priority in the new Personnel System.

This section is a reenactment of the present 26-5-20.

The Committee's language specifies that seniority be measured by total state service in order to be consistent with the Constitution and other provisions of the law.

Statutory provisions on the method of computing seniority in layoff situations are inconsistent with the constitutional provision on computation of seniority in layoffs where veterans are concerned. Under Article XII, § 15 (3), of the Constitution, if an employee eligible for veterans' points is among the employees to be laid off, it is clear that relative seniority of employ-

TEXT

EXPLANATION

26-1-25. Disciplinary proceedings - hearings - procedure. (1) A person certified to any class or position in the state personnel system may be dismissed, suspended, or otherwise disciplined by the appointing authority upon written findings of failure to comply with standards of efficient service or competence, or for willful misconduct, willful failure or inability to perform his duties, or final conviction of a felony or any other offense which involves moral turpitude, or written charges thereof may be filed by any person with the appointing authority, which shall be promptly determined.

(2) Any certified employee disciplined under subsection (1) of this section shall be notified by the appointing authority, by certified letter, no later than five days following the effective date of the action, of the action taken, the specific charges giving rise to such action, and the employee's right of appeal to the board. A copy of such notification shall also be sent to the board. Upon failure of the appointing authority to so notify the employee, the employee shall be compensated in full for the five-day period and until proper notification is received.

(3) Within ten days after the receipt of the notification required by subsection (2) of this section, or within such additional time as may be permitted by the board in unusual cases for good cause shown, the employee may

ees must be measured by total state service (with the employee entitled to veterans' points to also have counted, as part of state service, the military service for which the points were granted). The constitutional rule is also embodied in the present 26-2-2. However, the present 26-5-22 (1) provides that layoffs should be in accordance with seniority "within the class series".

An almost complete reenactment of the present language of 26-5-23, this section deals with disciplinary proceedings. The only changes occur in subsections (3) and (5) and are described below.

Presently an employee is given ten days to file a notice of appeal. New language is added in this subsection giving, in the judgment of the Board, leeway to allow

TEXT

petition the board for a hearing upon the action taken. Upon receipt of such petition, the board shall grant a hearing to the employee. If the employee fails to petition the board within ten days, or within such additional time granted by the board, the action of the appointing authority shall be final and not further reviewable.

(4) At such hearing, the employee shall be entitled to representation of his own choosing at his own expense. The board shall cause a verbatim record of the proceedings to be taken and shall maintain such record. At the conclusion of such hearing, the board shall make public findings affirming, modifying, or reversing the action of the appointing authority, and the appointing authority shall thereupon promptly execute the findings of the board.

(5) In addition, the board shall grant a hearing, upon request by the employee or his representative, to any certified employee in the state personnel system who protests any action taken which adversely affects the employee's pay, status, or tenure. A probationary employee shall be entitled to all the same rights to a hearing as a certified employee, except that he shall not have the right to a hearing to review his dismissal for unsatisfactory performance while a probationary employee.

26-1-26. Resignation - procedure and effect. (1) An employee may resign by filing his reasons in writing with the appointing authority.

(2) Qualified employees who have resigned in good standing may be reinstated under conditions which the board shall prescribe by rule.

(3) The board shall by rule prescribe the conditions under which absence without leave will be construed to be an automatic resignation.

EXPLANATION

extension for good cause shown.

The words "unsatisfactory performance" are added to satisfy constitutional objectives.

Only subsection (2) has been altered in this reenactment of 26-5-24. Subsection (2) replaces the present 26-5-24 (2) which provides that an employee who has resigned in good standing may be reinstated within one year after the date of his resignation. Section 26-1-15 sets forth priorities for use of employment or eligible lists but fails to refer to reinstatement. A question therefore existed as to whether an appointing authority may reinstate a former employee if there is an existing eligible

TEXT

EXPLANATION

26-1-27. Employees' records - state personnel director's duties. The state personnel director shall maintain full records of the proceedings of the board, the examination record of every candidate, and the employment record of every employee. In addition, the state personnel director shall establish and maintain a personnel data inventory of all employees in the personnel system, which inventory shall contain such items as education, training, skills, and other pertinent data. The state personnel director shall make available such data to department heads for the most efficient utilization of the state's manpower.

26-1-28. Certification required before salary paid - contracts for personal services. (1) No salary shall be paid to any officer or employee of the state within the state personnel system as provided by the constitution unless the state personnel director shall have certified that the employment is in accordance with this article.

(2) Contracts for personal services for a term longer than six months in duration shall be reviewed by the state personnel director to determine whether such positions should be brought into the state personnel system.

26-1-29. Appointing authority's salary liability. If any appointment is willfully made contrary to the provisions of this article, the appointing authority shall be personally responsible for any salary liability incurred.

26-1-30. Form of records and reports. The state personnel director shall prescribe the form of records and reports required to give effect to this chapter, and all

list. The bill provides that the Board be authorized to determine, by rule, the circumstances under which a former employee may be reinstated if there are existing eligible lists.

This rewrite of the present 26-5-25 adds language to implement a major Committee recommendation: the establishment of a personnel data inventory of all employees in the system.

Subsection (1) of this section is a reenactment of the present Section 26-5-26.

This new language stipulates that the Personnel Director review contracts of employment for six months or longer to fill positions not presently in the system.

This a reenactment of the present Section 26-5-27.

This is a reenactment of the old language of 26-5-28.

TEXT

appointing authorities shall maintain and submit the reports and records required.

26-1-31. Subpoena powers. The board, its hearing officers, and the state personnel director in the performance of their duties under this chapter shall have the power of subpoena over persons and records, and such powers shall be enforceable by the courts.

26-1-32. Political considerations and prohibited activities. Employees in the state personnel system shall be selected without regard to political considerations; shall not use any state facility or resource or the authority of any state office in support of any candidate; and shall not campaign actively for any candidate on state time or in any manner calculated to exert the influence of state employment.

26-1-33. Subversive acts - disqualification. No person shall be appointed to or retained in any position in the state personnel system who advocates or knowingly belongs to any organization that advocates the overthrow of the government of the United States by force or violence, with the specific intent of furthering the aims of such organization.

26-1-34. Moving and relocation expense. (1) When an employee in the state personnel system is required by any appointing authority, because of a change in assignment, promotion, or other reason related to his duties, to change his place of residence, such employee shall receive his actual and necessary moving and relocation expenses incurred by him both before and after and by reason of such change of residence, subject to the provisions of this section.

(2) A change in residence is deemed to be required if it is caused by a promotion offered by any appointing authority, or if it is caused by a nonpromotional transfer

EXPLANATION

This language adds hearing officers to the list of persons having subpoena powers under the authority contained in the present Section 26-5-29.

This is a reenactment of the present Section 26-5-31.

The current language of Section 26-5-32 on disqualification of persons for subversive activities may not be constitutional; other language, similar to that adopted in Personnel Board rules, and enumerated in the new section, should be proper.

This entire section is a reenactment of the current Section 26-5-33 (1) - (10) without change.

TEXT

EXPLANATION

offered to a particular employee by any appointing authority for the advantage of the state.

(3) As used in this section, "promotich" means changing an employee from one class of work to a different class of work at a higher pay grade.

(4) As used in this section, "household effects" means and includes only household or personal effects such as furniture, clothing, musical instruments, household appliances, foods, and other items which are usual and necessary for the maintenance of a household.

(5) (a) Reimbursement for actual and necessary expenses incurred under this section for the packing, insurance, transportation, storage in transit, unpacking, and installation at the new location of an employee's household effects shall be allowed subject to the limits set forth in this subsection (5).

(b) Reimbursement shall not be allowed for household effects in excess of eight thousand pounds or for the storage of such effects for longer than thirty calendar days at in-transit storage rates.

(c) Reimbursement shall not be allowed for insurance of household effects exceeding the cost of insurance coverage at one dollar valuation for each pound of household effects shipped by a household goods carrier.

(d) Reimbursement shall not be allowed in excess of one hundred fifty dollars for packing and unpacking, or for disconnecting and reconnecting household appliances, or for dismantling and installing antennas.

(e) Reimbursement shall not be allowed in excess of twenty-five cents per thousand pounds per mile for the first one hundred miles, fifteen cents per thousand pounds per

TEXT

EXPLANATION

mile for the second one hundred miles, and ten cents per thousand pounds per mile for all miles over two hundred.

(6) Mileage allowance for one personal automobile will be authorized and reimbursed at the current rate.

(7) Reimbursement will be allowed for rental of trailers or trucks from commercial establishments for movement of household effects and for charges by commercial establishments for towing of house trailers containing the household effects of an employee. If such costs exceed one hundred dollars, the claim must be accompanied by at least two competitive bids and reimbursement will be made at the rates proposed in the lowest bid.

(8) An employee may, at his option, pack and unpack his own household effects and move himself by rental trailer or truck. The employee shall be compensated one hundred fifty dollars and reimbursed for the truck or trailer rental as prescribed in this section.

(9) The total reimbursement for any move shall not be allowed in excess of four hundred fifty dollars.

(10) When an employee is required by any appointing authority, because of a change in assignment, promotion, or other reason related to his duties, to change his place of residence, such employee shall receive his per diem allowance up to a maximum of thirty days for actual expenses incurred while locating a permanent residence at the new location. He may exclude at his option interruptions caused by sick leave, vacation, other authorized leave of absence, or ordered travel. The rates of reimbursement under this section shall not exceed the rates fixed by executive order.

TEXT

26-1-35. Exemptions from personnel system. (1) (a) Administrators employed in educational institutions and departments not charitable or reformatory in character shall include the following, who shall be exempt from the state personnel system:

(b) Officers of an educational institution and their professional staff assistants;

(c) Heads of administrative units directly responsible to officers of an educational institution;

(d) Heads of administrative units, and their professional staff assistants, which relate directly to the educational function of an educational institution and whose qualifications include training and experience comparable to that required for a faculty member;

(e) The heads of those functions of an educational institution which are supported primarily by student fees and charges, including heads of residence halls;

(f) The head of and professional staff members of departments of intercollegiate athletics;

(g) The professional officers and professional staff of the department of higher education, including the professional staff members of any governing board of an institution of higher education; and

(h) The professional officers and professional staff of the department of education.

(2) The state personnel director, in consultation with the officers of such educational institutions or departments, shall determine which administrative positions, under the definitions enumerated above, are exempt from the state personnel system, subject to an appeal to the board.

EXPLANATION

This entire section is a reenactment of the present Section 26-5-34.

TEXT

26-1-36. Persons brought into the state personnel system. (1) Whenever persons employed by the state of Colorado, not within the state personnel system, are brought into the state personnel system, such persons shall be granted status in such system equivalent to their former status and shall be credited with their former state service for purposes of accumulated leave, leave earning rates, longevity, and other benefit status afforded employees within the state personnel system.

(2) Whenever, by reason of constitutional amendment, legislative enactment, executive order, or by action of an executive department, functions outside state government are assumed by state government, persons performing such functions shall be granted status in the state personnel system equivalent to that of the former positions and shall be credited with years of service in their former positions for purposes of accumulated leave, leave earning rates, longevity, and other benefit status afforded employees within the state personnel system.

(3) Whenever employees enter the state personnel system from political subdivisions of the state with merit systems similar to the state personnel system as a result of a formal arrangement with that merit system, the board shall, by rule, establish rates and conditions of accumulated leave carry-over, leave earning rates, longevity, and other benefit status afforded persons in the state personnel system. Such rates and conditions shall be such as to fairly recognize such employees' prior employment and to provide a recruitment incentive to those persons who might benefit state government.

26-1-37. Persons holding exempted positions. (1) When any employee holds a position immediately prior to July 1, 1971, as a member of the state parole board, or in the office of the governor or the lieutenant governor, whose functions are confined to such offices and whose duties are

EXPLANATION

The language of the present Section 26-5-36 is reenacted in this section with a single exception enumerated in subsection (3) below.

New language is added in this subsection to specify that any assumption by the personnel system of employees from another merit system must result from formal arrangements between the two systems.

This entire section is a reenactment of the present Section 26-5-37.

TEXT

EXPLANATION

concerned only with the administration thereof, which position is by reason of amendment to the state constitution made an exempt position on and after such date, the employee may elect to be appointed to a position in the state personnel system which is equivalent to any position which he held with certified status prior to July 1, 1971. If such position is occupied, the employee may exercise seniority over the incumbent, and if no such position exists, the governor shall authorize and create such a position, and the employee shall be certified to that position.

(2) When any person holds certified status in the classified civil service as executive director of a principal department of state government, which position is by reason of amendment to the state constitution made an exempt position, and who is not subsequently appointed to the exempt position as executive director of the principal department, the person shall by rule of the board be certified to any position, or a position equivalent thereto, which he held with certified status in the classified civil service. If such position is occupied, the person may exercise seniority over the incumbent, and if no such position or equivalent position exists, the governor shall authorize and create such a position, and the person shall be certified to that position.

(3) This section shall be repealed on the second Tuesday of January, 1975.

26-1-38. Effect of transfer of powers, duties, and functions. (1) The department of personnel to which powers, duties, and functions of the civil service commission are transferred shall be the successor in every way, with respect to such powers, duties, and functions, subject to the provisions of the state constitution. Every act performed in the exercise of such powers, duties, and functions by the department of personnel shall be deemed to

This is a reenactment of the present Section 26-5-38.

TEXT

have the same force and effect as if performed by the civil service commission prior to July 1, 1971. Whenever the civil service commission is referred to or designated by any law, contract, insurance policy, bond, or other document, such reference or designation shall be deemed to apply to the state personnel board or the state personnel director, as the case may be, in which the powers, duties, and functions of the civil service commission are vested.

(2) No suit, action, or other proceeding, judicial or administrative, lawfully commenced, by or against the civil service commission, or by or against any officer or member of the civil service commission, in his official capacity or in relation to the discharge of his official duties, shall abate by this article. The court may allow the suit, action, or other proceeding to be maintained by or against the state personnel board or the state personnel director, as the case may be, or any officer affected.

(3) No criminal action commenced or which could have been commenced by the state shall abate by the taking effect of this article.

26-1-39. Hearings officers - duties - qualifications.
The board may authorize hearings officers to conduct hearings on any matter within the jurisdiction of the board, upon such conditions and terms as the board may determine, and subject to the provisions of article 16, chapter 3, C.R.S. 1963. Such hearings officers shall possess the following qualifications: LL.B. or equivalent degree from an accredited law school; admission to the bar of the state of Colorado; and at least five years' experience as a licensed attorney.

EXPLANATION

This section is a reenactment of the current Section 26-5-42.

TEXT

EXPLANATION

ARTICLE 2

EMPLOYEES IN MILITARY SERVICE

26-2-1. Status while in military service. Whenever any officer or employee of the state of Colorado in the state personnel system under the provisions of section 13 of article XII of the constitution of the state of Colorado, and laws and rules and regulations pursuant thereto, shall enter active military service with the armed forces of the United States or other branch of service engaged in the national defense, such officer or employee shall retain all state personnel system rights and privileges and shall retain such status in the state personnel system as held by him at the time of entering the armed forces, with the seniority and promotional rights and benefits provided for in section 26-2-2.

26-2-2. Rights. (1) The rights, privileges, and status retained by such officer or employee shall specifically include the right to reoccupy the place, employment, or position held by him at the time of entering the armed forces, upon the expiration of the period of initial service, plus any period of additional service imposed by law, and for one year thereafter; except that if such officer or employee served in any branch of the armed forces of the United States during any period and if he was separated under honorable conditions, the period of such service shall be considered as service in the personnel system of the state of Colorado for the purposes of seniority and for the purposes of promotion from one pay grade to another as well as movement from one step of the pay plan to a higher step in the pay plan, and if the place, employment, or class held by such officer or employee at the time of entering the armed forces has been increased in pay grade during the time of such service, such officer or employee shall be entitled to reoccupy such place, employment, or position at such increased pay grade.

This entire article is a reenactment, without change, of the present provisions of 26-2-1.

TEXT

EXPLANATION

(2) Said rights, privileges, and status retained by such officer or employee shall also specifically include the right to remain upon and hold his place upon any list or lists of persons certified as eligible for appointment to places, employment, or positions in the state personnel system at the time of entering the armed forces, during such period of initial service, plus any period of additional service imposed by law, and for one year thereafter, regardless of the expiration date of any such list or lists of certified persons; except that if such officer or employee shall not have acquired a certified state personnel system status, but shall have been employed by the state of Colorado for a period of one year or less, such officer or employee shall have the right to reoccupy the place, employment, or position held by him at the time of entering the armed forces upon the expiration of the initial period of service, plus any period of additional service imposed by law, and for one year thereafter with the right to hold said place, employment, or position for the full term of his probationary period from the date of his reoccupying the same, or until an examination is held therefor and a person is duly certified thereto.

26-2-3. No compensation - rights of national guard.

(1) The provisions of this article shall not be interpreted as requiring the payment by the state of Colorado or any of its departments, agencies, or officers of the compensation of any officer or employee during the period of service as provided in this article or the period within which such officer or employee retains his status after such service.

(2) Any officer or employee of the state of Colorado, who was a member of the national guard at the time of entering into the armed forces of the United States, shall receive his usual and regular salary or compensation from the state in the year when he first entered the armed forces for a period of time equivalent to the annual encampment period, not exceeding fifteen days.

TEXT

ARTICLE 3

APPOINTMENTS AND OFFICE HOURS

26-3-1. Office hours of state offices. (1) All offices in the executive and judicial departments of the state government shall be and remain open for business daily, except on Saturdays, Sundays, and legal holidays, from the hour of 8:30 a.m. until the hour of 5:00 p.m.; except that nothing in this section shall affect the validity of any act performed by either of said departments before or after the hours specified in this section.

(2) Notwithstanding the provisions of subsection (1) of this section, when a city or city and county and the suburban area within a ten-mile radius of the boundaries thereof have a population in excess of fifty thousand inhabitants, the offices of any executive department of the state government located therein may vary its business hours from those indicated in subsection (1) of this section whenever the executive director of the principal department, with the approval of the governor, determines that such adjustment of hours will help alleviate peak traffic conditions and provide a more even flow of traffic for the purpose of creating safer highway conditions.

(3) Written notice of the variance permitted under subsection (2) of this section shall be given to the local news media of such cities or cities and counties not less than two weeks preceding the effective date of such variance.

26-3-2. Appointment by outgoing officers prohibited. No state, county, or city appointive office, the term of which expires on or after the time fixed by law for the qualification of the officer or officers having the authority to make such appointment, shall be filled by the outgoing appointing officer or officers.

EXPLANATION

This entire section is a reenactment of the current language in 26-3-3.

No changes were made in this reenactment of the language of the present Section 26-3-4.

TEXT

ARTICLE 4

RETIREMENT OF PERSONNEL

26-4-1. Legislative declaration. It is hereby declared to be the policy of this state to encourage able and qualified persons to enter the state personnel system with a view toward acquiring the experience and in-service training and demonstrating the increased capabilities and responsibility necessary for progressive advancement. The policy of this state is to hold out to employees, subject to the provisions of the state constitution and to the rules and procedures of the state personnel system, the hope and expectation of being able to earn promotions in accordance with their individual capabilities and performance, and thereby the state seeks to encourage its more able employees to make their careers in government service.

26-4-2. Establishment of procedure. In order to encourage such careers, to attract the best new people and ideas, to encourage reexamination of existing functions and methods, and to enhance the tone, vitality, and efficiency of state operations in the service of the public, the general assembly in this article establishes a procedure whereby employees who become superannuated may, without hardship or prejudice, be replaced by other employees.

26-4-3. Preretirement education and counseling. The state personnel director shall provide a continuous preretirement education and counseling program for employees in the state personnel system, which program is to be carried out at strategic geographic locations throughout the state. All employees in the state personnel system may participate on a voluntary basis; employees with demonstrable depreciation shall be offered counseling on an individual basis. Each appointing authority shall be responsible for implementing the preretirement program in his organization, in cooperation with the state personnel director.

EXPLANATION

This is a reenactment of the present language of Section 26-4-1.

This is a reenactment of the present language of Section 26-6-2.

This provision is, in substance, a reenactment of the present Section 26-6-3.

TEXT

26-4-4. Retirement. (1) On July 1, 1972, and on the first day of each of the eleven calendar months thereafter, employees under the state personnel system shall retire, or be retired, therefrom upon attaining the age of sixty-seven years, except that the board may, in its discretion, postpone the retirement age in the case of any employee if it determines that the state will benefit through continued employment of the individual. Such postponements shall not extend more than one year at a time, and no more than two postponements shall be permitted.

(2) On July 1, 1973, and on the first day of each of the eleven calendar months thereafter, employees under the state personnel system shall retire, or be retired, therefrom upon attaining the age of sixty-six years, except that the board may, in its discretion, postpone the retirement age in the case of any employee if it determines that the state will benefit through continued employment of the individual. Such postponements shall not extend more than one year at a time, and no more than two postponements shall be permitted.

(3) On July 1, 1974, and on the first day of each calendar month thereafter, employees under the state personnel system shall retire, or be retired, therefrom upon attaining the age of sixty-five years, except that the board may, in its discretion, postpone the retirement age in the case of any employee if it determines that the state will benefit through continued employment of the individual. Such postponements shall not extend more than one year at a time, and no more than two postponements shall be permitted.

EXPLANATION

The Committee assumes that legislative policy is to encourage retirement of employees at their normal retirement date. To further this policy the present Section 26-6-7 which indicates that the Personnel Board should affirmatively seek to find ways of utilizing an employee's talents if he has attained retirement age has been deleted. In addition, various subsections of the present 26-6-4 (26-4-4 in the bill) are amended to provide that the Board "may" instead of "shall" in its discretion postpone retirement if the Board determines that the state "will" instead of "may" benefit through continued employment of the individual.

Subsection (2) and (3) reflect the legislature's desire to lower the retirement age for state employees in steps to age 65 by 1974.

TEXT

EXPLANATION

(4) The appointing authority in the department employing any person attaining retirement age, or any person who is about to attain retirement age, may file with the board a request for the retention of such person, stating the length of time, up to one year, for which such department head desires such person's services to continue. The board shall afford the employee an opportunity for a hearing, and to appear and produce evidence, and shall determine forthwith whether such person shall continue his employment.

26-4-5. State personnel director - notice. Not less than three months, nor more than six months, before an employee attains retirement age, the state personnel director shall notify such employee in writing, informing him that inasmuch as he is approaching basic retirement age, his continued employment may be dependent upon a finding by the board that his retirement should be postponed in order to benefit the state. The notice shall also state that the individual is entitled to be heard by the board on the question and that such a hearing will be arranged upon receipt of his request prior to his retirement age. A copy of such notice shall also be sent to the head of the department employing such person.

26-4-6. Cooperation of public employees' retirement association. The public employees' retirement association shall cooperate with the state personnel director by furnishing any requested information regarding the rights and benefits to which any employee may be entitled.

SECTION 2. 3-1-4 (3), Colorado Revised Statutes 1963 (1969 Supp.), is amended to read:

3-1-4. Appointment of officers, assistants, and employees. (3) If, after appointments have been made to any principal department, the governor shall be of the opinion that the appointed personnel of any such department is in

This is a reenactment of the present Section 26-6-6.

This is a reenactment of the present Section 26-6-11.

These changes are made so as to be consistent with 26-1-15 (2) and (3).

TEXT

excess of its needs, the governor may require the ~~dismissal~~ SEPARATION of any of said appointees, if ten days prior notice of the proposed action be given by the governor to the head of any such department affected and opportunity given to such head within said ten day period to be heard as to the necessity for the retention of all or any of said appointees proposed to be ~~dismissed~~ SEPARATED. ~~Any appointees so dismissed shall be dismissed in the reverse order of their appointments.~~ The decision of the governor after such hearing shall be final and conclusive.

SECTION 3. Repeal. 3-1-4 (4), Colorado Revised Statutes 1963, is repealed.

EXPLANATION

The repealed section reads as follows:

(4) Any persons dismissed pursuant to the authority granted in subsections (2) or (3) of this section, shall be returned to the head of the civil service classified list for such position or similar position in the order of their respective standings on any such classified list at the time of their appointment. If the person so dismissed shall be a provisional appointee, such person shall be given an opportunity for an examination for qualification for the position or class of position from which such person has been dismissed, and shall be placed upon the classified list after such examination in accordance with the grade attained and not otherwise.

Present language in 26-5-12 (2) and (3) (26-1-15 (2) and (3) in the new bill) provides that names of employees laid off shall be placed on re-employment lists "in order of seniority rights." On the other hand, 3-1-4 (4) provides that persons laid off shall be returned to the "classified list" for their position "in the order of their re-

TEXT

EXPLANATION

-98-

SECTION 4. Effective date. This act shall take effect July 1, 1972.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

spective standings on any such classified list at the time of their appointment." Arranging names in order of "standing" on old eligible lists is not proper since all employees would have necessarily stood either one, two or three. Ranking employees on re-employment lists by former examination scores is administratively difficult and, as between employees who took exams at different times, the exam scores would be misleading if there had been changes in the form of the exam or the method of scoring. Accordingly the Committee recommends repeal of 3-1-4 (4) so that it will not be inconsistent with 26-1-15 (2) and (3).

A P P E N D I C E S

APPENDIX A

STATE OF COLORADO PERSONNEL SYSTEM REVIEW

SALARY SYSTEM DEVELOPMENT

PERFORMANCE EVALUATION

TRAINING AND CAREER DEVELOPMENT



EXECUTIVE MANAGEMENT SERVICE, INC.

October 8, 1971

The Honorable John D. Fuhr
Chairman
Colorado Interim Personnel Committee
State Capitol
Denver, Colorado 80203

Dear Mr. Chairman:

We are pleased to submit our report to the Committee on three aspects of personnel management in the State of Colorado. They are: the system for making salary revisions and pay increases, the system for performance evaluation, and training and career development.

Our study has included analysis of statutes, rules, reports, and forms. We have interviewed members of the General Assembly, directors of departments, professional staffs of the General Assembly and of departments, staff of the Career Service Authority of the City and County of Denver and of the Mountain States Employers' Council, and, in connection with training, both regional executives of the Federal government and professors of universities which provide service to the State.

We are grateful for the complete cooperation we have received from everyone we have contacted. I especially want to express my personal thanks to you, the staff of the Office of the House Leadership, the Director of the Legislative Reference Office, and the Research Director and liaison staff of the Legislative Council.

We submit this report with the hope that its recommendations, which we believe to be constructive and practical, may contribute to the continuing reform of Colorado management practices, in which the Interim Personnel Committee has a significant role.

Sincerely yours,

Merrill J. Collett
President

STATE OF COLORADO PERSONNEL SYSTEM REVIEW

INDEX

	<u>Page Number</u>
RECOMMENDATIONS	1
Salary System	1
Salaries and Position Comparability	1
The Survey Coverage	2
Data Collection and Presentation	3
Performance Evaluation	5
Responsibilities and Staffing	5
The System	6
Salary Step Increases	7
Training and Career Development	8
Training and Program Effectiveness	8
Central Program Responsibility	8
Operating Method and Staffing	9
Suggested Programs	10
SUPPORTING ANALYSIS	1
<u>System for Salary Determinations</u>	1
Salaries and Position Comparability	2
1. Internal	2
2. External	3
The Survey Coverage	5
1. Geographic	5
2. The Survey Sample	8
Data Collection and Presentation	8
1. Timing	8
2. Data Treatment	10
3. The Plan of Salary Ranges	12
Participation	12
<u>Performance Evaluation</u>	14
Current Status	14
Assignments of Responsibility	15
The Recommended Form	17
1. The Performance Evaluation Form	18
2. Distribution of Copies	24
3. Uses of the Performance Evaluation Form	24
<u>Training and Career Development</u>	25
Present Organizational Capability	26
1. Central	26
2. Departmental	27
Employee-Initiated Training	29
An Approach to Training and Career Development	30

APPENDIX: Proposed Revision of 26-1-2 Colorado Revised Statutes

R E C O M M E N D A T I O N S

SALARY SYSTEM

Salaries and Position Responsibility

1. That, in order to assure itself of a sound basis for both comparing salaries for similar duties and responsibilities externally with those in the State service and maintaining equitable inter-class relationships based upon levels of complexity and responsibility internally, and to make possible evaluations of employee performance based upon standards which are similar for work of similar nature and responsibility throughout the service:

The classification of State employees be reviewed in their entirety; and that the class specifications resulting from this review describe clearly the differences in levels between classes in the same series and in the nature of work between series, based upon the duties performed.

(See p. 2 of Supporting Analysis)

2. That, to establish the range of pay for comparative work in industry or in other governmental jurisdictions, considering requirements not only for recruitment but for retention of capable State employees:

"Key classes", as specified in Section 26-1-2 (3), (4) and (5), C.R.S. 1963, be interpreted to include classes at supervisory and/or top levels of occupational series in addition to entrance levels; and that "key class" wage comparisons be based upon individual class rather than group composite descriptions.

(See p. 4 of Supporting Analysis)

3. That, to guarantee the State's competitive ability to seek and retain qualified employees in the employment market:

The annual survey of prevailing rates continue to serve as the basis for determination of salary changes.

The Survey Coverage

4. That, since less than 48% of the 18,000 State employees under the personnel system work in the Denver metropolitan area:

The "recruiting area for various key classes" (26-1-2 (4)) be considered to include localities throughout the State where State recruitment is a factor in the total employment market.

(See p. 5 of Supporting Analysis)

5. That, since the principle of prevailing rates for comparable work in the employment area implies coverage of firms which are quite as truly competitors for workers in key State classes because of their specialized operations or of their relative importance in the employment area as by their size:

The survey sample include both large and small firms falling within this definition, at least until the facts have been clearly established in the minds of State officials whether rate differences exist between size categories.

(See p. 8 of Supporting Analysis)

Data Collection and Presentation

6. That, should comparative wage surveys indicate the existence of significant (in excess of 10% or, in terms of the present Basic Plan of Pay Ranges, two levels of pay ranges) differences in rates paid for the same "key classes" in different reporting localities:

(a) The data collected be reported for minimum, hiring, 1st Quartile, median, 3rd Quartile, and maximum rates for total private employments covered as well as by size grouping, by local public jurisdictions, by other States, and by Federal agencies.

(b) The data be separately presented showing the total for the State, the Denver region, and the regions so identified; and that the State consider the establishment of pay differentials in such regions for all classes of positions for which recruitment is made within the region and in which employees are not subject to transfer by their departments.

(See p. 10 of Supporting Analysis)

7. That, since classes of positions for which statewide employee recruitment and management is followed must carry pay ranges sufficient to attract and retain qualified candidates in the area providing the largest and at the same time competitive employment market:

State-wide salary rates be based upon salary survey results in the industrial and commercial center of the State.

8. That, since wage settlement dates extend throughout the year in private industry and the State's fiscal year begins July 1:

The State lessen the burden on private employers imposed by a variety of public salary surveys and at the same time ensure the consideration of salary data as nearly as possible to the effective date of salary decisions by:

- (a) Cooperative arrangements with the Career Service Authority involving (1) addition of State key classes to the Authority's metropolitan area salary survey in July, (2) agreement on firms and public agencies to be covered, and (3) State contributions to assist the survey;
- (b) Placing raw salary and fringe benefit data resulting from the survey in the State's data bank for analysis in August to indicate general trends for preliminary estimates of an allowance needed for salary adjustments (see (e), below) and decisions later on salary recommendations;
- (c) Conducting in December a private salary study outside the metropolitan area; and verifying in January, by telephone, the rates collected in July for metropolitan firms;
- (d) Holding a hearing on recommended revisions the first part of January;
- (e) Amending the statutory requirement for Director of Personnel submission of salary determinations (26-1-2 (6)) by providing for such submission to the Governor on February 1, an estimated "Allowance for Salary Adjustments" having been included earlier in the budget process and submitted in the Governor's budget;
- (f) Assuring that the Governor transmit to the Joint Budget Committee, together with the Personnel Department salary survey report, the actual appropriation for Salary Adjustments by mid-February;

(g) Providing that the Joint Budget Committee include in the Appropriation Act a single lump sum appropriation to the Department of Administration.

(See p. 8 of Supporting Analysis)

9. That, in view of the newly established personnel management structure in the State and the provisions for submission of salary revision reports to the Governor and the Joint Budget Committee by the Director of Personnel, and of the need for flexibility in State pay structure to meet changing levels and characteristics of pay in private industry and in other governments:

(a) The statutory requirement (26-1-2 (2) and (11) as related thereto) for a fixed "basic plan of pay ranges" be deleted and a substitute paragraph provided;

(b) The General Assembly re-assert the State's policy of determining salaries based upon the prevailing pay for work of comparable nature, and authorize the Director of Personnel to revise the basic salary grid when in his opinion State management requirements or the annual salary survey indicates this to be desirable;

(c) The Director of Personnel limit the number of steps within a salary range for classes of positions involving highly standardized methods of operation for which growth factor is limited, such as trades series, and extend the effective applicable salaries for teaching and similar classes to two ranges for teaching and other classes in which the only other salary recognition for superior performance involves "promotion" into administrative work;

(d) The Director of Personnel consider, as the annual survey demonstrates a prevailing practice to exist in industry and in other States, the formulation and recommendation of State policies on pay for shift differentials, holiday and Sundays, and hazardous (safety or health) working conditions.

(See p. 12 of Supporting Analysis)

10. That, in order to minimize distrust among employees and establish confidence in the fairness and objectivity of the salary survey coverage and the system used in collecting and tabulating data:

All phases of this collection and tabulation process be discussed in advance with both the State's management and employee representatives.

PERFORMANCE EVALUATION

Responsibilities and Staffing

1. That, in determining upon a system of performance evaluation:

Top State officials commit themselves to provide the support, personal review, and basic training and evaluation without which no performance evaluation system is worth the time and money involved.

2. That, in giving recognition to the fundamental management aspect of performance evaluation:

Chapter 5, Article 3 of the Rules and Regulations be revised to give the Personnel Director authority and responsibility for establishing a State-wide and uniform system of performance evaluation, for ensuring that evaluation of employee performance is regarded as a significant exercise of supervisory responsibility at all levels, and for administering the system as uniformly as is possible.

(See p. 16 of Supporting Analysis)

3. That, in making decisions on employee performance:

Supervisors be considered as exercising the same essential management right they exercise in selecting employees to fill vacancies.

(See p.15,17 of Supporting Analysis)

4. That, in carrying out their basic responsibility for the administration of performance evaluations:

Department heads clearly establish organizational units for which raters and reviewing officers are responsible at each level, as dictated by the structure and operations of their departments, and name the raters and reviewing officers; and that they notify the Director of Personnel of these designations.

(See p. 16 of Supporting Analysis)

5. That, in order that the Personnel Director may carry out the recommended responsibilities for establishing and overseeing the implementation of

a system of performance evaluation by management and supervisory personnel on a State-wide basis:

He be provided funds to appoint a broad gauge, management-back-ground, professional as division head, a technician, and two supporting clerical/stenographic staff.

The System

6. That, in order to reach management agreement as to essential tasks in each class, and to formulate draft specifics as to levels of performance:

The Director of Personnel, meeting with departmental personnel officers and through them maintaining liaison with the line officials involved, use a task group approach for the several occupational services to develop, prior to management-employee representative conferences, draft "standards of performance" called for in C.R.S. 26-1-2 or the "standards of efficient service" referred to in the recent constitutional amendment (paragraph 8).

(See p. 20 of Supporting Analysis)

7. That, in order to increase employee confidence in the system established to measure their performance:

State employees, through their designated organizational representative, prepare draft "standards of performance" for discussion at employee-management conferences at which agreements are reached in tasks to be evaluated and the standard of performance for evaluation purposes.

(See p. 20 of Supporting Analysis)

8. That, in recording the supervisor's evaluation of the extent to which an employee has achieved the standard of performance, his strong and weak points in present job performance, and his growth potential:

The performance evaluation form prescribed by the Director of Personnel be the only official form to record supervisory decisions and evidence of discussions with employees, and that if departments desire a supplemental form to record additional determinations, use of such forms be subject to approval by the Director of Personnel and, if approved, become a part of the official record of employee performance evaluation.

(See p. 18 of Supporting Analysis)

9. That, in order to secure a supplementary and comprehensive review by rating officers of the performance of all of their employees as of a given date when budgetary considerations are not involved, and to provide department directors and the Personnel Director with a reference against which promotions, anniversary date performance ratings, and reductions-in-force may be checked:

In July, each rating officer prepare a list of his employees and by class title, indicate those he considers outstanding, exceeding the average, average, and below average; and that he submit the list through administrative channels to the Personnel Director.

Salary Step Increases

10. That, in order to provide incentive for an improved public service recognition for employees whose performances especially contribute to that improved service:

The provisions of C.R.S. 1963, 26-1-2 (9) be deleted and a substitute paragraph provide for granting salary step increases for performance.

On completion of his first year of service, or of such probationary working test as is involved, an employee should receive an increase to the next step in the salary range, Thereafter, increases to the mid-point of the range should be dependent upon performance at the standard established for the class, and to succeeding steps only upon demonstrating a performance which exceeds the standard in several important areas or as an outstanding employee, or as a "stability increase" in recognition of an employee's contribution to the stability of the service and his performance for each full five years of service in the class at a level evaluated as meeting the standard for the class in which he is working.

Department heads should make, directly or through delegation, the determination of employees to receive step increases. These decisions should be subject only to a limitation for this purpose based upon a percentage of the department budget allocated to personal service.

In addition, department heads should have authority to grant official recognition for outstanding performance in the form of cash bonuses not exceeding 10% of an employee's annual salary. This recognition should be subject only to a limitation for this purpose based upon a percentage of the department budget allocated to personal service.

The department percentage of personal service funds to be avail-

able for step increases and cash bonuses should be 2% and 1/2%, respectively. These amounts should be included within the sums appropriated to each department.

TRAINING AND CAREER DEVELOPMENT

Training and Program Effectiveness

1. That, before becoming locked in to discussions of individual supervisor or employee needs, kind and intensity of effort, responsibility for planning or implementing, or costs and results of training:

State executives recognize that effective delivery of State services depends in large part upon how fast and how well managers, supervisors, and employees learn what they are expected to do and why, at their respective levels in the State service.

2. That, when planning programs, scheduling work, estimating requirements, revising methods, or securing new equipment:

Executives and managers consider as fundamental to effective operations the "on board" capability of staff to perform at the level required by the time required.

Central Program Responsibility

3. That, though department directors are essentially responsible for developing and maintaining the efficiency of operations, and therefore of training staff in the specific programs, technologies, and processes involved:

The Governor focus in the Personnel Director responsibility for:

- (a) Defining for his approval the scope of training to be provided by the State;
- (b) Recommending the best way--techniques and procedures--to implement training objectives;
- (c) Serving as a "clearing house" on training programs and sources, whether within or outside the State service;

(d) Evaluating training and management development programs within departments, or developed at their request, in order to ensure avoidance of duplication and to balance cost against results in job performance;

(e) Planning and arranging for training and management development of supervisors, managers and executives on a service-wide basis through planned career assignments and structured training programs especially tailored to the laws, organization, and processes of the Colorado State service; and

(f) Formulating for the Governor's approval guidelines and standards for employee participation in educational training which will improve their performance in carrying out State programs.

(See p. 26 of Supporting Analysis)

4. That, in order to acknowledge acceptance of this responsibility and to indicate clearly the objectives of State training efforts:

The Rules and Regulations contain both a statement of authority to be exercised by the Personnel Director and a limitation of the broad training authorization granted under C.R.S. 1963 26-5-19.

(See p. 29 of Supporting Analysis)

Operating Method and Staffing

5. That, to ensure coordination between departments of the State government:

The Personnel Department review and approve arrangements with colleges and universities within the State for structured training in State departments before contracts are entered into.

(See p. 28 of Supporting Analysis)

6. That, rather than attempting to formulate and conduct centrally planned and administered training with its own staff:

The Personnel Department have it developed and run through existing resources (expertise in the departments, colleges, and universities, Denver Federal Regional Training Center, jointly with the City and County of Denver), utilizing locally available consultants for specific programs.

7. That, in presenting supervisory, management, or other centrally-sponsored structured training programs:

The Personnel Department employ the "buy back" principle, similar to that of the Training Bureau of the U. S. Civil Service Commission, in which departments are charged per participant costs on a cost-recovery basis to the Commission.

8. That, in order that the Personnel Director may carry out the recommended responsibilities for planning, arranging for, and coordinating, and evaluating training and career development on a State-wide basis:

He be provided funds to appoint a broad-gauge management-oriented professional as division head, a technician, and two supporting clerical/stenographic staff.
(See p. 33 of Supporting Analysis)

Suggested Programs

9. That, in order to correct a present critical management situation, exemplified by such statements as: "there is only one level of management in the department--the top", "we need supervisory and management training so supervisors and managers will get results from their units", and "supervisors do not feel they supervise; they see themselves as technical doers, not part of management":

The Personnel Director initiate training programs as follows:

(a) a department director workshop program of identifying management elements affecting programs which are failing to meet goals, schedules, cost limitations, or public requirements of service;

(b) a similar program for division and section heads specifically relating budget, personnel, planning, purchasing, and systems elements of management to unsolved program problems; and identifying desirable delegations to first line supervisors; and

(c) a program for first line supervisors providing

(1) instruction in critical management functions such as performance evaluation; the creation and classification of positions in relation to basic organization

principles, system considerations, and employee morale; handling grievances and discipline; time and leave approvals, control, and reporting, etc.; and

(2) preparation of a simple but clear Statewide manual setting forth the pragmatic guides and references needed by supervisors in dealing with individual cases.

10. That, since many employees and executives enter the State service from private firms or from other public jurisdictions which have different goals, functions, structures, rules, and practices:

The Department of Personnel arrange for appropriate Service-wide orientation training and reference information geared to the needs of employees and of supervisory staff, and ensure that departments provide orientation appropriate to their own programs.

11. That, in serving as the Governor's principle staff arm in stimulating Career management development:

(a) The Personnel Department, utilizing a data bank personnel inventory, jointly with other departments, identify key management and other administrative jobs which will become vacant and can be filled by transfer or promotion rather than appointment from outside and initiate identification of "potentials" for the scheduling and developing of appropriate career ladder promotional examinations and supplementary training, as necessary, in order that vacancies at middle management levels can be filled as an assured part of an employee's career development; and

(b) The Personnel Department, cooperatively with the Department of Administration, evaluate the number and nature of positions which will be vacant at manager levels and can be filled by across-department promotions; create a "trainee" class or classes of sufficient number of positions to ensure appointment of persons in the class positions two steps up the promotion ladder within a minimum-maximum time plan; examine for the class; and certify names to the Department of Administration, which will in turn assign, direct, and evaluate the management cadre during the "trainee" period, after which members will assume the positions for which they have received this exposure to on-the-job preparation and instruction under a Department of Administration supervisor. This supervisor would be either in systems analysis or in the work of an Administrative Officer, depending upon expressed department need regarding these programs.

(See p. 30 of Supporting Analysis)

S U P P O R T I N G A N A L Y S I S

SYSTEM FOR SALARY DETERMINATIONS

The study has focused on answering one fundamental question:

What is needed to bring the State system for making salary determinations into line with the new structure and concepts of personnel management, approved in a Constitutional amendment and implemented by statute?

We have recognized that some present practices are the result of operating policies of the previous administrative Civil Service Commission. Others may have resulted from a mutual distrust between legislators and executives and professional staff of an agency independent from them yet empowered to fix a salary level for and fill a vacancy in any given position.

This is now changed. The chief personnel administrator of the State service is appointed by and accountable to the Chief Executive. He directs the activities of a staff department which serves the Governor and the program departments, as it also ensures the public that merit will govern decisions involving opportunities for appointment of individuals to the service and their changes in status thereafter. This fundamental change in organizational concept permits recommendations in the field of salary administration without fear of subsequent embarrassment to the Governor or General Assembly from possible maverick actions of an independent and administrative civil service commission.

The results of our analysis are set forth under the following headings: salaries and position comparability, the survey coverage, data collection and presentation, and participation. As a general statement, from after selection of the survey sample and determination and description of key classes until data are finally ready for interpretation and application to wage setting, we found no reason to question that "valid statistical techniques" are not being employed as required by law.

Salaries and Position Comparability

1. Internal: Unexpectedly, an early and unavoidable conclusion was that the classification plan upon which State salaries are based raises questions as to whether actual position allocations can reflect differences in level based upon complexity and responsibility of work performed, and therefore whether results of data for "key classes" can in fact be applied equitably and accurately to reflect true inter-class relationships in the service.

Possibly because of the previous "certification of one" rule, possibly because of a woefully inadequate number (3) of central professional positions, including division direction, expected to maintain effectively a current classification plan for 18,000 positions, a situation has resulted which one department director indicated as follows: "It is becoming more and more obvious that solutions to problems which concern the Interim Personnel Committee cannot be fully effective until the problem of an unwieldy and inefficient classification system is first solved."

"Unwieldy and inefficient" is a proper designation for a system for 18,000 positions which has over 1300 classes. Possibly some of these classes represent the "synthetic" promotions referred to by a department director, or to requests for new classes based upon reviews of "special requirements" postulated by departments to "get around" minimum pay levels. This may account for the unusually high reclassification actions (about 3500) reported during the year. Related to this proliferation of new classes has been the "fairly common" practice of authorizing new employment at a salary rate above the minimum entrance level which, in theory, is done only when recruitment efforts fail and subsequent investigation shows the State level is "out of line" with salaries paid by competitive firms or other governmental jurisdictions. Of

significance is the fact that when such employment above the minimum is authorized, salaries of all persons allocated to the class are revised accordingly.

"Unwieldy and inefficient" is a classification system with two distinctly different sets of specifications defining the differences between classes. One set established in 1959 and still representing about two-thirds of all specifications in being, contains three headings with descriptive paragraphs too general to distinguish between any but the most obvious of classes. The other set has as many as ten headings, with emphasis under these headings on detailed listings of tasks, of knowledges, skills, and abilities, and of qualifications.

"Unwieldy and inefficient" applies to a plan which may establish as many as nine or eleven separate levels of responsibility and complexity above the professional level, and then base distinguishing differences between them largely upon experience or training requirements.

A review of the entire classification plan should result in reducing the number of classes to between 800 and 900. After the revision it is essential, for effective classification control, to add six new professional positions to perform the classification function at the level of the Personnel Department Classification Division. Possibly some of these could be supplied from among the Personnel Department's generalist positions, on the administrative decision that classification requests involving reclassifications upward or new classes would be analyzed by the central classification staff. As in other phases of management, it is a truism that decentralization results in added cost.

2. External: All State positions are grouped into twenty "relationship" series (PAT, FS, Eng., Med., and so on), each of which includes several occupational series.

In practice this means that though one key class is roughly equivalent to each of the "relationship" series, the wide differences in the occupations contained in some of these "relationship" series (such as the occupations in the PAT series) and the changing nature of salaries in some of these occupations so critical to Colorado State management that it is highly questionable whether data for a single entrance level key class can serve as a true indication of competitive pay for internally determined class inter-relationships. Although data were collected this year for 28 key classes, some "relationship" series do not have key classes, the difference in this year's number and the 18 or so last year being accounted for by an expansion of last year's key class of building trades mechanic into the specific classes of carpenter, plumber, janitor, and so on.

In several "relationship" series few if any industry counterparts exist. In such series salaries are fixed by administratively determining relationships to other series through "indicator classes" and reference to other surveys or information involving States which are recruitment sources.

In order to provide cleaner cut, more accurate, comparisons with salaries of competitive positions for management decisions regarding Colorado State salaries, several changes should be made.

Simple, concise definitions of each key class should be prepared, and key classes should include the present indicator classes.

The key class, as now used, fixes a single point at an entrance level, from which a second point at a minimum level is reached automatically by administrative extrapolation. It would be more satisfactory if each key occupation for wage determination purposes were represented by a key class at hiring level, first full supervisory level, and possibly top level. Data for these

classes would provide management information of value in fixing salaries at higher levels in an occupational series with full information as to the competitive rates necessary to retain employees who have worked in the State for several years. The full range of key classes should be directly compared not only with firms and public jurisdictions in Colorado but with the rest of the Western States and with nation-wide State information for those key classes for which Colorado is recruiting nationally.

The Survey Coverage

1. Geographic: Section 26-1-2 of the Colorado Revised Statutes 1963, requires the Director of Personnel to "annually review the salaries being paid by a fair sample of public and private employment" in what the Department "finds to be the recruiting area for various key classes" and to assign such classes to pay ranges taking into account the prevailing rates found to exist.

The recruiting area, for purposes of the current (September) salary survey, was the Denver metropolitan area for most classes.

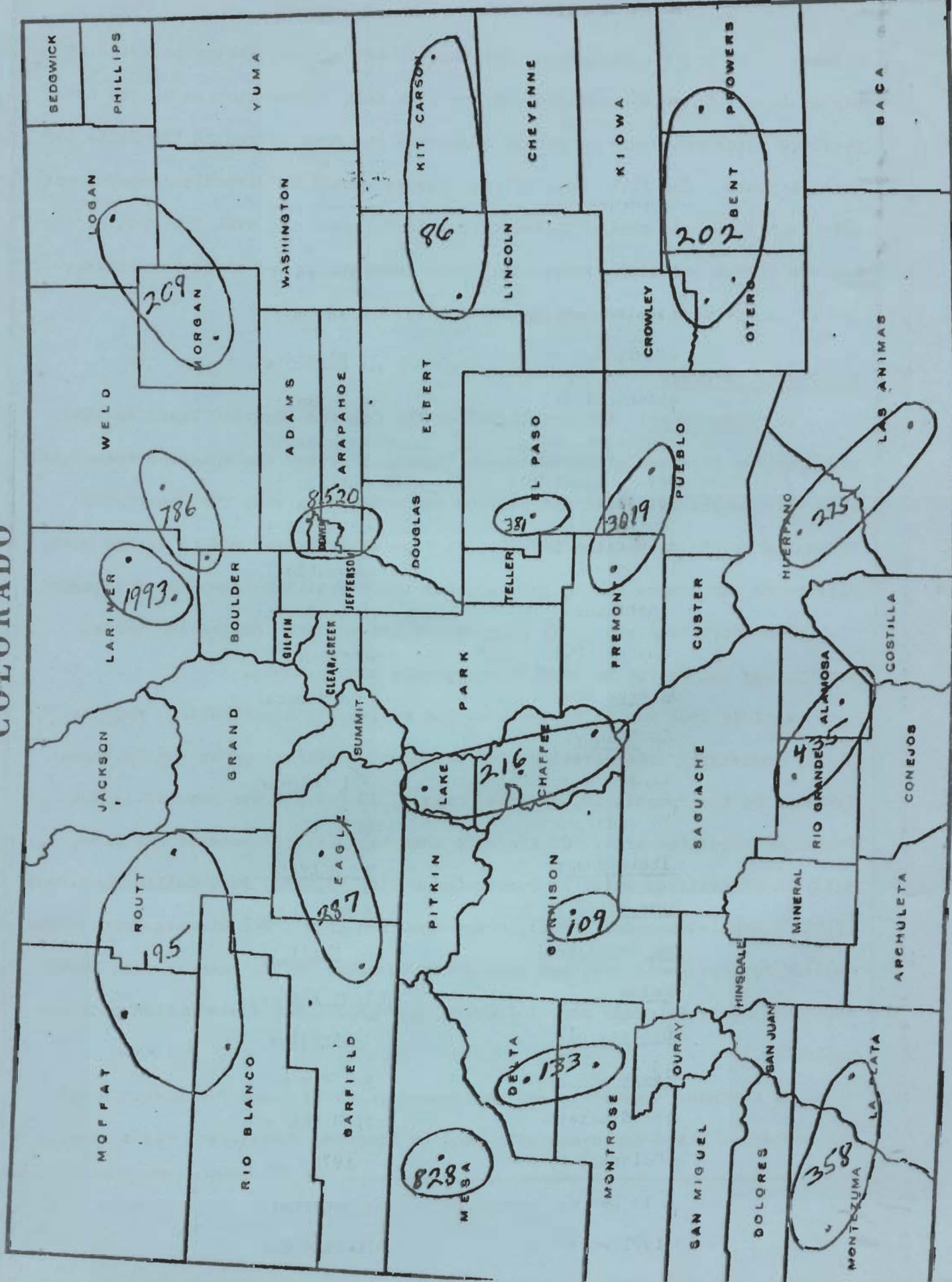
A close look has to be taken at the geographic distribution, and particularly "outstate" concentrations, of permanent positions under the Personnel System. Of the roughly 18,000 jobs, only 8,520 (47.2%) are located in the Denver metropolitan area. Of the more than half (9,512) outside the area, major concentrations exist in Pueblo-Canon City (3,019), Fort Collins-Loveland (1,993), Greeley-Longmont (986), Grand Junction (829), and Alamosa-Monte Vista (435). Smaller concentrations also exist in other areas, ranging from 86 to 381 jobs. (See Colorado map, following, for geographic distribution of State employees.)

As business, industry, and employment grows in these "outstate" areas, the number of State employees will tend to increase there also. As a result,

Distribution of State Employees

COLORADO

STATE PLANNING DIVISION



the question of what the rates of pay are, and the factors affecting those rates, in the "outstate" areas will become more and more important. As an estimate sample, we studied the Annual Manpower Planning Report, Fiscal Year 1972 for concentrations of State and private employment in four areas outside of the Denver metropolitan area. The results were as follows:

- In Greeley-Longmont (Weld-Boulder Counties, State employment is 3.1% of total non-agricultural employment.
- In Fort Collins-Loveland (Larimer County) it is 6.3%.
- In Grand Junction (Mesa County) it is 4.7%.
- In Pueblo-Canon City (Pueblo-Fremont Counties) it is 8%.

Educational institutions in Weld and Larimer Counties affect those percentages heavily, and the Pueblo-Canon City percentage is affected to some extent by comparing area State employment with only total non-agricultural employment in Pueblo County.

Considering these data -- that is, the 1971 Colorado Industrial Capability Register listings by county and the information in the Annual Manpower Planning Report, there is little doubt that not only does private employment in numbers valid for comparisons exist in "outstate" areas but that State employments, and therefore recruiting requirements, exist there. Until these areas are covered with the same attention to validity as now governs the data collection in the Denver metropolitan area, all pertinent facts concerning state-wide prevailing rates are not available for wage determinations. For example, referring to U. S. Bureau of Labor Statistics reports, we noted that wages reported for four classes of work in Colorado Springs in November 1970, were consistently lower than those reported in Denver in December 1970; but that those reported in Pueblo in February 1971 were consistently higher than Colorado Springs, and both above and below those in Denver.

The Director of Personnel should include area data when submitting his

report of salary determinations to the Governor and the State Budget Committee.

He should include his judgment concerning their relation to State employment needs and management practices.

2. The Survey Sample: The sample of 27 firms having 74,000 employees (or 15% of the non-agricultural work force) in the Denver metropolitan area may be adequate if it is truly representative. We do not believe this is so, except in terms of size of the sample.

Lack of knowledge about rates paid by smaller specialized firms, research, engineering, or scientific firms, or other firms which specialize in work for which State key classes represent scarce employment supply is a lack of information about a representative portion of the private economy. To avoid them because their statistical impact may be negligible when included as a part of all private employments covered denies the importance of management knowing representative salary characteristics before making salary determinations. Especially is this important in comparing metropolitan Denver and "outstate" inter-area returns. Surely it would be fallacious to rule out smaller firms, for example, on the grounds that they tend to assign a broader array of tasks to an employee in a given class and therefore could not be compared with State employment. Many organizational sections in the State service, and some Departments, are little, if any, larger than "smaller" firms. In turn, few State agencies are as large as the individual Federal agencies which now comprise the sample.

Date Collection and Presentation

1. Timing. To assure maximum validity of wage data, they should be collected as close to the date they are made effective as possible. If wage settlements were made, in general, during a narrow period of time in industry

each year, this period would be significant for State timing; but it is our understanding that settlements are made throughout the year. The real limitation is, of course, the appropriation process in relation to adjournment of the General Assembly.

The recommended time schedule involves "last reasonable" dates for the appropriation process which were cleared with professional staff of the Joint Budget Committee, the Executive Budget Office, and leaders in both executive and legislative branches. This timing makes it possible to delay final wage data verification until January, a compression from the present September data collection schedule.

This change can only be made, in view of the concurrent recommendation that wage data be collected in "outstate" areas, if cooperative arrangements are resumed with the Career Service Authority of the City and County of Denver. The two systems of data collection are virtually the same, having the same source. The firms in the State's survey and the State key classes could, where different, be added to the Career Service Authority list, and two State professionals assigned to participate in the July data collection by the Authority. Raw data, including fringe benefits, could be then separately fed into the computers of the two agencies. Each would tabulate and analyze on the base of such difference in technical processing as may exist. In addition, the Personnel Department could assist the Executive Budget Office by giving an informal August estimate of salary trends, which would permit the Executive Budget Office to estimate an "Allowance for Salary Adjustments" for inclusion in the Governor's budget.

An important by-product: firms in the metropolitan Denver area need only be contacted for one salary survey by the Personnel Department and the Career

Service Authority, and need work only with one list of key classes.

2. Data Treatment: Traditionally the controlling bench marks determining the minima and maxima for the classes included in the State salary survey have been the 1st Quartile, Median, and 3rd Quartile of the array of reported cases. However, policies of private and other public employers differ widely, and the distribution of salaries within any one class may not easily be adapted to a relatively rigid step salary plan, such as that of the State service.

Data received may show substantial deviation from a previous year on one quartile and little if any on the other two. Occasionally an upward change is reported in one quartile and a decrease in another of these three reference points. Consequently, the State has a long standing policy that the salary range will be used in comparison purposes for which two of the three quartile measures are the closest.

It is our belief that the use of the inter-quartile range, in itself, cannot be considered to meet the range of "comparability". It is common survey practice to eliminate extreme cases on either end of the spectrum as being non-representative if, in fact, inquiry discloses that they are based on atypical policies ("we're a small law firm; we give her a five percent increase each year, without ceiling") or the result of an error in sampling. However, the elimination of one-half of the total reported cases (the one-fourth below the 1st quartile and the one-quarter above the 3rd quartile) from analysis appears excessive.

It may result in establishing an entrance rate too low or too high; it ensures that the maximum rate is always lower than that paid a very substantial number of employees working for other employers. This factor has been recognized in the trade classes, where the actual range has been shortened by setting

the entrance rate at the 3rd step in the range. In this extreme case, how can we achieve "comparability" between a salary range of six or seven steps for a class of work which traditionally, in private employment, has a single or at most two rates?

One readily available additional reference point in establishing the minimum rate for the class is the most usually used "hiring" rate. This information is secured in the State survey, but it is not utilized in final calculations. It might be a better indicator of what the public entrance salary level should be than the 1st quartile. Granted that the 1st quartile is a significant measuring point; so is the hiring point. So are the reported minimum and maximum rates. The technician preparing pay recommendations cannot afford to ignore any of these measuring devices, and all of these reference points should be available to officials making salary decisions.

As an example of a summary salary survey presented in tabular rather than graphic form and including the hiring rate is as follows:

Class	Present Range	Min	Median Hiring*	Q1	Q2	Q3	Max	Recommended Range
A	130-150	125	140	133	152	173	180	145-180

*The median hiring rate is suggested rather than the inter-quartile range of hiring rates since the number of cases reported is likely to be relatively small and the median a more reliable indicator, but either measure can be used.

The tabular form also lends itself to recording separately: (a) the private survey summary, including separate lines for the analysis of rates by smaller and larger employers, and by geographic areas; (b) the survey of other local jurisdictions in Colorado; (c) the survey of other States; and (d) the Federal comparison. These may be listed, using separate lines, under each key class title, with each source of data properly identified.

It may be said that the professional using such tabular presentation will prepare recommendations for the key classes based upon personal judgments. This is what he should do rather than be held to inflexible statistical benchmarks. In fact, that is what he now does for those 97% of the classes which are not designated as key classes, and for which he analyzes levels relationships in setting relative pay rates.

3. The Plan of Salary Ranges: With the Personnel Director a part of the Governor's cabinet, and with his salary determinations being submitted by report to the Joint Budget Committee where they are given substance through appropriation action, continuing to fix the "Basic Plan of Salary Ranges" in statutes appears to be highly rigid and undesirable.

The Personnel Director should be responsible for maintaining the basic pay grid or revising it as called for by the needs of the service. For example, he should also be able to consider the traditions and requirements of certain established occupations (for example, trades) by reducing to not more than three steps the range of their salaries within the salary grade to which their class is assigned. He should be able to provide an end-to-end (double) range as an incentive to good teachers who wish to remain in the classroom (and make their maximum contribution there), but who now have no other recourse than to accept "promotions" to administrative positions in order to get salary recognition. He should be able to drop or add salary grades, or to reduce or add steps in a grade, if the salary survey or administrative experience convinces him that improved administration will result.

Participation

If the process of salary administration is to be a positive force in management improvement and call for a "plus effort" by supervisors and employees,

they must participate in it. At present, inter-class relationships are negotiated with employee representatives the first week of September, before the salary survey, and later after salaries are recommended. We suggest that both management and C.A.P.E. be invited to participate in the selection of key classes and the firms which will constitute the salary survey, and a hearing process be limited to when it has meaning -- after all the data are tabulated and analyzed and after salary revisions based upon that evaluation have been recommended.

PERFORMANCE EVALUATION

The Constitution and Colorado Revised Statutes contain ample authorities for development of a sound performance evaluation system. In fact, references abound, as follows: "standards of efficient service" (Paragraph 8 of the Constitutional Amendment relating to Personnel), "standards of performance" (26-1-2 (9) C.R.S. 1963), "standards of performance and conduct" (26-5-13 and 26-5-15 C.R.S. 1963), "quality of performance within the class series" (26-5-22 C.R.S. 1963), and "standards of efficient service or competence" (26-5-23 C.R.S. 1963).

Current Status

Performance evaluation, as a system which can be used objectively and uniformly -- a requirement for a "standard" -- throughout the State service in vital decisions affecting both the status of employees and the effectiveness and quality of service to the public, does not now exist in reality.

A total of twenty different plans have been identified, and the possibility exists that others may have escaped notice during the survey. To the extent it could be determined, there was no technical review of the various department performance evaluation plans. Nor was there any statewide training of supervisors in the use of performance evaluation, not surprising since the forms used and purposes sought differ with each department. What little training exists is incidental to technical training programs developed by the departments.

The frustration and exasperation felt by the General Assembly, as it was exposed to the situation, resulted in passage of Section 26-1-2 (9) C.R.S. 1963.

In effect this granted automatic step increases in salary to employees unless they were so unsatisfactory as to be fired. Legislative desire for change is now clear.

The attitude of employees can be indicated by response to a query concerning the special "promotability" evaluations. It was alleged that supervisors sometimes make extraordinarily high or low evaluations, at variance with their previous formal evaluations, in an attempt to give specific employees an advantage in the examination process. The existence of this practice was confirmed by staff in the Personnel Department.

Employees representatives ask why a regular performance evaluation cannot be used in the promotional process. This is a fair question. It admits of only one answer: if employees are to be evaluated against a standard of performance, as clearly intended by the Constitution and the statutes, such an evaluation should relate to all the actions resulting from the exercise of supervisory judgment. To do this requires a system so constructed and administered that it discriminates fairly and properly between the performance of personnel being evaluated.

Assignment of Responsibility

1. The Supervisor: A most important aspect of management is to determine who is expected to carry, at the lower levels of the organization, responsibility for those tasks commonly included with "supervision". Nothing can be more shattering to staff with supervisory titles or responsibilities than to find they have not been delegated authority accordingly.

It is a supervisor's responsibility to define objectives, determine specific tasks to be performed, schedule the work, and deploy the personnel available to him for the most effective performance of his unit. It then

follows that he must evaluate the performance of such personnel. Just as the process of supervision is a continuing one, so must be the process of evaluating performance.

The department director must determine who are his first line supervisors, his initial evaluators of performance. He must make clear to them, by the reviews given their own work, that evaluation is a constant process. He must secure adequate training for them to evaluate objectively and with good judgment.

2. The Department Director: As implied above, the actual value to be derived from any performance evaluation system rests squarely on him. His is the decision concerning reviewing officers, whose approach to their function and whose attitudes and judgments expressed to supervisors will indicate much more clearly than his words what his real policies are. His is the responsibility for seeing to it that meaningful standards of performance are prepared within his department, and for seeing to it that the ratings of employees by raters insures uniform application of those standards.

3. The Personnel Department: At this organizational point, now the chief staff office to the Governor for service-wide management of the State employees, clearly rests responsibility for system development and review. This responsibility includes developing, cooperatively through joint efforts of the departments and employee representatives, the tasks and the standards of performing them which will apply in each class of position. It involves developing and executing, in cooperation with operating departments, a program of training executives and supervisors in the use of performance evaluation forms and records. It requires maintenance of a continuous auditing function to ensure that all the components of the system are administered equally throughout the

State service. Finally, it calls for program review to determine deviations from the established system.

The Recommended System

If the State wishes to give meaning to statutory intent, it will need to recognize that evaluation of employees is not a pleasant task; it cannot be slotted into a brief time set aside once a year; responsibility for success or failure of a system -- any system -- cannot be placed upon a form used in the process, or upon the Personnel Department. Evaluation of the performance of staff is but one aspect of an executive's, a manager's, or a supervisor's basic job. The way he does it is a measure of his own performance. His is the responsibility. In a very real sense the evaluation of an employee's performance by a supervisor is but a different facet of the same fundamental management right: the right to hire. Yet if the positive benefits of that evaluation are to be gained -- that is, improved performance, the employee must have an opportunity to participate in and to understand the basic tasks upon which he is evaluated and the standards against which his performance is measured. He must also have an opportunity to exercise an option of discussing his evaluation with a higher administrative official.

There are only two alternatives to giving the time, training effort, and follow-through necessary to a meaningful performance evaluation of employees based upon the class of position in which they work. First, grant an automatic salary step increase and for all other personnel actions rely upon separate measures of ranking or evaluating personnel. Second, rely completely upon the unsupported written recommendation of a supervisor. We believe that a meaningful system of performance evaluation would be preferable to either alternative.

We have set forth in Performance Evaluation Recommendations the legal and administrative authorizations and processes necessary to establishing and maintaining what we believe to be a workable system of performance evaluation for the State service, one which implements Constitutional and statutory intent as we interpret it.

1. The Performance Evaluation Form: There is nothing magical about any rating form so far devised. Forms may vary considerably in appearance, format, and content, but not one can, by virtue of its clever design, ensure that the evaluations they record are precise, accurate, and valid. What is important is the amount of attention paid to the processes of continuously reviewing employee performance and of communicating with employees about their work progress or areas of needed improvement.

Basically the recommended form (See page following) is unstructured, tailor-made for each individual class in which yard sticks are established and by which the employee's performance will be evaluated.

Items 1 - 6 are self explanatory.

Standard of Performance is the most important and significant part of the form. It is the foundation of the entire process of reviewing and reporting evaluations of performance.

This section is divided into two principal columns--Tasks, and Standard of Performance. The "Tasks" column includes the specific tasks of the position which generally should be derived from the essential characteristics contained in the class specification. In the "Standard of Performance" column should be entered, for each task listed, the way in which performance in the job will be evaluated. The following are presented as illustrative examples for several classes of positions:

Form No.	State of Colorado Department of Personnel PERFORMANCE EVALUATION	
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1. Name of Employee:	2. Name of Supervisor:
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3. Department:	4. Division:	5. Section:
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6. Position Title:

a. Classification:	b. Working:
--------------------	-------------

7. STANDARD of PERFORMANCE

Tasks	Standard of Performance	Comments

Strong Points

Weak Points

9. LEADERSHIP APPRAISAL

Attitudes and Abilities

Demonstrated Leadership Traits

Growth Potentials

10. SUMMARY APPRAISAL

<input type="checkbox"/> Performance clearly below the desired standard. Recommend separation.	<input type="checkbox"/> Performance below standard in some respects but some improvement has been noted. Recommend review in 90 days.	<input type="checkbox"/> Performance meets standard.	<input type="checkbox"/> Performance exceeds standard in several important areas.	<input type="checkbox"/> Performance exceeds standard to such an extent that this must be considered an outstanding employee. Details covered in separate statement.
--	--	--	---	--

11. EVALUATION OF PROMOTION POTENTIAL

<input type="checkbox"/> Employee clearly not qualified for further promotion.	<input type="checkbox"/> Employee not yet qualified for further promotion but shows some leadership potential. Recommend review in _____.	<input type="checkbox"/> Employee fully qualified for immediate promotion. Definitely shows leadership potential.
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12. Supervisor's Certification. I hereby certify that this report is my unbiased, objective opinion of the performance of the employee rated herein. Signature _____ Date _____

13. Employee Certification. I certify that I have reviewed this rating with the rating officer and have received a copy. I do do not wish to discuss my rating with the reviewing officer. Signature _____ Date _____

14. Reviewing Officer's Comments.

Title _____ Signature _____ Date _____

Tasks

Standard of Performance

(Janitor)

Mops and waxes floors, washes windows

- Mops 700 square feet of tile floor; wax is to be applied uniformly and polished so that all excess wax is removed, no smear marks are left, and the surface presents a uniform clean appearance
- 26 windows are to be washed; both inside and outside surfaces are to be cleaned, dried, and polished so that no smudges can be seen

(Receptionist)

Receives telephone calls made to the section, answers inquiries and directs callers to other personnel for additional information

- Has sufficient knowledge of the operations of the section so that only a small percentage of inquiries need be referred to other personnel
- Calls referred to other personnel are of sufficient difficulty and complexity so the receptionist is almost always correct in making such referrals

(Mail Clerk)

Delivers mail to different sections of the office

- Completes delivery of all mail within 45 minutes of the next scheduled mail run
- Mail is almost never delivered to an incorrect addressee

(Typist)

Cuts stencils

- Averages three (3) legal size stencils per hour
- Stencils so cut reproduce neat and legible material
- Errors in typing do not exceed five per cent

The column headed "Comments" is usually used to make notes during an evaluation, and may include comments of the reviewing officer should he send the form back with suggestions for reconsideration.

Initially the preparation of the "Tasks" and "Standard of Performance" columns should be developed by committees of department personnel officers in conjunction with program managers. These should then be discussed with employee organization representatives in order to reach agreements as to standards to govern the rating process.

Evaluation Summary. While the basic measurement of the employee's contribution to the organization's program objectives should be expressed in specific terms regarding amount and quality of work performed, there exist variations between employees in the factors which cause them to reach a desired level of performance. One employee may be able to make a desired level of performance because of his capacity for steady, methodical work habits; another by being capable of short bursts of high productivity which averages out at the same level over periods of time.

In this section, the supervisor should note those elements of the job which the employee does exceptionally well and those in which, whether or not he reaches the minimal standard, his performance can be improved. This information would be available both to the employee interested in improving his performance and to the higher level supervisor responsible for developing a training program for the organizational unit.

Leadership Appraisal. Ordinarily the section will be applied to employees already in supervisory positions. Generally the traits, abilities, and skills which are related to successful performance in supervisory positions are not closely identified or evaluated in employees occupying non-supervisory positions. However, in those instances in which the rater can make an evaluation of his subordinate's probable success as a supervisor, he should do so. His judgment will become an important part of the record when the employee may later be competing for a promotion.

No special format for answers is required in this section; the rater is free to answer in any manner he wishes. The three key subject headings are included merely to serve as reminders of factors for which reviewing officers frequently look.

Under "Attitudes and Abilities", the rater is usually interested in:

- What are the employee's reactions toward his supervisory responsibilities, his supervisor, the department, division, or organizational unit in which he works?
- Does he cooperate with fellow supervisors?
- What is his manner toward his work and his subordinates?
- How does he accept supervisory suggestions for improvement?
- Does he exercise initiative and self-control?

By "Leadership Traits", management is interested in such factors as:

- Does he accept responsibility for mistakes, those made by his staff as well as his own?
- Does he delegate work effectively?
- Are his work assignments understood?
- Does he take care of problems before they become official grievances?
- What are the evidences of his cost consciousness?
- Does he maintain acceptable production standards?

Under "Growth Potential", the rater should consider such factors as:

- Evidence of the employee's desire to lead
- His short-range and long-range ambitions
- His desire for recognition
- His reactions to work pressures and challenges

Summary Appraisal. This section permits the rater to assign one of five possible appraisals--two types of unsatisfactory ratings, an average rating, and two types of satisfactory ratings.

The lowest rating is assigned to those persons who have failed to reach the accepted standards of performance.

The second rating is to be assigned to those persons who have failed to achieve the accepted standard in some respect but whose performance is improving and beginning to approach it, and who, in general, are considered to be worth a second chance.

The third and fourth ratings are self explanatory.

The fifth rating should be used very sparingly and only in those instances in which the performance of the employee is so outstanding as to merit

special recognition. It is highly unlikely that more than ten (10) per cent of the employees would achieve such a rating. One method to reward employees receiving such a rating is by awarding them a cash bonus. Used judiciously and selectively, the use of the incentive bonus is not expensive and the cost benefit return to the State should exceed by a wide margin the cost of such bonuses granted.

Evaluation of Promotional Potential. This section will be completed only for those employees who were rated for Leadership Appraisal. These will normally include employees eligible for promotion or will acquire eligibility in a reasonably short period of time.

Supervisor's Certification. This section is self explanatory.

Employee's Certification. In this section the employee certifies that he has reviewed the rating with his supervisor, and indicates whether or not he wishes to discuss his rating with the reviewing officer.

Reviewing Officer's Comments. The reviewing officer should be the person immediately over the rater in the hierarchy of the organization. Depending upon the organizational structure of the agency, such reviewing officer may be one or two levels removed from the rater. However, whenever possible the reviewing officer should be the same person preparing the rater's performance evaluation.

The review of performance evaluation forms has basically a three-fold purpose:

- It permits the reviewing officer to determine whether all units under his supervision are contributing effectively to the organization's objectives.

- It allows the reviewing officer to verify that ratings are applied fairly and equitably to all employees. It is the reviewing officer's responsibility to see that different yardsticks are not applied to different employees performing identical functions.
- It permits the reviewing officer to make judgments with respect to the ability of the rater to make and record personnel evaluation judgments.
- It assists the reviewing officer to determine the need for and areas requiring training programs for employees and/or supervisors.

2. Distribution of Form Copies: The performance evaluation form should be prepared in an original and three copies. The distribution should be as follows:

- File copy. As a basic working tool, the file copy of the form should be retained in the lowest eschelon which permits ready access to the file copy by the rater.
- Employee copy. One copy is retained by the employee.
- Departmental copy. One copy is to be retained by the departmental personnel officer.
- Department of Personnel copy. One copy should be forwarded to the Department of Personnel for use in coordinating and auditing the performance evaluation system. The copy should be filed in the office of the chief evaluation technician.

3. Uses of the Performance Evaluation Form: There are various uses to which the performance evaluation form should be applied. As we have developed the form, we consider its uses to include:

- Use in promotional examinations
- Use as a factor in granting of step increases in salary
- Use in the awarding of meritorious bonuses
- Use as a factor in reduction in force

TRAINING AND CAREER DEVELOPMENT

Stimulated, initially, by Federal "merit system" requirements for certain grant-in-aid programs administered by the State, training is fortified by ample statutory authority. Section 26-5-19, C.R.S 1963, contains a very broad grant of authority to the Personnel Director to "provide opportunities for training, which need not be limited to training for specific jobs but may include training for advancement and for general fitness for public service." Unfortunately, to date no specification has been prepared for the scope and objective of State training.

An unusual amount of training effort exists in parts of the State service, but it is spotty in substance and organizational location. Most of it relates specifically to up-grading short-supply staff, meeting Federal skills standards for grants-in-aid, or providing training which is technical or procedure oriented.

Supervisors are said to consider themselves "doers". Managers are merely those doers of a few years back who were promoted as a result of examinations and the "rule of one" under the previous administrative Civil Service Commission. Officials decry the quality and lack of depth in the State's middle management. At the same time enough smoke has appeared to convince us that a fire of frustration burns among that same middle management because "There is only one level of management--the top."

Nor is there evidence of a State-wide career development program. Largely ignored is the identification of key management and administrative jobs which will become vacant and the preparation of employees in lower jobs

to fill them. This kind of need has not been understood and supported at higher levels; in its place is the belief that "training" is limited to teaching tasks to lower employees. The needs of supervision and of management are in limbo.

In view of these conclusions we believe that the thrust of training, of career and management development through unstructured one-to-one training on the job or through structured training in a group, must be determined by the Governor and his newly established staff arm, the Personnel Director, before the State can begin to approach it with effective planning and implementation. What is needed is a definition of the scope of training to be provided and a clearly assigned, centralized, responsibility to determine the best way to implement--both procedures and techniques--the program. This same assigned responsibility should include measuring results in order to ensure that goals are being accomplished in an economical way. Documentation should be developed to permit evaluation of whether training has improved job performance, and, if so, the measure of this improvement in terms of its cost.

Present Organizational Capability

1. Central: Centrally there is no present capability to meet this responsibility. The Personnel Department lost a training coordinator in the budget cut, even as it was being reconstituted from the independent, administrative Civil Service Commission to an executive department. The Department has grant funds from the U. S. Manpower Administration's Public Service Career Program to find entry level jobs for "low skill" people, up-grade some 75 employees, and improve the personnel system.

This latter has involved a study of some eighteen para-professional

classes with 350 to 400 jobs to secure agreement on common titles, accurate class specifications, proper pay levels, and standards for the use of written and oral weighted examinations. Nonetheless, the two technicians have been able to go beyond this to collecting departmental training officers into an informal group which has begun to consider broader, more fundamental questions, such as an outline of a service-wide training program for supervisors.

In addition, the Personnel Department enters into agreements with the departments to run "trainee" classes which are related to promotional process. The Personnel Department spot audits this training.

2. Departmental: Of the 17 State departments with approximately 18,000 employees, seven (with 12,500 employees) have on board one or more substantially full-time professional training officers for employees in their departments and, in some instances, for employees (3,000 to 4,000, in the case of the Social Services Department) of local governments which carry out program administration. Ten departments with 5,500 employees have no professional training staff.

The ratio of department professional training staff to total employment in the department varies from zero at the low end to 1 per 380 at the high end. The needs within the departments vary with the types of personnel employed and the types of programs with which they deal. It is obvious that a considerable imbalance exists in the funding and professional staff effort devoted to training.

Questions naturally occur. Are the departments which have the greatest training input those which conduct programs of greatest importance to the Governor and the State of Colorado? Is there any correlation between the staff effort and funds devoted to training and conclusions, subjective though

they may be, as to the relative program effectiveness of the departments? Does the State have any responsibility, both to its citizens (quality of service) and to its employees (improved job performance and career opportunity) to provide a reasonable balance in training effort among its departments?

"Reasonable balance" connotes the existence of a measure by which it is determined. This measure cannot be the number of persons processed through structured training, for this glorifies the numbers game and the simpler skills involving employees in the mass. Nor can it be number of employees per trainer, because some departments rely heavily on outside consultants, or have wholly-related Training Centers with as many as two full-time and five part-time consultant staff, such as the Colorado Youth Workers Training Center, which makes the number of permanent staff meaningless for any ratio comparison. Any meaningful ratio would have to use man-year of trainer effort, possibly broken down between training staff time (professional and support) to total man-years of employment. But without effective central staff responsibility this, too, would be another numbers game.

In this connection, a review of the distribution of State employees in the State, the location of public colleges and universities, and the highway system clearly indicates that every State employee has relatively easy access to the facilities of a state-supported four-year college or university, or to a two-year community college. Most departments reported contracts with State universities or colleges near metropolitan Denver, although one indicated it had arrangements for its employees with some of the community colleges. This resource can only be developed fully for the benefit of supervisors and employees, in the field and in Denver, if the approach is coordinated for the

State rather than being directly by individual agencies.

Employee-Initiated Training

Some State departments are able to use Federal grants in providing educational leave with pay and reimbursement of all or part of tuition and living expenses for employees, or have funds to send employees to professional or management conferences or workshops.

Our concern is over the employee who initiates and follows through on training which enables him to perform his present work better or to prepare him specifically for career improvement, and who may or may not be in one of the more fortunate departments.

Section 26-5-19, C.R.S. 1963, contains a broad grant of authority to the Personnel Director to "provide opportunities for training, which need not be limited to training for specific jobs but may include training for advancement and for general fitness for public service." But the Rules and Regulations contain no positive statement on this subject. We believe the Rules should state clearly that the State encourages and will provide support for training which will improve the performance of Career Service trainees and regular employees in their positions and prepare them for specific career advancement. Moreover, this pragmatic interpretation of his statutory authority to "provide opportunities for training . . . for general fitness for public service" should be stated by the Personnel Director in meeting with department directors to evaluate needs and formulate a training program for the State.

The Rules contain authorizations for educational leave with full, partial, or no pay for a specified period (Rule 6-3-4) and for administrative leave with pay to employees "to attend meetings, conferences, participate in exami-

nations or otherwise engage in activities which the appointing authority deems within the scope of administrative leave". Our study indicates that policies governing these matters vary widely between departments, and that specific provisions are desirable in the Rules to ensure uniformity in order that all may know and be governed in advance rather than that employees be treated on a case-by-case basis.

In strongly suggesting a positive statement of policy regarding encouragement of training, we believe this should include the employee who seeks to better himself. To that end, we also suggest that the Rules set forth uniform policies governing reimbursement of costs incurred by employees for off-hours job-related educational training.

An Approach to Training and Career Development

In view of the completely uncoordinated situation today, we have serious doubts that the State government is getting the most out of training money now spent. Yet effective delivery of public services depends in large part upon how fast and how well managers, supervisors, and employees learn the real requirements of their jobs and what those requirements call for. More than one well-planned and carefully scheduled program has been known to founder because executives did not assure adequate lead-time for the training of employees to perform at the level required by the time required.

The recommendations on "Training and Career Development" focus on managers and supervisors because, with the exception of one or two departmental efforts, this is a forgotten area in the State government. Yet they hold the key to more effective operations. Thus the critical need with respect to training in the State service is truly management. This includes a Governor-

supported central responsibility for evaluating needs and planning activities pragmatic in nature and geared to Colorado laws, rules, and practices. More than this, however, it calls for department director agreement and cooperation, including support for the application of training in management techniques to operating problems existing at director, manager, and supervisor levels.

The recommendations for "Training and Career Development" suggest several programs as examples of how management training techniques can be applied to operating problems. These programs recognize the need for lateral communication across organization lines, especially in a State service in which many departments are so new their major segments may be more charted than real parts of the department. They reflect our conviction that for management training to have utility in the real world of the State manager or supervisor, it should either have as its base the unsolved program problems with which he is wrestling or the State or department laws, regulations, and processes which govern his day-to-day actions.

In the first instance he identifies the management elements which he may not heretofore have recognized in program situations, and he participates in solving these problems after examining the management elements conceptually and then in relation to the situations. In the second instance he learns the underlying reasons for why his unit functions in the manner it does, and he examines how he should apply basic regulations and guides. Studies at Lockheed Aircraft during World War II indicated that morale, as affected by the individual supervisor, was based more upon fairness and uniformity in the way he acted toward his subordinates than any other factor.

So many of the actions he takes are, in turn, based upon interpretations of regulations or procedures known also, or available to, employees that his

fairness and uniformity will depend upon how well he knows and applies them to specific situations. For this reason we have suggested the preparation of practical, clearly written guidelines for supervisors in dealing with day-to-day employee situations as a part of the basic supervisory training effort. An example of such a guideline, prepared from the welter of Civil Service Commission and departmental personnel regulations which is the hallmark of Federal operations, is the Manpower Administration Supervisors' Information Guide (MA/SIG).

The need is so great for supervisory training of this kind that the tendency may be to plunge into a program at this level first, then move upward to managers, and finally to approach the executive level. We caution against this. Though it is not necessary to delay training of first-line supervisors in the basic approaches indicated, any significant training of supervisors and management in fundamental management techniques should be either pre-viewed in capsule form or follow previous seminar or workshop treatment of the subject at the executive level. Shakespeare's observation that "a little knowledge is a dangerous thing" applies to training first and exclusively at the lower and middle levels. Nothing will kill all the results of this training faster than if those who complete the training and try to put it to work have their ideas rejected summarily by higher authorities. The end result will be lower, not higher, supervisory morale.

We have suggested inclusion of policy statements on training and on the Personnel Director's responsibility in the Rules and Regulations. Statements of written responsibility which are not accompanied by the means to carry them out may provide a facade that Colorado is on the move. Such a sham would seriously affect manager and employee morale. Accordingly, we recommend that

basic staff be provided in the Personnel Department to assist the Personnel Director. A supporting staff for the Personnel Director of two qualified persons, one an active, imaginative, management-oriented person and the second a person of similar personal characteristics but having a technical training background, can plan, arrange for, and administer significant management training. It should pose no great budgetary problem because departments now pay for their training directly. They can "buy back" training arranged for by the Personnel Department, at per participant charges based on cost-recovery to the Personnel Department just as they pay outside sources at present. If the programs are not worthwhile, these department clients of the Personnel Department will tend to disappear. The U. S. Civil Service Commission training effort for Federal departments has had an opposite history.

Our suggested training programs clearly involve fixing in the Personnel Director central responsibility for coordinating and evaluating training efforts for the Governor.

If implementation of legislatively authorized training cannot be provided to function on this minimum basis in a critical, and all too often wasteful, aspect of the executive function, the Governor would appear to have one other practicable, but undesirable, alternative. This would be the recourse of requiring of department directors a "no program" justification for each training program for which State funds are expended, either in preparation, administration, or attendance.

APPENDIX B

Questions Most Frequently Asked About the System

As a means of making not only the consultant's study more relevant, but as a guide to the Committee's deliberations, a dozen questions were prepared which reflect what legislators typically ask about the Personnel System in general and, in particular, the compensation plan. In addition, the state employee's association was asked to provide a list of questions employees typically ask about the system in general. The questions from each group are enumerated below. The Committee and the consultant to the Committee have sought to frame their studies with these questions as guideposts.

QUESTIONS THAT MEMBERS OF THE GENERAL ASSEMBLY MOST OFTEN ASK ABOUT COMPENSATION

- Why are there so many requests from employees for reclassification?
- Different areas of the state have varying prevailing wages and living costs. Should the State pay wage differentials?
- Within the classified system, why have there been such variations in salary increases for employees?
- Is there any relationship between turnover and wages?
- Why do we have to promote or reclassify to a more responsible job to reward good work? How can we establish a meaningful, workable "merit" bonus for meritorious work?
- Chapter 26-1-2 (8) limits pay adjustments to available funds; why is this limit apparently being ignored?
- Do the results of the wage survey plus the five percent "merit" increase bring employees above the prevailing wage?
- How can we get away from the inflexibilities of the present system?
- Who should conduct the wage survey? Should several surveys be conducted?
- How can we increase the credibility of the Department of Personnel staff with the General Assembly?
- How can information be presented to the legislature in a more complete and understandable fashion?
- How should we value fringe benefits?

QUESTIONS THAT EMPLOYEES MOST OFTEN ASK ABOUT COMPENSATION

- Is it reasonable and feasible for the state to maintain a policy of comparability with the community in both compensation and fringe benefits for its employees through an annual wage and benefit survey?
- If we have a policy of comparability, what recommendations can you make, for establishing a pay system which assures the employees of proper implementation of survey findings, in adjusting both compensation and fringe benefits?
- What recommendations can you make in developing an official group or board to analyze fringe benefits on a regular basis and make specific recommendations regarding fringe benefit areas in which the State appears to be lagging?
- How do you recommend handling premium pay such as shift differentials, hazardous duty, Sunday and holiday work provisions in the salary setting process?
- How do you recommend handling overtime in the salary setting process and is it a factor in determining levels of compensation with relation to community practices?
- Colorado's classification and pay plan is extremely inflexible in that the pay plan is written into the law. Do you find such rigidity common? And is this desirable?
- What number of pay grades (levels of compensation) and steps (increments within the pay range) do you find most often in government? Are the two related -- that is fewer grades, more steps? And is there a relationship to the job evaluation, (classification) system?
- Do you think more than one pay plan would better fill the needs of the State since there is a great variety in the types of jobs within the system?
- In your experience, are you familiar with pay plans which reward superior performance through a "bonus" system completely separated from the pay plan?
- From your experience in governmental personnel systems would you say it is possible to use one employee appraisal system, for the great variety of occupational groups found in government?

- What approach do you suggest to insure implementation (executive support and direction) of a comprehensive supervisory training, management development, and employee development program?
- Whatever the Committee agrees upon, as the projected program for employee, supervisory, and management development, should priorities for achievement and a potential time frame for accomplishment be established by top level management?
- What should be the relationship between performance evaluation system and the pay reward system?
- Should authority for reclassification be decentralized to the operating department? Will decentralization unleash abuses and up-grading of personnel and provide inconsistencies between departments?
- Should governmental organizations take leadership positions in developing good management practices or should they follow proven state-of-the-art developments in private industry?

APPENDIX C

STATE EMPLOYEES WITHIN AND
OUTSIDE THE PERSONNEL SYSTEM
PAID BY STATE FUNDS AS OF NOVEMBER, 1971*

	<u>Full Time Employees</u>		<u>Part Time Employees</u>
	<u>Per-sonnel System</u>	<u>Outside Per-sonnel System</u>	<u>Both In & Outside Personnel System</u>
<u>Legislative Branch:</u>			
General Assembly		100	10
Joint Budget		6	2
Legislative Council		20	8
Legislative Drafting		9	2
State Auditor	26	4	
Revisor of Statutes		7	4
	<u>26</u>	<u>146</u>	<u>26</u>
Total Legislative Branch	26	146	26
<u>Judicial Branch:</u>			
Judicial		<u>1,408</u>	<u>130</u>
Total Judicial Branch		1,408	130
<u>Executive Branch:</u>			
Coord. of Env. Problems	2		
Coord. of Hwy. Safety	6		2
Exec. Residence	4		1
Office of Governor		14	
Office of Lt. Governor	<u>3</u>	<u>14</u>	<u>1</u>
Total Executive Branch	15	14	4
<u>Dept. of Administration:</u>			
Off. of Dept. of Admin.	18	1	
Central Services	18		
Accounts and Control	43		1
Division of A.D.P.	184		
Purchasing	15		
Surplus Property	16		1
Public Works	23		

	<u>Full Time Employees</u>		<u>Part Time Employees</u>
	<u>Per-sonnel System</u>	<u>Outside Per-sonnel System</u>	<u>Both In & Outside Personnel System</u>
<u>Dept. of Administration (Cont.)</u>			
Capitol Buildings	128		6
Capitol Park.	5		
Communications	54		1
Archives & Pub. Records	25		
Executive Budget Office	<u>20</u>	<u> </u>	<u>2</u>
Total Dept. of Administration	549	1	11
<u>Department of Agriculture:</u>			
Administration	<u>305</u>	<u>1</u>	<u>18</u>
Total Dept. of Agriculture	305	1	18
<u>Department of Education:</u>			
Office of Department	<u>122</u>	<u>95</u>	<u>14</u>
Total Dept. of Education	122	95	14
<u>Department of Health:</u>			
Administration	<u>407</u>	<u>1</u>	<u>29</u>
Total Dept. of Health	407	1	29
<u>Department of Higher Education:</u>			
Historical Society	19	18	10
Comm. on Higher Education	7	12	1
Trustees of State Colleges	3	2	
Adams State College	89	167	29
Colorado State University	1,645	1,408	1,234
Arts & Humanities Council	2	1	2
Fort Lewis College	75	144	
School of Mines	181	174	153
Univ. of Northern Colorado	469	591	538
So. Colo. State College	226	457	425

	<u>Full Time Employees</u>		<u>Part Time Employees</u>
	<u>Per-sonnel System</u>	<u>Outside Per-sonnel System</u>	<u>Both In & Outside Personnel System</u>
<u>Dept. of Higher Education (Cont.)</u>			
University of Colorado		5,607	392
Medical Center		3,152	975
Metro State College	115	331	171
Community College of Denver	100	349	183
El Paso Community College	52	136	89
Lamar Community College	20	45	13
Otero Community College	33	70	12
Arapahoe Community College	47	95	108
Trinidad Jr. College	28	93	13
Western State College	76	173	2
Community Colleges	<u>35</u>	<u>53</u>	<u>8</u>
Total Dept. of Higher Educ.	3,222	13,078	4,358
<u>Department of Highways:</u>			
Colorado State Patrol	671		
Division of Highways	<u>2,854</u>	<u>8</u>	<u>209</u>
Total Dept. of Highways	3,525	8	209
<u>Department of Institutions:</u>			
Office of Dept.	65	4	7
Adult Parole	73		2
Penitentiary	470	2	
Reformatory	165		3
State Hospital	1,683	17	69
Ft. Logan Mental Health	643		
Grand Junction Home	444		87
Wheatridge Home & Tr.	683		23
Lookout Mountain Boys	93	2	1
Mt. View Girls School	39		4
Youth Services	74		15
Juvenile Parole	22		
Lathrop Park Youth	17		3
Golden Gate Youth	17		3
Deaf & Blind School	<u>85</u>	<u>86</u>	<u>19</u>
Total Dept. of Institutions	4,573	111	236

	<u>Full Time Employees</u>		<u>Part Time Employees</u>
	<u>Per-sonnel System</u>	<u>Outside Per-sonnel System</u>	<u>Both In & Outside Personnel System</u>
<u>Dept. of Labor & Employment:</u>			
Office of Dept. of Labor	2	1	
Division of Labor	121	3	4
Comp. Insurance Fund	133		4
Division of Employment	<u>851</u>	<u>1</u>	<u>33</u>
Total Dept. of Labor & Employ.	1,107	5	41
<u>Department of Law:</u>			
Legal Rights	12	29	3
Inheritance Tax	<u>23</u>	<u>3</u>	<u>58</u>
Total Department of Law	35	32	61
<u>Department of Local Affairs:</u>			
Planning	11	1	2
Local Government	6		
Office of Department	2	1	
Commerce & Development	19	2	
Housing Division	5		
Property Tax	31		
C.B.I.	20	2	19
Criminal Justice	18		
Comprehensive Health Plan.	<u>4</u>	<u>—</u>	<u>2</u>
Total Dept. of Local Affairs	116	6	23
<u>Department of Military Affairs:</u>			
Office of Department	<u>39</u>	<u>2</u>	<u>2</u>
Total Dept. of Military Affairs	39	2	2
<u>Department of Natural Resources:</u>			
Administration	109	4	2
Water Resources	110		81
Game, Fish & Parks	<u>490</u>	<u>—</u>	<u>72</u>
Total Dept. of Natural Resources	709	4	155

	<u>Full Time Employees</u>		<u>Part Time Employees</u>
	<u>Per-sonnel System</u>	<u>Outside Per-sonnel System</u>	<u>Both In & Outside Personnel System</u>
<u>Department of Personnel:</u>			
Office of Department	<u>65</u>	<u>1</u>	<u>9</u>
Total Dept. of Personnel	65	1	9
<u>Department of Revenue:</u>			
Office of Department	<u>1,210</u>	<u>1</u>	<u>18</u>
Total Dept. of Revenue	1,210	1	18
<u>Dept. of Regulatory Agencies:</u>			
Public Utilities Comm.	65	3	
Division of Insurance	53		
Savings and Loan	7		
Division of Banking	29		6
Division of Racing	7		19
Securities	9		
Office of Department	10	1	
Civil Rights	31	1	
Board of Accountancy	2		3
Exam. of Architects	2		
Barbers Examiners	3		4
Basic Science Exam.	1		
Board of Cosmetology	6		2
Dental Examiners	1		2
Electrical Board	14		6
Medical Examiners	3		8
Board of Nursing	8		
Practical Nursing	3		
Pharmacy Board	7		5
Prof. Engineers	5		1
Real Estate Comm.	18		4
Collection Agency Board		1	
Landscape Architects			3
Optometric Examiners	<u> </u>	<u> </u>	<u>5</u>
Total Dept. of Regulatory Agen.	284	6	68

	<u>Full Time Employees</u>		<u>Part Time Employees</u>
	<u>Per-sonnel System</u>	<u>Outside Per-sonnel System</u>	<u>Both In & Outside Personnel System</u>
<u>Department of Social Services:</u>			
Trinidad Nursing Home	95	4	7
State Veteran's Center	46		6
Office of Department Services for Blind	549	1	16
		<u>27</u>	<u>6</u>
Total Dept. of Social Services	690	32	35

Department of State:

Administration	<u>39</u>	<u>2</u>	<u>2</u>
Total Department of State	39	2	2

Department of Treasury:

Treasurer's Office	<u>15</u>	<u>2</u>
Total Dept. of Treasury	15	2

GRAND TOTALS:

	<u>Number of Employees</u>
Full Time, Within the Personnel System	17,053
Full Time, Outside the Personnel System	14,956
<u>Subtotal</u> , Full Time, Personnel and Non-Personnel	32,009
Part Time, In and Outside the Personnel System	<u>5,449</u>
GRAND TOTAL:	37,458

*This does not include employees of the State paid from other than State funds.

SOURCE: November, 1971, Payroll Report, Division of Accounts and Control, Department of Administration. Computed by the Legislative Council Staff.