

Approved: \_\_\_\_\_  
Date

## MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Chairperson Al Ramirez at 1:30 p.m. on January 26, 1994 in Room 531-N of the Capitol.

All members were present except:

Committee staff present: Julian Efird, Legislative Research Department  
Fred Carman, Revisor of Statutes  
Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee: Randy Tongier, Legislative Post Audit

Others attending: See attached list

Chairman Ramirez called the meeting to order and called on Randy Tongier, Legislative Post Audit, to begin his presentation.

Mr. Tongier distributed copies of the audit (Attachment 1) that dealt with the Department of Administration, Division of Personnel Services. Mr. Tongier stated that the State of Kansas employs approximately 47,000 people that work for about 115 different State agencies. Nearly 70% of these employees are in the classified civil service. The remaining 30% of the employees are in the unclassified civil service. Mr. Tongier directed attention to page 8 of the audit which showed the personnel functions performed by the State of Kansas.

As part of the audit, personnel officers in 99 state agencies received surveys asking their opinions on how well personnel activities were being carried out in Kansas. Post Audit received 79 survey returns, for a response of 79.8 percent. In addition to the surveys, Post Audit interviewed officials from a sample of other states, specifically, Missouri, Colorado and Oklahoma, as well as two states identified as having undertaken major civil services reforms-Iowa and Florida.

Post Audit interviewed representatives of Blue Cross and Blue Shield of Kansas and Hallmark Cards, Inc. of Topeka about their personnel policies and practices.

Mr. Tongier turned to page 13 and explained a graph showing employees hired, promoted, or transferred by state agencies in Fiscal Year 1993. He then directed attention to page 6 and went through the applicant examination and central list hiring process. Page 21 dealt with limited options for rewarding outstanding performers and how promotions and reclassification are used for that purpose. Page 22 dealt with how overtime pay is calculated for state employees.

Mr. Tongier then went to Appendix F and back to pages 24 - 27 where examples of Iowa and Florida reforms were cited.

After several other comments, Mr. Tongier ended his presentation.

Mr. Tongier was asked about the graph on page 24 dealing with The Kansas Integrated Personnel and Payroll System. Mr. Tongier and Secretary Seltsam answered questions from committee members.

In response to a question, Secretary Seltsam stated the average wage of a state employee was found to be \$23,400.

After a few other comments, the Chairman thanked Mr. Tongier for the audit overview.

The meeting was adjourned.

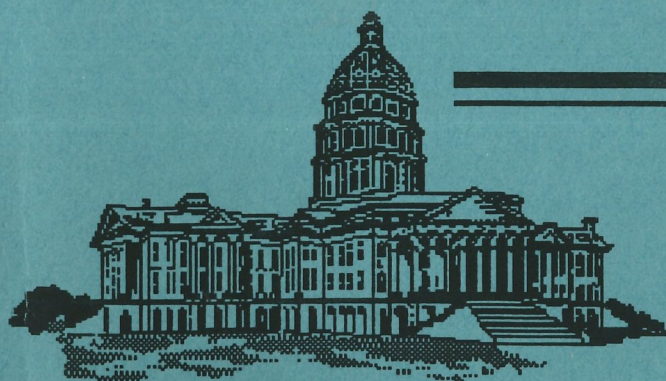
## GUEST LIST

COMMITTEE: SENATE GOVERNMENTAL ORGANIZATION

DATE :

Jan. 26, 1994

[illegible]



# PERFORMANCE AUDIT REPORT

Reviewing Personnel Services for  
Kansas' State Employees:

## A K-GOAL AUDIT OF THE DEPARTMENT OF ADMINISTRATION

A Report to the Legislative Post Audit Committee  
By the Legislative Division of Post Audit  
State of Kansas  
January 1994

94-33

*Senate Gov. Org.  
Attachment 1  
1-26-94*

# ***Legislative Post Audit Committee***

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## ***Legislative Division of Post Audit***

**THE LEGISLATIVE POST** Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$6 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. General Accounting Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee. Legislators or

committees should make their requests for performance audits through the Chairman or any other member of the Committee. Copies of all completed performance audits are available from the Division's office.

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# **PERFORMANCE AUDIT REPORT**

## **REVIEWING PERSONNEL SERVICES FOR KANSAS' STATE EMPLOYEES:**

### **A K-GOAL Audit of the Department of Administration**

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This audit was conducted by Sharon Patnode, Brenda Jackson, and Ellyn Sipp, of the Division's staff. If you need any additional information about the audit's findings, please contact Ms. Patnode at the Division's office.

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# **REVIEWING PERSONNEL SERVICES FOR KANSAS' STATE EMPLOYEES: A K-GOAL AUDIT OF THE DEPARTMENT OF ADMINISTRATION**

## **Summary of Legislative Post Audit's Findings**

About 70 percent of the State's 47,000 employees are a part of the State's classified civil service system. The Division of Personnel Services is the State's central body that is responsible for maintaining the classified civil service system. In fulfilling this responsibility, the Division plays a significant role in hiring employees, classifying jobs and employee positions, evaluating employee performance and compensating employees, and ensuring that the State complies with a variety of federal mandates. The remaining 30 percent of the State's work force are in the unclassified civil service, which means that the State's procedures for hiring, promoting, and paying them are relatively flexible. Individual State agencies also play a significant role in performing the State's personnel functions, but generally within the framework provided by the policies and procedures administered by the Division of Personnel Services.

**Are State personnel functions carried out in an efficient and effective manner, and what options exist to improve the efficiency and effectiveness of the State's personnel system?** Many of the State's personnel functions are carried out in an efficient and effective manner. However, we did identify several areas where improvements are needed.

First, for certain jobs, the requirement that State agencies hire from the top five applicants on the State's central list can keep agencies from being able to hire candidates that best meet their specific needs, including Affirmative Action goals. Second, the way some State agencies may handle short-term appointments can cause extra processing and increase the risk that employees do not receive required retirement benefits. Third, the State's performance evaluation system and pay plan do not allow State agencies to reward their outstanding performers. Fourth, the Division of Personnel Services requires State agencies to obtain its approval for certain routine personnel actions, causing unnecessary processing and delays. Finally, the State pays its employees more overtime pay than required by law. The Division of Personnel Services estimates that the State spends about \$2 million a year more than it needs to on overtime pay. While this estimate may be overstated, the amount involved still is likely to be substantial.

This report contains recommendations for the Division of Personnel Services and the Legislature. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

  
Barbara J. Hinton  
Legislative Post Auditor

## **Reviewing Personnel Services for Kansas' State Employees: A K-GOAL Audit of the Department of Administration**

The Kansas Governmental Operations Accountability Law (K-GOAL) requires the Legislative Division of Post Audit to conduct a performance audit of specified State agencies each year on an eight-year cycle. The purpose of these audits is to periodically review the operations of the selected agencies, determine the necessity, propriety and legality of their operations, identify areas of inefficiency and ineffectiveness, provide information to allow the Legislature to take action to retain appropriate and effective governmental operations, and terminate inappropriate or obsolete governmental operations.

To fulfill the requirements of the law, the Legislative Post Audit Committee directed the Legislative Division of Post Audit to review the operations of the Division of Personnel Services to determine whether its activities were carried out in an efficient and effective manner. During fiscal year 1993, the Division employed about 110 people on a full-time-equivalent basis, and spent approximately \$22 million, including workers' compensation claims of about \$18 million. This audit addresses the following question:

**Are State personnel functions carried out in an efficient and effective manner, and what options exist to improve the efficiency and effectiveness of the State's personnel system?**

To determine the efficiency and effectiveness of the State's personnel practices, we reviewed and evaluated the system's major processes to identify the potential for problems, surveyed State agencies to identify actual problems occurring, examined documentation to determine the impact of identified problems, and surveyed a sample of other states and private sector operations to identify alternatives for improvement.

In conducting this audit, we followed all applicable government auditing standards set forth by the U.S. General Accounting Office, except we were not able to verify all the data provided by the comparison states concerning their personnel programs. One of the standards also states that individual auditors should be free from impairments to independence, and should maintain an independent attitude and appearance. Although members of the Division's staff are affected by the policies of the State's personnel system, we are confident that no impairments to independence occurred.

In general, we found that many personnel functions provided by the Division of Personnel Services and personnel staff in State agencies were carried out in an

efficient and effective manner. However, we found that the hiring process required by the Kansas Civil Service Act often did not identify qualified applicants for specific State agency vacancies, nor did it help agencies meet their Affirmative Action goals. In addition, agency personnel officials told us that the State's present pay plan contained few incentives to reward outstanding performers. In conjunction with this concern, agency officials told us that the present performance evaluation system was not able to distinguish between employees' level of performance. As a result, the State's evaluation and pay process has lost its ability to reward outstanding employees. Finally, we found that the Division of Personnel Services requires that agencies obtain Division approval for several fairly routine personnel actions. This means that such routine actions require more effort and involve more processing than should be necessary. In addition, the extra processing can delay completion of these actions.

The effectiveness and efficiency of the State's personnel practices in these areas could be addressed by increasing the flexibility and authority of State agencies to take appropriate actions, and decreasing the State's central controls.

These and other findings are discussed in more detail in the following sections of the audit report following an overview of the State's personnel system.

In this audit, we also were asked to conduct a review of State agency policies for reimbursing employees for the cost of driving their own cars on State business. In accordance with the Legislative Post Audit Committee's direction, our review was limited to a sample of State agencies. The results of our review are presented in Appendix A.

## **Overview of the State's Personnel System**

### **The State's Personnel System Deals With About 47,000 Employees**

The State of Kansas employs approximately 47,000 people working for about 115 different State agencies. Nearly 70 percent of these employees are in the classified civil service, which means that their jobs have been assigned to a specific Statewide job class (such as auditor or secretary), and that the State's procedures for hiring, promoting, and paying them are fairly narrowly defined.

In addition, consistency from State agency to State agency is a major concern for these employees. The classified service is designed to provide some stability in the State's work force during changes in political administration.

The remaining 30 percent of the employees are in the unclassified civil service, which means their jobs may not have been assigned to a specific Statewide classification, and that the State's procedures for hiring, promoting, and paying them are relatively flexible. Examples of unclassified employees are legislative staff, employees of elected officials, and department heads appointed by the Governor. Because of the flexibility, consistency from agency to agency is less of a concern. Assignment of jobs to the classified or unclassified service generally is done by State law.

A description of the various employee position and appointment types for Kansas State employees is presented in Appendix B.

**For the classified civil service, the Division of Personnel Services is the central body that is responsible for consistent dealings with employees.** By law, the Division has been given this responsibility for maintaining the State's personnel systems and procedures. In fulfilling this responsibility, the Division plays a significant role in the following functional areas of personnel administration:

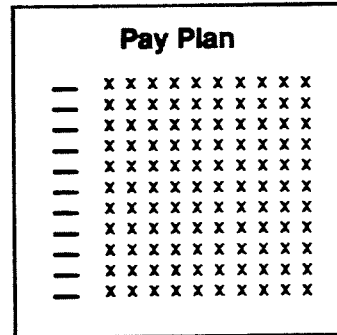
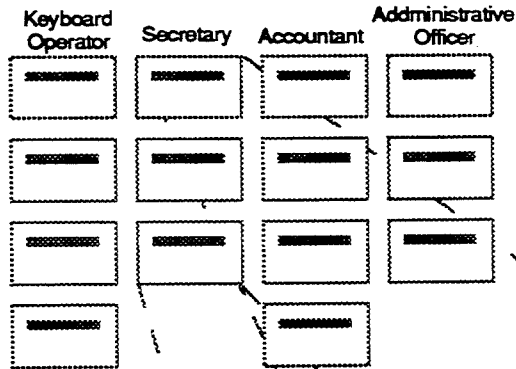
- ◇ *Classifying jobs and employee positions.* The Division establishes categories of jobs with similar responsibilities and requiring similar skills, for example, office assistants, secretaries, and social workers. The Division also determines pay ranges for each of those categories. Finally, the Division assigns individual classified service employee positions into one of these established categories. (Subject to its review, the Division has delegated the authority to assign employee positions to established job categories to some of the larger State agencies.) The graphic on the following page shows how the classification process works.
- ◇ *Hiring employees.* The Division of Personnel Services' involvement in State agencies' hiring activities varies depending on the circumstances. The State fills some of its employee vacancies from within its existing work force. In

## CLASSIFICATION

### GENERAL CLASSIFICATION

The Division of Personnel Services establishes job classes to cover all possible classified State jobs. The classes are based on similarity of responsibilities and tasks.

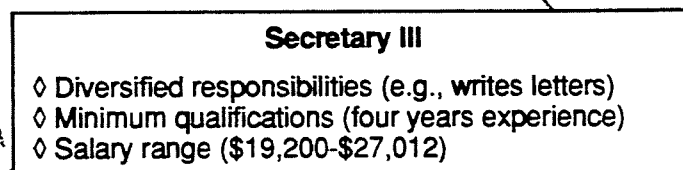
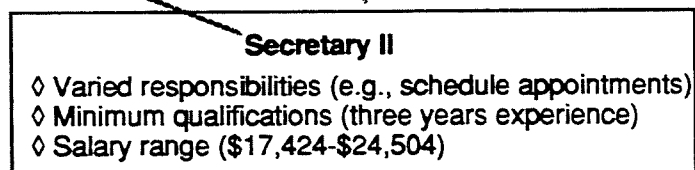
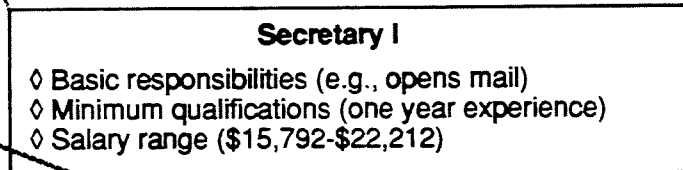
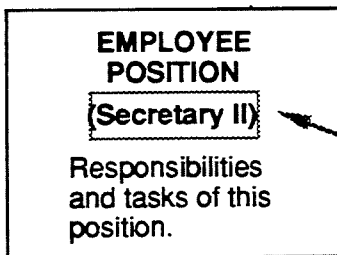
The Division of Personnel Services also assigns salary ranges to job classes.



### CLASSIFYING A SPECIFIC POSITION

Through the budget process, a State agency is authorized a secretarial position in the classified service to fulfill certain responsibilities and perform certain tasks. That position then needs to be classified.

Based on the responsibilities and tasks of the agency's position, the Division of Personnel Services compares the position's responsibilities and tasks to the available classes' responsibilities and tasks, and assigns a class to the position. (The Division has delegated this responsibility to some agencies.)



those cases, the Division's involvement is minimal. Of the employee vacancies filled from outside the State's existing work force, many are for temporary or emergency positions, or for positions in the unclassified civil service. Again, in those cases, the Division's involvement is minimal.

The Division's involvement is significant only when employees are hired from outside the State's existing work force for permanent, classified employee positions. However, for many of those positions, the responsibilities and qualifications are basic enough that State agencies can hire directly without going through the Division of Personnel Services.

For the remaining positions, the Division of Personnel Services designs and administers exams, does some recruiting, and provides lists of qualified applicants to State agencies. (Subject to its review, the Division has delegated responsibility for administering exams to some of the larger State agencies.)

The hiring agency is required by State law to hire from the top five candidates. The graphic on page six shows how this process works. In practice, the Division of Personnel Services provides State agencies with a list of the top 10 candidates so that if any of the top five candidates are no longer available, the agency can consider additional candidates as necessary without having to recontact the Division for additional names.

### **The Kansas Civil Service Act**

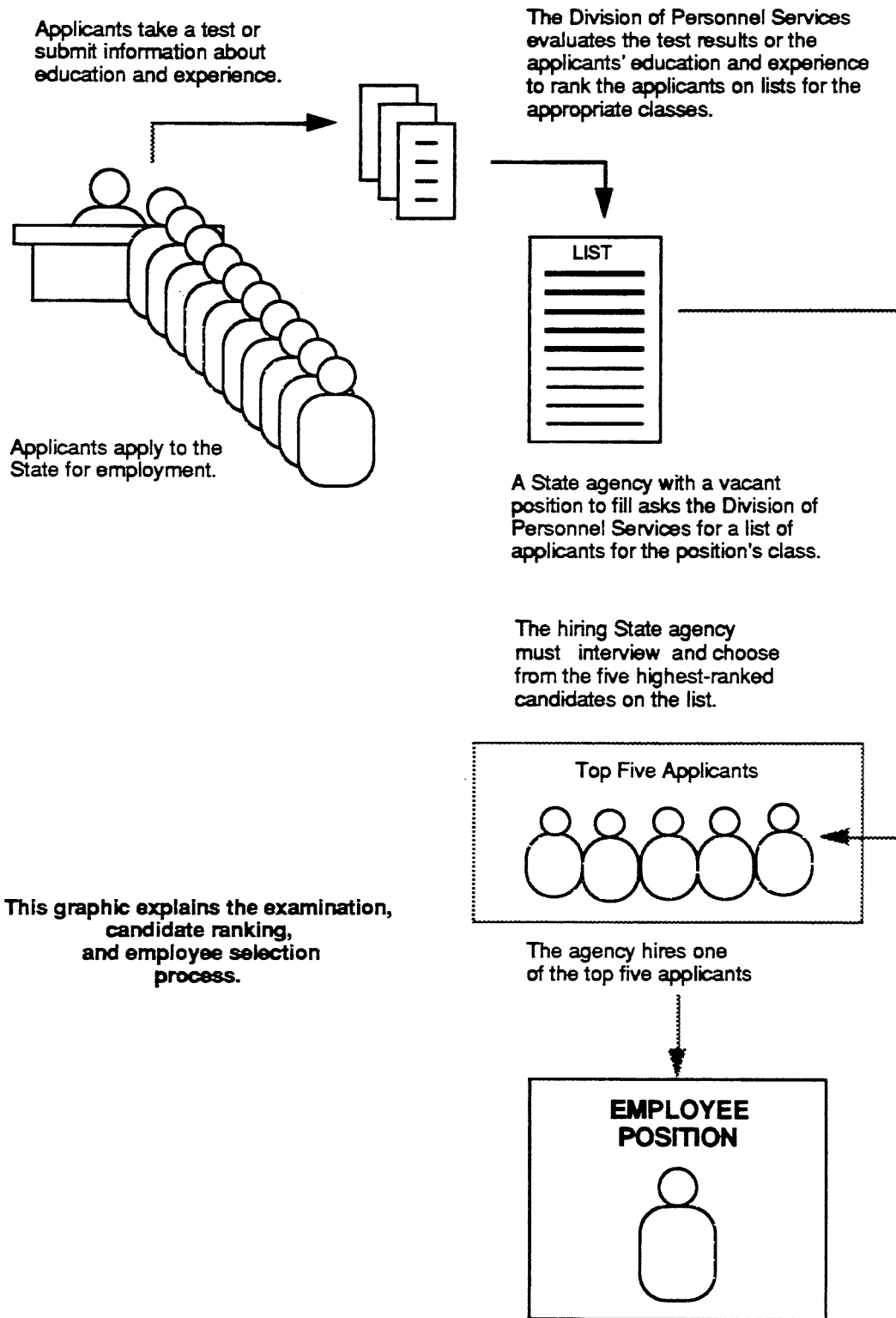
The roots of the Kansas Civil Service Act were established in the Kansas Constitution. The Constitution requires Kansas to establish a system for appointing and promoting State employees based upon the skills and abilities of those employees rather than some other basis, such as favoritism.

The Civil Service Act addresses the appointment and hiring of employees in detail. It requires appointments to the classified service be made from the top five applicants ranked according to their scores on a test or through a review of their training and experience. The Act also requires that exams fairly test the capacity and fitness of persons examined, and allows agencies to test applicants under the guidance of the Division of Personnel Services. When a list of five applicants cannot be compiled, the Act allows agencies to hire an employee on the condition that he or she meets the classification's minimum qualifications and passes the required examination within six months. The

Act also allows agencies to hire unskilled or semiskilled employees without using an examination to determine the most qualified. In these cases, an applicant may only be required to have a high school or equivalent diploma and complete an interview for the job.

The Civil Service Act addresses aspects of the State's personnel system other than just appointing State employees. It divides employees into classified and unclassified, defining the employees who are considered to be unclassified. The Act then directs the State to assign positions in the classified service to job classifications, which broadly group jobs by skills. In addition, the Act establishes the State Civil Service Board to hear appeals from employees who think they have been wrongly treated for any number of reasons. The Act also has provisions relating to probationary periods, employee transfers from one agency to another, reinstatements, layoffs, dismissals, demotions, and suspensions.

## APPLICANT EXAMINATION AND CENTRAL LIST HIRING PROCESS



If fewer than five candidates are available for a particular job class, a State agency can hire a candidate meeting the minimum qualifications for a job on the condition that the hired employee will take and pass the required examination within six months.

- ◇ *Evaluating employee performance and compensating employees.* The Division designs the performance evaluation forms to be used by the individual State agencies, and administers the pay plan for classified employees.
- ◇ *Training.* The Division ensures that employees promoted to supervisory positions have had supervisory training. In addition, the Division makes some general training available for State employees. The Division's activities in this area are limited, and most training of State employees is provided by the agencies for which the employees work. Finally, the Division is responsible, in part, for training agency personnel in the policies and procedures of Kansas Quality Management. The Division's activities in this area are not limited to employees in the classified civil service.
- ◇ *Ensuring compliance with federal mandates.* The Division provides information to State agencies, and has some oversight responsibilities, regarding the State's compliance with such federal requirements as the Fair Labor Standards Act and the Family Medical Leave Act, to name only two. The Division's activities in this area are not limited to employees in the classified civil service.

Individual State agencies also play a significant role in performing the State's personnel functions, but generally within the framework provided by the policies and procedures administered by the Division of Personnel Services. The graphic on the next page shows examples of how this works.

#### **Since 1989, the Division of Personnel Services' Staff Size Has Decreased Slightly**

The table on page ten compares the staff size and expenditures of the Division of Personnel Services (excluding workers' compensation claims) together with State work force numbers for fiscal years 1989 and 1993. As the table shows, between 1989 and 1993, the Division's staff decreased by four percent. During that same time, the number of State employees for which the Division has some responsibility increased by about eight percent.

In addition, between 1989 and 1993, the Division of Personnel Services has taken on additional guidance and oversight responsibilities related to the State's compliance with several federal and state mandates, including those described on pages nine and ten.

## Personnel Functions Performed by the State of Kansas

| <u>Function</u>                                           | <u>Division of Personnel Services</u>                                                                                                                                                                                                     | <u>Agencies</u>                                                                                                                                                                                  |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Hiring</b>                                             | The Division designs and administers exams, performs some recruiting activities, and certifies lists of applicants for agencies to interview.                                                                                             | Agencies interview candidates and select new employees. For some vacancies, agencies advertise the position. Twenty-nine agencies give applicants examinations subject to the Division's review. |
| <b>Classification and Compensation</b>                    | The Division groups jobs into similar skill categories, called classifications, and determines the minimum qualifications necessary for employees in those classifications. The Division also sets salary ranges for each classification. | Sixteen agencies classify jobs or reallocate jobs based on the job responsibility and subject to the Division's review.                                                                          |
| <b>Performance Evaluation and Motivational Incentives</b> | The Division designs the State's performance evaluation forms and procedures. Each job class is assigned a range for which employees receive automatic step increases based on the pay matrix values which are assigned by the Division.  | Agencies can design their own performance evaluation form to be used in addition to the State's performance evaluation system. Agencies can promote exceptional employees.                       |
| <b>Training</b>                                           | The Division provides some general training to agencies.                                                                                                                                                                                  | Agency staff provide almost all training for their employees.                                                                                                                                    |
| <b>Employee Relations</b>                                 | The Division assists the Civil Service Board, administers the employee benefits program, assists agencies with disciplinary actions, and assists agencies with grievances and appeals.                                                    | Agencies administer all disciplinary actions, hear and settle all grievances, and complete paperwork associated with terminations and leaves of absence.                                         |
| <b>Equal Employment Opportunity</b>                       | The Division assists agencies with affirmative action planning, maintains records, provides agencies with technical assistance, monitors and evaluates agency plans, and completes federal reports filed on behalf of the State.          | Agencies develop equal employment opportunity plans, hear discrimination complaints, and counsel employees and act as liaisons on their behalf.                                                  |
| <b>Total Number of Personnel Staff</b>                    | 79.5 full-time equivalent employees (excluding employee benefits and workers' compensation sections)                                                                                                                                      | Between 293 and 435 full-time equivalent employees                                                                                                                                               |
| <b>Salaries and Benefits for Personnel Staff</b>          | \$2.7 million (General Fund only)                                                                                                                                                                                                         | Between \$8.8 million and \$15.7 million is being spent on salaries and benefits for personnel staff in State Agencies.                                                                          |

### **The Comprehensive Classification and Job Rate Study**

In 1985, the Division of Personnel Services began a study to look at all job classifications in the classified civil service. Since the last comprehensive classification review in 1970, the number of classes had increased from 750 to approximately 1,200. The work described in some class specifications was no longer being performed, and specifications for several classifications were out-of-date. In addition, salary surveys performed by the State found that State employees' salaries were no longer competitive with other workers doing similar work for other employers. The goals of the new classification study were to decrease the total number of classifications, update salary pay scales, and redefine classes to capture all work currently performed. The study was scheduled to be completed by 1989.

One of the goals of the classification study was to update salary pay scales to equalize State employees' salaries with the salaries of other employees performing similar work. (The State attempts to pay its employees within 10 percent of other employers.) Implementation of the new salary pay scales was proposed in accordance with a policy statement calling for a "least cost" method of

implementation, giving underpaid employees the smallest salary increases necessary to raise their salaries to a competitive level. However, not all employees' salaries were raised and in some cases, employees were put on classes in lower salary ranges.

Lack of funding has delayed the implementation of the classification study. Several phases were completed and redone several times because the salary survey information became outdated before funding was approved. By 1992, almost two-thirds of all positions had been classified under the study. The other one-third or nearly 12,000 positions remain to be reviewed. During fiscal year 1994, the reclassification of 6,000 more positions, approximately half of the remaining positions, will take place. Funding for the reclassification of all remaining positions in administrative, executive, and managerial classes will be reviewed during the 1994 Legislative session.

To date, the State has spent approximately \$38.3 million to raise salaries to a level more comparable with other workers performing similar duties. The reclassification of the remaining classes is estimated to cost \$8.7 million.

#### **Federal**

- Fair Labor Standards Act - Federal law establishing minimum wage and overtime requirements for employees. A Supreme Court ruling made the law applicable to public employers in 1985.
- Family Medical Leave Act - Federal law providing employees with up to twelve work weeks of leave for certain family and medical reasons. This law went into effect in 1993.
- Drug Free Workplace Act - Federal law requiring the State to have a drug education program for employees. The State's program has been in operation since fiscal year 1992.
- Consolidated Omnibus Budget Reconciliation Act of 1985 - Federal law requiring all employers to extend the right to purchase group health care benefits to former employees for 18 months.

#### **State**

- Shared Leave - State law allowing employees with annual and sick leave days to transfer leave days to other employees experiencing a catastrophic illness or injury that is life threatening.

- **Drug Screening** - Since 1988, the Drug Screening Program has required drug screens for all final applicants for safety sensitive and designated positions and stipulates that incumbents in designated positions may be tested on the basis of reasonable suspicion.
- **Kansas Quality Management** - In 1992, the State began an initiative to improve quality awareness within State agencies through a quality management program.
- **Cafeteria Benefits** - In 1986, the State began offering a benefit plan with multiple options, which now includes three components: pretax premium option, health care flexible spending account, and dependent care flexible spending account.

One way in which the Division was able to take on these additional responsibilities was by delegating classification authority to three more State agencies and examination authority to seven more agencies.

**State Work Force, Division of Personnel Services, and  
Division Expenditure Changes Over Time  
1989 - 1993**

|                                                            | <u>1989</u> | <u>1993</u> | <u>Percentage<br/>Change</u> |
|------------------------------------------------------------|-------------|-------------|------------------------------|
| State Employees (a)                                        | 44,234      | 47,696      | 8%                           |
| Division of Personnel<br>Services Staff (b)                | 92.0        | 88.5        | -4%                          |
| Expenditures for the Division<br>of Personnel Services (b) | \$3,661,338 | \$4,419,200 | 21%                          |

(a) Because actual fiscal year 1989 figures were not available for Board of Regents' institutions, we used authorized employee positions for those institutions in both years.

(b) To avoid showing the impact of increases in workers' compensation claims, we did not include expenditures and staff for that section in the figures shown in the table.

Generally, the increase in expenditures was due to the implementation of two employee benefit programs -- flexible spending and benefits analysis -- begun after 1989.

**Are State Personnel Functions Carried Out in an Efficient and Effective Manner, and What Options Exist to Improve the Efficiency and Effectiveness of the State's Personnel System?**

We found that many personnel functions for the State of Kansas were carried out in an efficient and effective manner. However, we identified some areas needing improvement. State agencies do not find the State's central job applicant lists to be useful in filling vacancies. In addition, the way some State agencies may handle seasonal and temporary employee positions can result in inefficiencies and increase the risk that employees do not receive required benefits. Further, State agencies told us that the State's performance evaluation system and pay plan do not allow them to reward outstanding performers. We also found that the State calculates overtime pay for its employees more liberally than the law requires. Finally, the Division of Personnel Services requires apparently unnecessary centralized approval of several State agency personnel actions. These areas are discussed in more detail in the following sections.

**In Conducting This Audit, We Not Only Interviewed State Officials and Reviewed Policies and Records, But Also Surveyed State Agency Personnel Officers and Contacted Other States and Area Businesses**

To answer the audit question, we reviewed the statutes governing the authority and responsibilities of the Division of Personnel Services and the Kansas Civil Service Act. We interviewed the Division's staff regarding their activities, procedures, and methods for providing assistance to State agencies. We reviewed a sample of files the Division and agencies maintained on employees who had been hired and dismissed, and talked to several agencies about specific situations and personnel functions in general. In addition, we surveyed State agencies, interviewed staff of other states, and contacted area businesses as follows:

- ◇ We surveyed 99 State agencies about their personnel practices, and their satisfaction with the Division of Personnel Services's work. The results of our survey are summarized in Appendix C.
- ◇ We interviewed officials from a sample of other states about their personnel policies and practices. Specifically, we contacted the surrounding states of Missouri, Colorado, and Oklahoma, as well as two states identified as having undertaken major civil service reforms—Iowa and Florida. The results of our interviews are summarized in Appendix D.
- ◇ We interviewed representatives of Blue Cross and Blue Shield of Kansas and Hallmark Cards, Inc. of Topeka about their personnel policies and practices. The results of our interviews are summarized in Appendix E.

## **State Agencies Do Not Find the State's Central Job Applicant Lists To Be Useful in Filling Vacancies**

As mentioned earlier in this report, for certain employee positions State law requires agencies to hire from the top five names on a central job applicant list maintained by the Division of Personnel Services. Our survey of State agency personnel officers showed that many agencies think using the central lists is not very helpful in finding the best job candidates for their positions. In addition, these individuals told us that using the list does not help them meet their Affirmative Action goals. Our survey of other state hiring practices found that other states may have ways of addressing these concerns.

**The Kansas Civil Service Act requires that central lists of applicants be used in filling some State jobs.** Each list includes applicants for a general class of

### **The Disciplinary and Termination Process**

The Kansas Civil Service Act outlines specific steps agencies can take to discipline or dismiss poorly performing employees. The Act states that employee misconduct or violations of State laws can result in immediate discipline or dismissal, while poor performance must be documented in two evaluations within a 180-day period before a disciplinary action can be taken. After an employee is disciplined, he or she has 30 days to appeal the action to the Civil Service Board. The Board hears all appeals within the 45-day limit set by statute unless a continuance, requested by one of the parties, is granted by the Board. All decisions of the Civil Service Board can be appealed through the court system.

Although 28 percent of agencies responding to our survey said the Civil Service rules limit their ability to discipline employees, only four percent of agencies reported that the disciplinary process did not work or did not allow agencies to dismiss poor employees. Most of the agencies responding said that the disciplinary process worked reasonably well.

We found that the process for appealing a Civil Service decision was adequate to meet Civil Service requirements. The appeals process appeared to be in compliance with the applicable statutes. However, the process appeared to be inefficient when the Board granted multiple continuances for a few cases, delaying the resolution of some cases more than one and one-half years. According to the secretary of the Civil Service Board, a policy has been implemented to reduce the number of continuances that are approved. However, we were unable to verify that the new policy had been implemented.

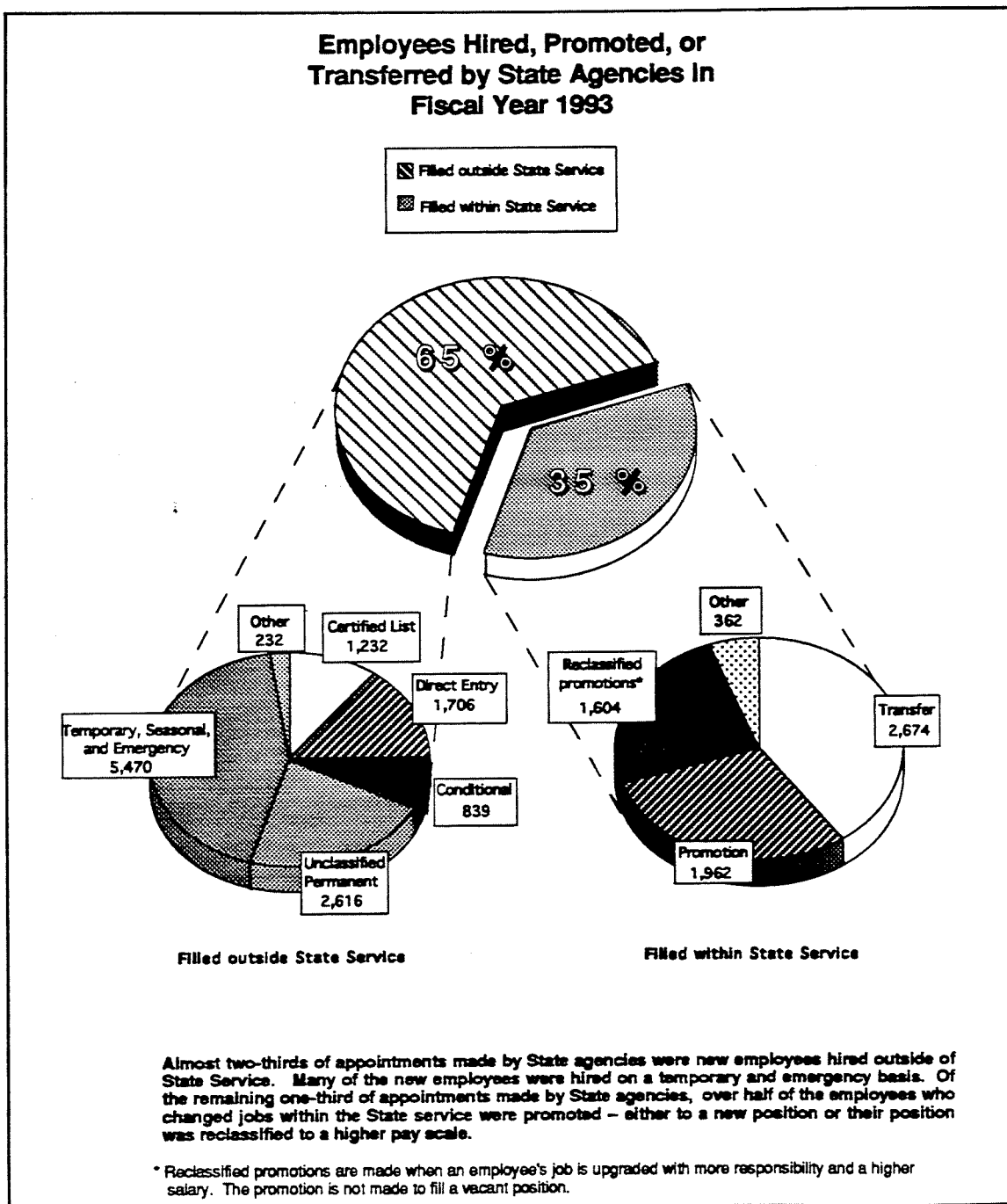
job such as secretary, keyboard operator, accountant, or administrative officer. To get on a list, an applicant for a general job class takes a test or submits education and experience information. The test results or the evaluation of the applicant's education and experience provide a score for that applicant. The Division uses that score to rank all applicants on that list. (Generally, names remain on a list for only one year.)

If a State agency wants to fill a vacant employee position, and a central list exists for that job class, State law requires the agency to hire one of the five highest ranked applicants on the list. This requirement, referred to as the "rule of five," exists to help ensure that merit outweighs favoritism in hiring decisions.

During 1993, 20 percent of Kansas' job classifications had a central list. An additional 45 percent of the job classifications could have had a central list, but did not have one in 1993 because fewer than five persons applied to take the examination. In such cases, agencies are allowed to hire an individual who meets all the minimum qualifications for the position on the

condition that they pass the appropriate examination within six months of being hired. The remainder of the State's job classifications have no central list, generally because they represent unskilled or semi-skilled jobs for which agencies can hire employees with no examinations required.

As the pie chart below indicates, only about 11 percent of those individuals hired by the State from outside its existing work force in fiscal year 1993 were chosen from the Division of Personnel Services' central lists of applicants.



**State agencies told us the central list process often did not identify qualified applicants for their particular vacancies.** Nearly 40 percent of those agencies responding to our survey of personnel officers told us they did not usually find an applicant with the necessary qualifications among the top five applicants. This problem seems to exist because the central list procedure is based on responsibilities and qualifications for general job classes, not on particular jobs at individual agencies.

For example, one agency personnel officer told us that his agency recently attempted to fill a vacant Office Assistant III position. The agency required that a successful applicant would have good public relations skills. However, these skills are not evaluated in the examination given to those applicants who end up on the Division of Personnel Services' central list. That meant that none of the top five people on the central list may have had good public relations skills. As a result, the agency could either hire an individual who may not have had the necessary public relations skills, or leave the position vacant and wait 30 days until a new list was issued, with the hope that a more suitable candidate would appear in the top five candidates on that new list.

State agencies can use a selective certification procedure to address this problem, which allows an agency to eliminate applicants from the list who do not have particular qualifications needed for a specific vacancy. However, agencies told us that this process was so time consuming it was not worth the trouble.

**State agencies also told us that the central list process did not help them meet their Affirmative Action goals.** In responding to our survey of State agency personnel officers, several agencies complained that the central list process restricts their ability to meet Affirmative Action goals because minorities taking tests could not score in the top five applicants.

For example, for Affirmative Action purposes, the State's correctional facility that houses women may wish to hire more female corrections officers. However, in adhering to the State's hiring practices, the facility would be required to hire the most highly qualified candidates—those that have more corrections experience. Because female applicants generally have less experience in the corrections field than male applicants, few women would be among the most highly qualified candidates. As a result, the facility would find it very difficult to meet its Affirmative Action goals. Corrections agency personnel officials are concerned about this type of situation because of the resulting difference in ethnicity and gender between the corrections officers and the inmates in correctional facilities.

**Other states have modified their own central list hiring procedures without sacrificing the concept of merit employment.** From our survey of other state policies and practices, we found several options for addressing problems that Kansas agencies are experiencing when they attempt to hire new employees from the Division of Personnel Services' central lists. All these alternatives provide for

competition for jobs, and incorporate assurances that successful applicants meet a job's minimum qualifications.

- ◇ Colorado's central list procedures allow applicants' scores to be recalculated based on the needs of each individual job. This flexibility allows applicants to apply once for all state jobs, shortens the time it takes to fill positions because recruitment and a second examination may not be necessary, and allows the agency to narrow its applicant review to only those having the specific, necessary qualifications for the individual job.
- ◇ Iowa's interpretation of its "rule of six" allows agencies to choose applicants from those who score at least 40 percent on the central exam. The state's officials define each "one" of the "six" as a ten percent score on the exam. This gives agencies a greater pool of applicants from which to choose the one with the necessary, specific job qualifications.
- ◇ Florida has no central lists. Its agencies recruit, examine, and hire applicants without interacting with a central agency. Agencies still must certify that the successful applicant has met a job's minimum qualifications.

**The Way Some Kansas State Agencies Handle  
Seasonal and Temporary Employee Positions  
Can Result in Inefficiencies and Increase the Risk  
That Employees Do Not Receive Required Benefits**

State agencies hire a significant number of seasonal and temporary employees. This practice gives agencies the flexibility they need to match their work forces with their workloads. It also limits employee costs because temporary employees do not receive benefits such as annual and sick leave. However, some agencies have used seasonal and temporary appointments to meet ongoing, long-term responsibilities. In these cases, the State incurs extra processing time and costs for the level of employee resources used. In addition, if the same employee is appointed to several temporary positions during the same fiscal year, there is an increased potential for that employee not to receive all required benefits. These findings are discussed in more detail in the following sections.

To control the amount of State resources devoted to personnel, the State's budget process places limits on the number of permanent employee positions each agency is allowed. However, in some circumstances, a State agency's personnel needs can legitimately exceed that limit for portions of a fiscal year. In such cases, the agency is allowed to hire people in seasonal or temporary positions. For example, the Department of Revenue hires a large number of employees each year to process income tax returns. Those employees work only during the few months when the largest number of returns are filed.

These situations are quite common. In fact, during fiscal year 1993, 5,470 (about 45 percent) of new employees hired by the State were hired into seasonal or temporary positions.

In interviews, State agency personnel officers and the Division of Personnel Services told us that some State agencies have used seasonal and temporary appointments to meet ongoing, long-term responsibilities. They do this by linking a series of short-term appointments back-to-back so that they cover one employee's responsibilities for an entire fiscal year. While this practice can help a State agency better meet its responsibilities, it also can result in extra processing time for the given level or employee resources used, and increases the potential for violations of law in dealing with employees. We were not able to determine in this audit how frequently this practice occurs, but apparently it is not rare.

#### **The State Has A Small Number of Special Project Positions**

Special project positions are positions created to fulfill temporary staffing needs for more than six months. In general, special projects positions are unclassified, exist outside an agency's staffing limit, and must be reviewed each year in the budget process. Employees in these positions do not have the ability to transfer or be promoted or demoted, into the classified service. A small number of special projects positions are in the classified service, are counted against the agency's employee limit, and are subject to all hiring and promotion regulations of the classified personnel service.

Before a special projects staff person can be hired, several steps must be followed. First, the creation of the special project position must be approved by either the Division of Personnel Services or the Legislature. Second, the salary of the special project position must be approved by the Governor. Finally, after the position's salary is approved by the Governor, the Division of Personnel Services must enter the salary into the payroll system.

Our review found that most special project positions were filled for less than one-year. At the beginning of fiscal year 1994, the State had 254 unclassified special projects employees. Seventy percent of special projects employees had been in their positions one year or less. Twenty-six percent of special projects staff had been in their positions between one and four years, an average of 2.1 years. Only four percent of all special projects employees had been in their positions longer than four years, an average of 6.2 years. Two special projects employees had been with the State nearly 10 years.

Using seasonal and temporary employee positions in this way results in extra processing time for the actual employee resources used. Simply adding an employee to the personnel and payroll system takes time and effort. In addition, the State incurs the costs of recruiting and training. If a State agency hires five temporary employees to address ongoing responsibilities that could be met by one permanent employee, the State incurs five times the hiring costs that it would have incurred by hiring just that one employee. On the other hand, temporary employees do not receive benefits that permanent employees do. Thus, it is not clear that the use of several temporary employees to meet one full-time employee's responsibilities is more costly.

Reappointing the same employee to several consecutive temporary positions can result in an agency violating legal employee benefit requirements. According to agency and Division officials, State agencies fill some temporary positions by reappointing the same individual. If such reappointments result in that employee working more than 1,000 hours in a year, by State law that employee is eligible for retirement

benefits. According to Division officials we interviewed, such employees do not normally receive those benefits. We were unable to determine in this audit how frequently such situations occur, but over a period of years the dollar impact could become significant.

### **Agencies Told Us the State's Performance Evaluation System and Pay Plan Do Not Allow Them To Reward Outstanding Performers**

According to most State agency personnel officers, the State's performance evaluation system does not distinguish different levels of employee performance, and is not worth the time spent on it. In addition, they said the State's pay plan makes salary increases more automatic than earned. As a result, it appears they tended to use promotions or reclassifications of existing employee positions to a higher-paying class as a reward for exceptional performance. That can cause extra work for both the agencies and the Division.

Most agency personnel officials told us the present performance evaluation system is not effective. The State implemented its current employee performance evaluation system in 1986. Under that system, supervisors evaluate classified employees annually by giving one of three ratings: exceptional, satisfactory, or unsatisfactory. The system is designed to evaluate an employee based upon major job duties determined by both the supervisor and the employee. According to a Division of Personnel Services official, the evaluation system was designed to provide a continuous dialogue between a supervisor and an employee rather than a once-a-year conversation initiated and sustained by a supervisor.

We asked personnel officials in nearly 100 State agencies to tell us how well the present performance evaluation system was working. Of the 79 personnel officials responding to our survey, nearly 70 percent told us the present performance evaluation system

#### **Kansas Experimented With A Merit-Based Pay Plan in 1982, But Revenue Shortfalls Forced Its End**

In fiscal year 1982, the State funded a merit-based pay plan - a major departure from the former automatic step increase plan. The system was designed so that employees would receive one, two, or three step merit pay increases based on corresponding performance evaluations of standard, above-standard, or outstanding. Each step ranged from two and one-half percent to three and three-quarters percent, with the higher percentages occurring in the upper salary ranges. Awarding merit increases was not seen as automatic; the system was to allow for changes in available moneys and in the number of employees falling into the high rating categories.

A 1984 Legislative Post Audit reported problems with inflated performance ratings leading to high salary costs. Funding for merit salary increases in the 1983 fiscal year did not materialize because of tight fiscal conditions.

Agency personnel officials interviewed during this audit told us the one-year, merit-based plan did not work well. This was due, in part, to a limited pool of merit money which dictated the amount of pay increase each employee received. Another failing cited by the Division of Personnel Services and agencies was the inability of managers to accurately evaluate employees based on performance. Instead, managers were pressured to inflate performance evaluation ratings in order to give pay increases.

Part of the pressure to inflate performance evaluation ratings and give pay increases may have been due to the inequality of salaries across agencies, that is, employees performing similar tasks in different agencies may have been paid differently. The 1985 classification study, not yet complete, has attempted to equalize salaries across agencies as well as with the comparable non-State markets. If salaries actually become comparable across agencies and with non-State markets, then a merit-based pay plan may be more successful.

was not effective at distinguishing different levels of employee performance—a key reason for having a performance evaluation system. Rather, they said that supervisors generally rated employees' performance as satisfactory. About 65 percent of the respondents said the performance evaluation system was not worth the time spent on it. They said it was time-consuming, was too technical for many supervisors to

administer, and was not tied to a system that provided monetary or other rewards for outstanding performance.

**Kansas Could Learn from Other States and Local Businesses That Use a Variety of Incentives to Motivate and Reward Employees**

In our interviews with Kansas' agencies, many officials complained that Kansas does not give agencies ways to reward outstanding employees and set agency expectations in a meaningful way. We found in our interviews with businesses and other states that performance pay and other monetary awards were not the only incentives used to motivate and reward employees. Many organizations provided non-monetary incentives to their outstanding employees, such as recognition ceremonies and small gifts.

Providing small incentives and rewards to employees is a common practice in private companies. For example, Hallmark Cards, Inc. of Topeka holds recognition ceremonies and dinners to reward employees with good attendance records. Blue Cross Blue Shield of Kansas uses small gift certificates to local restaurants to reward employees who have worked especially long hours, completed exceptional work, or went "above the call of duty" on the job.

Many of the states we surveyed had recognition ceremonies or motivational programs in place for their employees. One of the most notable was Iowa's STAR (State Top Achievement Recognition) award, which honors a dozen of the most outstanding state employees and employee groups. Iowa announces the annual STAR honorees at a large banquet, and features them in the state's calendar.

Kansas does have a suggestion award program which rewards employees for making money-saving suggestions. Last year, the State awarded 54 employees, or .11 percent of all state employees, an average of \$274 for their suggestions. Agencies, in conjunction with a central Employee Award Board, determine the merit of suggestions. Some agencies say they dislike the program because it forces them to pay a portion of the award going to the employee — even if the agency does not think the suggestion merits the award. Other agencies complained that the program monetarily rewards employees who should be making the suggestions as part of their normal job duties.

In addition, many of the agency personnel officials we interviewed told us that the present pay system used perfunctory employee evaluations tied to automatic step increases, which does nothing to distinguish outstanding performers. Those perceptions would tend to hamper the effectiveness of employee performance evaluations.

State employees also are eligible for longevity pay, which does not become a part of their base salary. Employees become eligible for longevity pay after 10 years of satisfactory service. The longevity pay is an annual cash bonus in an amount equal to \$40 for each year of satisfactory service, up to a maximum of 25 years or \$1,000.

Agency officials told us that the essentially automatic and defined nature of the State's pay increases limits their ability to reward outstanding performers. The State's pay plan provides for higher pay for greater responsibility with higher pay ranges, and for higher pay for good performance with step increases. The State's current pay plan comprises thirty-five pay ranges, with the higher-paying ranges assigned to jobs with greater responsibility. The plan assigns all job classes — regardless of the type of work — to a salary range. Each

**Kansas Employees Accrue Approximately  
The Same Number of Leave Days  
As Other State and Private Sector Employees**

On the whole, State employees in Kansas earn more leave than employees of the businesses surveyed, and fewer days leave than the employees of the other states we surveyed.

|                                 | <u>Private<br/>Companies</u> |    | <u>Kansas</u> | <u>Other States</u> |     |     |     |     |
|---------------------------------|------------------------------|----|---------------|---------------------|-----|-----|-----|-----|
| <u>Annual Leave (Days/Year)</u> | HC                           | BC | KS            | CO                  | IA  | FL  | MS  | OK  |
| One year experience             | 10                           | 10 | 12            | 12                  | 10  | 13  | 15  | 15  |
| Five years experience           | 15                           | 15 | 15            | 12                  | 15  | 16  | 15  | 18  |
| Carryover allowed               | No                           | No | Yes           | Yes                 | Yes | Yes | Yes | Yes |

**Sick Leave (Days/Year)**

|                                                                        |     |     |     |        |     |     |     |     |
|------------------------------------------------------------------------|-----|-----|-----|--------|-----|-----|-----|-----|
| Accrual                                                                | 10  | 7.8 | 12  | 10     | 18  | 13  | 15  | 15  |
| Carryover allowed                                                      | Yes | No  | Yes | 45 max |     | Yes | Yes | Yes |
| Yes                                                                    |     |     |     |        |     |     |     |     |
| Leave used for<br>other reasons                                        | No  | No  | Yes | Yes    | Yes | Yes | Yes | Yes |
| Employees can donate<br>unused sick leave<br>to co-workers who are ill | No  | No  | Yes | Yes    | Yes | Yes | No  | Yes |

**Paid Holidays (Days/Year)**

|                            |    |    |    |    |    |    |    |    |
|----------------------------|----|----|----|----|----|----|----|----|
| Personal Discretionary Day | 2  | 1  | 1  | 0  | 2  | 1  | 0  | 0  |
| Major Holidays             | 5  | 5  | 5  | 5  | 5  | 6  | 5  | 5  |
| Other Holidays             | 3  | 3  | 5  | 5  | 4  | 0  | 7  | 5  |
| Total                      | 45 | 42 | 50 | 44 | 54 | 49 | 57 | 58 |

HC = Hallmark Cards, Inc.  
BC = Blue Cross Blue Shield  
KS = State of Kansas

CO = State of Colorado  
IA = State of Iowa  
FL = State of Florida

MS = Missouri  
OK = Oklahoma

range has 15 steps, which provides for pay increases for good performance within a level of responsibility.

Salary increases from step to step are automatic at an employee's pay increase anniversary date, provided that the employee receives at least a satisfactory performance evaluation rating. An employee in a given job, and starting at the first step on a pay range, will reach the end of that range in 13 years with satisfactory evaluation ratings. After 13 years, that employee will receive no further annual step increases unless promoted or reclassified.

Employees receiving a satisfactory or better evaluation all get a single step increase in pay. As a result, outstanding performers are rewarded no more than employees performing at a satisfactory level. Agency personnel officers indicated that this could lead to motivation problems.

Agency officials also pointed out that the State's major method for differentiating pay among employees with similar responsibilities is the longevity bonus, which rewards seniority rather than outstanding performance. (The longevity pay program costs the State approximately \$9 million annually.)

**Other states and private businesses use a mixture of bonuses and merit pay increases to reward employees.** Our survey of other states and businesses identified many instances in which the employer could reward outstanding employees with differential pay, either through differing salary adjustments or bonuses.

- ◇ Florida allows its agencies to give bonuses to employees for extraordinary performance. That program has been implemented in only three pilot agencies at the present time. Moneys to pay those bonuses originate from savings realized through appropriated positions that have not been filled.
- ◇ Iowa allows its agencies to give bonuses to employees for extraordinary performance. In addition, state employees not covered by union-negotiated contracts and not at the top of their pay ranges can receive a merit increase determined by their managers and based upon a performance evaluation. These bonuses and increases are subject to the availability of funds.
- ◇ Missouri gives its executive agency directors the flexibility to grant agency-determined increases in pay based on performance evaluations. Such increases are subject to the availability of funds.
- ◇ Blue Cross and Blue Shield of Kansas rewards its employees based on annual performance evaluations. For clerical employees, increases range from one percent to seven percent of an employee's base pay. Those employees with the best annual performance receive the largest

percent increases. For professional employees, increases depend on the performance of the division in which they work.

Because State agencies have limited options for rewarding outstanding performers, they appear to use promotions and reclassifications for that purpose. As mentioned earlier, the State's pay plan does not give State agencies a way to reward outstanding performers. As a result, State agencies could tend to use promotions and reclassifications of employee positions to a better paying job class as rewards. In interviews, Division of Personnel Services' officials and a representative of one State agency told us that this has happened.

The problem with rewarding outstanding performers this way is that it can involve a significant amount of time and effort on the part of the agency involved and the Division of Personnel Services, particularly in the case of a reclassification. Although we were not able to identify the number of such promotions and reclassifications in this audit, we did gather information presented in the following table that indicates Kansas has relatively more promotions and transfers than other states we surveyed.

#### **Promotions and Transfers Fiscal Year 1993**

|            | <b>Total Number<br/>of Promotions<br/>and Transfers</b> | <b>Total Number<br/>of Employees</b> | <b>Promotions<br/>and Transfers<br/>as a Percentage of<br/>of Employees</b> |
|------------|---------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------|
| Kansas (a) | 6,305                                                   | 37,537                               | 17 %                                                                        |
| Iowa       | 1,444                                                   | 19,857                               | 7                                                                           |
| Oklahoma   | 3,477                                                   | 28,561                               | 12                                                                          |
| Colorado   | 1,774                                                   | 29,874                               | 6                                                                           |

(a) Numbers do not include unclassified employees at Regents' institutions.

The Division of Personnel Services told us that the recent Statewide reclassification study probably accounted for a large number of the promotions. However, when we reviewed promotion statistics during the five years — when major phases of the reclassification study were being implemented — we found that fiscal year 1993 actually had fewer promotions because of reclassification than any of the previous years. That led us to conclude that the reclassification study had little effect on the 1993 appointment statistics.

#### **The State Calculates Overtime Pay For Its Employees More Liberally Than the Law Requires**

During this audit, Division of Personnel Services' officials raised a concern regarding the manner in which the State calculates overtime pay. The State now

calculates overtime pay based on the hours an employee spends in pay status, not the actual hours worked. This means that the time an employee spends on annual or sick leave is counted as time worked in determining overtime to be paid.

For example, suppose that in one week an employee earning \$8 an hour actually worked eight hours each day from Monday through Thursday, took eight hours of annual leave on Friday, and worked four hours on Saturday. The employee would have been in pay status for 44 hours that week, but would have actually worked only 36 hours. The State's current method for calculating overtime would pay that employee for 40 hours at his regular rate, and four hours at the overtime rate (one and one-half times the regular rate). That would result in total pay of \$368.

However, the Fair Labor Standards Act requires payment at the overtime rate only for actual hours worked during a week in excess of 40 hours. Using the example above, if the State followed the minimum legally required method, the employee would be paid for all 44 hours that week at his regular rate of \$8 an hour because his actual work hours did not exceed 40. That would result in total pay of \$352, a savings of \$16.

The Division of Personnel Services estimated that the State's more liberal method of calculating overtime pay cost the State more than \$2 million from its General Fund during fiscal year 1993. According to a telephone survey of 45 states conducted by the Division, 15 states count all authorized leave time as hours worked for overtime purposes. Nineteen states do not consider any leave time as hours worked for overtime purposes. The remaining 11 states count some types of leave as hours worked.

While we could not independently determine the dollar impact of this situation within this audit's timeframe, we reviewed the Division's analysis and concluded that it may have overstated the additional cost to the State. The sample of agencies the Division chose for its study included some agencies with potentially higher-than-average overtime costs, such as, the Department of Transportation. As a result, these agencies may not have been representative of State agencies in general. The study also reviewed salaries only during the summer months, and might have included overtime pay that would be limited only to that season; for example, overtime paid to Department of Transportation highway workers. Such overtime would not be representative of an entire fiscal year.

Nonetheless, the State's method of calculating overtime does cost it money that it would not have to pay if the calculation method was changed. Further, if the extra amount paid each year were only a fourth of the Division of Personnel Service's estimate, the State still could save about \$500,000 a year by changing its method. Of course, adopting this method would reduce the pay of a number of State employees.

**The Division of Personnel Services' Requirement that Agencies Get Its Approval for Routine Personnel Actions Appeared to be Inefficient and Cause Unnecessary Delays**

Statutes, regulations, or Division of Personnel Services policies require State agencies either to report certain personnel actions to the Division or to obtain permission from the Division before finalizing those personnel actions. Most, if not all, of the personnel actions involved were fairly common, were approved by the Division on a routine basis, and seemed to unnecessarily delay agencies. Some of the individual instances are described below. A complete listing of all 20 actions requiring central approval can be found in Appendix F.

*State agencies are not allowed to correct their own data entry errors on the State's personnel and payroll system.* Instead, the Division of Personnel Services must approve and correct all data entry errors after agencies have submitted a request for the correction. For example, errors made by agencies in an employee's work history can only be corrected by Division staff after an agency notifies the Division.

*Several personnel regulations allow exceptions to normal procedures, but the Division still requires that each exception be individually approved.* Some specific examples are listed below:

- ◇ When no central applicant list exists for a job class, regulations allow State agencies to fill a vacancy for that job class without using a list. However, the Division still must give its approval before an agency can fill that vacancy.
- ◇ When an agency hires a new employee who has had several years of relevant experience, or for a position located in a remote area of the State, or for a position that requires technical skills which command a higher starting salary than the salary normally provided by the State, regulations allow State agencies to pay a starting salary higher than the lowest step in the appropriate pay range. However, the Division still must approve all starting salaries above the lowest step on the pay scale.
- ◇ When an agency wants to promote one of its own employees, regulations allow for a waiver of the supervisory experience requirement. However, the Division still must approve the waiver.

As part of its approval, the Division of Personnel Services requires State agencies to provide it with supporting documentation, and present justification for the agency's recommended action. This adds time to the process, as well as work for agency and the Division's staff, who must review and act upon each request. These requirements appeared to create inefficiency and waste because each of these situations could be addressed at the agency level without the approval of the Division.

In general, agencies responding to our survey of State agency personnel officers told us that the Division's involvement was technical in nature and tended to

### **The Kansas Integrated Personnel and Payroll System Has Been Slated for Replacement**

In 1991, an independent consulting firm reported that the the Kansas Integrated Personnel and Payroll System (KIPPS) needed replacement. The firm found that the personnel/payroll system had increasing maintenance costs, a lack of readily accessible information for users, limited functions, poor documentation of the system's operating software, a substantial amount of data redundancy with the State's other central processing systems, and an overall lack of integration with those systems.

In an attempt to identify, analyze, and document the needs of the State's personnel/payroll system, the Department of Administration contracted with another consulting firm in 1992 to conduct a personnel and payroll study. This study, completed in January 1993, recommended that a technologically advanced mainframe and personal computer system, called a client-server system, be developed for the State's use.

In November 1993, the Department issued a request for proposal for the new personnel/payroll system. Several technical proposals were submitted by January 5, 1994. Cost proposals are due January 12, 1994.

This request also asked bidders to submit proposals by January 5 for a business re-engineering program. The business re-engineering program's purpose includes evaluating and developing plans for streamlining the State's personnel and payroll functions. The proposed maximum cost of implementing both the business plan designed to streamline the State's personnel and payroll processes and a new personnel/payroll computer system has been estimated at \$15.6 million over five years.

However, the Secretary of Administration told the Legislature's Joint Committee on Computers and Telecommunications that the final cost should be less because of the planned use of State staff in the system's development and use of existing computer hardware.

A Department official told us a steering committee made up of State employees and private industry representatives discussed contracting with a private company to provide the State with payroll services. However, the committee rejected this option as too expensive because a contractual arrangement would not adequately meet all the needs of the State.

delay the agencies' actions. In most instances, the Division approved the agencies' actions without question. In addition, the agencies generally reported that the requirements for requesting approval from the Division did not improve the process — they just added additional steps and delays.

In discussing this situation with us, Division of Personnel Services officials said they were willing to review some procedures on a periodic basis rather than an individual basis. They also agreed that Division approval for some procedures could be waived with the development of schedules for situations which occur frequently, or with the development of simplified rules, regulations, and calculations.

In our contacts with other states, we found that Iowa recently has made significant changes in its personnel practices that move in this direction. Its central personnel agency acts much more in a guidance and oversight role than in an approval role.

### **At Least Two States Have Made Significant Changes in Their Civil Service Systems to Address the Kinds of Problems We Found**

Two states — Iowa and Florida — have been held up as examples in personnel literature as civil service reformers attempting to reform their personnel

systems. Their reform attempts have embodied the principles of increasing efficiency in government by allowing State agencies the flexibility to meet the needs of the State's work force in a more businesslike manner without the burden of excessive central control. These are the same principles of efficiency being implemented in Kansas through the Reinventing Kansas Government initiative. The changes Iowa and Florida have made will be presented after a brief general discussion of civil service reform.

**For many government and business leaders, changes in bureaucratic civil service systems promise greater efficiency, increased accountability, more responsiveness, and improved government operations.** However, before abolishing or drastically modifying their civil service structures, many states are examining the history of the system and the roots of the current problems. These briefly are discussed below.

- ◇ Civil service reform grew in the late 19th century when some state leaders voiced concerns for ethical standards and honest service after public employment became the object of political patronage. Although there were movements for civil service legislation, only two states, New York and Massachusetts, enacted any reforms for several decades.
- ◇ In the early 20th century, state reform efforts grew after developing such techniques as applicant examinations, salary standardization, job classification systems, and employee disciplinary review boards.
- ◇ Governments enacting civil service reforms in the early 20th century have begun to face a slowly emerging crisis. As labor markets become tighter during the 1990s, hiring qualified workers will become more difficult. Many factors have contributed to the current situation:
  - = For many jobs, governmental compensation is increasingly non-competitive.
  - = Public esteem for civil servants and the prestige of government jobs has been falling.
  - = Low pay and low prestige have been exacerbated by outdated management practices.
- ◇ A civil service system need not be an impediment to major downsizing efforts. New York State has what many experts describe as a complicated civil service system, which has not prevented the lay-off of thousands of employees.

**Iowa reorganized its personnel system giving agency managers many personnel duties, and creating a service-oriented central personnel department.** The catalyst for Iowa's reorganization was a statewide fiscal crisis beginning in 1986 and resulting in an "efficiency reorganization" which decreased the number of state

### **Total Quality Management Efforts in State Government and the Private Sector**

In January 1992, the State of Kansas began a total quality management training effort in five pilot agencies. In October 1993, an additional 11 agencies began to participate in the program. That effort has emphasized the services agencies provide to the citizens of Kansas and to other State agencies.

The State has a Planning and Guidance Committee that sets the broad quality management parameters for participating agencies. The Division of Personnel Services is coordinating the technical and administrative support and training for the State's total quality management program. The Division's Agency Management Unit has developed guidebooks, handbooks, and a five-tape video series for agencies participating in Kansas Quality Management.

In addition, the Division has developed four training programs on quality awareness in cooperation with the members of the five pilot agencies. Agencies participating in the program send Kansas Quality Management implementation plans to the Committee, and the Agency Management Unit reviews and comments on those plans and provides general assistance to the agencies.

Oklahoma and Iowa have developed total quality management programs using different techniques than Kansas. Oklahoma is implementing total quality management simultaneously in all state agencies, although some agencies are farther along in the implementation process than others. A feature in the Iowa program, not in the Kansas program, has been a Quality Forum held once a month and open to all state managers. Iowa reports that the Forum lasts approximately two hours and is usually attended by 200 to 300 managers.

Of the states and businesses we contacted, the most extensive quality management program was being developed in Topeka by Hallmark Cards, Inc. The local plant had reorganized into product teams that were encouraged to complete certified team training together. The team training concentrates on understanding the company's internal customers and vendors, and focuses on involving employees in participative management, improving teamwork and quality, and teaching skills for process improvement.

agencies from 68 to 20. This reorganization brought all agency professional personnel positions into a central Department of Personnel leaving only a few technical and assistant positions in agencies. About 200 agency personnel staff were able to be diverted from personnel functions to other managerial and agency duties because of the reorganization.

Under this system, agency managers have taken on much of the responsibility and final authority to make several personnel actions formerly made by the state's personnel staff. For example, agency managers now set the size of some non-union employee pay increases and determine which of the applicants who passed the state's examinations are qualified to be interviewed for vacancies.

The reorganized, centralized Department contains virtually all the state's personnel staff, and is the state's personnel policy-making and administrative agency. However, the central personnel agency in Iowa has become more service-oriented as the state's personnel system changed. The central agency has become more of a service organization for agency managers locating some of its representatives throughout the state in order to serve state agencies in remote areas more effectively. The central personnel agency has also developed more than 80 training courses including more manager training to help agency managers perform their new responsibilities.

Florida decentralized its civil service system to gain greater efficiency. Florida began restructuring

the state's personnel functions in the early 1970's. At the present time, about 30 central staff members perform only three centralized personnel functions: creating classifications, assigning pay ranges to classes, and assisting agencies with labor relations issues. All hiring is done at the agency or local agency field office level. The state does not maintain any central applicant list or require applicants to take any standardized test. In addition proposed changes to Florida's personnel rules would allow agencies to determine how much to pay new employees, as long as their pay level is within the pay range for the position's class. Agencies would also be responsible for setting their standard work week. While Florida's reforms may seem to superficially undermine the goal of preventing patronage, the State has continued to support several of the merit principles inherent in all state civil service systems: a job classification system with salary ranges, a labor relations function, minimum qualifications that all job applicants must meet, and competitive hiring.

### **Conclusion**

Proper administration of any Statewide system, including personnel services, requires balancing the need for control to ensure that State agency practices adhere to State requirements with the need for flexibility to allow State agencies to operate efficiently and effectively. This audit identified several problem areas that could be addressed by providing greater flexibility in the State's personnel practices, while at the same time maintaining control through periodic reviews.

In addition, increased flexibility in the State's personnel practices could result in not only more effective and efficient personnel administration, but also more responsive management of agency programs. Because of fiscal constraints, the State has a growing need for more efficient and effective use of its existing resources. Further, the current movement toward government reinvention and quality management call for more responsive program management, including the ability to shift resources and revise processes to meet changing needs and reduce costs. The recommendations below attempt to address the problems identified by this audit within the framework of government reinvention and quality management.

### **Recommendations**

1. To improve the effectiveness and efficiency of the State's personnel practices, the State should give serious consideration to increasing the flexibility given to State agencies in taking personnel actions, and decreasing the degree of central control over those actions.

Specific steps that would address this recommendation include the following:

- a. To improve the efficiency of the State's central hiring procedures, the State and the Division of Personnel Services should provide a more efficient way for State agencies to take into consideration their specific hiring needs when hiring from central applicant lists. Options in this area this include:
  - ◇ eliminating the requirement for centralized examinations and rankings of applicants.
  - ◇ allowing State agencies to adjust central applicant scores to take into account the agencies' individual needs (for example, Affirmative Action goals).
  - ◇ revising or eliminating the "rule of five" so that State agencies could hire from a larger group of candidates.
- b. To ensure that employees appointed to more than one short-term position receive all the benefits to which they are entitled, the Division of Personnel Services should remind State agencies that, in such situations, the employees should receive retirement benefits, and look into ways of identifying and correcting problems that do occur. For example, the State could build such a capability into its new personnel and payroll system.
- c. To make employee evaluations more meaningful, the Division of Personnel Services should work with State agencies to develop more effective performance evaluations.
- d. To allow State agencies to reward outstanding employees, the Division of Personnel Services should develop options for improving the State's employee incentives, subject to available funding. Options could include:
  - ◇ allowing State agencies to reward outstanding employees by giving them a pay increase larger than the current one-step increase given for satisfactory performance.
  - ◇ allowing State agencies to award outstanding employees with cash bonuses that would not become a part of their base pay.
- e. To improve the efficiency of routine personnel actions, the Division should develop rules and procedures for State agencies

to follow in situations which occur frequently, and conduct periodic reviews of agency practices, rather than review and approve each individual agency action.

2. To save money, the State should calculate overtime pay to its employees based on actual hours worked in a week, rather than the number of hours (including leave) for which the employee is paid during that week.

## **APPENDIX A**

### **Major State Agencies' Motor Pool Policies**

As part of this audit of the Department, we were asked to review State agencies' policies for reimbursing employees who use their private vehicles on State business. This appendix includes a summary of our review of State agencies' motor pool policies.

## **Major State Agencies' Policies Comply With State Requirements on Reimbursing Employees Who Drive Private Vehicles**

In addition to overseeing the Division of Personnel Services, the Department of Administration is responsible for the State's centralized administrative functions. One of these functions is the operation of the State's Central Motor Pool. As part of this audit of the Department, we were asked to review State agencies' policies for reimbursing employees who use their private vehicles on State business. Concerns had been raised that, because the differential between the private car mileage rate (28 cents per mile) and the motor pool rate (19 cents per mile) was so great, the State was incurring a greater-than-necessary expenditure for State travel.

According to the regulation, if a Central Motor Pool vehicle is available but an employee chooses to drive his or her own private vehicle, the reimbursement rate should be limited to the Central Motor Pool rate of 19 cents per mile. (There are some exceptions to this. For instance, if a vehicle will be driven fewer than 50 miles in a day--which is the minimum Central Motor Pool charge--it may be less expensive to drive a private vehicle. In this situation, the private car mileage rate of 28 cents would apply.)

We reviewed the travel reimbursement policies of eight State agencies: the Department on Aging and the Departments of Commerce and Housing, Corrections, Health and Environment, Human Resources, Revenue, Social and Rehabilitation Services, and Transportation. Three of the eight agencies--Corrections, Health and Environment, and Revenue--reimburse central-office employees at the Central Motor Pool rate of 19 cents regardless of the availability of a Central Motor Pool vehicle. These agencies reimburse field-office employees who do not have access to Central Motor Pool vehicles at the private car mileage rate.

The five other agencies reimburse employees at the Central Motor Pool rate when a motor pool vehicle would be available, and at the private car mileage rate when a motor pool vehicle would not be available. In all five agencies, the policies apply to both central and field-office employees.

Based on our review, we concluded that these agencies' travel reimbursement policies comply with State regulations. Within the scope of this review, however, we were not able to determine whether these policies were actually being followed. In addition because of the way the State's accounting system records employee mileage reimbursement all under one budget line item, we were not able to find out how many miles were reimbursed at the Central Motor Pool rate and how many were reimbursed at the private car mileage rate.

## **APPENDIX B**

### **Description of Different Position and Appointment Types in the State of Kansas**

This appendix provides detailed information about all positions and appointments used by the State of Kansas.

Every individual employed by the State of Kansas occupies at least one position. That position may be permanent, intermittent, temporary, or emergency and will be either classified or unclassified. The position description chart describes how each type of position is established, who determines what the position's salary will be, and any limitations placed upon the position, for example, maximum number of hours that can be worked in a year.

Every State employee is appointed to a position through a particular process. These processes are described in the appointment description chart. This chart outlines how particular types of appointments are made and the different roles of applicants, agencies, and the Division of Personnel Services during the appointment process. The appointment chart also includes the limitations of certain appointments.

## Description of How Positions Are Established

|                                                                         | Classified Service |              |              |            | Unclassified Service |              |                  |
|-------------------------------------------------------------------------|--------------------|--------------|--------------|------------|----------------------|--------------|------------------|
|                                                                         | Permanent          | Intermittent | Temporary    | Emergency  | Permanent            | Intermittent | Special Projects |
| <b>Position Creation</b>                                                |                    |              |              |            |                      |              |                  |
| Created by Legislature                                                  | X                  | X            |              |            | X                    | X            | X                |
| Created by Division of Personnel Services (a)                           |                    |              | X            | X          |                      |              | X                |
| Created by Agency (b)                                                   |                    | X            | X            | X          |                      | X            |                  |
| <b>Salary Determination</b>                                             |                    |              |              |            |                      |              |                  |
| Salary range set by the Division of Personnel Services                  | X                  | X            | X            | X          |                      |              |                  |
| Salary level set with recommendation from agency                        |                    |              |              |            | X                    | X            | X                |
| Reviewed by Governor                                                    |                    |              |              |            | X                    | X            | X                |
| Reviewed by Legislature in budget process                               | X                  | X            | X            | X          | X                    | X            | X                |
| <b>Position Limitations</b>                                             |                    |              |              |            |                      |              |                  |
| Position is authorized for 999 hours per 12 month period                |                    | X            |              |            |                      | X            |                  |
| Employee can work only 999 hours per 12 month period                    |                    |              | X            |            |                      |              |                  |
| Employee can work only 30 working days or 240 hours per 12 month period |                    |              |              | X          |                      |              |                  |
| Employee cannot transfer into Classified Service                        |                    |              |              |            |                      |              | X                |
| <b>Number of Positions</b>                                              | <b>32,404</b>      | <b>3,169</b> | <b>2,990</b> | <b>157</b> | <b>12,993</b>        | <b>2,193</b> | <b>254</b>       |

(a) In instances where the agency does not have classification authority.

(b) In instances where the agency has classification authority.

# Appointment Description for Appointments Made Outside of State Service

| Role                                                                    | Classified Service |              |             |               |              |              |            | Unclassified Service |                  |
|-------------------------------------------------------------------------|--------------------|--------------|-------------|---------------|--------------|--------------|------------|----------------------|------------------|
|                                                                         | Certified          | Direct Entry | Conditional | Reinstatement | Reemployment | Temporary    | Emergency  | Permanent            | Special Projects |
| <b>Procedure for an Applicant wanting a State Job</b>                   |                    |              |             |               |              |              |            |                      |                  |
| Applies to DPS or agency for exam                                       | X                  |              |             |               |              |              |            |                      |                  |
| Applies directly to agency for position                                 |                    | X            | X           |               |              | X            | X          | X                    | X                |
| Takes and passes examination                                            | X                  |              | X           |               |              |              |            |                      |                  |
| Contacts agency if interested in a position and in top 10 on list       | X                  |              |             |               |              |              |            |                      |                  |
| Interviews with agency                                                  | X                  | X            | X           | X             |              | X            | X          | X                    | X                |
| <b>Procedure for an Agency with a Vacancy</b>                           |                    |              |             |               |              |              |            |                      |                  |
| Hires from a list                                                       | X                  |              |             | X             | X            | (Optional)   |            |                      |                  |
| Advertises position internally for promotions and transfers             | X                  | X            | X           | X             |              | X            | X          | X                    | X                |
| Advertises position externally for applicants                           |                    | X            | X           |               |              | X            | X          | X                    | X                |
| Interviews candidates and chooses employee                              | X                  | X            | X           | X             |              | X            | X          | X                    | X                |
| <b>Procedure for DPS</b>                                                |                    |              |             |               |              |              |            |                      |                  |
| Accepts applications for examination (a)                                | X                  |              |             |               |              |              |            |                      |                  |
| Administers and scores examinations (a)                                 | X                  |              | X           |               |              |              |            |                      |                  |
| Places eligible applicants on applicable list (a)                       | X                  |              |             | X             | X            | X            |            |                      |                  |
| Maintains partial listing of positions open within State                | X                  |              | X           |               |              |              |            | X                    | X                |
| <b>Limitation of Appointments</b>                                       |                    |              |             |               |              |              |            |                      |                  |
| Employee must pass the exam within 6 months                             |                    |              | X           |               |              |              |            |                      |                  |
| Employee can work only 999 hours per 12 month period                    |                    |              |             |               |              | X            |            |                      |                  |
| Employee can work only 30 working days or 240 hours per 12 month period |                    |              |             |               |              |              | X          |                      |                  |
| Employee cannot transfer into Classified Service                        |                    |              |             |               |              |              |            |                      | X                |
| <b>Number of Appointments Annually</b>                                  | <b>1,289</b>       | <b>1,706</b> | <b>962</b>  | <b>234</b>    | <b>9</b>     | <b>4,555</b> | <b>672</b> | <b>2,668</b>         | <b>211</b>       |

Excludes: Appointments to unclassified positions in the Regents' institutions.

(a) Agencies with examination authority can perform this function.

## **APPENDIX C**

### **Survey Responses from Agency Personnel Officials**

As part of this audit, we surveyed personnel officers at 99 State agencies to obtain their opinions on how well personnel activities are being carried out in Kansas. We received 79 responses to the survey, for a response rate of 79.8 percent. The results of the survey are presented in this appendix.

## Legislative Division of Post Audit Survey of Agency Personnel Officials

The Legislative Division of Post Audit has been directed to conduct a performance audit reviewing the operations of the State's Division of Personnel Services. As part of that audit, we are conducting this survey to obtain the opinions of agency personnel officials about how efficient and effective the Division of Personnel Services is at carrying out its responsibilities, and about the level of satisfaction agencies have with the assistance the Division provides to them. The survey also will help us identify specific areas of concern agencies might have with the State's regulation of personnel activities, including recruiting, hiring and firing, and compensation. The completed surveys will become part of the audit working papers, but individuals will not be personally identified in the final report. If you have any questions about the survey, feel free to call Sharon Patnode or Ellyn Sipp at (913) 296-3792. Please return the completed survey by Friday, November 12, 1993.

The survey is organized in several sections. After a section requesting general information, the first four questions ask about your agency's general experience in dealing with the Division of Personnel Services. The rest of the questions ask about specific areas of the Division's responsibilities, including the recruitment/hiring process, the classification process, the disciplinary process, the performance evaluation process, training, and centralized/decentralized personnel functions.

### General Information

Agency: \_\_\_\_\_

Name of Person Completing Survey: \_\_\_\_\_

Title of Person Completing Survey: \_\_\_\_\_

Phone Number: \_\_\_\_\_

No. of FTE Personnel Staff in Agency: \_\_\_\_\_

### Interaction with the Division of Personnel Services

1. How many times has your agency asked for Division assistance in the last year?

- 2 never
- 19 less than once per month
- 16 once per month
- 12 twice per month
- 16 once per week
- 13 more than once per week

2. What kinds of assistance did your agency ask for? (Check all that apply.)

- 47 interpretation of federal laws (Americans with Disabilities Act, Fair Labor Standards Act, other \_\_\_\_\_)
- 32 help in filling a vacancy
- 40 request for position reclassification

63 interpretation of State policies (Shared Leave Act, flexible benefits, other \_\_\_\_\_)  
 24 creation of a certified list  
 53 assistance with KIPPS data entry  
 22 assistance with disciplining or firing an employee  
 18 other (please specify) \_\_\_\_\_

3. For each area below, please circle your agency's general level of satisfaction with the response to your requests for assistance.

|                                     |   |   |   |                     | <u>Average</u> | Comments:                                                      |
|-------------------------------------|---|---|---|---------------------|----------------|----------------------------------------------------------------|
| 1                                   | 2 | 3 | 4 | 5                   |                |                                                                |
| a. <i>timeliness of response:</i>   |   |   |   |                     |                |                                                                |
| not at all satisfied                |   |   |   | very well satisfied | 3.6            | •classification study delayed responses (1)                    |
| b. <i>thoroughness of response:</i> |   |   |   |                     |                |                                                                |
| not at all satisfied                |   |   |   | very well satisfied | 3.9            | •Division doesn't help resolve problems, offer suggestions (1) |
| c. <i>accuracy of response:</i>     |   |   |   |                     |                |                                                                |
| not at all satisfied                |   |   |   | very well satisfied | 4.0            | •Division does not respond in writing (1)                      |
| d. <i>clarity of response:</i>      |   |   |   |                     |                |                                                                |
| not at all satisfied                |   |   |   | very well satisfied | 3.8            | •position classification timeliness poor (1)                   |

4. Please identify any specific problems your agency has had with the assistance the division of Personnel Services provided.

- some Division staff not helpful (7)
- inconsistent information received from Division staff (6)
- relations with the Division usually superb, no problems (6)
- Division not always aware of or supportive of agency needs (4)
- no Division response to certain requests (3)
- agency representative often unavailable (3)
- position classifications can be slow (2)
- too much bureaucracy in KIPPS error corrections (2)
- Division's decisions seem arbitrary (2)
- too many layers of staff at the Division (2)
- Division interpretations of minimum qualifications too rigid (1)
- personnel staff need to rotate between Division and agencies (1)
- need more assistance from Division with Americans with Disabilities Act (1)
- problems arose when agency representative changed (1)
- Division needs to be more understanding when agencies have problems with KIPPS (1)
- Division sometimes resists scoring applications (1)
- delay in developing new positions delayed new program implementation (1)
- agency has to resubmit KIPPS information because it gets lost by Division (1)
- comprehensive classification study results not reflective of the market (1)
- KIPPS needs overhauling. (1)
- written responses from the Division can be very slow. (1)
- Division needs to send data electronically (1)
- Division imposes short deadlines (1)

## Recruitment/Hiring Process

5. When your agency receives a certified list of 10 eligible applicants, can you generally find five available applicants? (Even though agencies are required by law to hire a candidate from the "top five" on the eligible list, the Division initially provides 10 applicant names to an agency in case one or more of the top five applicants is no longer available for a job interview.)

6 always  
31 usually  
19 sometimes  
6 seldom  
1 never

please explain:

- depends on class, job hours (7)
- applicants not interested in working for specific agency or in specific location (7)
- quality of applicants poor (6)
- often have to get 2nd list (4)
- lists not updated frequently enough or maintained (4)
- delegated exam authority helped (1)
- usually fill positions with Promotion and Transfer List (1)
- top applicants sometimes have already taken other jobs (2)

6. Is your agency generally able to hire someone with the necessary qualifications from among the top five applicants?

7 always  
34 usually  
18 sometimes  
7 seldom  
0 never

please explain:

- can't always find applicant who best meets agency needs (13)
- difficult to find qualified data processing applicants (3)
- difficult to find applicants who will move (2)
- doesn't help with affirmative action efforts (2)
- quality poor; need more direct entry classes (2)
- sometimes, applicants hired by other agencies (1)
- don't usually hire off certified lists (1)

7. For each area of the exam process identified below, please circle your agency's level of satisfaction with the Division of Personnel Services' exam efforts:

a. *identifying qualified applicants who meet your agency's needs*

Average

1 2 3 4 5  
 not at all satisfied very well satisfied

3.5

Comments:

- inadequate minority, other protected classes on lists (8)
- some exams outdated, other problems with exams (6)
- don't identify applicants who meet agency needs (5)
- reemployment process ok, but agencies lost control (4)
- reemployment too slow (4)
- need to offer exams more

b. *timeliness of process in identifying applicants to interview*

3.6

1 2 3 4 5  
 not at all satisfied very well satisfied

f-43

c. *identifying applicants to help meet affirmative action goals*

1 2 3 4 5 2.8  
not at all satisfied very well satisfied

frequently (3)  
•skills testing inadequate (2)  
•lack of staff continuity (1)  
•can't predict vacancies to schedule exams (1)  
•hard to get conditional authority (1)  
•tests scored slowly (1)  
•exam process too long (1)  
•reemployment process did not work (1)

d. *appropriateness of testing instruments*

1 2 3 4 5 3.0  
not at all satisfied very well satisfied

e. *assistance and guidance provided by the Division of Personnel Services*

1 2 3 4 5 3.8  
not at all satisfied very well satisfied

f. *frequency of exams*

1 2 3 4 5 3.4  
not at all satisfied very well satisfied

g. *timeliness in scoring exams*

1 2 3 4 5 3.8  
not at all satisfied very well satisfied

h. *required use of re-employment lists to hire laid-off employees*

1 2 3 4 5 2.8  
not at all satisfied very well satisfied

8. **If your agency has been delegated exam authority, does this exam authority provide your agency with the ability to recruit and hire the most qualified applicants?**

22 yes  
4 no  
40 don't have exam authority

please explain:

•one test outdated, inappropriate (2)  
•exams don't test interpersonal skills (1)  
•still have to adhere to Division rules (1)  
•want only conditional authority (1)  
•allows agency to hire more qualified (1)  
•recent salary adjustments helped (1)  
•gives agency those meeting minimum qualifications, not necessarily best (1)

9. **If your agency has used conditional appointment authority in the past, has it been satisfied with the degree of flexibility that process provides?**

52 yes  
3 no  
14 have not used conditional appointment authority

please explain:

•greatest flexibility, applicant pool (7)  
•opening exams to clear conditional hires too slow (2)  
•one exam outdated (1)  
•Division concerned about volume (1)

10. Please estimate the percentage of your agency appointments that are made using conditional appointment authority:

47 0 - 10%  
9 11-25%  
7 26-50%  
2 51-75%  
2 75-100%

## Classification Process

11. Do the class specifications used by your agency fit your agency's needs?

5 always  
45 usually  
17 sometimes  
3 seldom  
0 never

please explain:

- need flexibility for agency-specific positions (11)
- some classes outdated (5)
- reclassification has helped (1)
- hard to distinguish among clerical levels (1)
- has problems with Division approach to determining minimum qualifications (1)
- smaller agencies can be limited in classes available to them (1)
- reclassification too slow, botched (1)

12. In your opinion, does the State have too many classifications, too few classifications, or just the right number of classifications?

24 too many  
11 too few  
25 just the right number

please explain:

- have agency-unique positions (6)
- reclassification eliminated unnecessary classes (3)
- class differences hard to distinguish (3)
- shouldn't reduce no. of classes just to be reducing them (2)
- need more general specifications (2)
- small agencies should be considered (2)
- Division monitors no. well (1)
- need more flexibility in salaries (1)
- reclassification did not eliminate class compensation inequities (1)
- need more clerical classes (1)
- too many info technology classes (1)
- some classes too general (1)

13. For each area of the classification process identified below, please circle your agency's level of satisfaction with the Division of Personnel Services' efforts:

a. *timeliness of classification/reclassification actions* **Average**

1                      2                      3                      4                      5                      3.1  
 not at all satisfied                      very well satisfied

Comments:

- Division too slow (8)
- problems with comprehensive classification study (5)
- Division not supportive of agency needs

b. appropriateness of classification/reclassification actions

- classification arbitrary, does not reflect job duties (2)

very well satisfied

23 yes

- need because of excessive red tape (2)

4 no

- still have to get Division approval (2)

41 have not been delegated classification authority

- Division makes arbitrary decisions (1)

- need expanded authority (1)

•every agency should have (1)

**15. About how many of the following types of disciplinary actions did your agency carry out in fiscal year 1993?**

31 demotions

398 suspensions

297 dismissals (firings)

Did any State regulations or policies limit your agency's ability to carry out these disciplinary actions?

17 yes

•regulations have gone overboard in protecting employee (4)

42 no

- require too much documentation (3)

- too much focus on mundane wording (1)

- State policies on sick leave make it difficult to counsel employee who abuse sick leave (1)

- can be hard to make problems fit in statutory categories (1)

- progressive discipline hard to apply to exempt employees (1)

°lengthy, time-consuming (1)

°Civil Service Bd. not accountable (1)

•reasonably well (35)

- process favors employee over agency (6)

- too much paperwork, time required (5)

- process too slow (5)

- sometimes agency decisions overturned, Civil Service Board can be unpredictable (4)

- authority of the Civil Service Board is too broad (3)

- process can be complicated (3)

- burden of proof is completely on the supervisor (2)

- the process doesn't work (2)

- the process doesn't work (2)
- rules for transfer employees need to be revised: hiring agencies can't dismiss them (1)

- depends on the supervisor (1)

- depends on the supervisor (1)
- application of discipline not consistent through the process (1)

- process doesn't allow for consideration of extenuating circumstances (1)

- °more flexibility needed (1)

## Performance Evaluation Process

17. Is the State's annual performance evaluation process effective at distinguishing different levels of employee performance?

21 yes  
48 no

please explain:

- need more than three levels of performance (16)
- too vulnerable to raters' biases (8)
- meaningless (7)
- need incentives for outstanding performance (5)
- supervisors don't spend needed time (4)
- too much paperwork, time required (4)
- pass/fail would be preferable (3)
- works if good performance expectations established (2)
- works if supervisor spends needed time (2)
- no guidelines, no consistency (2)
- system is excellent (2)
- doesn't encourage discussion (2)
- need to consider employee attitudes also (1)
- shows where improvements are needed (1)

18. Are the benefits received from the State's annual performance evaluation system worth the time spent on it?

23 yes  
42 no

please explain:

- no incentives ( 11)
- no benefits (11)
- system is good for interaction (10)(
- too time-consuming (5)
- depends on individuals involved (5)
- no supervisory commitment to process (5)
- too much paperwork (2)
- done too late to do any good (1)
- need more training in evaluating performance (1)
- doesn't tell how well employee is doing (1)
- impedes teamwork, quality improvement (1)
- some areas of evaluation are too general (1)
- need more than an annual evaluation (1)
- inequitably administered (1)

## Training

19. Does your agency have its own training staff?

32 yes  
44 no

No. of FTE with training responsibilities 114

Please list the major training courses your staff offers.

20. Please estimate the percentage of your agency's training needs that are met by courses offered through the Division of Personnel Services:

56 0 - 10%

9 11-25%  
1 26-50%  
2 51-75%  
4 75-100%

21. Do the types of courses offered by the Division of Personnel Services meet your agency's needs?

1 always  
23 usually  
25 sometimes  
20 seldom  
1 never

please explain:

- courses too general; lack substance (4)
- need more supervisory/management courses (3)
- need software, self-improvement, Boardsmanship courses (3)
- supervisory training good (3)
- courses geared to large, not small agencies (2)
- courses not offered in right locations (2)
- need basic training for agency personnel staff (1)
- pertinent to limited no. of employees (1)
- need to offer refresher courses (1)
- need more on-site presentations (1)
- in some specialized areas (1)

## Centralized vs. Decentralized Personnel Functions

22. The Division of Personnel Services can delegate exam and classification authority to agencies. Please list any other responsibilities the Division should delegate to agencies. For each responsibility listed, estimate the number of FTE personnel staff you think your agency would need to carry out that responsibility in your agency.

### Responsibility

### FTE Staff needed

|                                                            |     |
|------------------------------------------------------------|-----|
| hiring (1)                                                 | 0   |
| maintain computerized records for classified employees (1) | 0   |
| KIPPS error corrections (7)                                | 0   |
| return-to-work case manager (1)                            | 1   |
| ADA coordinator (1)                                        | 1   |
| supervisor training (1)                                    | 1   |
| above-grade hiring (2)                                     | 0   |
| leave sharing (2)                                          | 0   |
| establish unclassified positions in KIPPS (2)              | 0   |
| approve acting assignments (1)                             | 0   |
| retroactive salary adjustments (2)                         | 1   |
| salary surveys (1)                                         | .25 |
| managing layoffs (1)                                       | 0   |
| reemployment (1)                                           | 0   |
| direct entry hiring of Office Assistant IIs (1)            | 0   |
| exam authority (1)                                         | 1   |
| classification authority (1)                               | 1   |
| determining Fair Labor Standards Act status (1)            | 1   |
| drug screening (1)                                         | 0   |

**23. Please feel free to add any additional comments you have regarding the State's personnel activities. (Add additional pages, if necessary.)**

- interactions with the Division are generally good (4)
- need more flexibility in regulations, especially for smaller agencies (4)
- Division staff should have agency experience (4)
- the Division does an excellent job (3)
- Division staff are helpful, but sometimes impose short deadlines (3)
- Civil Service system needs to be modernized (3)
- too many layers of staff at the Division (2)
- Division not customer-oriented, particularly at the lower levels (2)
- centralized personnel office is helpful for small agencies (1)
- hard to upgrade positions in small agencies where employees wear many hats (1)
- there is inconsistent compensation among classes (1)
- Division needs to have lead role in setting policy on Fair Labor Standards Act, Americans with Disabilities Act, Affirmative Action efforts (1)
- Division interprets Fair Labor Standards and Family Medical Leave Acts too strictly (1)
- agency receives inconsistent responses from the Division (1)
- some Division procedures are too time-consuming (1)
- Division conferences are helpful to entry-level staff (1)
- Division is a good central resource (1)
- agency had problems with comprehensive classification study (1)
- agency wants exam authority to announce, schedule, test individuals to clear conditional appointments (1)
- need compensation system more in-line with modern, total quality management principles (1)
- Personnel Advisory Committee works well (1)

**Return completed survey to:**      Legislative Post Audit  
800 SW Jackson, Suite 1200  
Topeka, KS 66612  
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## **APPENDIX D**

### **Personnel Systems in Colorado, Florida, Iowa, Missouri, and Oklahoma**

As part of this audit, we gathered information about other personnel systems in five other states: Colorado, Florida, Iowa, Missouri, and Oklahoma. Iowa and Florida were chosen because they had been described as having "model" personnel systems undergoing civil service reforms. Colorado, Missouri, and Oklahoma were chosen because they were considered peer states in the Midwest.

This appendix provides detailed information about all five states, including how their personnel systems are structured, how many employees the systems serve, and much they spend for their services.

## State Statistics for Personnel Functions

|                                                      | Kansas                                                                         | Iowa                                                          | Florida                                                                                                         | Missouri                                                                                | Oklahoma                                                                     | Colorado                                                                |
|------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------|
|                                                      | Personnel Division In<br>Department of Administration<br>Reports to Department | Dept of Personnel<br>Reports to Governor                      | No Central Agency<br>Some fns In Dept. of Admin<br>Reports to Governor                                          | Personnel Division In<br>Department of Administration<br>Reports to Department          | Office of<br>Personnel Management<br>Reports to Governor                     | Dept of Personnel<br>Reports to Governor                                |
| <b>Size of Personnel Staff in Central Office (a)</b> | 79.5                                                                           | 87                                                            | 33                                                                                                              | 96.0                                                                                    | 114.9                                                                        | 75                                                                      |
| Employees Served by Central Staff                    | 37,537                                                                         | 19,857                                                        | 104,619                                                                                                         | 33,455                                                                                  | 28,581                                                                       | 29,874                                                                  |
| Employees Served Per Central Staff Member            | 472                                                                            | 228                                                           | 3,170                                                                                                           | 348                                                                                     | 249                                                                          | 398                                                                     |
| Salaries and Benefits (a)                            | \$2,731,501                                                                    | \$3,141,540                                                   | N/A                                                                                                             | \$2,200,000                                                                             | \$3,325,002                                                                  | \$3,847,890                                                             |
| Total Budget (a)                                     | \$3,236,708                                                                    | N/A                                                           | N/A                                                                                                             | N/A                                                                                     | \$4,941,731                                                                  | \$5,704,221                                                             |
| Salaries Per Central Personnel Employee              | \$34,359                                                                       | \$36,109                                                      | N/A                                                                                                             | \$22,892                                                                                | \$26,938                                                                     | \$51,305                                                                |
| <b>Number of Agencies with Line Personnel</b>        | 59                                                                             | N/A                                                           | 26 (b)                                                                                                          | 16                                                                                      | 33 (b)                                                                       | 63                                                                      |
| <b>Size of Personnel Staff in Agencies</b>           | 293 to 435 (c)                                                                 | 52                                                            | 730 (b)                                                                                                         | 300 (b)                                                                                 | 195 (b)                                                                      | 166                                                                     |
| Total Number of Personnel Staff in State             | 372.5 to 514.5                                                                 | 139                                                           | 763                                                                                                             | 396                                                                                     | 310                                                                          | 241                                                                     |
| Employees Served by All Personnel Staff              | 47,320                                                                         | 19,857                                                        | 104,619                                                                                                         | 33,455                                                                                  | 28,581                                                                       | 29,874                                                                  |
| Employees Served per Personnel Staff Member          | 108 to 127                                                                     | 143                                                           | 136                                                                                                             | 84                                                                                      | 92                                                                           | 124                                                                     |
| Salaries and Benefits                                | \$3.3 million to \$15.7 million                                                | N/A                                                           | N/A                                                                                                             | N/A                                                                                     | N/A                                                                          | \$7,090,000                                                             |
| Salaries Per Agency Personnel Employee               | \$26,813 to \$36,092                                                           | N/A                                                           | N/A                                                                                                             | N/A                                                                                     | N/A                                                                          | \$42,711                                                                |
| <b>Functions Contracted Out</b>                      | Drug Screening<br>Employee<br>Assistance Program                               | Training, Unemployment<br>claims processing<br>Temporary pool | Pay studies                                                                                                     | Some trainers<br>Some consultants                                                       | None                                                                         | None                                                                    |
| <b>Hiring Functions</b>                              |                                                                                |                                                               |                                                                                                                 |                                                                                         |                                                                              |                                                                         |
| List and Exams Used                                  | Yes                                                                            | Yes                                                           | No                                                                                                              | Yes                                                                                     | Yes                                                                          | Yes                                                                     |
| -Percent of time                                     | 8.4%                                                                           |                                                               |                                                                                                                 | 100% permanent positions                                                                | 20.0%                                                                        |                                                                         |
| -Interpretation                                      | Top 5 respondents                                                              | Top 6 Scores (60% of<br>applicants)                           | No exams used, except<br>some law enforcement                                                                   | Top 10 names                                                                            | Top 10 respondents. Must<br>hire disabled and veterans                       | Top 3 names after agency<br>screens all applicants from<br>central list |
| Other types of classified hiring used                | Yes                                                                            | Yes                                                           | Post vacancy, check<br>minimum qualifications,<br>screen and interview<br>applicants, and hire top<br>candidate | Yes                                                                                     | No                                                                           | Yes                                                                     |
| -Conditional                                         | Yes                                                                            | Yes                                                           |                                                                                                                 | No                                                                                      | No                                                                           | Yes                                                                     |
| -Temporary or Emergency                              | Yes                                                                            | Yes                                                           |                                                                                                                 | Yes                                                                                     | No                                                                           | Yes                                                                     |
| -Direct Entry                                        | Yes                                                                            | Yes                                                           |                                                                                                                 | No                                                                                      | No                                                                           | No                                                                      |
| -Seasonal                                            | Yes                                                                            | Yes                                                           |                                                                                                                 | No                                                                                      | No                                                                           | No                                                                      |
| <b>Internal Transfers or Promotions Used First</b>   | Agency has choice                                                              | Yes                                                           | No                                                                                                              | Yes                                                                                     | Yes                                                                          | Yes for some agencies                                                   |
| -Percent of time                                     | 42.7%                                                                          |                                                               |                                                                                                                 |                                                                                         | 78.0%                                                                        |                                                                         |
| <b>Unclassified Hiring Oversight</b>                 | Governor approves salary                                                       | Optional                                                      |                                                                                                                 | Approve appointments                                                                    |                                                                              | No jurisdiction                                                         |
| <b>Probationary Period</b>                           | Six months                                                                     | 6 mo (1 y in safety positions)                                |                                                                                                                 | 6 mo (1 y for professionals)                                                            |                                                                              | One year                                                                |
| <b>Differences with KS</b>                           |                                                                                | No central vacancy list for<br>transfers<br>Heavily unionized | No central hiring authority<br>Hiring done by agencies<br>Agencies set pay increases                            | Decentralized recruitment<br>Agency sets initial salary<br>and sets annual pay increase | Open exams for all vacancies<br>except for continuously<br>recruited classes | 25 agencies have<br>delegated<br>selection authority                    |

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## State Statistics for Personnel Functions

|                                               | Kansas                                                                                                                     | Iowa                                                                                                                                                      | Florida                                                                                                                                             | Missouri                                                                                                               | Oklahoma                                                                                                  | Colorado                                                                                                                                                                                                   |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Classification Authority</b>               | The allocation of positions to classifications is decentralized to some agencies. Otherwise classification is centralized. | Centralized                                                                                                                                               | Classes are defined centrally. Classification decisions are made by agencies.                                                                       | Centralized                                                                                                            | Centralized<br>Agencies can make some reallocated promotions subject to central approval                  | 25 agencies have delegated classification authority. All new classes are defined and created centrally                                                                                                     |
| <b>Quality Management Initiative</b>          | Yes                                                                                                                        | Yes                                                                                                                                                       | Yes                                                                                                                                                 | Not actively pursued                                                                                                   | Yes                                                                                                       | Yes                                                                                                                                                                                                        |
| <b>Other functions</b>                        | Workers Compensation, Employment law coordination, and EEO                                                                 | Benefit plan administration, Workers' Compensation, Human Resource Information System development, EEO, collective bargaining, employment law enforcement | Central office determines Fair Labor Standards Act designations, administers wage and salary structure, collective bargaining, and class definition | Americans with Disabilities Act and Fair Labor Standards Act training and guidance in a consultative and advisory role | Must hire disabled and veterans<br>Open exams for all vacancies except for continuously recruited classes | The Division gives guidance on Fair Labor Standards Act as well as monitoring for compliance. Each agency has a Americans Disability Act coordinator outside of personnel. Personnel also coordinates EEO. |
| <b>Recent Changes in Civil Service?</b>       | No                                                                                                                         | Centralized personnel staff and reduced the number of classes                                                                                             | Decentralization of almost all personnel functions                                                                                                  | No                                                                                                                     | Proposed performance pay and less central personnel functions (not adopted)                               | Eliminated 400 classifications<br>Instituted Pay for Performance                                                                                                                                           |
| <b>Problems with Civil Service</b>            | Rule of five hinders meeting Affirmative Action goals and does not identify qualified applicants                           | State manuals are not useful, Iowa has no single personnel computer system, too many layers of government, too many classifications                       | The state's total quality management initiative is floundering                                                                                      | The compensation plan needs to be modified                                                                             | Performance evaluations are not adequate                                                                  | Many unnecessary rules and procedures needing to be eliminated. Many personnel requirements are in the state constitution.                                                                                 |
| <b>Employee Incentives</b>                    |                                                                                                                            |                                                                                                                                                           |                                                                                                                                                     |                                                                                                                        |                                                                                                           |                                                                                                                                                                                                            |
| Service Awards                                | Yes                                                                                                                        |                                                                                                                                                           |                                                                                                                                                     |                                                                                                                        |                                                                                                           | Yes                                                                                                                                                                                                        |
| Longevity Pay                                 | Yes                                                                                                                        | Some in one agency                                                                                                                                        | No                                                                                                                                                  | No                                                                                                                     | Yes                                                                                                       | No                                                                                                                                                                                                         |
| Employee Suggestions Awards                   | Yes                                                                                                                        |                                                                                                                                                           | Yes                                                                                                                                                 | Yes                                                                                                                    | Yes                                                                                                       |                                                                                                                                                                                                            |
| Monetary Awards Given                         | Yes                                                                                                                        |                                                                                                                                                           |                                                                                                                                                     |                                                                                                                        |                                                                                                           |                                                                                                                                                                                                            |
| Non-Monetary Awards Given                     | Yes                                                                                                                        |                                                                                                                                                           |                                                                                                                                                     |                                                                                                                        |                                                                                                           |                                                                                                                                                                                                            |
| Outstanding Employee Recognition              | No                                                                                                                         | Yes                                                                                                                                                       |                                                                                                                                                     |                                                                                                                        |                                                                                                           |                                                                                                                                                                                                            |
| Merit Award System                            | No                                                                                                                         | Yes                                                                                                                                                       | No                                                                                                                                                  | No                                                                                                                     | No                                                                                                        | Yes                                                                                                                                                                                                        |
| Merit Lump Sum Award System                   | No                                                                                                                         | Non-contract employees                                                                                                                                    | Yes                                                                                                                                                 | No                                                                                                                     | No                                                                                                        | No                                                                                                                                                                                                         |
| % Merit Increase                              | 0.0%                                                                                                                       | 5% and 5.4 %                                                                                                                                              | 0.0%                                                                                                                                                | 2.0%                                                                                                                   | 0.0%                                                                                                      | 5.0%                                                                                                                                                                                                       |
| % of Classified receiving increase            | 0.0%                                                                                                                       | 40.0%                                                                                                                                                     | 0.0%                                                                                                                                                | 0.0%                                                                                                                   | 0.0%                                                                                                      | 50.0%                                                                                                                                                                                                      |
| % Increase Across the Board                   | 4.0%                                                                                                                       | Yes                                                                                                                                                       | 0.0%                                                                                                                                                | 0.0%                                                                                                                   | 4.0%                                                                                                      | 0.0%                                                                                                                                                                                                       |
| Agency determines the amount of pay increases | No                                                                                                                         | No                                                                                                                                                        | Yes                                                                                                                                                 | Yes                                                                                                                    | No                                                                                                        | Yes                                                                                                                                                                                                        |

## State Statistics for Personnel Functions

|                                        | Kansas    | Iowa                       | Florida     | Missouri  | Oklahoma  | Colorado     |
|----------------------------------------|-----------|----------------------------|-------------|-----------|-----------|--------------|
| <b>Annual Leave (Days/Year)</b>        |           |                            |             |           |           |              |
| One year Experience                    | 12        | 10                         | 13          | 15        | 15        | 12           |
| Five years Experience                  | 15        | 15                         | 16.25       | 15        | 18        | 12           |
| Carryover Allowed                      | Yes       | Yes                        | Yes         | Yes       | Yes       | Yes          |
| <b>Sick Leave (Days/Year)</b>          |           |                            |             |           |           |              |
| Accrual                                | 12        | 18                         | 13          | 15        | 15        | 10           |
| Carryover Allowed                      | Yes       | Yes                        | Yes         | Yes       | Yes       | 45 day limit |
| Leave Used for Other Reasons           | Yes       | Yes                        | Yes         | Yes       | Yes       | Yes          |
| Leave Bank Offered                     | Yes       | Yes for Contract Employees | Yes         | No        | Yes       | Yes          |
| <b>State Paid Holidays (Days/Year)</b> |           |                            |             |           |           |              |
| Personal Discretionary Day             | 1         | 2                          | 1           | 0         | 0         | 0            |
| Major Holidays                         | 5         | 5                          | 6           | 5         | 5         | 5            |
| Other Holidays                         | 5         | 4                          | 0           | 7         | 5         | 5            |
| <b>Total</b>                           | <b>50</b> | <b>54</b>                  | <b>49.3</b> | <b>57</b> | <b>58</b> | <b>44</b>    |

(a) Includes only staff and salaries budgeted from General Funds.

(b) Data is from the National Association of Personnel Executives 1991 Survey.

(c) Agencies reported employing 435 personnel staff members. We were only able to confirm that 293 were in fact employed by agencies and performing personnel functions.

State data is fiscal year 1993 data obtained from state surveys. Leave and holiday information is from the Book of the States 1992-93.

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## **APPENDIX E**

### **Personnel Systems in Hallmark Cards, Inc. of Topeka and Blue Cross Blue Shield of Kansas**

As part of this audit, we gathered information about other personnel systems in two private companies: Hallmark Cards, Inc. of Topeka and Blue Cross Blue Shield of Kansas. Both companies were chosen because they were considered to have workforces similar to portions of the State's workforce.

This appendix provides detailed information about both businesses' personnel systems compared to the State's, including how their personnel systems are structured, how many employees the systems serve, and much they spend for their services.

# Business Statistics for Personnel Functions

|                                                               | Hallmark Cards                                                                                                                                                                                               | Blue Cross Blue Shield                                                                                                                                                                                              | FY93 Kansas                                                                                                                                                        |
|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of FTE in Central Personnel Office                     | N/A                                                                                                                                                                                                          | 22                                                                                                                                                                                                                  | 79.5                                                                                                                                                               |
| Salaries and Benefits                                         | N/A                                                                                                                                                                                                          | N/A                                                                                                                                                                                                                 | \$2,731,501                                                                                                                                                        |
| Total Budget                                                  | N/A                                                                                                                                                                                                          | N/A                                                                                                                                                                                                                 | \$3,236,708                                                                                                                                                        |
| Number of Departments or Separate Plants with Personnel staff | N/A                                                                                                                                                                                                          | 1                                                                                                                                                                                                                   | 59                                                                                                                                                                 |
| Number of FTE in Department Personnel                         | 7.2                                                                                                                                                                                                          | 2                                                                                                                                                                                                                   | 293 to 435                                                                                                                                                         |
| Salaries and Benefits                                         | \$248,000                                                                                                                                                                                                    | N/A                                                                                                                                                                                                                 | \$8.8 to \$15.7 million                                                                                                                                            |
| Number of Employees                                           | 960                                                                                                                                                                                                          | 2,030                                                                                                                                                                                                               | 47,320                                                                                                                                                             |
| Functions Contracted Out                                      | None                                                                                                                                                                                                         | Hiring Temporaries,<br>some data processing,<br>and some nurses                                                                                                                                                     | Drug Screening<br>Employee Assistance<br>Program                                                                                                                   |
| Differences between State and Companies Practices             | Employees are vested<br>in company through<br>profitsharing. Hallmark<br>treats employees well<br>and is a good employer<br>Flexibility is valued.                                                           | Better benefits, not<br>enough time to research<br>personnel regulations,<br>and better knowledge of<br>the business.<br>Flexibility is valued.                                                                     | Restricted to Civil<br>Service, does not use as<br>much training or<br>motivational techniques,<br>Agency flexibility is<br>suspect.                               |
| What Functions are Centralized                                | Corporate policy making,<br>recruitment of<br>professionals, wage,<br>salary, and benefits<br>structures, workers'<br>compensation claims<br>administration and risk<br>management                           | Industry performance<br>standards are set by the<br>national association.<br>Ultimate recruitment and<br>hiring responsibilities<br>are on the<br>Departments. All other<br>functions are centralized<br>in Topeka. | All functions except<br>exam and classification<br>are centralized.<br>Agencies do have<br>responsibility for direct<br>entry, part-time, and<br>temporary hiring. |
| Training                                                      | Teams train together and<br>are awarded publically for<br>completion of quality<br>management training.<br>Professionals attend<br>management courses at<br>corporate headquarters.<br>(100% attend courses) | Departments provide<br>technical training.<br>Personnel staff provide<br>leadership, writing, and<br>quality management<br>courses. (Widely<br>attended)                                                            | Departments provide 90<br>percent of training.<br>Personnel staff provide<br>some general courses.<br>(Less than 5 % of State<br>employees attend)                 |

# Business Statistics for Personnel Functions

|                                                                                 | Hallmark Cards                                                                                                                                                                                                                                       | Blue Cross Blue Shield                                                                                                                                                                                                                                              | PY93 Kansas                                                                                                                                                                        |
|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Central vacancy list maintained for transfers and promotions                    | Transfer forms instead of list                                                                                                                                                                                                                       | No, but all vacancies are routed internally first                                                                                                                                                                                                                   | Yes, but not complete                                                                                                                                                              |
| Internal transfers and promotions are considered first                          | Yes                                                                                                                                                                                                                                                  | Yes                                                                                                                                                                                                                                                                 | Sometimes                                                                                                                                                                          |
| Testing of applicants (when applicable) is performed in house                   | Yes                                                                                                                                                                                                                                                  | Yes, except for some temporaries                                                                                                                                                                                                                                    | Yes                                                                                                                                                                                |
| Vacant positions are advertised                                                 | No                                                                                                                                                                                                                                                   | No, except for hard to fill positions                                                                                                                                                                                                                               | All exams are advertised. All vacancies without exams are advertised                                                                                                               |
| Number of Days to fill a position from date of advertisement to date of filling | One to two weeks                                                                                                                                                                                                                                     | Two to Five weeks                                                                                                                                                                                                                                                   | About four weeks                                                                                                                                                                   |
| Department staff interview applicants                                           | Yes                                                                                                                                                                                                                                                  | Yes                                                                                                                                                                                                                                                                 | Yes                                                                                                                                                                                |
| Probationary Period                                                             | Hallmark has no formal probationary period, but the first 90 days the employee is not eligible for benefit and has 3 evaluations                                                                                                                     | 3 to 6 months for non-exempt employees, 6 months for exempt staff<br>(Exemption from Fair Labor Standards Act)                                                                                                                                                      | 6 months                                                                                                                                                                           |
| Classification authority and salary increases                                   | 18 grades of machine operators. Grades, Salaries, and raises are determined at corporate headquarters. Professionals have no grades or pre-determined raises. Annual salary surveys and company performance to dictate the size of salary increases. | 6 grades of clerical staff. New employees receive raises when they complete probationary period. Clerical staff receive salary increases based upon their performance. Professional raises based upon group achievement and then their achivement within the group. | The State of Kansas has 942 classes of employees. Classes, salaries, and step increases are determined centrally. Salary increases are dependent upon approval of the Legislature. |
| Quality Management Initiative                                                   | Yes, 10 year effort                                                                                                                                                                                                                                  | Blue Cross began a quality management effort this year.                                                                                                                                                                                                             | Kansas has a pilot total quality management effort                                                                                                                                 |

**Business Statistics for Personnel Functions**

|                                                                     | Hallmark Cards                                                                      | Blue Cross Blue Shield                                                     | FY03 Kansas                      |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------|
| <b>Employee Incentives and Performance Evaluations</b>              |                                                                                     |                                                                            |                                  |
| How often are performance evaluations given                         | Annually                                                                            | Annually                                                                   | Annually                         |
| Are raises tied to evaluation scores                                | No                                                                                  | Only clerical raises are linked                                            | No                               |
| Are any supplemental evaluations given                              | Yes, problems or hard work are noted separately throughout the year when they occur | No, but supplemental bonuses can occur at any time                         | No                               |
| What awards are offered to all employees                            | Golf outing<br>Fishing derby<br>Team training awards<br>Profitsharing               | Company picnic<br>Golf outing<br>Wellness awards<br>United Way door prizes | None                             |
| What incentives or bonuses are offered to outstanding employees     | Steak dinner to all employees with perfect attendance                               | Lump Sum Awards<br>\$30 gift certificates                                  | None                             |
| Service Awards                                                      | Reception at 25 yrs<br>Annual dinner for 25+ year employees                         | None                                                                       | Pins at 10, 20, 30, and 40 years |
| Suggestion Award Program                                            | No                                                                                  | No                                                                         | Yes                              |
| Offer Longevity Pay                                                 | No                                                                                  | No                                                                         | Yes, after 10 years              |
| Merit Award System                                                  | Increase depends on seniority and grade and is delayed for poor performers          | Yes                                                                        | No                               |
| Merit Lump Sum Award System                                         | No                                                                                  | No                                                                         | No                               |
| % Merit Increase                                                    | 100% below top of grade                                                             | 1-7% (Non-exempt)                                                          | 0.0%                             |
| % of employees receiving increase                                   | 2-5%                                                                                | 100.0%                                                                     | 0.0%                             |
| % pay increase for cost of living/salary adjustment                 |                                                                                     | 0.0%                                                                       | 4.0%                             |
| <b>Central Steps for Appealing Grievances or Employment Actions</b> |                                                                                     |                                                                            |                                  |
| Individual or Department to hear final action grievances            | One<br>2 vice-presidents                                                            | One<br>President                                                           | One<br>Civil Service Board       |
| Number of Final Employment Action Appeals Received                  | All employees with Hallmark more than 5 years                                       | 3 to 5                                                                     | 128                              |

# Business Statistics for Personnel Functions

|                                 | Hallmark Cards | Blue Cross Blue Shield | FY93 Kansas |
|---------------------------------|----------------|------------------------|-------------|
| <b>Annual Leave (Days/Year)</b> |                |                        |             |
| One year Experience             | 10 days        | 10 days                | 12 days     |
| Five years Experience           | 15 days        | 15 days                | 15 days     |
| Carryover Allowed               |                | Yes                    | Yes         |
| <b>Sick Leave (Days/Year)</b>   |                |                        |             |
| Accrual                         | 10 days        | Non-Exempt             | 12 days     |
| Carryover Allowed               | Yes            | 63 hours               | Yes         |
| Leave Used for Other Reasons    |                |                        | Yes         |
| Leave Bank Offered              |                |                        | No          |
| <b>Paid Holidays</b>            |                |                        |             |
| Personal Discretionary Day      | 2              | 1                      | 1           |
| Major Holidays                  | 5              | 5                      | 5           |
| Other Holidays                  | 3              | 3                      | 5           |
| <b>Total</b>                    | <b>45</b>      | <b>42</b>              | <b>50</b>   |

## **APPENDIX F**

### **Routine Agency Personnel Actions Approved by the Division of Personnel Services**

In our review of the personnel functions of the State, the Division required agencies to complete extra steps obtaining the Division's permission in routine personnel processes. This appendix provides a complete listing of those personnel functions, which could be reviewed and streamlined.

## **Routine Agency Personnel Actions That Must Be Approved By the Division of Personnel Services**

The Division of Personnel Services requires that agencies report personnel actions to the Division or obtain permission from the Division before completing over 20 personnel actions. Personnel procedures and policies needing the Division's approval before the agency can proceed include:

- The Division must correct many data entry errors on the State's personnel and payroll system (KIPPS). For example, data entry errors made by agencies in an employee's work history can only be corrected by Division staff.
- The Division must approve any agencies' requirements for physical examinations of employees.

Promotion, transfer, and hiring procedures needing the Division's approval before the agency can proceed include:

- The Division must approve all starting salaries, which are above the lowest step on the pay scale, even if the new employee has several years of relevant experience, the position is located in a remote area of the State, or the position requires technical skills which command a higher starting salary than the salary provided by the State.
- If an agency wishes to promote an employee who meets all job requirements but the supervisory experience requirement, the agency must first receive approval from the Division before the promotion can be finalized.
- The Division must approve the agency actions relating to refusing to examine an applicant or to place an applicant's name on the list and removing an applicant's name from a central list, even if the agency's reason for those actions is outlined in regulations.
- When no central applicant list exists for a class, the Division must give its approval before an agency can fill a vacancy.
- The Division must approve any transfers of employees employed less than six months without using the central list.
- The Division must approve all appointments of a current employee to a higher position for a temporary period.

Demotion and dismissal procedures needing the Division's approval before the agency can proceed include:

- The Division must approve any employee's demotion, which does not result in a decrease in pay for the employee.
- The Division must resolve disputes regarding the dispatch and receipt of notices of dismissal. In addition, the Division approves all extensions or early terminations of probationary status.

Performance evaluation procedures needing the Division's approval before the agency can proceed include:

- The Division must approve any extension of the seven-day limit set for appeals of performance evaluation outcomes and the time limit set for the resolution of performance evaluation appeals.
- The Division must approve any agency's request to change an employee's duties or to place an employee on leave with pay.

Layoff procedures needing the Division's approval before the agency can proceed include:

- Salary increases and promotions for all employees who were demoted or rehired after a lay-off must be approved by the Division for one year.
- An agency must obtain the Division's approval before an individual not on the layoff list can be hired.
- The Division must approve any variation from requirements for the submission of a layoff plan and notification of the proposed effective date of the layoff.
- The Division resolves all disputes regarding employee's layoff scores.

Job classification and compensation procedures needing the Division's approval before the agency can proceed include:

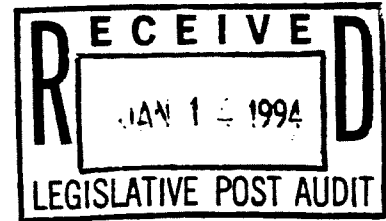
- All agencies must receive approval from the Division before a position, which requires the employee to have a license or certificate, can be assigned to a class not requiring a license or certificate.
- The Division must approve all retroactive salary increases, which were delayed for any reason including late performance evaluations.
- The Division must approve any increase in salary greater than the typical step increase when an employee is promoted.

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## **Appendix G**

### **Agency Response**

On January 7, we provided copies of the draft audit report to the Secretary of Administration, and the Division of Personnel Services. Their response is included as this appendix.



DEPARTMENT OF ADMINISTRATION

State Capitol  
Room 263-E  
Topeka 66612-1572  
(913) 296-3011

SUSAN SELTSAM, *Secretary*

January 14, 1994

JOAN FINNEY, *Governor*

Barbara J. Hinton  
Legislative Post Auditor  
800 Jackson Suite 1200  
Topeka, KS 66612-2212

Dear Ms. Hinton:

We have completed our review of the Legislative Post Audit report, concerning the Division of Personnel Services. We found the conclusions of the Post Audit review to be accurate and agree with most of the general assessments. There are a few specific items we would like to address and to provide information we believe would supplement the study findings.

**page 5** The Division's involvement in actual hiring, even for employees hired from outside the state workforce, is minimal. All civil service examinations are developed by the Division of Personnel Services, but not all exams are administered by the Division. Eligible lists are maintained in KIPPS and agencies update applicant scores when they administer tests and pull registered lists when they hire.

**page 10** Delegated authority represents a contractual agreement between the agency and the Division of Personnel Services. The feasibility of entering into a delegated authority contract with an agency is only evaluated if the agency requests that authority. The decision to delegate classification and/or examination authority is not a workload issue. In some respects delegated authority relieves the Division of some operational activity related to giving exams and classifying positions; however, due to additional oversight and reporting responsibilities, the net reduction of the Division's workload is minimal.

In many of the smaller agencies, the frequency with which the agency needs to classify positions or administer examinations makes it more effective and efficient to retain central authority.

Barbara Hinton  
January 14, 1994  
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page 12 Eligible lists provide "qualified" candidates. Agencies often want what they deem to be the "best" individual for their agency. Testing will not address these kinds of "qualifications" which are not based on measurable skills. Promotions are encouraged in state service. It is part of a career ladder concept. Many of the State's classifications are set up in this manner (i.e., corrections officers, troopers, etc.). The State only maintains written examinations for classes with a great number of position openings and many applicants (e.g., clerical series). Most of the examinations given by the State are ratings of training and experience.

We have other means (i.e., Governor's Trainee Program) to address Affirmative Action issues that are not being fully utilized. It would not be legal to use race, gender, or other factor to add points to an applicant's score on an examination. Nothing, however, precludes an agency from using race, gender or other factors as a selection criteria in their hiring as a means to reach the agency's affirmative action goals. In addition, we plan to evaluate and improve the Governor's Trainee Program to make the program easier for agencies to use to meet their affirmative action goals.

page 14 The example used may have been inappropriate since the correctional officer series represents a career ladder. The entry level class is deemed a training class for which the need to hire based on corrections experience is minimized.

We agree with the need for greater flexibility in human resource actions for state agencies. We believe that it will be possible, especially when the new personnel/payroll system is on-line, to allow agencies greater control of their own personnel transactions. This would provide agencies with greater flexibility while allowing the Division of Personnel Services to focus on programs and compliance issues that affect all state agencies.

We would like to address each of the recommendations individually:

- 1a. We agree that alternatives to the rule of five need to be explored. We will begin researching and benchmarking the hiring practices of the other states. However, any changes in the hiring process would require statutory changes and therefore, legislative support for such changes.
- 1b. Currently, KIPPS does not have the capacity to implement this recommendation, however, it will be implemented by adding additional edits to the new personnel/payroll system.
- 1c. We acknowledge the need to reevaluate the performance evaluation system. The Division is already working with selected agency staff to develop an improved performance evaluation system.

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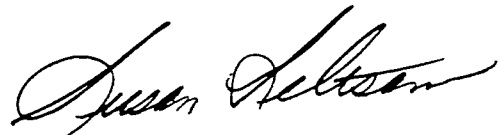
- 1d. We recognize that it is time to reevaluate state employee compensation and incentive systems. The Department provided testimony to the Legislative Budget Committee last September which indicated the State must look at alternative methods of providing performance and quality incentives for state employees. We believe that bonuses tied to performance hold the most promise, given limited funding. Bonuses do not become a permanent part of employee cash compensation and do not result in the additional fringe benefit costs associated with base salary increases. We will continue to explore alternatives. We believe it is important to implement the remainder of the Comprehensive Classification and Job Rate Study before any major changes are made in the compensation system, and that adequate staff resources are available to devote to this effort.

In addition, we believe recognition and non-cash awards can be utilized as employee awards. These awards would be appropriate for individual employees as well as team efforts. We have requested the introduction of legislation which would amend the statute governing the employee suggestion award program to include quality awards that may be administered at the agency level. Quality award programs focus on specific performance issues and quality outcomes and would be agency specific.

- 1e. We agree with this recommendation. We will review the list of routine personnel actions in Appendix F to determine which actions may be delegated to agencies while retaining consistent treatment of all classified employees.
2. We agree with this recommendation as it benefits few employees, goes beyond compliance with the Fair Labor Standards Act, and costs the State unnecessarily. We will pursue this change through the appropriate channels.

Again, we would like to commend you and your audit staff for an exceptional job reviewing the responsibilities and evaluating the efficiency of the Division of Personnel Services. Thank you for the opportunity to comment on this report.

Sincerely,



Susan Seltsam

SMS:NME:kad

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