


CITIZENS LEAGUE REPORT



STRENGTHENING LEADERSHIP IN THE CAREER PUBLIC SERVICE

Recommendations for extending to local government the major advance in state personnel policy
established by the 1973 Minnesota Legislature

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CAREER PUBLIC SERVICE

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INTRODUCTION

The 1973 Legislature established a major breakthrough in thinking towards the career public employee. After carefully studying the personnel system for employees of state government during the previous interim, the Legislature concluded a new approach was needed for selecting persons to fill the important supervisory and management positions in state government. The result was a package of legislation which - when fully implemented - will represent the most significant advance in state employee legislation since the creation of the state civil service system 30 years ago.

But the job has just begun. For the Legislature's actions applied only to state government employees, not to the thousands of other government employees in municipal, county, and regional bodies throughout the state, where the need is every bit as great.

The opportunity now at hand is to extend this thinking to local government, where, with a few notable exceptions, the approach used to select and develop employees has undergone virtually no change in 30 years - and to expand upon the Legislature's action by developing a concept of public service that views state and local personnel systems as parts of a broader state/local system, thereby broadening career opportunities for public employees while at the same time encouraging governments to consider a wider range of talent when filling key government positions.

What is often not recognized is the importance of the government employee in shaping and implementing important public policy issues. Citizens and government officials alike tend to become interested in resolving the major social issues that confront us today, forgetting that it is the public employee who will have the greatest impact in the ultimate success of these efforts. Whether the issue be transportation, land use, housing, health care, corrections or whatever, the influence of the government employee - whether in drafting legislation, presenting information to legislative committees, or simply implementing the policy that is adopted by the legislative body - is enormous.

Because it is the personnel system that produces the public employee, a strong case could be made for considering the quality of the personnel system in government to be the most important issue facing us today. It is through the personnel system that public employees are selected. . . and it is the personnel system that is responsible for developing the employee so he or she is able to make wise decisions when considering questions of public policy.

With both state and local governments experiencing major changes in responsibilities and in delivery of services, the forward-looking efforts of the Legislature must be completed at the state level - and extended to local government as well. In order for state and local governments to successfully deal with the important issues confronting us today, action is required now.

MAJOR IDEAS IN OUR REPORT

1. In order for local government to respond to the challenges that are being placed upon it - by the federal government, by state government and by the citizen - it must be permitted to operate under a personnel system that permits flexibility and responsiveness. The significant advances in personnel policy recently enacted at the state level must be matched by a corresponding advancement at the local government level.
2. Because it is important to the state that the personnel systems used by local government permit this same flexibility and responsiveness, the Legislature should assume the responsibility for enacting the changes in policy that are needed in local governmental personnel systems. With the Legislature turning increasingly to local government as the vehicle for carrying out - and actually operating - important state programs, and with a gaining recognition of the necessity to expose key public employees to a broad range of work experiences, preferably with different governmental units, the need to develop a strong personnel system at the local level - one that permits a flow of personnel through the state/local system - becomes extremely important to state government.
3. Though it is not generally recognized, the professional - or career - employee in government does have a major impact on public policy. While public policy may be set by our elected officials, it is certainly shaped to a considerable extent by the professional employee. The career employee's role in shaping policy begins with the preparation of legislative proposals and extends to the actual implementation of the policies that have been adopted by the legislative body. This policy-shaping role requires that public employees holding key positions in government be open to new thinking and be able to base decisions they make on broad inter-departmental and inter-governmental considerations.
4. The concept of a public service career in government - state and local - in Minnesota must be developed. For too long, a career in government has meant a career with a single department or division in a single governmental unit. A recent study of state employees who are eligible for career executive status, and who have served in state government for over 21 years, points out that 84% of the employees are still working for the same department as when they were first hired.

Policies that encourage the movement of public employees between departments and governmental jurisdictions are important, not only for government but also for the government employee. Such policies will serve to broaden career opportunities for the public employee and will enable the employee to develop a broader perspective that will prove to be valuable to both the employee and the employer.

5. There must be a greater recognition that governments - at all levels - need people who can manage. For too long, people have been selected for managerial-type positions on the basis of their technical knowledge of a subject rather than on the basis of their ability to manage an activity. This becomes all too evident when reviewing job descriptions for managerial positions, where, in nearly all instances, greater emphasis is placed on educational and work experience in the specialized area that is under the direction of the manager than on the managerial skills that will be required.

The move toward decentralization of activities by state government places greater importance on this recognition. The concept of a manager being a person who is results-oriented - one whose responsibility is to see that objectives are accomplished rather than doing a certain activity - is extremely important. Yet, until recently, the term manager was not even recognized in government terminology. Those persons who clearly hold managerial positions have, for years, been referred to in government as supervisors.

6. Restraints that make it difficult to broaden hiring policies in government should be eliminated or modified. Specifically:
 - * Restrictive residence requirements should be eliminated;
 - * Examination procedures that permit only employees of a department to apply for a vacant position should be replaced with policies that open applications for these positions to employees of all governmental units as well as non-governmental employees;
 - * Certification rules that limit the number of applicants that may be submitted to an official when filling a position do not adequately recognize the importance of allowing the official some discretion when filling these positions, and should be changed to increase the number of persons certified;
 - * Veterans preference laws that grant veterans of past wars - including wars that terminated more than 25 years ago - absolute preference in hiring for certain positions should be significantly modified;
 - * Rating systems that are based on the assumption that an employee's supervisor is in a position to evaluate that employee's potential ability to perform in some new position should be eliminated or at least modified so that the supervisor's rating does not influence the employee's examination score.
7. Although Affirmative Action programs are important and should be extended to additional governmental units, the most effective way to increase opportunities for placing women and minorities in supervisory and managerial positions is to eliminate the restraints cited above. The restrictions that discourage government officials from opening the hiring process to a broader group are the same restrictions which serve to exclude women and minorities from eligibility for these positions. Efforts to place greater numbers of women and minorities in these positions will be largely ineffective until these restraints are eliminated.
8. The Career Executive Service, authorized by the 1973 Legislature for state government, represents a major new approach to filling key managerial positions in government and should be extended to local government as well. The Service, if fully implemented, combines the strengths of both the classified and the unclassified systems and, in addition, has the potential of contributing - in a meaningful way - to the movement of public employees between governmental units if the Legislature does expand the Service to bring in local government.

FINDINGS AND CONCLUSIONS

1. *State and local governments are on the threshold of major change. . . change in the distribution of responsibilities between levels of government. . . and change in the way services are delivered.*

It is becoming increasingly clear that a fundamental realignment of responsibilities is taking shape within the federal system. Until recently, state and local government could look to the federal government for leadership and for direction - in the form of categorical grants, for instance - in dealing with the important domestic issues. Suddenly, all this has changed. As part of the federal administration's efforts to decentralize decision-making, the major responsibility for developing and implementing these programs has abruptly shifted to the state and local level.

As the responsibilities of state and local government have increased, so too has their need increased to have people in the administrative branch of government who can provide the leadership that is needed to discharge these responsibilities.

At the same time, fundamental new approaches have been proposed regarding the manner in which important government services are delivered to the public. These proposals, as they are accepted and implemented, carry important implications. . . in terms of the present structure of state and local government. . . and in terms of the personnel that must manage the implementation of these programs.

Among the examples of change are:

- * Federal revenue-sharing and the elimination of federally administered programs impose greater responsibility on state and local government. The responsibility for determining which services are needed and how these services should be provided has become, to a far greater extent than ever before, the responsibility of state and local government.

Which services should be continued? Which level of government should be responsible for each of the programs? Are there better ways of delivering these services? How should revenue-sharing funds be used? All of these, and more, are questions that must now be answered by government officials at the state and local level.

- * Programs are being decentralized to a regional or area level. Within the State of Minnesota, a number of state agencies have already initiated efforts to decentralize, on a regional basis, a significant portion of the functions of each agency. These include the Departments of Public Welfare, Natural Resources, and Highways. Another example, on the local level, is the current proposal of the Hennepin County Welfare Department to deliver certain welfare services on an area level within the county. These are but examples of a major trend that is developing, within both state and local government.
- * No longer do levels of government have distinct sets of responsibilities. For many years, the responsibilities of state and local units of government were rather clearly defined and remained relatively unchanged from year to year. No longer is this the case. Not only is the responsibility for a given function frequently being shifted from one level of government to another, but, more and more, particular functions are being performed by several levels at the same time.

- * New concepts in the delivery of services are just beginning to surface. Proposals such as the purchase-of-service concept which suggest alternate methods for government to deliver services have only begun to surface. The implications of these proposals, in terms of governmental structure, are extremely important. The purchase-of-service proposal, which suggests that many services would be better handled if they are "bought" by government, rather than directly produced or provided by government, contains particular implications for the personnel system in government.
- * Increased resistance on the part of taxpayers to higher government spending. A heightened resistance to increased government spending - and the nearly inevitable increase in taxes that follows - is quite obvious when considering, for example, the lack of voter support for bond issues that once were automatically approved. This fact practically requires new, and more efficient, ways for government to provide basic services.

2. *If government is to successfully respond, and adapt, to these developments, it must give increased recognition to certain qualities when filling the key leadership positions.*

The degree to which governments are able to deal with these important developments will be determined - in large measure - by the caliber of people holding leadership positions in the administrative branches of state and local government.

Certainly, these leadership positions include the top elected offices and the department head (commissioner or director) positions. Less visible, but as important to include in this group of leadership positions, are the top professional managerial positions in government - positions such as assistant commissioner or division director. The manner in which these professionals are selected - and developed, once selected - will significantly affect the ability of government to initiate, or respond to, new approaches to dealing with public issues.

In selecting people to fill these key professional positions, it is important that these points receive increased recognition:

- * Recognize that government leaders must be able to make decisions on the basis of broad, inter-departmental and inter-governmental considerations. Perhaps, at one point, it was sufficient for persons holding leadership positions in government to have advanced to those positions from within the confines of a single department. Many successful government officials have done so in the past. The major developments that are occurring require, in the future, that persons in these positions have a greater understanding of the inter-relationship of their responsibilities and their decisions to the responsibilities of other units of government.
- * Recognize that these positions have managerial and policy-shaping responsibilities. Particularly as governmental units move out of the direct, operating role, the need for these professionals to be recognized as managers and policy shapers becomes critical. For too long, government has not acknowledged either of these functions.

In terms of the management responsibility, government has frequently made the common error of assuming that a good technician will make a good manager. It has placed too great an emphasis on the technical or functional requirements

of a position and an inadequate emphasis on the management nature of the position. Even today, most governmental units either do not have, or have inadequate, management training programs.

In terms of shaping policy, though it is not generally recognized, career employees in managerial positions do have a significant impact on policy, both in terms of implementation and in terms of policy development. With regard to the former, the manner in which a legislative policy is shaped into a tangible program depends, to a great extent, on the caliber of the professional in government. Regarding the latter, elected officials, including members of legislative bodies, are heavily dependent upon these persons, both for generating proposals and for reacting to proposals.

In addition to these factors, which become increasingly important in view of the previously described changes, other generally recognized factors continue to be important in the selection and development of the professional leaders in government. These factors include the following:

- * Hire the best person for the position. Although this may appear to be so basic that it doesn't need mentioning, the need to hire outstanding talent becomes increasingly important for state and local government as these units of government assume increased responsibilities.
- * Provide proper motivation and incentives to attract and keep this talent. If the motivation to do well or the incentives that reward top performance are not present, it is the outstanding talent that is likely to be attracted to other opportunities - the kind of talent the government will increasingly need in the future.
- * Expose government leaders to new thinking and new developments. The need for all employees, but particularly the leadership, to be exposed to innovative ideas and concepts is generally recognized, whether this exposure be through training or other types of educational programs.

3. *Although there is, increasingly, a need in state and local government for able and responsive leadership, certain personnel practices have made it difficult to secure this leadership in the professional supervisory and managerial positions.*

Many policies of local government - and to a lesser extent of state government - have served to make it difficult, if not impossible, to attract and select the best persons for positions in government. Our study of the personnel policies of state government and of certain local governments - specifically, Hennepin and Ramsey Counties and the Cities of Minneapolis and St. Paul - identified several policies or practices which serve to make this more difficult.

- A. Personnel policies differ significantly between governmental units. As will be spelled out in detail, there are major differences in philosophy between all of the jurisdictions studied, in terms of the openness and responsiveness of their personnel systems.

Not only do many policies make it difficult to attract able and responsive leadership to government, but the major differences in approach make it difficult to view the personnel aspect of government within the framework of the basic inter-dependence that does exist between these units.

- B. Present policies eliminate potentially qualified individuals from receiving consideration for these positions. In spite of the implied commitment in a merit system to select the most qualified person for a position, serious restraints have been placed in the law which effectively prevent this from happening in many instances for civil service positions. Specifically:

* Residence requirements serve to disqualify non-residents from seeking positions in government. At a time when people move with increasing frequency - and when a variety of backgrounds, including experience with other governmental units, is becoming more recognized as an asset to government leaders - restrictions which eliminate all but residents of a community from being considered for a position most definitely serve to limit the ability of government to select the best qualified person for a position. Current residence requirements are as follows:

- Minneapolis and St. Paul governments both require applicants to be residents of the city at the time of application, though this requirement may be waived in special instances.
- Neither Hennepin nor Ramsey County has any general residence requirement.
- For positions in state government, the 1973 Legislature abolished residence requirements. Previously, an applicant was required to be a resident of the state for at least two years at the time of application.

A bill currently before the Legislature, if passed, would require employees of the City of St. Paul and the County of Ramsey to reside in the city or county respectively after being hired, rather than just at the time of hiring as is the present case with city employees.

* Laws which prohibit government from paying travel expenses for out-of-town applicants, who are interviewed, further limit consideration of individuals living out of the region. Even if the residence requirements are waived, or do not apply, government is severely limited in considering potential applicants from out of the region because of prohibitions in state law which either limit or forbid the use of public funds to pay an applicant's travel expenses.

Although qualified applicants can usually be found within the community for most positions in government, for certain top management and technical positions it may be necessary, or desirable, to interview individuals who live outside the region. Because of this prohibition, if the expense of traveling to this area is significant, an individual often will refuse the opportunity to be interviewed. In particular:

- Previously, state government was restricted to paying only one-half of the equivalent rail fare from an applicant's home to St. Paul and return. (The Highway Department could pay full expenses for persons interviewed for technical positions.) Lodging expenses could not be paid by the state. The 1973 Legislature permitted appointing authorities to pay reasonable travel expenses to applicants invited for oral examinations, for positions where unusual difficulty in recruiting is being encountered.

-- Local governments face a more serious situation because of a provision in state law that an individual may only receive payment for services rendered. This law has been interpreted to mean no interview expenses may be paid by a local government.

- * Promotional examinations severely limit those who are eligible to apply for positions in government. A further limitation on those who are eligible for positions in government. . . beyond the limitation imposed by residence requirements. . . is the use of the promotional examination, which limits applicants for a position to current employees of a governmental unit. . . or, more restrictively, to employees of a particular department within the governmental unit.

(By definition, departmental promotional examinations are open only to employees of the department. Statewide, countywide, etc. promotional examinations are open to all employees of the governmental unit. Open-competitive examinations are open to non-governmental employees as well.)

Because departmental promotional examinations are open only to current employees of the department, regular reliance on this type of examination for filling supervisory and managerial positions increases the likelihood that decisions by the department will be based primarily on narrow departmental considerations rather than broader inter-departmental and inter-governmental considerations.

Nevertheless, the departmental promotional examination has been the primary examination process used to fill supervisory and managerial positions in all jurisdictions except Hennepin County and, in the future, state government. Specifically:

- State government, in the past, has used both departmental and statewide promotional examinations, in addition to open-competitive examinations. Between July, 1971, and June, 1972, 467 promotional examinations, and open-competitive examinations for supervisory and higher level positions were conducted by the State Civil Service Department. These examinations broke down as follows:

Departmental promotional examinations	420
Statewide promotional examinations	9
Open-competitive examinations	38
	<hr/> 467

As a result of action by the 1973 Legislature, managerial and professional positions may no longer be filled through a departmental examination process. They may, however, continue to be filled through a statewide promotional examination, and all other positions may continue to be filled using departmental promotional examinations.

- Hennepin County government does not utilize departmental promotional examinations. It does use countywide promotional examinations in addition to using open-competitive examinations.
- Ramsey County, Minneapolis and St. Paul governments all use departmental and countywide or citywide promotional examinations, in addition to open-competitive examinations. In Minneapolis, 32 examinations were

conducted for official and administrator positions in 1972, with 26 being departmental promotional examinations and 6 being open competitive.

The policy in Minneapolis is one instance of where the widespread use of promotional examinations stems from a provision in the city charter rather than being the result of action by a board or administrator. In Minneapolis the charter states: "...the rules shall be framed to encourage the filling of vacancies by promotion rather than otherwise."

- * Requirements that examination points be granted on the basis of seniority can prevent the most qualified individual from being selected for a position. Assuming an individual meets the residence requirements and qualifies to take a promotional examination, a further requirement that applicants be awarded examination points on the basis of seniority can serve to prevent even the most qualified applicant from being appointed to a position. In particular:

- Ramsey County, Minneapolis, and St. Paul governments all operate under requirements - based on a charter provision in Minneapolis, otherwise on law - that grant examination points, generally a maximum of 10 points, to employees with the number of points awarded based on length of service.
- Hennepin County personnel procedures do not contain any provision for seniority.
- For state government, seniority remains a factor on which examination points are granted for all but managerial positions. The 1973 Legislature eliminated the use of seniority when filling managerial positions.

- * Promotional ratings permit supervisors' biases to influence selection, and may prevent the most qualified from being certified. On promotional examinations only, a significant portion (up to 40% in state government) of an applicant's examination score is based on a promotional rating which is completed by the applicant's supervisor at the time of the examination.

A promotional rating is designed to measure an individual's potential for the position for which he is applying. Because supervisors are often not adequately trained to measure such potential, the accuracy of these ratings is subject to question. Further, because the rating is given after an individual has applied for a position, these ratings can inject a supervisor's bias in the examination score based on the supervisor's interest in seeing the applicant accepted, or rejected, for the position.

- The State, Hennepin County, and Minneapolis government include promotional ratings as part of the total examination score on promotional examinations.
- Ramsey County and St. Paul governments do not use promotional ratings.

- * Veterans preference legislation inhibits the selection of the most qualified person. Assuming an applicant meets the residence requirements, is eligible for a promotional examination, and receives sufficient points on the basis of seniority and his promotional rating - when combined with his test score - to qualify him for certification, he still may not be

considered for the position if he is a non-veteran and veterans are also competing for the position.

A number of administrators and personnel officers who discussed the implications of veterans preference legislation with the committee mentioned instances where veterans preference laws either forced them to hire a less-qualified individual for a position or caused them to leave the position temporarily unfilled rather than to fill the position with a veteran whom they considered to be poorly qualified.

Although veterans preference legislation is designed to assist the veteran who has only recently returned from military duty and has begun to seek a job, it applies as well to veterans who were discharged 25 years ago and have been employed ever since discharge.

Veterans preference legislation also discriminates against the hiring of females. Data from the Legislature's Interim Commission on Personnel for the period between July 1969 and June 1972 shows that 54% of the non-veterans placed on eligible lists were females while only 3% of the veterans were females.

Regarding specific requirements in each jurisdiction:

-- For the State of Minnesota: For all open-competitive examinations, veterans receive an additional 5 points in addition to their examination score. Disabled veterans receive an additional 10 points. A disabled veteran is placed at the top of the list of names certified to the appointing authority, though the appointing authority is not required to hire the disabled veteran. (Entry-level positions, for purposes of veterans preference, include all positions that are filled through an open-competitive examination - including top management positions.)

For promotional examinations, the same procedures apply, except that the disabled veteran is not automatically placed at the top of the list.

-- For all local governmental units: For open-competitive examinations, a veteran who passes the examination is placed at the top of the certification list and must be hired. For promotional examinations, a veteran is entitled to use 5 points on one promotional examination only. Disabled veterans may use 10 points on one examination only.

-- By way of comparison, the University of Minnesota's civil service rules provide that a veteran be given preference over a non-veteran, unless the non-veteran is substantially better qualified for a position.

Because veterans preference requirements are less stringent for promotional examinations than for open-competitive examinations, appointing authorities often choose to fill positions through a promotional examination, thereby eliminating all non-governmental employees from consideration.

* Certification rules limit the number of persons whom the appointing authority may consider for a position. The official who does the actual hiring is seriously limited, in terms of considering different qualities in applicants, by restrictions that limit the official to hiring only from the list of certified applicants. Particularly for managerial positions, where subjective qualities are important, these restrictions may serve to prevent him from filling the position with a person he considers to be satisfactory.

Because an appointing authority is required to hire one of the persons certified, or leave the position vacant, these restrictions - which generally limit this selection to no more than three persons - are a serious restraint on government's ability to select the best person for the position. Specifically:

- In Minneapolis, only the person with the top score is certified. . . and must be hired. The Minneapolis Charter Commission recently rejected a proposal to certify the top three names.
- For Hennepin and Ramsey Counties and the City of St. Paul, the top three names are certified.
- In state government, following action by the 1973 Legislature, the top ten names are certified for positions filled through an open-competitive examination. For positions filled through promotional examinations, the top three names, plus anyone else with a score within three points of the top score, are certified.
- By comparison, at the University of Minnesota everyone applying for a civil service position who is - on the basis of previous experience and an interview - considered qualified by the personnel department, is certified.

C. Government policies and practices serve to discourage qualified individuals from considering or pursuing careers in public service.

Certain personnel policies or practices seriously inhibit the desire of individuals to begin, or continue, careers in public service. These policies, which make it more difficult for government to compete for the most qualified individuals, include:

- * Salary plans lack incentives for outstanding performance. In practice, most classified employees receive comparable salary adjustments regardless of performance. With few exceptions, government employees are not rewarded, financially, for above-average performance. Instead, individual salaries are usually increased by roughly the same amount, regardless of how well, or how poorly, employees perform their work. For the individual who is capable of excellent work, and who expects to be rewarded for his work, the approach used by government for setting salaries will likely have little appeal.

Although the term "merit pay" is often used when discussing salary adjustment plans in government, salary adjustments are based primarily on an individual's length of service in a particular job, not on performance or "merit". Specifically:

- In Minneapolis, St. Paul, and Ramsey County governments, salary adjustments are practically automatic and are based solely on an employee's length of service in the position. In other words, an average and an outstanding employee are treated identically in terms of compensation. The only relationship to merit is the fact that a few unsatisfactory employees may receive no increase in salary - a form of reverse incentive.
- In Hennepin County government, nearly all employees receive the basic merit increase. A small number receive a greater increase, which supposedly is based on performance. In some instances, this increase may exceed 10% in a

particular year. Hennepin County rules also permit some flexibility in terms of the effective date of the increase.

- In state government, employees in high-paying positions have been eligible to apply for assignment in the Career Executive Compensation Schedule. . . a compensation schedule that permits department heads to increase the salary paid these employees over what it would otherwise be. The 1973 Legislature replaced this Schedule with the Career Executive Service. Under the Career Executive Service, an employee's salary may be increased or decreased at the discretion of the appointing authority, so long as the salary remains within the range set by the Legislature.

Otherwise, in addition to the normal cost-of-living adjustments, classified employees in the state service are eligible for an achievement award, which amounts to an additional 4% increase in salary. No more than 20% of the classified employees are eligible for such an award in any one year, however.

Although the purpose of the achievement award system is to reward performance, the system does have its shortcomings. There is no requirement, for example, that such awards be directly related to an approved, uniform performance appraisal system. Departments are required to establish some form of a rating system, but, at present, each rating system is strictly the product of a particular department.

Another shortcoming of the state's system is the lack of any flexibility in granting an award. Regardless of how well an individual performed, if he qualifies for an achievement award the size of the award will be the same.

- * Programs in career planning are not available. We have found that neither the state nor local governments currently offer any significant programs for career planning to their employees. Programs which seek to assist employees to develop career goals, and a plan to achieve those goals, are practically nonexistent. An individual who is considering a particular position in government generally receives very little information regarding the careers which may be available to him should he choose to accept that position.

Current policies and programs in all governmental jurisdictions are inadequate to develop any concept of a career in public service on anything other than a narrow, vertical basis within a single department. The extensive use of departmental promotional examinations is a prime example of a policy which seriously limits any development of career paths on an inter-departmental or inter-governmental basis. The absence of laws or regulations that permit the transfer of retirement benefits between governmental jurisdictions also hinders inter-governmental mobility.

- * Objective-setting programs - which permit employees to relate their performance to established objectives - do not exist. Despite general acceptance of the concept that an employee who understands what is expected of him, and who is able to relate his performance to certain objectives, is likely to perform better, none of the jurisdictions studied had any government-wide objective-setting program, with the exception of such a program for supervisors and managers in Hennepin County. (Within state government the State Highway Department has an objective-setting program for managerial-level employees of that department.) Such programs, we believe, are an important part of any effort to improve motivation and performance.

- * Inadequate training of supervisors leads to poor and ineffective supervision. A major complaint expressed by public employees deals with the poor quality of supervision in government. For instance, 32% of the responses to a survey of state employees conducted by the Legislature's Interim Commission on Personnel indicated that better supervisory and departmental leadership was the most important thing that could be done to improve efficiency in state government.

One reason for opposition to proposals which relate an employee's salary to a supervisor's assessment of that employee's performance stems from a feeling that the supervisor is not able to evaluate performance. In the same survey, 50% of the individuals responding indicated their immediate supervisors do not discuss their performance with them.

A significant reason for this stems from the lack of training programs for supervisors and managers. Such programs either have not existed or have not been required of all supervisors and managers. Recognizing the inadequacy of state programs, the 1973 Legislature did act to strengthen the supervisory and management training programs for state employees by requiring the commissioner of personnel to see that such programs are established.

D. Few supervisory and managerial positions are filled by women and members of minority groups.

Statistical data presented to us clearly demonstrates that few supervisory and managerial positions - in state or local government - are held by either women or members of minority groups. Because each governmental unit categorizes positions differently, the following data is not totally comparable but should give a sense of the current situation. Specifically:

- State government: Although 43% of the work force are women, they hold only 15% of the management positions. The proportion of management positions held by minorities is even less, at 1.8%.
- Hennepin County government: 55% of the employees are women, but women hold only 35% of the management positions. Data on minority employment is not available.
- Ramsey County government: Positions classified as administrative or technical make up 12% of the total positions in the county, but only 2.9% of the women and 2% of the minority employees hold positions in this classification.
- Minneapolis city government: Although 6.7% of the work force are members of minority racial groups, they hold only 4.9% of the administrative and professional positions. Statistical data is not available on the employment of women.
- St. Paul city government: Women make up 19% of the work force, though they hold 10.9% of the administrative and professional positions. Minorities represent 4.57% of the total employment, yet hold 3.4% of the administrative and professional positions.

The establishment of Affirmative Action programs in state and local government jurisdictions is looked to as a vehicle to give greater emphasis to hiring

women and minorities. The immediate results of these programs, however, will likely be observed in the entry-level, non-supervisory positions and not at the supervisory and managerial levels. Many of the policies previously identified increase the difficulty of non-governmental employees, or employees with little seniority, to successfully compete for supervisory and managerial positions. It is unlikely that any significant headway will be made in increasing employment opportunities in these positions as long as these provisions remain or until newly hired female and minority employees have developed enough seniority and experience to compete for these positions.

E. Serious barriers exist which make movement of government employees between governmental units difficult.

There is a serious need for the leadership in government to be able to relate the consequences of certain actions to other agencies. Yet, personnel practices described earlier in this report discourage the movement of employees between departments and jurisdictions at a time when such movement should be actively encouraged.

- * Within a governmental jurisdiction, the use of departmental promotional examinations and departmental preference on eligibility lists, and provisions which often prevent employees from transferring vacation benefits when transferring between agencies, are serious barriers to mobility.
- * Between governmental jurisdictions, the problem becomes more serious. All forms of promotional examinations, and prohibitions on transferring some retirement benefits, are serious barriers. Although procedures do exist for employees of local government to transfer to comparable positions in the state classified service, with the exception of transfers into the Welfare and Highway Departments (for which data was not available) less than ten such transfers occurred between July, 1971, and June, 1972.

4. *The 1973 Legislature recognized that changes were needed in the approach taken by state government in filling important managerial and supervisory positions - and enacted a series of major changes in state personnel laws.*

The personnel changes that were adopted by the 1973 Legislature - when viewed in terms of their total effect - represent the most significant action by the Minnesota Legislature. . . in terms of state personnel. . . since the establishment of the first civil service system in state government in 1939.

Although the Legislature did not modify existing state policy on a number of practices that have made the selection of able leadership difficult, the net result of their action will serve to provide state government the opportunity to significantly strengthen the caliber of personnel in the managerial positions in state government. A summary of the changes enacted by the Legislature includes:

- * Residence requirement eliminated. The requirement that a person must have been a resident of the state at least two years at the time of examination was eliminated. The state no longer has any residence requirement as a condition of employment.
- * Payment of travel expenses modified. In instances where unusual difficulty is encountered in finding qualified persons for a position, the state is now permitted to pay actual out-of-pocket expenses incurred by persons invited for oral interviews.

- * Departmental promotional examinations eliminated for managerial and professional positions. In the future, all managerial and professional positions in the classified service must be filled either through a statewide promotional examination process or through an open-competitive examination.

The Legislature did not, however, go so far as to eliminate all forms of promotional examinations for these positions, meaning that individuals not currently working for state government will not be eligible to compete for positions filled through the statewide promotional examination process. Nor did the Legislature eliminate the use of departmental promotional examinations for supervisory positions.

- * Seniority eliminated as a factor in filling managerial positions. In filling managerial positions, seniority shall no longer be a factor on which an applicant's score is based. Seniority will continue to be a factor for all other positions.
- * Number of applicants certified to hiring authority increased for positions filled through open-competitive examinations. In case of positions filled through the open-competitive examination process, the names of the first ten individuals will be certified to the appointing authority. For promotional examinations the number certified continues to be three, plus any others with a score within three points of the top score.
- * Training for supervisors and managers required. The Legislature has required the Commissioner of Personnel to either require or directly establish training programs for supervisors and managers.
- * Additional unclassified positions authorized. In an attempt to provide greater flexibility in the filling of the top managerial positions in the major state departments (specifically division directors, or deputy or assistant heads of agencies), the Legislature has authorized the Personnel Board, acting at the request of the Governor, to either unclassify presently classified positions or to create new unclassified positions. The number of positions which may be authorized in a department varies between two and six.
- * Career Executive Service created for state government. In addition to authorizing the creation of additional unclassified positions, the Legislature - in separate legislation - created a Career Executive Service, and authorized the Commissioner of Personnel to place the following types of positions in the Service: "Those with responsibility for high-level management or administration of a department or major unit, policy determination, leadership, or professional or scientific competence". It would appear that many of the positions eligible for placement in the Career Executive Service could be the same positions that the Legislature made eligible for placement in the unclassified service.

The eligibility of an individual for "assignment" to the Service is to be based on regulations established by the Commissioner of Personnel. Eligibility is limited, however, to employees of the state or its political subdivisions. Veterans preference is not a factor in determining eligibility for assignment to the Service, nor to actual appointment to a position in the Service.

In filling a position that has been placed in the Service, the appointing authority shall be limited to appointing from the list of persons who have met

the requirements for entry into the Service - in other words, those who have been "assigned" to the Service. Appointments may be terminated by the appointing authority at his discretion, except that termination may not be based on reasons of politics, religion, race, age, sex or disability. No person appointed to a position in the Service acquires any vested rights to such appointment.

Employees may be reassigned to other Career Executive Service positions at the same or lower level at the discretion of the appointing authority. An employee removed from a position in the Service, who was appointed from the classified service, shall be reinstated to his former grade in the same or similar position as when he left the classified service.

The salary paid an employee holding a position in the Service can be at any point within the range established by the Legislature. The actual salary is to be determined by the appointing authority and may be changed by the appointing authority to any other level within the range.

- * Personnel Department created. The Legislature replaced the existing civil service department with a new Department of Personnel to be headed by a Commissioner who is directly appointed by the Governor for a term expiring with the term of the Governor. The present civil service director is appointed for a six-year term by the civil service board, with members of the board being appointed by the Governor.

The three-member civil service board is replaced with a seven-member Personnel Board. Many of the responsibilities of the civil service board - including the authority to establish rules - are transferred to the Commissioner of Personnel. The Personnel Board becomes, in essence, a hearing board to consider and rule on appeals of suspensions, demotions and terminations.

5. *Unlike state government, personnel practices at the local government level have not undergone the changes that are needed to enable local governments to obtain the supervisory and managerial leadership that is needed today.*

With the exception of the action by the Legislature in 1967 establishing a new Department of Personnel for Hennepin County government, the basic approach toward filling supervisory and managerial positions - as expressed in the personnel policies and practices of most local units of government - has remained essentially unchanged from the original civil service law.

Efforts to remove many of the barriers identified in this report have been largely unsuccessful. The recent rejection by the Minneapolis Charter Commission to modify the certification rule from certifying one to certifying three is a case in point.

Though it may be commonly believed that these policies are a local matter to be dealt with by local governing bodies, such has not been the case in the past. The Minnesota Legislature has been - and continues to be - significantly involved in setting personnel policy for local government.

To cite one current example: The proposal to require all St. Paul and Ramsey County employees to continue to be residents of their respective jurisdictions

as long as they continue to be so employed by the city or county has been considered, and recommended to pass, by the Senate Metropolitan and Urban Affairs Committee this past session. Though the bill clearly sets policy in the area of personnel for two units of local government, it does not contain any provision that, if adopted by the Legislature, it becomes effective only upon approval by the local governing bodies.

The Legislature has established personnel policy for local government in other areas, as well - policies that often differ from the policy set by the Legislature for state government. For instance, the veterans preference laws that apply to local government are significantly more restrictive than the law that applies to state government.

RECOMMENDATIONS

On the basis of these findings and conclusions we recommend:

- A. *For positions in the classified service, remove those restrictions which inhibit the selection of outstanding individuals for supervisory and management positions, and provide incentives to make careers in public service more attractive.*
1. For local government, the Legislature should, by law, remove the restraints which serve to prevent local governments from selecting the best qualified person for a supervisory or management position.

Our study of the selection process identified several instances where laws or regulations inhibit the selection of the best person for a particular job in government.

We recommend to the Legislature that legislation be enacted that will eliminate the use of these restraints by any local government. Because local governments have not, by and large, undertaken to revise their personnel practices on their own initiative . . . and because -- for the purpose of encouraging mobility of public employees between jurisdictions -- there is a need for the Legislature to enact certain uniform policies for all governmental jurisdiction in the state, we believe it is essential that the Legislature take action in this area in much the same manner as it acted to modernize state personnel practices. With the exception of municipalities, it should be noted that only the Legislature has the authority to remove many of these restraints.

Our recommendation is based on the belief that the selection process should be founded on a commitment to hiring the best person . . . regardless of where that person works, how long he or she has worked there, where that person lives or whether he or she has served in the armed forces. It is also based on the strong belief that - to increase the possibilities for mobility in these positions, and thereby open up new opportunities to government employees - these restraints must be eliminated from all governmental jurisdictions.

By removing these restraints, the Legislature will also be taking a significant step towards improving the opportunities of women and minorities to compete for supervisory and managerial positions. Because few women or persons from minority racial groups presently hold jobs in government that place them in a position to compete for supervisory or managerial jobs, efforts to "open" the selection process will serve to increase opportunities for women and minorities.

Specifically:

- * Eliminate residence requirements. Requirements that restrict applicants for a position solely to residents of a particular area inhibit the selection of the best person for a position. This was recognized by the 1973 Legislature when it eliminated residence requirements for state employment.

Such residence requirements should be eliminated, particularly at a time when individuals move with increasing frequency, and as cooperative efforts between governmental jurisdictions become more common. For supervisory and

managerial positions, in particular, job mobility is being encouraged to a greater degree by persons concerned with management development. Residence requirements only serve to inhibit movement of individuals between governmental jurisdictions.

- * Pay travel expenses for persons living out of the area who are invited to be interviewed for a managerial position. Government officials should have the authority to pay the actual out-of-pocket travel and lodging expenses of a person, living some distance away, who has been invited to participate in an oral examination for a managerial position.
- * Open examinations for supervisory and managerial positions to all applicants, regardless of present employment. Supervisory and managerial positions should be filled through examination processes that are open to non-governmental as well as governmental employees. Promotional examinations, which are open only to employees of a particular department or governmental unit, should be eliminated.

We believe this change will serve to improve the caliber of individuals applying for positions by permitting more individuals to apply.

The elimination of promotional examinations should also eliminate instances where women or members of minority races are not eligible to apply for a particular examination - a situation which presently occurs when an examination is limited to employees of a single department that does not have any women or minorities eligible to compete for the position.

An elimination of promotional examinations must, however, be accompanied by a change in veterans preference statutes. One reason promotional examinations are used so frequently is that the veterans preference requirements are significantly less restrictive for promotional examinations than for open competitive examinations. (In local government, absolute veterans preference applies to all open competitive examinations.)

- * Remove seniority as a factor in selecting supervisors and managers. Although the experience an individual gains through work should be, and is, a factor in determining how well he does in an examination process, seniority - length of service in government - should not. We recommend that any reference to seniority being a consideration in filling these positions be eliminated.

A system which permits an employee with several years' seniority - but a lower examination score - to be selected over an employee with only a few years' seniority - but a higher examination score - is contrary to the philosophy of a merit system. It does not take into account, for instance, experience which may have been gained from working for some other unit of government or for a private employer. Also, it serves to increase the difficulty of women and members of minority groups, many of whom have only recently been employed, to compete equally for supervisory and management positions.

- * Eliminate promotional ratings. Promotional ratings should be eliminated as a factor in determining an applicant's score when competing for a supervisory or management position. If promotional examinations are eliminated - as recommended previously - promotional ratings will also be eliminated automatically, since they are used only for that type of examination process.)

A promotional rating is the applicant's supervisor's assessment of how well the applicant will perform in the position for which he is applying. It is based on the assumptions that the supervisor understands the requirements of the new position and that the supervisor is skilled in evaluating performance. In many instances, neither is the case.

If it is felt that some form of supervisor's assessment of an applicant is desired, we suggest that - in jurisdictions with a formal performance appraisal system - an applicant's most recent performance appraisal be submitted to the appointing authority to aid him in evaluating the persons who are certified to him. It should not, however, affect the applicant's examination score.

- * Eliminate veterans preference for supervisory and managerial positions. We recognize veterans preference as an attempt, on the part of the public, to compensate a veteran for the time he lost while serving his country - time which otherwise could have been used to get a start in his chosen profession. For this reason we support the use of veterans preference for basic, beginning-level positions.

Currently, state government and local government operate under separate veterans preference statutes - a situation that is inequitable and confusing. We recommend the Legislature adopt a uniform veterans preference law for beginning-level positions for use by both state and local government, patterned generally along the lines of the federal government's veterans preference law.

For supervisory and management positions, we recommend there be no veterans preference granted. If a veteran considers himself qualified to apply for such a position, he should be willing to compete on an equal basis with non-veterans.

We further recommend that a person be limited in his use of veterans preference to a period of five years following discharge, but not including time spent in a hospital recuperating from injuries or time spent pursuing an undergraduate degree in college.

Because so few women qualify for veterans preference, the modification of the veterans preference statutes will serve to increase the opportunities for women to compete for positions in government.

- * Increase the number of persons from whom the appointing authority may select when filling supervisory and managerial positions. An appointing authority's assessment of an individual as he interviews that person for a position should be recognized as a legitimate part of the selection process. It should not replace the examining process for filling supervisory and management positions, but it should be considered along with the examination results.

Restrictions which limit the number of persons an appointing authority may consider when filling a position to one or three are too restrictive.

We recommend that the names of those persons receiving an examination score within 10 points of the top score, up to a maximum of ten persons, be certified to an appointing authority. In all instances, a minimum of three names should be certified. Such a recommendation retains the principle of merit, yet recognizes that the examining process is not so perfect that one individual receiving a few points more than another will always be the most qualified person for the position. It further recognizes that the appointing authority should be entitled to a certain amount of discretion when filling a position.

Increasing the number of persons certified is one further way of creating additional opportunities for women and minorities to compete for supervisory and managerial positions. The present certification rule generally resulted in only male caucasians being certified for positions.

- * Remove names from eligibility lists after one year. We recommend that provisions in the law which require personnel departments to retain an applicant's name on an eligibility list for up to three years be changed. If a person has not been hired for a position within one year of being placed on the list, his name should be removed.

2. For state government, the Legislature should complete its efforts to update the state's personnel system - begun by the 1973 Legislature - by eliminating those remaining restraints that inhibit the hiring of the best qualified person.

The 1973 Legislature did adopt major improvements in the manner in which state government goes about hiring persons for supervisory and managerial positions - improvements that are described in detail in the Findings and Conclusions section of this report. We recognize the importance of the changes adopted by the Legislature, and urge further action by the Legislature to complete the work begun in 1973. In some cases, our recommendations are in the nature of further improving laws that were amended in 1973. In other instances, our recommendations deal with issues that were not acted upon in the past legislative session.

An important reason, we believe, for urging further changes in certain state personnel laws is the need to adopt uniform policies for state and local government. If these - and the recommendations pertaining to local government - are adopted, such will be the case.

Specifically:

- * Eliminate all forms of promotional examinations for supervisory and managerial positions. The Legislature did eliminate the use of departmental promotional examinations for managerial positions. We recommend the Legislature also eliminate the use of statewide promotional examinations for managerial positions and extend this policy to include supervisory positions as well. Unless all forms of promotional examinations are eliminated, it will be possible to exclude all non-governmental employees from being eligible to even apply for supervisory and managerial positions in state government.
- * Remove seniority as a factor in selecting supervisors. As a result of legislative action, seniority will no longer be a factor in determining an applicant's examination score for managerial positions. We believe this policy should also cover supervisory as well as managerial positions.

- * Cease using promotional ratings as a factor in determining an applicant's examination score. The Legislature took no action regarding the use of promotional ratings. Our recommendation on promotional ratings, as stated for local government, should apply to state government as well.
- * Amend veterans preference laws to permit their use only for beginning-level positions. Though the veterans preference laws that apply to state government employment are not as restrictive as those which apply to local government, changes are needed, also, in the law on state personnel. The omnibus personnel bill that was considered by the 1973 Legislature did originally include certain modifications in the veterans preference statutes. These amendments did pass the House of Representatives but were removed in the Senate, and, consequently, no action was taken by the Legislature.

Our recommendation for changing the state veterans preference laws is the same as for local government. Specifically: We recommend that veterans preference be granted only for beginning, or entry-level positions and not for supervisory or managerial positions, regardless of whether those positions are filled through an open-competitive or promotional examination; a person should be eligible to use veterans preference for only the first five years following discharge, exclusive of time spent recuperating from injuries or time spent pursuing an undergraduate college degree; for those positions for which veterans preference should apply, a veteran who has otherwise passed an examination should be limited to receiving an additional 5 points to be added to the examination score - 10 points if a disabled veteran.

- * Increase the number of applicants certified to the appointing authority for all supervisory and managerial positions. The Legislature took a significant step here by increasing, from three to ten, the number of names of applicants that are certified to the appointing authority by the personnel department for all positions filled through an open-competitive examination. We believe the number should also be increased for all promotional examinations -- at least to the point of certifying, as we recommend for local government, the names of all persons with scores within 10 points of the top score, with a minimum of three and a maximum of ten names certified.
3. State and local governments should provide further incentives to make careers in public service more attractive.

There is a need for state and local government to provide incentives to attract outstanding individuals for careers in public service. Specifically, the Legislature and local law-making bodies should:

- * Reward outstanding service. In government, salary adjustments generally are not used to reward outstanding performance. Annual salary increases for outstanding and less-than-average employees often are identical. If there is a difference, it generally is not significant. Salary adjustments are more frequently tied to length of service. . .the only relationship to merit being the rare occasion when an employee is denied an increase - at best a negative incentive.

A meaningful reward system for classified employees is needed in all of the jurisdictions studies. In developing such a reward system, the following principles should be observed:

- If salary adjustments are to be used for rewarding performance, the size of the adjustment should be flexible rather than fixed. For example, state government's use of a flat 4% increase for 20% of its employees - regardless of the degree of outstanding performance - is, in our view, not an acceptable reward system.
 - Salary adjustments that are based on performance should be based on a positive philosophy of rewarding employees for excellent work rather than a negative approach which penalizes employees for poor performance.
 - A salary schedule is most likely to produce a flexible salary system if the "steps" within a salary range are eliminated and an "open range" with only a minimum and a maximum salary established for the range. Steps, or fixed increments within a range, serve only to make salary adjustments more rigid and cause employees to come to expect a particular increase based on the steps within the range.
 - Serious consideration should be given to rewarding performance through a form of lump sum payment in place of - or in addition to - a salary adjustment. A lump sum system can often better relate reward to performance, during a particular time period.
- A salary adjustment, based on outstanding performance for one year, commits the employer to maintaining that salary adjustment for many years in the future, regardless of how well the employee might do in the future. Under a lump sum system, an individual receives a "bonus" - which would be in addition to any across-the-board increase - only in those years when his performance merited it. Because no future commitment of funds is involved, the lump sum can be larger than a salary increase yet cost the employer less.
- It is essential that a meaningful performance-appraisal and objective-setting system be established, where one does not already exist. A reward system can be successful only if the reward is related to performance. And, an employee's performance can best be measured if a set of realistic objectives has first been determined for the position.

Aside from its relationship to a reward system, a program which permits employees to understand what is expected of them, and provides for a regular review of an individual's performance, can have important benefits, in terms of developing incentives. An individual who knows what is expected of him, who knows what his supervisor thinks of his work, and who has an opportunity to present his thoughts and concerns, is more likely to be satisfied and more likely to have the motivation to improve his performance.

- Other forms of incentives besides salary adjustments are important. For instance, recognition programs which identify employees who have performed well can be a real incentive, where the effort is a serious one and not just a token gesture.

* Establish career planning programs. Because of the heavy reliance on departmental promotional examinations and the limited movement of employees between

governmental jurisdictions - from state to county, from city to state, etc. - an employee's career in public service is often limited to one department. Earlier in this report we recommended steps to broaden promotional opportunities for an employee of government through the elimination of promotional examinations.

But efforts to open the system and to encourage mobility are not enough. Unless an employee is aware of these possibilities for advancement, knows the requirements he must meet before becoming eligible for a position, and develops a plan for acquiring these qualifications, it is unlikely many employees will take advantage of these opportunities.

--Career planning programs should be established within the personnel department in each jurisdiction for the purpose of helping employees prepare and develop a career plan. The purpose of these programs would be to advise an employee, on an individual basis, of the career paths, or career opportunities, that he might be eligible for - both within the particular governmental jurisdiction and in surrounding governmental units as well.

Through such a program, an individual would be advised of the qualifications that would be required of him before he would receive favorable consideration for the position. The employee would receive help in developing a plan of action that would permit him to acquire the necessary qualifications.

It is important that such programs require the employee to request career planning assistance. It should also be left up to the individual to pursue whatever plan of action he might have developed. In other words, a career planning program should not become a substitute for an individual's personal responsibility to prepare himself for a particular career. Rather, it should complement those efforts by helping the individual become aware of the opportunities and understanding what must be done to take advantage of those opportunities.

--Training programs, that are able to develop these qualifications, should be established and made available to employees who are interested in furthering their career opportunities.

--A skills inventory, in the form of a data bank that would contain information on the skills and abilities of all employees holding managerial level positions, should be established. As managerial positions become vacant, employees listed in the skills inventory who possess the required abilities should be notified of vacancies. Once established, consideration should be given to extending its use to include all supervisory-level positions.

* Make salaries for public service positions competitive with other governmental units and with the private sector. Information we have received regarding the salaries paid to governmental employees is not conclusive as to whether persons holding management positions, or other positions, in state and local government receive adequate salaries.

Evidence points to the fact that, for top management positions, at least, salaries are often not competitive. To cite but one example, many of the

salaries currently paid department heads in state government are still lower than the salaries recommended by the Hay salary study in 1970. (The Hay study was a professionally conducted study designed to recommend salaries that would be comparable to other governmental units and to private industry.)

We did not, however, have the opportunity to study this issue in depth and, consequently, are not prepared to present any detailed recommendations on the subject. We do believe that the principle of compensating government officials on a comparable basis to private business should be the basis on which compensation plans are developed.

4. Increase efforts to place women and minorities in supervisory and managerial positions.

The elimination of promotional examinations and seniority requirements, and the modification of certification rules and veterans preference legislation - recommendations made previously in this report - will all serve to increase the number of minorities and women who will be eligible to compete for supervisory and managerial positions. In addition we recommend:

- * Strengthen educational programs. Within the past year, nearly all large governmental units have established Affirmative Action programs. These programs have developed as essentially educational programs which seek to make governmental leaders aware of the imbalance in minority and female hiring and to develop a commitment on their part to taking affirmative action to eliminate this imbalance. Such programs generally include recruitment programs which are designed to find qualified minorities and females for vacant positions.

Such programs should be continued and strengthened. Governmental units which presently do not have Affirmative Action programs should establish such programs.

- B. *For the key managerial positions in government - other than department head positions - the Legislature should broaden. . .and extend to local government. . .the newly created Career Executive Service.*

Section A of these recommendations proposes changes that will significantly - and satisfactorily - improve the hiring process for supervisory and middle managerial positions. But, even with these changes, the classified service is not adequate for the top managerial positions in government - positions such as assistant commissioners and division directors. For these positions a different approach. . . one that is more flexible and responsive than the classified service. . .is needed. We believe the Career Executive Service, with certain modifications, meets this need. (For a description of the Career Executive Service, as established by the 1973 Legislature, see Page 16.)

The Career Executive Service has the potential, we believe, for becoming a major new approach to dealing with the problem of selecting the top career executives in government. It not only contains features that overcome the limitations of the classified service, but it also provides advantages that are not totally available through the unclassified service. In short, we believe the Career Executive Service can offer these benefits:

- * Provides a reservoir of qualified individuals, with a variety of backgrounds for these top positions. An important - but difficult - aspect of the selection process has to do with the problem of finding qualified people, with the right kind of background, who might be interested in a position. Even if the appointing authority has the option of hiring whomever he wishes for a position, he will want to be confident that the people he is considering are the best prospects available.
- * Adds an inter-governmental dimension to these positions - and increases the opportunity for movement of officials between governmental units - by establishing a common pool of qualified individuals who are eligible to apply for positions in any of the participating units. The need to have persons in these positions with broad backgrounds is increasingly accepted. In view of the changes occurring in government today, the perspective gained from a variety of work experiences - including work in various units of government - is extremely important as government seeks to adapt to these changing conditions.
- * Requires a basic competence before becoming eligible to be appointed to a management position. A serious limitation with the unclassified service is the lack of any required demonstration of ability on the part of persons selected for positions in the unclassified service. Widespread use of unclassified positions can increase the pressures to appoint persons on the basis of political factors. Without any sort of standards or criteria, the professional nature of such positions could suffer.
- * Encourages a career approach to the high-level managerial positions in government without providing restrictive tenure provisions. A significant shortcoming of the unclassified service is the widespread feeling that the incumbents in these positions will be removed whenever there is a change in administrations. This feeling serves to discourage many qualified individuals from considering such positions, particularly individuals who have chosen to make public service a career.
- * Provides officials with a wider choice of prospects. Present laws for the classified service limit the number of persons the appointing authority may consider when filling a vacancy . . . limitations that are too restrictive when filling top management positions.
- * Permits an individual to be replaced at the discretion of the appointing official. It is essential that persons in top management positions serve only so long as their performance merits the confidence of the department head.
- * Provides adequate incentives to encourage top performance. Nearly all salary schedules used by government for classified positions seriously limit - if not eliminate - any incentive to perform well. A satisfactory incentive system is essential for any new personnel system.

Specifically, we recommend:

1. The Legislature should make certain adjustments in the law authorizing the Career Executive Service.
 - * Open the Career Executive Service to non-governmental as well as governmental employees. As it presently exists, the Career Executive Service, potentially

at least, represents a step backwards in terms of the openness of the hiring process. Nearly all of the positions that will be placed in the Service are presently in the classified service where it is possible to fill such positions in a manner that non-governmental employees are eligible to apply for those positions - specifically through use of the open-competitive examination process. Three assistant welfare commissioner positions were filled in this manner earlier this year.

The Career Executive Service, however, precludes the hiring of any non-governmental employee by restricting eligibility to employees of the State of Minnesota and its political subdivisions. We recommend that this restriction be eliminated.

- * Provide that the Career Executive Service shall be for top managerial positions. The current law provides that - in addition to positions that carry a responsibility for policy determination and internal management - other positions, including those carrying a scientific competence, may be eligible for placement in the Career Executive Service. We believe the Service should be for positions with management responsibilities in government and recommend that, unless positions fall within this category, they not be made eligible for placement in the Service.

In general, we define managerial positions as those with primary responsibility for developing and implementing broad policies for a variety of functions. The effective control over financial, as well as personnel, resources would be included within the responsibilities for such positions.

In actual practice we would expect most of these positions to be division director or above, depending, of course, on actual managerial responsibility. Likewise, we would not expect positions for which the main responsibility is to directly supervise the work of employees, and positions which have no responsibility for dealing with significant management issues - for example, first and second-line supervisory positions and high-level technical positions - to be placed in the Service.

- * Clarify the role of the Career Executive Service in relationship to the Legislature's expansion of the unclassified service. In addition to creating the Career Executive Service, the 1973 Legislature also adopted legislation that permits the creation of additional unclassified positions in major state departments (see Page 16). It seems likely that many of those positions which ought to be placed in the Career Executive Service are also eligible to be placed in the unclassified service. We believe the Legislature should clarify this situation and recommend that, with the exception of the deputy commissioner or deputy director positions, these positions be placed in the Career Executive Service.

2. The Legislature should extend the Career Executive Service to local government.

The Legislature should provide, by law, that the governmental units of Hennepin and Ramsey Counties and the Cities of Minneapolis and St. Paul should be made a part of this Service - unless by resolution of its governing body a governmental unit chooses not to participate. Other political subdivisions of the state - including regional agencies - should be authorized to participate in the Service at their option.

Extending the Career Executive Service to local government is important, we believe, for these reasons:

- * Local governments are as much in need of a new approach to filling top managerial positions as is state government. Actually, on the basis of current hiring policies, many appear to be in greater need than the state. We have grave doubts, however, whether such an approach will ever be implemented by local governmental units unless the leadership is provided by the Legislature. Even if they desired to adopt a Career Executive Service, several local governmental units - counties, for example - would probably lack the authority to do so without first receiving authorization by the Legislature.
- * Mobility, on the part of top managers, will be enhanced if several governmental units are made part of one Service. We are convinced that it is in the best interest of the individual and the governmental unit that persons holding top managerial positions be exposed to the new challenges that a change in work assignments can bring. It can broaden the individual's perspective and offer the governmental agency new insights into dealing with problems.

We believe the creation of a common Career Executive Service for state and local government is one important way mobility can be stimulated.

Any legislation extending the Career Executive Service concept to local government should provide that officials of the local governmental units be responsible for determining which positions in that unit are to be made a part of the Service. Local governmental officials should also be involved in determining the process by which individuals who wish to become eligible for assignment are accepted. One way to accomplish this would be through the establishment of an intergovernmental review commission in the manner described in Point 3 of the Discussion section (page 32).

3. Individuals in the Career Executive Service should be considered when filling unclassified positions.

To the extent that certain top management positions exist in the unclassified service, a department head - when filling such positions - should have the option of reviewing the names of persons who have been assigned to the Career Executive Service. Such an option will increase the opportunities for individuals in the Service and, at the same time, offer the department head a broader range of talent than what otherwise might be available to him.

4. The Legislature should create a management development institute for state and local government executives.

An essential part of the Career Executive Service act should be a requirement that an ongoing management development program be established by each personnel department. All individuals holding positions in the Career Executive Service, or the unclassified service, should be required to regularly participate in this management training program.

One essential element of this management development program should be the establishment, by the Legislature, of an executive institute patterned along

the lines of the Federal Executive Institute in Charlottesville, Virginia. The institute should be operated by the state but should be open to employees of state and local government alike.

Unlike the federal institute, which is contained within a set of buildings in Charlottesville, we envision the Minnesota institute to be an institute without walls, so to speak, operating in a variety of locations with a temporary - rather than permanent - faculty. The institute should be designed primarily for executives holding positions in the Career Executive Service, but should also be available for employees who might be considered potential members of the Service.

C. Explore further ways to encourage mobility between governmental units.

A central theme of the recommendations contained in this report is that greater efforts are needed to promote - and in many instances just to permit - the movement of employees between governmental units. We believe greater opportunities for mobility are important for government, as well as for the governmental employee, and our recommendations concerning a Career Executive Service, elimination of promotional examinations, career planning programs, elimination of residence requirements are designed to bring this about.

Further efforts are needed, however, before these recommendations can be fully successful. The effective transfer of such benefits as vacation, sick leave and retirement credits is essential, for instance. We recommend that the Legislature explore ways in which an individual can be able to transfer such benefits when accepting employment with a different unit of state or local government.

Transferability of retirement benefits is currently offered between certain retirement systems, though this fact is not generally known by employees. This transferability should be extended to all public retirement programs. Officials should make certain that employees are aware of any provisions for transferability.

DISCUSSION OF RECOMMENDATIONS

A. Regarding the Career Executive Service. . .

1. *Why did we choose to recommend that the Legislature develop a common executive service by extending the State's Career Executive Service to local government as well, rather than simply urge that local governments each be authorized to establish their own separate executive service?*

Though there was some feeling within the committee that our recommendation for a Career Executive Service should be to permit each governmental unit to establish its own separate service, a majority of the committee felt, quite strongly, that a common executive service offered several important advantages.

1. Most important, a common service could be an important factor in encouraging the movement of high-level executives between governments - something that is extremely important today - but something that is unlikely to occur if every governmental unit were to have its own executive service.
2. A common executive service will increase the number of persons who are eligible to apply for positions in the service, thereby increasing the variety of individuals a department head may consider as he seeks to fill a position.
3. Conversely, a common service can work to the advantage of the individual by increasing the number of positions - and the variety of positions - for which he is eligible to apply.

Arguments in favor of establishing separate services in each jurisdiction were based, essentially, on the feeling that the mechanical problems involved in establishing a common service might be too complex to be workable. Rather, some members felt, it would be better to permit each unit to establish its own service and not require them to wait for a common service to be established.

In rejecting this argument, a majority of the committee concluded that these mechanical problems would not be insurmountable. Instead, by authorizing this service on an intergovernmental level, this action by the Legislature could be viewed as the beginning of a new approach to personnel. . . an approach that looks at the personnel needs of state and local government within the context of a state/local system.

2. *Why recommend that Hennepin and Ramsey Counties, Minneapolis and St. Paul automatically be placed in the Service unless they make a conscious decision not to participate?*

Ideally, we think every unit of government ought to have a career executive service. We recognize, however, that it may be impractical to require local governments with very small employment to join the Service, although all should be eligible to join at their option.

Upon viewing employment figures for all local governments in the metropolitan area, it quickly became apparent that those governments with a level of employment high enough to justify their automatic placement in the Service were the cities of Minneapolis and St. Paul and the counties of Hennepin and Ramsey. ^{1/} Consequently, we have recommended they be placed in the Service.

Because our recommendation would give all other local governments the option of deciding whether or not to join the Service, we have also included a similar option for these four largest local governmental units. . . although in their case - because we feel the situation justifies their being in the Service - we would recommend they make an affirmative decision to be excluded from, rather than included in, the Service.

3. *How might applicants for a "common" state/local Career Executive Service be screened?*

There are undoubtedly several ways a joint state/local Career Executive Service could be established. The format that we tend to favor would provide that a "review commission" be established by the Legislature for the purpose of reviewing the qualifications of individuals wishing to become eligible to apply for positions in the Service.

The members of such a review commission should be selected in a manner that permits input from all governmental bodies participating in the Service. Two possible approaches might be: one, for the personnel directors of all governmental units in the Service to jointly select the members; two, for the State Personnel Board to select the members with a majority of the local personnel boards having the authority to reject any member.

We would suggest the commission consist of between 9 and 15 members, depending on the number of governmental units in the Service. Members would be citizens, not presently employed by any of the participating jurisdictions, selected on the basis of ability and experience in the field of management. They would serve without compensation but should be entitled to receive per diem expense. Funds for the operation of the commission should be allocated between the participating units.

Such a commission could be granted the responsibility to establish the general criteria that must be met by individuals seeking to enter the Service. Because the purpose of the commission would be to determine whether an applicant possesses the basic managerial qualities that are needed by persons responsible for developing management decisions and for formulating broad departmental policies - in a variety of jurisdictions - the criteria established by the commission should be general, rather than specific, in nature.

^{1/} According to the 1971 Salary Study conducted for state and local government in the metropolitan area by Stanton Associates, Inc., these four units had between 2,000 and 6,000 employees. The next largest local governmental units in the study were Bloomington and Anoka County, both with slightly over 300 employees.

Certification by the commission would simply make an individual eligible to apply for positions as they become vacant. The actual decision to hire an individual should, of course, be the responsibility of the department head.

4. *What kind of criteria might be used when considering applicants who wish to join the Career Executive Service?*

Of all the views that were expressed to the committee on the subject of what it takes to be a good manager, the one conclusion that came through the loudest was that there are very few attributes that everyone considers are essential in a good manager. Consequently, a review commission - if established - should, just as most leaders in private industry do when selecting persons for managerial positions, think in terms of general, rather than specific, characteristics when deciding whether to accept an individual in the Service.

It should be understood that accepting an individual in the Service only makes that person eligible to apply for specific positions - it does not mean that the person should be hired for a particular job.

Because of their expertise, the members of the review commission - or other officials charged with the responsibility of establishing criteria - will be more qualified to develop a set of characteristics to be applied when evaluating applicants, than were members of this committee. But, for purposes of establishing some general guidelines, we would suggest the following:

- * Consider an individual's performance in previous positions, even if they were non-managerial positions. How well did he perform? How creative was he? Was he, for instance, interested in finding new and better ways to get things done? One important characteristic of a good manager is his interest in looking for better ways - by trying new approaches - to do things.
- * Does the individual have a grasp of what management is? Does he understand that a function of a manager is to see that programs are carried out by others? Or, does he view the position as a sort of super-technician in which he is actually responsible for doing much of the work himself? Because his job is to see that the work gets done, rather than to do the work himself, a manager really doesn't need to have extensive knowledge of the technical aspects of the work being performed.
- * How does he work with other people? Is he a listener, willing to accept new thoughts from other people? Or, does he have the answer for every problem and is he interested only in having things done his way?
- * Is he willing and able to delegate important decisions to other workers in his division? Is he able to develop confidence in others and let them assume responsibilities? Is he the type of person who is unwilling to let others assume this type of responsibility and become involved in the decision-making process?

5. *On what basis might individuals holding positions in the Career Executive Service be removed from their jobs?*

We believe the official who actually appoints an individual to a position should have the authority to remove that individual at his or her discretion. The law establishing the state's Career Executive Service provides that an individual may be replaced at any time for any reason other than on the basis of politics, religion, race, age, sex or disability. While we are opposed, in principle, to the removal of an individual on the basis of any of these factors, we felt that other laws sufficiently covered all of the above-mentioned factors with the exception of politics and that it would, as a practical matter, be extremely difficult - if not impossible - to separate those removals which were based on politics from those which were based on such factors as incompatibility. We were concerned that, with a reference to politics in the law, any removal would be subject to challenge on those grounds and would result in officials retaining an employee in whom they had lost confidence rather than going through the difficult process of seeking to have him removed.

B. In general. . .

1. *Why not totally eliminate veterans preference? If veterans preference actually serves to require government officials to hire someone other than the most qualified person, shouldn't it be totally eliminated?*

There was some support within the committee to abolish all forms of veterans preference. If it was simply a question of either supporting an absolute form of veterans preference - as exists in local government in Minnesota - or supporting a total repeal, the committee likely would have favored the latter. An alternative does exist, however - namely the modified form of veterans preference that applies to entry-level positions in state government. Specifically, for positions in state government, a veteran is eligible to receive an additional five points - ten points if he is a disabled veteran - that are added to his final score. If those points place the veteran within the top three persons on the list, his name is certified - but the appointing authority is not required to hire the veteran.

The committee did conclude that a veteran should be entitled to some preference at the time he returns from military service, primarily to compensate for the time lost which the veteran otherwise might have used to get a start in a particular career. A majority of the committee felt quite strongly, however, that veterans preference should not apply to supervisory and managerial positions. . . positions which can hardly be considered entry-level and which seldom are the type of positions a veteran would be eligible to compete for upon return from the service.

2. *Why have governmental agencies relied so heavily on departmental promotional examinations in the past?*

Often because the law encourages it. And, often because absolute veterans preference laws - which apply to open competitive examinations - don't apply to promotional examinations. Primarily, though, the heavy use of departmental promotional examinations is nearly inevitable in any environment in which the operating department has the prerogative of determining the type of examination that will be used to fill a position.

The natural pressures within a department are to restrict applicants to current employees of the department. And, as one department moves to restricting positions to department employees, the pressures increase in all other departments to do likewise. As employees begin to see that they are being excluded from promotional opportunities in all other departments, they quickly realize that their only promotional opportunities rest within their present department. Within this environment, efforts to open examinations in one department to a broader group are met with resistance by employees of the department and a short-term, at least, decline in morale in the department.

For this reason it's nearly imperative that any effort to open examinations to a broader group must be applied across the board within a governmental unit. More desirable are provisions that apply across governmental jurisdictions.

3. *Do you mean to suggest, when recommending that residence requirements be eliminated and restrictions against paying travel expenses to persons who are invited to be interviewed for managerial positions be modified, that local residents are often unqualified to hold top positions in state and local government and therefore government must look elsewhere for qualified persons?*

Not at all. Actually, the opposite is the case, in most instances. When compared with other states and cities across the nation, the quality of work by employees - public and private - in our area is considered exceptional, and we would expect most positions in state and local government to be filled by employees within the state.

Nevertheless, there are instances where it may be necessary or desirable to at least be able to consider individuals from other regions when filling a particular position. For example, there may be an instance where a new program or a new technique is being implemented for the first time and where the only knowledgeable people on the subject are employed in some other part of the country. In such instances, government officials shouldn't be prevented from interviewing persons simply because they are unable to pay the individual's interview expenses. Such situations should be considered the exception, however, rather than the rule.

Far more common, however, are the problems caused by restrictive residence requirements. With the increasing need for governmental units to be able to draw on individuals with diverse backgrounds - including experience with other governmental units - a provision which restricts a municipality to considering only individuals who actually reside within the limits of that municipality could easily prevent it from being able to draw on a broad range of talent when filling key positions. It seems entirely possible, for instance, for an employee of the City of Minneapolis to be the ideal person to fill a particular position in St. Paul government (or vice versa). Yet each city's residence requirements would likely preclude such an individual from even being considered for the position.

4. *In the report you make frequent reference to civil service examinations and examination scores. Is an applicant's examination score based on anything other than a written examination consisting of questions relating to the job that is being filled?*

Yes. An applicant's examination score is based on several other factors besides his or her score on a written examination. Depending on the type of examination, an applicant may be entitled to additional points on the basis of seniority, and on the basis of a rating that is completed by his or her supervisor. If a veteran he or she may receive additional points through veterans preference legislation.

For instance, a state employee who has taken a promotional examination receives an examination score based on the following: Assuming a maximum possible score of 100 points, the actual examination will likely count for 50 points; the supervisor's rating will probably count 40 points; and seniority, or length of service, counts for up to 10 points (1 point for each of the first five years of service plus an additional $\frac{1}{2}$ point for each additional year to a maximum of fifteen years or 10 points). If the applicant is a veteran, an additional 5 points (10 points if a disabled veteran) are added, and the sum of each becomes the final score.

What is more important to understand, however, is that a civil service examination doesn't necessarily mean a "written" examination. For managerial and other high-level positions, examinations are nearly always "oral" examinations. That is, instead of being asked to answer a series of questions in writing, an applicant is personally interviewed by one or more interviewers (often a panel of three) and scored on the basis of his or her answers to questions raised during the interview. Occasionally, staff from the personnel department serve as interviewers, but in many cases they are outside experts who have been recruited specifically to interview applicants for a particular position.

There seems to be a movement towards the greater use of oral examinations for filling high-level civil service positions. The validity of written examinations - the degree to which a written examination is able to identify the candidate who is indeed the most qualified - is being seriously questioned on many fronts today. Many knowledgeable persons claim there is no such thing as a valid written examination, at least for supervisory and managerial-type positions. Another contributing factor is the general recognition that written examinations don't provide for an evaluation of such subjective factors as motivation, disposition, etc. - factors that are important in any person holding a managerial position.

5. *You recommend that seniority no longer be a factor on which examination points are awarded. Don't you feel that an individual's experience ought to count for something when he or she competes for another position?*

Yes, we do, but we don't feel that granting points on the basis of seniority is the way to do it. Actually, if the position being filled is in an entirely different line of work, an individual's experience - having been in a totally different area - may actually make him or her less valuable than an applicant with fewer years' seniority but in a somewhat related field.

The key point to understand, however, is that an individual's experience will be helpful to the applicant because, on the basis of the knowledge gained through experience, the individual will be able to answer more questions correctly and consequently receive a higher score on the examination.

WORK OF THE COMMITTEE

In the fall of 1972 the Board of Directors of the Citizens League established the Filling Supervisory Positions in Public Employment Committee and assigned to it the following charge:

"The need to attract high-quality individuals to supervisory positions in state and local government is increasingly recognized. We would review present public personnel policies, including those which concern how notice is given when vacancies occur, how eligibility for positions is determined, how specifications are developed, whether special preferences are given persons for reasons other than their qualifications for the immediate jobs available, including whether fair treatment is accorded women and minorities, and the ability for personnel to move from one department to another or from one unit of government to another."

A total of 22 members actively participated in the work of the committee. The chairman of the committee was Leonard F. Ramberg, retired vice president, Northwestern National Bank of Minneapolis. Other members were:

Donald H. Anderson
W. William Bednarczyk
Earl F. Colborn, Jr.
Sue Cummings
Carlyle Davidsen
James W. Fritze
Glen F. Galles
Robert E. Hannon
John A. Hanson
Ruth L. Hass
James Hawks

Dorothy Lamberton
Richard Lamberton
Jerry M. Liefert
Richard L. Manning
Thomas G. Mortenson
Lee Nelson
Jim Newland
David L. Norrgard
Edward J. H. Smith
George A. Warp

The committee was assisted by Glen J. Skovholt, Citizens League Research Associate, and Jean Bosch of the clerical staff.

The committee held 26 meetings, from November 14, 1972, to May 10, 1973 - an average of one meeting per week. For the convenience of committee members and resource persons, the committee met alternately in St. Paul and Minneapolis.

For the first three months the committee spent practically all of its time in orientation sessions - learning about the problems that affect public employment within state and local government. During this period of time, the committee was fortunate to be able to meet with many excellent resource persons who were extremely helpful in spotlighting the major problems confronting the personnel system in government today. These resource persons included officials from both state and local government, and persons representing both the administrative and legislative branches of government. In addition, the committee was fortunate to meet with other resource persons who have had extensive experience in the field of personnel in the private sector.

Detailed minutes were prepared of each meeting, with copies being made available to members who were not present, and to a number of other persons outside of the committee who were interested in the activity of the committee. A limited number of

copies of minutes are on file at the Citizens League office. A series of background articles and reports were made available to the committee for review, and these, too, are available in limited copies from the Citizens League office.

Following the completion of the "orientation" portion of the committee's work, the committee turned to drafting a set of findings and conclusions in February and early March. Following general agreement on this document, the committee turned to a discussion of possible recommendations and spent the greater part of two months in this stage of the committee's work.

The committee wishes to thank the following resource persons who met with the committee on one or more occasions:

Donald H. Anderson, personnel division, Metropolitan Council.
Winston Borden, Minnesota State Senator.
Richard Brubacher, State Commissioner of Administration.
John Cairns, Minneapolis Alderman.
Stanley Cowle, Hennepin County Administrator.
John A. Hanson, Hennepin County Personnel Director.
Herbert Heneman, director, Industrial Relations Center, University of Minnesota.
John Jackson, State Civil Service Director.
Thomas J. Kelley, then Ramsey County Administrator.
Ray Lappegaard, State Highway Commissioner.
John Loza, personnel department, University of Minnesota.
P. J. McInnis, Burnsville Village Manager.
Jerry McNeal, director of employee relations for Dayton's, and chairman of the personnel task force of the Governor's Loaned Executive Action Program (LEAP).
Don Mead, assistant director, Ramsey County Personnel Department.
Bob Meyer, assistant area director, American Federation of State, County and Municipal Employees, AFL-CIO.
Gerry Morse, vice president for employee relations, Honeywell, Inc.
Harmon T. Ogdahl, Minnesota State Senator.
Burke Raymond, Roseville Village Manager.
Joe Robison, executive director, State Employees Union Council #6.
Waverly Smith, president, St. Paul Fire & Marine Insurance Company.
Eugene Spika, area manager, U. S. Civil Service Commission.
Esther Wattenberg, Office of Career Development, University of Minnesota.
Harry Wilson, chairman, United Veterans Legislative Committee.

In addition, the committee staff received additional background materials from representatives of the following organizations: Minneapolis Civil Service Department; the State Department of Human Rights; the State Affirmative Action Program; the Joint Legislative Interim Commission on Civil Service and Unclassified Personnel; and the State of Minnesota Civil Service Department.

ABOUT THE CITIZENS LEAGUE . . .

The Citizens League, founded in 1952, is an independent, non-partisan educational organization in the Twin Cities area, with some 3,600 members, specializing in questions of government planning, finance and organization.

Citizens League reports, which provide assistance to public officials and others in finding solutions to complex problems of local government, are developed by volunteer research committees, supported by a fulltime professional staff.

Membership is open to the public. The League's annual budget is financed by annual dues of \$15 (\$25 for family memberships) and contributions from more than 500 businesses, foundations, and other organizations.

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