

**Report to the Streamlining Commission  
Advisory Group on Civil Service and Employee Benefits**

Representative Jim Morris, Chairman  
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**Analysis of the Mercatus Center Recommendations  
for Civil Service Reform**

Provided by the  
Department of State Civil Service

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November 16, 2009

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## **Introduction**

This analysis is being provided at the request of the Advisory Group on Civil Service and Employee Benefits. The information presented is designed to assist the members of the Advisory Group in their evaluation and consideration of the recommendations submitted to the Louisiana Streamlining Commission by the Honorable Maurice McTigue of the Mercatus Center at George Mason University. The Mercatus recommendations reviewed here are contained in two documents:

- “Suggested Recommendations to Advisory Committee Chairmen – Department of State Civil Service” (Undated)
- Civil Service Reform, September 17, 2009

Complete copies of these two documents are provided in Appendix A.

A summary of our analysis is presented below. Detailed responses to each specific recommendation included in the two Mercatus documents follows.

## **Summary**

While we agree with some of the comments made by the Mercatus Center, we find that a significant number of the recommendations appear to have been based upon outdated information. We note that the Preamble to the “Suggested Recommendations” states that they *“are based on very limited information ... “Some of our suggestions may be recommending a practice that is already in place.”* This indeed, appears to be the case.

The Mercatus Recommendations regarding the Department of State Civil Service (DSCS) appear to be based on the assumption that our current system is a highly centralized one and that the primary function of the DSCS is “personnel processing. While this description may have been applicable in years past, it is no longer accurate.

In response to HCR 34 of the 2000 Regular Session of the Louisiana Legislature, the DSCS underwent a complete reform. Through that civil service reform initiative, titled ASCEND 2020, the DSCS transformed its focus and function from a traditional transactional role to a strategic advisory role. Authority for workforce decisions has been decentralized and delegated directly to the individual state agencies. In Louisiana today, each state agency has the direct authority to independently create or eliminate the positions it needs, to recruit and select employees and to compensate them according to their individual recruitment and retention needs.

The current function of the DSCS is to provide training and consulting services to agencies to help them develop human resource management policies designed to meet their own unique and rapidly changing needs. As a result of this reform, the Pew Center on the States ranked DSCS as one of the top ten human resource programs among all fifty states in 2008.

## Detailed Responses to the Mercatus Center Recommendations

### Mercatus Recommendations – “Civil Service Reform, (dated September 17, 2009)”

1. *“Each department would become the employing authority for all of its workforce.”*

#### **Response**

This is currently already the case. Employment authority has been completely decentralized to each state agency. Each department has the authority to announce its own vacancies for all new hires and promotions for both classified and unclassified positions. Applicants apply directly to the individual department, and the department creates its own referral list for the hiring manager from those who apply. The Department of State Civil Service contracts with a private provider, NeoGov, to operate the LA Careers web-based recruiting and applicant management system which is available to all state agencies. The LA Careers system allows each department to electronically screen applicants according to customized criteria that they develop to identify candidates who possess the competencies sought. (See Appendix B – “ASCEND 2020 Update; Hiring Reform in State Civil service 2000 to 2008 and Beyond”)

2. *“The civil service should move to market equivalence for wages and salary and the current civil service designations should be abandoned”*

#### **Response**

The Department of State Civil Service (DSCS) currently uses market equivalence studies to establish broad salary ranges within which state agencies may set pay for individuals based on competencies, skills and performance. DSCS contracts with private providers, such as Watson Wyatt, CompAnalyst and Compdata Surveys, to conduct market analyses upon which salary ranges are based. Typical salary range band-width is 90 to 120%. This level of band-width provides agencies with wide flexibility to negotiate salary offers to recruit highly skilled candidates. We do not agree that state government should be a salary market-leader; tax dollars should not be used to drive the market price for skills.

We also do not agree that there should be no limits to the salaries that agencies may choose to pay individuals. We believe it is necessary to establish reasonable parameters within which agencies have flexibility to set individual pay, but that those parameters should be based on objective market research that incorporates regional, local and statewide analyses. We continually re-evaluate pay ranges and recommend adjustments accordingly. The State Civil Service Commission is scheduled to consider on November 4, 2009, a set of proposed revisions to the pay flexibilities currently available to agencies. A copy of the proposed revisions is presented in Appendix C.

3. *“That the lifetime protection of civil service jobs should be rescinded”*
4. *“That the criteria for employment in the civil service should be capability. That it would be unlawful to exercise any discrimination when appointing people to civil service, particularly discrimination because of political affiliation. That the only grounds for dismissal would be non-performance. That the government would reserve the right to terminate activities as it saw fit, including terminating the positions involved in those activities.”*

### **Response**

There is no “lifetime protection of civil service jobs.” While state classified employees do have basic due process rights under the state and federal constitutions that must be respected and a right to appeal certain employment actions under the Civil Service Rules, state agencies can and do terminate, discipline, and lay off employees in an expeditious manner. All due process requires is giving the employee notice of the proposed action and an opportunity to tell his/her side of the story before the action is taken. After an action is taken, if the employee so requests, a hearing is held promptly before an impartial administrative fact-finder to ascertain whether a rational business reason existed for the employment action and that applicable rules have been followed. Therefore, state classified employees have “lifetime protection” in their jobs only if their managers fail to manage them properly. Basic principles of management require that managers delineate performance expectations, and then train, guide, and lead their employees to achieve these goals, rewarding those who do well and getting rid of those who do not. In FY 07/08, agencies terminated 2166 employees. Of those 2166, 86 appealed and 1 was reinstated. Discrimination on the basis of race, gender, religious or political affiliation is already prohibited.

5. *“That the current defined benefit retirement plans would be closed with all existing beneficiaries grandfathered into their current entitlements. That new employees entering the civil service would be offered defined contribution plans.”*

### **Response**

All aspects of retirement plans are governed by the respective retirement systems. This recommendation should be referred to those entities for comment.

6. *“That the new employment system allow for seamless exit and re-entry into the civil service. This would dramatically improve the attraction of working in the civil service and also improve the pool of capability available to employers.”*

### **Response**

Civil Service Rules already allow for seamless exit and re-entry into the classified service. Any agency may choose to rehire an employee at any time in the ten years following the employee’s separation without advertising the position or considering any other candidates.

*“Potential Recommendation: (Suggested wording only)*

*The Streamlining Commission recommends a major reform of Civil Service terms and conditions of employment to facilitate a 21st century workforce and working conditions. This reform should accomplish the following goals:*

- *Improved managerial flexibility in managing workforce issues*
- *Reduces fiscal risk to the government*
- *Improved accountability for the human capital capability of organizations*
- *Fair and just treatment for government workers”*

*The development of the appropriate plans should be done with widespread consultation with all the interested parties. The proposals should be subjected to a full scoping study of all the issues carried out by people with the proven capability to accomplish this scale of re-organization. This would likely require the letting of a private sector contract for this work.”*

### **Response**

We agree with the goals of improved managerial flexibility, reduced fiscal risk, improved accountability and fair and just treatment. We believe that the ASCEND 2020 civil service reform initiative has already resulted in dramatic improvements in our system, as reflected in the Pew Center on the States 2008 rating which ranks our system in the top ten nationally. We also believe that greater improvement and effectiveness can and should always be pursued. We continually strive to evaluate the effectiveness of our programs, by conducting regular surveys of our customers and by studying practices of other organizations in both the public and private sector. Should the Streamlining Commission recommend that a private contract be let to study the state’s human resource system and the funding be allocated for such a contract, we would welcome the opportunity to participate.

### Mercatus Suggested Recommendations to Advisory Committee Chairmen - Department of State Civil Service (undated)

*“Savings: Possible \$4.5 million”*

- *“If the same system for Civil Service management is retained then there are probably little in savings available here. Current budget \$9.313 million”*
- *“If the new structure is adopted then about half of this activity would be absorbed inside agencies and their budgets should be able to absorb that cost through efficiency gains.”*

### **Response**

This recommendation appears to be based on the assumption that the Department of State Civil Service (DSCS) currently operates as a centralized personnel processing center. The DSCS has already decentralized authority to agencies, and during that decentralization process, the DSCS staff was significantly reduced. Therefore, the projected savings referred to in this proposal have already been realized in previous years.

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## **APPENDIX A**

### **MERCATUS RECOMMENDATIONS**

- **Civil Service Reform, September 17, 2009**
- **Suggested Recommendations to Advisory Committee Chairmen – Department of State Civil Service (Undated)**

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## **APPENDIX B**

### **ASCEND 2020 Update: Hiring Reform in State Civil Service**

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## **APPENDIX C**

Proposed Revisions to Pay Rule