

CITIZENS LEAGUE REPORT

No. 16

**Citizens League survey of City of
Minneapolis personnel policies**

October 1953

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To: City and Metropolitan Government Committee

Subject: Report of Sub-Committee on Personnel
John Savage, ChairmanREPORT OF SUBCOMMITTEE ON PERSONNEL
CITY GOVERNMENT OPERATIONS COMMITTEE
CITIZENS LEAGUE OF GREATER MINNEAPOLIS

- I. MEMBERSHIP OF SUBCOMMITTEE: This Subcommittee was composed of four members, Mr. Dan Magraw, Mr. George Humphrey, Mr. Ed Dietrick and Mr. John Savage, Chairman.
- II. PURPOSE OF THIS SUBCOMMITTEE: The purpose of the Subcommittee was to study the personnel set-up in City Government, to bring back recommendations to City Government Operations Committee on items which the Subcommittee is prepared to recommend specific action to the Citizens League Board, to point out areas which the Subcommittee believes are sufficiently promising to warrant intensive research, and in carrying out the above purposes to try to leave with all persons interviewed the feeling that the Citizens League can and is willing to help in improving any situations which need the support of such an organization as the League.
- III. ORGANIZATION OF THE SUBCOMMITTEE: The work of the Committee was broken down into four areas of fact-finding as follows:
 1. Procedures and policies governing recruiting, selecting, hiring and dismissing employees.
 2. Numbers of persons in the various departments assigned responsibility for personnel administration.
 3. Salary administration.
 4. Policies covering such fringe benefits as pensions, vacations, overtime pay, sick leave, holidays, group insurance, working hours and conditions.
- IV. FACTS AS DETERMINED BY THE SUBCOMMITTEE MEMBERS: In each case one Subcommittee member was responsible for securing the facts which are presented here and they have not been further checked for accuracy. They are grouped under the four major headings given above.
 1. PROCEDURES AND POLICIES GOVERNING RECRUITING, SELECTING, HIRING AND DISMISSING EMPLOYEES.

The laws creating the Civil Service Commission in Minneapolis, passed by the Legislature during session of 1912-13, are known as Chapter 105, General laws of Minnesota, 1913, "An Act to Improve the Public Service". This law was amended in 1917 and adopted by Chapter XIX of the charter of the City of Minneapolis in 1920.

Functions of the Civil Service Commission with which we are hereby concerned are: recruitment and selection, promotion and transfer, and discharge.

a. Recruitment and Selection:

As of December 31, 1951, the number of employees in the classified Civil Service was 8,303, thus showing the magnitude of the personnel problem. The Commission has Chapter XIX, Sections 4, 6, 9, 12, 13 and 14 of the City charter to help guide them in this area. Further, extensive rules which have been set up by the Civil Service Commission are also constantly employed to meet the intent of the charter requirements.

Briefly, in recruiting personnel, the Commission employs five technicians whose job it is to study, analyze and classify various jobs. From this study, a test is made up usually of the multiple choice type questions, plus, in various instances, a practical performance test. The technicians study results of the test for future reference and correction. At the present time, almost all the job classifications and necessary tests are set up and require only occasional minor changes to satisfy a particular situation.

To get applicants for the tests which have been set up, there must be public advertisement of all examinations at least ten days in advance in two newspapers and the posting of such exam in a conspicuous place in the City Hall. As simple a procedure as advertising may seem, the Commission is handicapped by lack of funds and as a result, the publication of test notices is, in most instances, hardly noticeable in the local paper. So in various situations where the Commission knows certain people will be interested in the test, printed posters will be sent to these groups. When the Commission has received applications and determined by standard requirements who will be permitted to take the exam, the date of the examination is set and the Commission sends a notice to each applicant. Examination papers are rated on a scale of 100% with each subject of the examination weighed independently. The passing score is 70%. In connection with scoring the exam, we must take into account the Minneapolis attitude towards veterans. "All veterans must receive a passing mark of 70% on their test without any addition of points. If two or more veterans do pass the exam, they are given preference according to their exam scores, but are all placed on the list ahead of any non-veteran.

Naturally, such a statute when applied to promotions as well as to applicants for jobs under Civil Service, is the cause of much injustice and poor morale in the ranks of Civil Service employees. However, the constitutionality of Minnesota's varied veterans' preference laws has repeatedly been affirmed by the State Supreme Court.* After determining who is eligible for the job, these names are entered on an eligible register in the order of their general average percentage, veterans being an exception. Such an eligibility list, if not renewed by the Commission, will expire by limitation of time in two years from the date of posting said list. As a result of this lengthy waiting period before being able to try to get on the eligibility list and, as a result of the

*State v McDonald, 188 Minn. 157, 246, N W 900 (1933)

competition of higher wages in private employment in certain categories, the City of Minneapolis is having trouble encouraging the right type of individual to be a City servant.

b. Promotion and Transfer:

The general policy of the Civil Service is to encourage at all departmental levels promotion of worthy employees, rather than hiring new personnel. Thus vacancies are filled by promotional examination if there are employees in lower classifications who have the minimum experience required for the vacant position. If such employees are available in the department concerned, promotional examinations will be limited to that department. Otherwise they will be thrown open to the entire City service. Three factors are considered in making promotional appointments: grade on the written and/or oral promotional examination, efficiency ratings, and seniority.

Sometimes it becomes necessary to make a temporary appointment to a position pending the results of a promotional examination. Such 'details' are made by the department head with the approval of the Civil Service Commission.

The transfer of employees from one department to another may be made with the approval of the Civil Service Commission, upon receipt of the form prescribed by the Commission, properly filled out and signed by the department head. There can be emergency transfers under the authority of the department head with consent of the Commission which cannot exceed thirty days unless the work has not been completed, in which case the transfer may be extended seven days.

c. Discharge:

Any City employee who is discharged after the satisfactory completion of his probationary period, receives an opportunity to be heard before the Civil Service Commission if he requests a hearing within ten days after his discharge. A veteran is entitled to such a hearing even if discharged before the six months' probation period is up if he so requests. The procedure of this hearing follows the basic idea of a court trial with the department head presenting his case as to why a certain employee was discharged, which is followed by the employee's testimony. Strict rules of evidence are not followed, but each allegation must be backed up with substantial proof and competent witnesses. To see that the employee is given a fair trial, he may have an attorney represent him and call witnesses on his behalf although not directly involved in the case being heard. One Commissioner is an attorney by profession and is the one who usually conducts the City's case. It has been the custom of the Mayor of Minneapolis to appoint an attorney to the Civil Service Commission. In the course of an investigation, each member of the Commission or Board so appointed by it has the power to administer oaths and to secure by subpoena, both attendance and testimony of witnesses and the production of books and papers relevant to the investigation.

The majority vote of the Commission will sustain the discharge, but it can make other recommendations such as:

1. Order employee be suspended without pay for period not to exceed ninety days.
2. Order employee be restored to the City service with a reduction in rank or pay, or both.
3. Order employee be reinstated to the position formerly held.
4. Order employee be placed at head of appropriate eligible list.

In 1951, out of fifteen who requested a hearing, only in one case were the charges not sustained. In 1949 and 1950 there were thirty-six requests for hearings and all charges were sustained while in this three year period 156 were discharged from the Civil Service for disciplinary reasons. The decision of the Commission on discharge is final unless the former employee appeals to a court, a procedure which has not occurred very often.

d. Persons not Subject to Above Policies and Procedures:

There are from 2500 to 3000 employees, mostly teachers, who do not come under the Civil Service Act and are, therefore, not treated as outlined above. No facts were ascertained concerning this group of people for inclusion in this report.

2. NUMBERS OF PERSONS IN THE VARIOUS DEPARTMENTS ASSIGNED RESPONSIBILITY FOR PERSONNEL ADMINISTRATION.

Although the investigations into this matter could not be considered a detailed survey, enough information was obtained on which to project the totals desired.

The Civil Service Department employs fifteen people:

Secretary and Chief Examiner	1
Senior Personnel Technician	1
Junior Personnel Technicians	4
Principal Clerks	2
Senior Stenographers	2
Senior Clerk	1
Junior Stenographer	1
Junior Clerks	3
	<u>15</u>

The Secretary and Chief Examiner was unable to give a clear idea of how many people were engaged in personnel work in the various City Departments. She did, however, have the names of the persons in the major departments with whom she works. These people were contacted by phone. It was found that, generally, the Payroll Sections maintain personnel records and process transaction documents in conjunction with timekeeping and payroll work.

In the City Engineer's office, the administrative assistant spends fifty per cent of his time on personnel matters. As many as four timekeepers keep payroll and accrued sick leave and annual leave records. A junior steno enters transactions. (Employees range from a peak of 1800 to a low of 1100). In the Water Department there are three persons handling personnel and payroll matters, according to the City Engineer's administrative assistant. (There are usually 500 employees and a peak of 600).

Personnel matters including payrolls of the 1200 up to 1500 Civil Service employees in the Department of Education require three employees plus a substantial per cent of the time of the supervisor of business.

The Park Board employs three and one-half persons on payrolls and personnel records plus a small per cent of the time of the administrative assistant.

In General Hospital there are three persons handling payroll and personnel records plus a good part of the time of the administrative assistant.

In these four major operations, there are between 13 and 15 persons working on personnel and payroll matters. Projecting these figures to other city operations should give a total of 25 to 30 and perhaps more. The duties of these persons include maintaining personnel files on all employees, processing transaction documents, and attendance records including accumulated sick leave and annual leave. In the higher classifications it includes grievances, disciplinary action, etc. Payrolls are on tabulating machines which means little preparation time for payrolls covering regular employees.

Adding the fifteen persons employed by the Civil Service Commission to the thirty odd handling personnel matters in the other departments gives a total of forty-five for a total of roughly 9,000 employees. This gives a ratio of one for every 200 employees which by comparison with private industry indicates a very satisfactory situation if the personnel job is being properly handled. In industry, there would probably be on the average one person for each 150 employees.

3. SALARY ADMINISTRATION

The total number of people on the City of Minneapolis payroll has varied from 7,271 to 9,145 between December 31, 1941 and December 31, 1951. I did not get figures for December 31, 1952. Of these 9,000 odd people, roughly 2,800 are unclassified, most of these being teachers, and 6,300 classified. The classified people come under the Civil Service Program.

Job descriptions have been prepared for these jobs and tests are prepared and administered for applicants for these jobs. For some of the office jobs, recruiting is difficult even though the salary rates are considerably higher than the rates paid for comparable jobs in industry. Mrs. Florence R. Dwyer, Secretary and Chief Examiner of the Civil Service Commission, feels that the reason for this is because of the fact that working conditions are not comparable with those found in private industry and for the fact that government jobs do not carry the prestige that many other jobs do.

When the problems of classifying people and promoting people were discussed with Mrs. Dwyer, it became evident that the Veterans' Preference law as it applies to the City of Minneapolis makes it almost impossible to maintain the best working group which could be built up from the material available. Under Veterans' Preference Law, all veterans of any war applying for a job or promotion to a higher job have to be listed ahead of all other applicants for the job, if they receive the passing grade of 70 on any tests prepared to judge qualifications for the job. Therefore, when they make application, they are given a job whether they are the best qualified person for the job or not. This type of preference takes away all incentive from non-veterans for trying to be promoted to higher jobs in the organization and makes it quite likely that many jobs will be filled by people with mediocre qualifications.

While the Civil Service Commission describes the jobs and classifies the jobs, the rates of pay are set by seven different units in the government which are under no obligation to follow a consistent pattern. These units are the City Council, the Park Board, the Library Board, the Board of Public Welfare, the Board of Education, the Civil Service Commission (for people within its own department) and the City Planning Commission. Because of cooperation of these various departments, recent progress has been made in eliminating discrepancies in pay between similar jobs in different departments. There are still, however, unwarranted differences, and there is no compulsion for consistent policy which in itself leads to the possibilities of unfair treatment to certain groups and individuals and as a result to lowered morale.

There appears to be excessively high rates for certain unskilled jobs by comparison with salary rates for office type work. There also appear to be instances where the jobs are paid at a rate which is not in line with area practice for comparable jobs in private industry. A detail study was not made of this but the situation certainly warrants further investigation. Key jobs should be studied in each of the various units empowered to set rates within the City organization and these, in turn, should be compared with area practice in private industry.

4. POLICIES COVERING SUCH FRINGE BENEFITS AS PENSIONS, VACATIONS, ETC.

The four services, Firemen, Police, Teachers and Civil Servants, have vastly different benefits due to widely divergent working conditions, hazards, working life expectancies, etc. Acceptance by all City workers of Social Security seems logically unfeasible due to the above conditions as well as the effects of the change on recruitment, efficiency and morale.

A brief over-simplified and possible incomplete comparison of Fringe Benefits follows:

- a. Vacations: Civil Service gives eleven work days up to ten years of service, and fifteen work days if have completed over ten years of service. The police system appears to be the same though worded as follows: 15 days up to 10 years of service and 21 days after 10 years of service. Firemen: 11 week days and 5 weekends.

- b. Sick Leave: Civil Service - 12 days per year with accumulation of up to 90 days, but with more possible under extreme conditions. Police - 12 days per year with accumulation to 90. Firefighters - 16 days per year, non-cumulative if off job but 90 days if on job and certifiable line of duty. In the latter case, a disability pension is available.
- c. Overtime: Civil Service - By Council ordinance, get equal time off. Police - Days off swap. Firefighters - No pay, but may be given equivalent time off at the discretion of the Chief.
- d. Group Insurance:
- A. Civil Service purchase own Blue Cross under group arrangement.
 - B. Police - Men pay own group life, health and accident and hospital, but welfare if ill. Due to occupational hazards, group is probably rated.
 - C. Firefighters - same as police.
- e. Leave of Absence: All appear similar here--90 days without pay with extensions up to one year. Causes - illness in family, schooling, maternity, military, etc.
- f. Holidays:
- A. Civil Service - 11 per year, but on only 4 of these if they fall on Sunday, give Monday as a day off.
 - B. Police - 11 paid holidays per year.
 - C. Firefighters - 52 per year including holidays--see working conditions and footnote*.
- g. Workman's Compensation: Same for all services--line of duty only.
- h. Working Conditions and Hours:
- A. Civil Service - 40 hour week, hours variable, i.e., Waterworks, General Hospital, etc. open 24 hours per day.
 - B. Police - 40 hour week but three different shifts per month.
 - C. Firefighters - 24 hours on and 24 hours off, but often alerted, i.e. confined and available for call, but if not called, no pay. - A 60 hour week.
- i. Cafeteria: Generally no, except teachers and possible civil servants at General Hospital.

*Calculation of Working Days for Firemen:

365 days 24 hr. days
on duty 1/2 - 182.5 days

Allowed 52 of these 182.5 days off
for holidays and extra days.

182.5	
52	
<u>130.5</u>	
x 24	(24 hr. days)
<u>52)3132</u>	hours

60.2 Hr. Week

PENSION PLAN

is
This/obviously the most involved and difficult to compare. Clerical employees of the Fire Department hired in the last few years and in the future come under the Civil Service pension, BUT clerical employees of the Police Department do not; the latter have the advantages of the earlier retirement and earlier vesting of their own contributions, etc., i.e., a more expensive plan for reasons I have not as yet been able to grasp.

	Civil Service, incl. Firefighter Clerical	Teachers	Police and Police Clerical	Firefighters
Retirement Age	20 Yrs. Service 55 Minimum 65 Max.(except veterans under recent ruling)and employees of Munic.Bldg.Comm.	Age 55 OR 20 Yrs. of Service 68 Maximum	20 Yrs. Serv.-Min.20 Yrs.Serv. Each yr.after 20 pension increases \$3.00/Mo.to Max.	20 Yrs.Serv. and 50.Must retire at 65
Contributions	New personnel after 7/1/51 5%,others 3% to 8%. City buys \$2/Mo. for each yr. of service (upped 25% in 1949 plus 25% increase in 1951 on totals up to \$125.50/mo. Runs out July '53 unless renewed by Leg.)	City buys \$2/Mo.per year of service. Teachers add more, i.e. 5% Sal.	4% by 1st grade patrolmen,i.e. \$14.40/Mo.	3% of salary
"Vesting", i.e. have rights to Cont.prior to retirement if quit,etc.	Of own contributions except at age 60 for women or 62 for men with over 5 yrs. of service.	Yes--own deposits	After 5 Yrs.of service,get own contributions back, otherwise none.	None.
Minimum Pension			\$110.00	\$100 from 20 yrs
Maximum Pension	(not a Max. - \$162.90 if 35 yrs. Serv.and \$10,000 Contributions)	\$125.00 ?	125.00 (28-1/3 yrs.)	125 from 30 yrs.

The above figures do not include Social Security which these people are not under/unless they do outside work. This alternative becomes almost a necessity if they're to have a subsistence retirement.

	Civil Service, incl. Firefighter clerical	Teachers	Police and Police Clerical	Firefighters
Other Financing	Any Deficit on the 4% expected yield is a tax budget item, i.e. Can be substan- tial especially when coupled with financ- ing legislated in- creases.	3% Int.Ass. If reserves drop can levy for below 900,000 deficit then tax levy can be increased to $1\frac{1}{2}$ mills if needed. 1952 - .94 mills	Max. of 1 mill but if reserve over 500,000 = $\frac{3}{4}$ mill. 2% tax on gross fire ins. prem's. in mpls. 2% surtax if fund drops below 600,000.	
Investments Allowed	Corp. bonds, FHA mtg's., mtg. loans, personal loans to members.	"Prudent Man" Rule	Munic., state and Fed. Bonds approx. 3% - would need $5\frac{1}{2}$ or 6% if no millage requirement.	Bonds legal for trust funds, i.e. Fed., State, County, Munic. and Corp's.
Calculations			1 mill = \$320,000 $635 \times 14.44 =$ \$110,026.80 ∴ City pays al- most \$3 to man's \$1	In 1951 took apx 65,000 from members into special and general fund, and paid out apx 456,000. City paid apx. 7 to 1.
Desire			1. Increased pensions 30% of salary for 20 Yrs. 40% of salary for 28 yrs. but with Max. of \$165.00 2. 10% of fund in higher yield- ing securities.	2. Increase pension maximum to \$150.00

Several comments appear advisable but the first should be one of caution. Any such over-simplified analysis and comparison is likely to be unfair even when done by a competent full-time expert; therefore, I recommend that the heads of each department be given a chance to read this comparison and submit one of their own which should be drawn up from a point of view of fairness to his department AND to the others involved and without sparing my feelings as an amateur civic researcher.

The firefighters' pension system is deserving of some comment on its extremely low expense of administration.

The Teachers' Fund appears to be the best in design, legal restriction on investment, realistic interest assumptions. Their mortality tables, however, appear, out of line with reality and conservatism at the annuity rates they're paying per \$1,000 contributed.

Despite the desirability of the "Prudent Man" Rule for investment flexibility and return, many students of pension planning will take exception to its use to provide guaranteed fixed dollar annuities in bad times when asset values are lower and fixed obligations must necessarily stay high due to seniority.

The Municipal Employees' Retirement Fund's use of a 4% interest assumption which appears unrealistic.

Conclusions:

Further study is certainly advisable especially on the pension question, with an eye to more realistic planning and funding, as well as to any possible economics and to adequate retirement incomes. If Social Security tax increases go into effect as scheduled, these contribution rates may not be so out of line.

3. That, at such time as serious consideration may be given to revising the entire City Government structure, a department of personnel, as recommended in the PAS survey, be included in the organization in order to assure sound, progressive, uniform administration of personnel in all branches of the City Government. It is felt that the Civil Service Commission is not in a position to put into effect a really positive program for recruitment, selection, on-the-job and supervisory training, and for improving morale.

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