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Human Resource Practices in State Government: Findings from a National Survey

What are states doing with respect to human resource practices to improve government operations? Using data collected by the Government Performance Project, this article identifies emerging trends and innovations in state personnel systems. Specifically, it provides a national comparison in the areas of personnel authority, workforce planning, selection, classification, and performance management. Results show that many states are delegating authority for personnel functions to agencies and managers, shifting their human resource missions to being more proactive and collaborative with agencies, and adopting performance management systems that integrate organizational and individual goals. In short, many states are investing considerable resources to modernize their human resource management systems.

Since the early 1990s, many state civil service systems have been attacked as the "quiet crisis" has become louder. Critics characterize civil service and personnel systems as rigid, regressive, rule bound, and cumbersome. Public managers complain that existing systems impede their ability to manage and make critical personnel decisions. Employees are frustrated because they are not adequately compensated and do not receive well-deserved recognition. Political officials depict personnel systems as unresponsive and inefficient. Civil servants grumble that the continued criticism of their work is caused by a system that was adopted for a workforce with different challenges and needs. Some scholars contend that public personnel administration is characterized more by procedures, rules, and techniques than by purpose or results.

In response to the litany of concerns raised by stakeholders in the name of performance and efficiency, various personnel reforms have swept through state governments. Public managers have been encouraged to look to the private sector for examples of good human resource management and to close the gap between the rigidity of civil service systems and the flexibility of human resource practices in private industry (Cipolla 1996). There has been an axiomatic acceptance by political leaders that private-sector management practices are "good," "effective," and "efficient," while public sector ones are "bad," "ineffective," and "inefficient."

While a number of studies have underscored cutting-edge innovations in public personnel systems, substantially less research has inventoried personnel practices comprehensively across state governments to identify trends (for an exception, see Carnevale 1995). State governments are a particularly interesting unit of analysis because they

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employ approximately 4.7 million individuals, almost 2 million more people than the federal government (U.S. Bureau of the Census 1999a, 1999b). Moreover, as Hays and Kearney (1992, 381) observe, "states have ... acquired a well-deserved reputation as incubators (or laboratories) of innovation that are ultimately transported to the federal government." In 1978, Alan K. Campbell, while serving as chairperson of the U.S. Civil Service Commission, recognized the importance of state innovations: "I have followed with considerable interest the progress in some ... States and must conclude that while Federal policy is of tremendous importance, the States (California, Oregon, Wisconsin, Florida, to name but a few) are in many cases charting the direction in which I believe the Federal Government must move" (Campbell 1978, in Dresang 1982). Currently, states are adopting human resource management practices that are forging new directions for the field and the practice of public personnel.

This article focuses on key personnel functions—particularly areas that have been highlighted by recent reports (for example, Little Hoover Commission and Winter Commission)—including general responsibility for personnel functions, workforce planning, selection, classification, performance evaluation, and reward systems. The article seeks to identify trends and emerging practices in state government. The data reported in this article were collected by the Government Performance Project (GPP) in 1998.

Civil Service in State Government

The origin of state merit systems are inextricably linked to the depoliticization of the civil service. The first state civil service law was enacted in New York in 1883—the same year Congress passed the Pendleton Act. More than 115 years ago, the Pendleton Act provided a blueprint for a modern, unified, and politically impartial civil service. The hallmarks of a merit system included tenure, the use of written, competitive examinations, and neutral administration (Sylvia 1989). In the 20 years following the Pendleton Act and New York's first civil service law, no other state established a merit system (Aronson 1974). In the 1920s and 1930s, technical developments, including testing and classification, in the field of personnel laid the groundwork for a more scientific approach to human resource management. Despite the advances, many states did not adopt civil service legislation until the passage of the Social Security Act in 1935, which included a provision for grants to states. The act stipulated that states must be "federally approved"—that is, the state had to provide for proper and efficient administration—to receive funding. Leonard White proclaimed in a 1945 article in *Public Personnel Review*, "the importance of this amendment to the steady improvement of personnel standards in the State and county government cannot be exaggerated" (Aronson 1974, 136). The legacy of the type of civil service system established by the Pendleton Act is evident. Today, many states have a civil-service system characterized by an elaborate web of laws, rules, regulations, and techniques embracing the merit principle.

While many federal agencies have experimented with new human resource practices, many states have been just as, if not more, aggressive in their endeavor to infuse new life into their personnel systems. A number of factors have converged to quicken state-level changes,[1] including, but not limited to, the following:

- State blue ribbon commissions
- Winter commission report[2]
- National Performance Review[3]
- Public opinion
- Benchmarking movement
- Performance measurement and results-oriented management

Many political and government leaders are listening to findings from blue ribbon commissions, as well as their constituents' calls for change, and are pushing civil service reform to the top of their agenda. What has been the outcome of the increased interest in civil service reform? Some states, such as Maryland and Georgia, have passed legislation that significantly alters public-employment practices, while others are currently considering legislative, regulatory, and programmatic changes, such as Oklahoma and Washington. In New Jersey, Governor Whitman outlined a major civil service reform initiative in her 1998 "State of the State" address that would represent the most significant overhaul of the state's human resource management system since its inception 90 years ago. In the neighboring state of New York, Governor George E. Pataki launched a sweeping reform plan to revolutionize the state's civil service system. Current civil service reforms and innovations are taking place during a period of general commotion about the role and shape of government organizations. Some states have attempted to completely overhaul their civil service system, while others have tinkered with particular human resource practices.

There is no single approach to contemporary merit system reform. Most proposals for reforming state civil service systems fit into three broad categories: (1) those that promise to reduce the size and scope of the civil service by making it easier to dismiss employees and by removing automatic entitlement aspects of civil service; (2) those that propose to create flexibilities within the existing civil service system to improve a manager's ability to manage—typically include delegating authority for selected personnel functions to agencies and managers, reducing personnel regulations, and creating incentives for high performance—without abandoning core merit principles;

and (3) those that abolish civil service. Regardless of the approach taken, states hope to improve how government works by modernizing personnel practices and adopting innovative techniques.[4]

Data and Methods

This article does not attempt to examine the comprehensiveness of reform in individual states; rather, it addresses trends and innovations in public personnel systems. The analysis is based upon information collected by the GPP in 1998. The Alan K. Campbell Institute of the Maxwell School of Citizenship and Public Affairs at Syracuse University was awarded a four-year grant from The Pew Charitable Trusts to rate management performance of state and local governments and selected federal agencies. The GPP partners a group of academics with journalists from *Governing* magazine to evaluate state government management performance. The GPP's objective is to evaluate management performance across five areas: financial management, capital management, information technology, human resource management, and managing for results. In January 1998, surveys were mailed to state budget directors. Budget directors coordinated the completion of the human resources section with state personnel directors. Completed surveys and supporting documentation were received from 49 states.[5] The gathered information includes quantitative data such as the extent of use of performance tools, as well as qualitative information describing policies, priorities, and procedures.

This article does not seek to evaluate the performance of state personnel systems; rather, it reports what states are currently doing in the following areas: locus of personnel authority, workforce planning, classification, selection, and performance management.

Findings

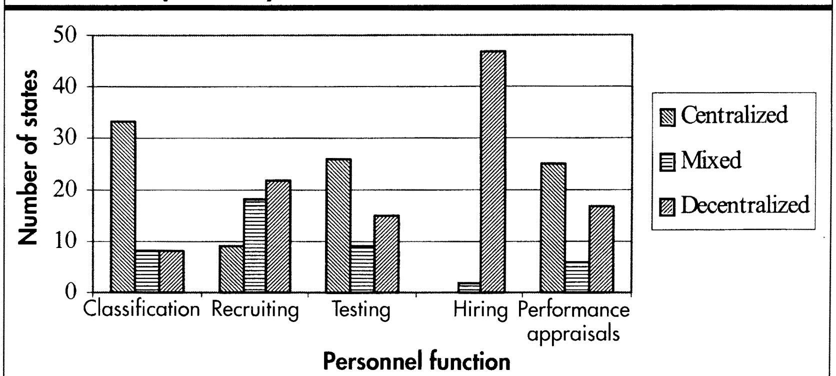
Locus of Personnel Authority

A continuing recommendation on the part of state commissions studying civil service is to delegate personnel authority to line agencies and relax the onerous controls imposed by a traditional civil service system (for example, see Little Hoover Commission 1999, 1995). The implicit assumption of this recommendation in delegating authority to state agencies leads to greater vertical decentralization and ultimately, more managerial control over personnel practices. However, the push to decentralize personnel functions is not a new phenomenon (Heclo 1977, 45). It represents yet another shift in the cycle of centralization and decentralization of personnel responsibilities (Ingraham and Rosenbloom 1992). Texas, for example, has operated under a completely decentralized personnel system where each agency develops its own personnel policies and procedures.[6] A report issued by the Texas Office of the State Auditor in 1997 noted some of the potential problems associated with extreme decentralization of personnel responsibility. The key findings of the report indicate that the State of Texas lacks information needed to evaluate the costs and results of human resource management practices; agencies do not plan adequately for human resource management; and agencies do not have written policies and procedures to help ensure that state money is spent effectively.

Decentralized personnel systems typically are more flexible than centralized systems because agencies can customize human resource practices to meet their needs, place authority with decision makers who are closer to the point of delivery, and give agencies more direct control over the delivery of human resource services. Centralized personnel functions, on the other hand, also offer some benefits; they have more potential for consistency in the delivery of human resource services, offer efficiency gains through economies of scale, and are more explicit about the roles of agencies and the central personnel office.

The GPP asked states to describe the extent to which classification, recruiting, testing, hiring, and performance appraisal procedures were centralized (under the control of the central personnel agency) or decentralized (managed by individual agencies). Responses varied from completely centralized to completely decentralized across the key personnel functions. For example, Nevada delegates few personnel responsibilities to state agencies. On the other hand, most personnel actions are decentralized in South Carolina. As shown in table 1, more than 50 percent of the states indicated that position classification is maintained and administered centrally. Compared to position classification, states have been more willing to decentralize authority for developing performance appraisal instruments. However, 25 states maintain central authority for

Table 1 Responsibility for Selected Personnel Functions



developing performance appraisal instruments. When examining patterns across regions, our findings indicate that southern states are significantly more likely to decentralize classification, recruiting, testing, and performance appraisal responsibilities than other states.

Considerable authority is delegated to agencies in the selection process—including recruiting, testing, and hiring (see table 1). Agencies in almost all states have complete authority to select a candidate for an open position, although some agencies are limited to employment lists of screened applicants developed by the central personnel office. In many states, agencies have also been granted latitude in the recruiting process. Several states indicated that recruiting is decentralized within statewide parameters. For example, in North Carolina, agencies are subject to a 1997 law (Senate Bill 886) that requires agencies to have similar recruitment and selection processes, as well as fair and valid selection procedures that encourage a diverse workforce. While 26 states responded that testing is conducted by a central authority, several states noted that civil service exams had been discontinued and agencies had been granted authority to develop and administer their own selection devices.

When decentralization occurs, questions can arise about whether personnel policies are being implemented according to provisions, whether there is equity across agencies, and whether merit principles are being adhered to by agencies (Carnevale and Housel 1995; Walters 1997). When authority for personnel actions is decentralized, how do states hold agencies and managers accountable for their actions? Two alternatives were discussed by states: contracts and evaluation/audit. Utah delegates personnel functions through a signed contract between the Department of Human Resource Management (DHRM) and the individual agency. The agreement stipulates that the personnel function must be "conducted in accordance with applicable state code, DHRM rules, standards, policies, and procedures." Although responsibility is delegated, the DHRM provides support to the contract agencies through training, manuals, and technical assistance. North Carolina's central personnel office put together a division solely dedicated to program evaluation. The state sends a team into an agency to examine the entire human resources program, including compliance with statutes and federal civil rights laws.

Role and Mission of Central Personnel Departments

Our findings suggest that as personnel functions are becoming increasingly decentralized, personnel departments are assuming a consultative role to support and provide advice to their clients—state agencies and managers. In its survey response, Indiana commented, "[a]s agencies fulfill more of these functions, they need more guidance and assistance in how to do it. Many of our agencies—we have 100 or more agencies—are so small that they don't have a human resource professional doing their personnel work. It may be a secretary to the director, or it may be the director so these people are not technical experts and they need a lot of hands on guidance—more so now that they are doing it themselves rather than us doing it." This statement illustrates an important ramification of decentralization. Agencies and their managers are expected to carry out functions for which they do not necessarily have the skills, experience, or training to perform. Several personnel offices acknowledged that it took time for them to adjust to a different role under the new structural arrangement. For example, Ohio indicated that even after decentralizing, "we would audit an agency, making sure that every 'i' was dotted and 't' crossed, and produce a 60-page report." In effect, the personnel office was taking back all the responsibility that it had delegated. As a result, the personnel office revamped its regulatory audit process that emphasized a "just say no" attitude to a more analytic process aimed at improving agency practices. Often a shift in personnel responsibilities is preceded or accompanied by a change in the mission of the personnel department.

States were asked to provide the stated mission of its human resource or personnel department. A review of the 49 mission statements reveals that, among the majority of human resource departments, a preoccupation with policing the merit system has given way to a broader human resources focus. However, some states appear to continue to adhere to a more traditional model of personnel management. For example, "the mission of Illinois' human resources bureau is stated very simply in the enabling legislation, 'Personnel Code.' It states that the purpose is to establish for the government of the State of Illinois, a system of personnel administration under the governor based on merit principles and scientific methods." A number of state personnel departments have altered their mission to be more consistent with the language of reinvention. Terms such as flexibility, streamlining, business, cost-effective, partnerships, and customers are used in many of the mission statements. States vary, however, in the extent to which the terms are employed. The following mission illustrates the changing rhetoric:

> Connecticut's Human Resources Business Center's vision is to establish highly effective human resources systems through partnerships with our customers, clients and colleagues, to lead and motivate by example, to supply expert consultation, and to deliver timely, quality, and cost effective services and products. The department is moving
>
> | From: | To: |
> |---|---|
> | Bureaucracy | Business |
> | Control | Service |

Hierarchy	Front-line workers
Processes/procedures	Lower costs and quality products
Telling customers what to do	Helping customers get things done
Deliberating	Delivering

The analysis of state mission statements suggests that a paradigm shift may be occurring. States appear to be replacing the bureaucratic paradigm that once dominated the culture of state personnel departments (consisting of bureaucracy, control, and hierarchy) with a new paradigm that emphasizes service, front-line workers, efficiency, and results. While the analysis is limited to stated missions, as opposed to observing a department's operationalization of that mission, it nonetheless suggests a fundamental shift.

Workforce Planning

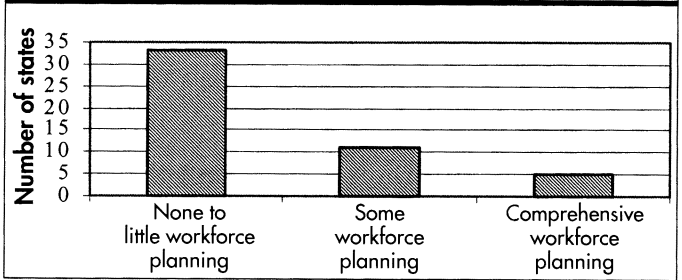
Planning, including workforce issues, is often touted as an integral component of reform (Cipolla 1996). Workforce planning, defined as a strategy and set of procedures by which the state's future personnel needs are assessed, enables agencies to ascertain their need for and availability of human resources to meet their objectives. Cayer (1996) argues that without such knowledge, agencies and their managers will have difficulty maintaining a highly productive workforce. Ospina (1992) contends that public agencies are not the best planners; rather, they tend to be more reactionary. The data appear to support her observation.

States were asked to describe their workforce plan. As illustrated in table 2, the majority of states do little to no formal workforce planning. One state personnel office responded: "I don't think anyone does any kind of workforce planning—either us or the agencies. I don't think anyone disagrees with the notion. The idea is that you have limited resources available to you, both in the agency and in human resources, and there are so many continuing issues that you have to deal with that you have to make some determination of where you put your efforts. At the moment, the effort isn't going into workforce planning." In fact, only five states have implemented a comprehensive plan. Workforce planning has been ingrained in the Illinois state government culture since the mid-1950s when the personnel code was amended requiring the personnel bureau to "conduct research and planning regarding the total manpower needs of all offices." Both Illinois and New Jersey have established systems that share responsibility between the central personnel office and agencies. For example, New Jersey's process is described below:

> The planning process that we have designed applies to all executive agencies. Each agency prepares an Agency Workforce Plan that includes both a Human Resources Management Plan and an Affirmative Action Plan. The Department of Personnel supports the development of these plans by providing each agency with an attrition forecast by job family, an analysis of ethnic/gender underrepresentation by EEO category and occupational group, and other pertinent information. After each agency prepares its plan, the Department of Personnel creates a State Government Workforce Plan by combining the initiatives planned by the state agencies with initiatives and programs planned by the Department of Personnel. The objective of the State Government Workforce Plan is to provide a workforce with the specialties and skills needed to execute the strategic and operational plans of the agencies, as well as the Governor's plan for the State Government as a whole.

Only a few states (such as North Carolina and Washington) have vertically integrated workforce planning with state and agency strategic planning. Slightly more states have horizontally integrated workforce planning with other human resource functions, such as recruitment, selection, training, and development. Arguably these states will be better equipped to confront rapid changes in the labor market and state environment. While some states are doing some workforce planning—typically in the larger state agencies—others are considering more systematic approaches to state workforce planning. For example, the Vermont legislature has set up a blue ribbon commission to outline a plan for workforce and strategic planning. Compared to the diffusion of strategic planning in state agencies (Berry and Wechsler 1995), workforce planning is lagging behind.

Table 2 Workforce Planning

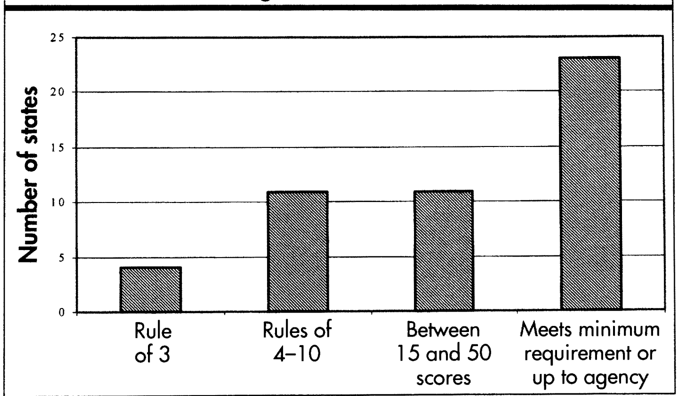


Selection Process

The selection process is one of the most critical human resource functions because it supplies persons with specific knowledge skills and abilities needed to perform public services. Currently, government is competing for skilled labor in an economy with a low unemployment rate and changing notions about work and organizational commitment. Until recently, Minnesota, like other states, acknowledged that its hiring system had been untouched since it was adopted in 1939: "As I tell people it is not that what they did was wrong at the time. It was appropriate at the time. However, today in a very competitive marketplace, where you have to compete with places for a limited labor pool, you must have a recruitment process that is fast and based on merit." Like Minnesota, most states recognize that their selection systems have to change to meet the demands of the changing labor market. Many states have responded by decentralizing aspects of the hiring process, as evident from table 1, and adopting innovations to speed up the process.

One area of the selection process that has been at the top of many states' agendas is certification or generation of hiring lists. Many states have adjusted their laws to provide more flexibility in the size of managers' candidate pools; some states have increased the number or percentage of applicants that can appear on a certified list. For example, Delaware allows a list of 15 percent or 15 applicants (whichever is greater) whereas previously it provided for 15 percent or 5 applicants. As illustrated in table 4, four states still adhere to the traditional "rule of three;" that is, managers are forced to choose among the top three scores. Other states, such as Maryland, have moved to the use of bands of qualified applicants. Essentially, all candidates whose scores fall within a certain band will be deemed qualified and eligible for the position. Alabama groups scores that are not statistically different. Rather than ranking scores from 1 through 100, four bands may emerge. Twenty-three states either provide a list of all candidates who meet the minimum qualifications to the agency or leave it up to the agency to screen the pool of applicants (see table 3).

Table 3 Use of Hiring Lists in State Governments



Based on the data collected from the states, it appears that the selection process is evolving and being infused with new innovations. Several states, such as Kansas, have abandoned the use of centralized civil service exams and moved toward skill-matching programs that seek to fill positions based on a set of core competencies. Several states have adopted automated application systems that allow managers to match applicant skills with skills required by the position. Using such a system, Missouri has reduced the average time it takes to produce an eligibility list from six weeks to two weeks. Arizona's system scans in resumes and files them in a central database that is used to match applicants' skills with skill-sets required by particular jobs. Utah's Human Resource Enterprise System also tracks applicants and matches applicants' skills with position qualifications. Utah's system is particularly interesting because applicants only have to apply once. Once in the system, the applicant will be considered for all openings for which he or she qualifies. Under the old system, an applicant had to apply separately for each opening in Utah state government.

Other innovations in the selection process include the use of pass/fail examinations, walk-in testing, applying online, and signing bonuses. The Connecticut legislature passed an act that required all examinations to become pass/fail. Ohio and Wisconsin accommodate walk-in testing so that individuals can file an application and take the appropriate test at the same time. In 1998, applicants in the states of California, Florida, Indiana, Kentucky, Michigan, Missouri, Nebraska, and Wisconsin were able to apply for state jobs online. For hard to fill positions, Colorado allows managers to use signing bonuses.

The recent surge of attention toward this personnel function is indicative of the pressure states perceive to improve the selection process by granting managers more latitude and adopting technologies and practices that expedite the hiring process. Early assessments by some states suggest that agencies are able to hire more quickly and managers are more satisfied with the process. However, little is known about whether the changes have increased the quality of applicants and new hires.

Classification Systems

In an effort to create simplified and more flexible systems, a number of states have decentralized job classification, experimented with broad banding, and reduced the number of job classifications. In 1998, the data indicate that 16 states have delegated some responsibility for classification actions, with 8 of those states delegating all authority to agencies. In Virginia, for example, most classification actions are decentralized to the agencies but the central office still plays a role. The central personnel office provides "consulting assistance to agencies on request and monitors agencies' actions to ensure that consistent and appropriate actions have been taken."

In total, more than 19 states are considering broad banding (NASPE 1996). We found that more states are considering broad banding than have actually adopted it. Of the states using broad banding, most started by experimenting in a few agencies before implementing broad banding statewide. Minnesota is currently transitioning from approximately 2,300 classes to broader classes. The state noted, "when you take a system that pigeonholed people into very specific, very narrowly defined jobs, you get a system that does not allow efficient redeployment of its workforce. So, in today's workforce, it is even more incumbent on an organization to have a system that allows it to redeploy and reskill its people." North Carolina responded that its attention toward broad banding grew out of a concern about compensation practices in the state and the inability of managers to recruit in a timely way and to reward employees. Recognizing that its 1970s classification system was outdated, North Carolina concluded that broad banding was the answer to streamlining the extensive number of classifications that plagued the state. Wyoming, in an early assessment of its broad banding effort, indicated that managers have more flexibility; managers no longer have to reclassify a position in order to recruit someone with a different skill set than the previous occupant.

In addition to banding efforts, many states have concentrated on reducing the number of job classifications (see table 4). Between 1991 and 1998, 30 states reduced the number of job classifications. The number of job classifications in New York fell from 7,300 to 5,075; in South Carolina from 2,318 to 500; and in West Virginia from 2,000 to 750. However, classification titles did not decrease in all states. During the seven-year period, growth occurred in 15 states. One state that is particularly interesting is Georgia. As part of the Georgia Gain program, state agencies reexamined, redefined, and reconfigured their jobs. Since each agency is responsible for its own classification process, it has the authority to create or delete jobs as it sees fit. According to the state, agencies like the flexibility of the new system and are willing to deal with more titles. However, the state acknowledged, that if the number of classifications continues to climb, the system might be "difficult to manage because theoretically you can have one job for every position."

With the exception of Georgia, most states are attempting to reduce the number of job classifications by combining, eliminating, or banding classes. While broad banding is mentioned by many states, only a few states have adopted a statewide system.

Table 4 Job Classifications 1991 and 1998

State	Number of classifications 1991	Number of classifications 1998	Change	Percentage change
Alabama	1,600	1,400	–200	–12.50
Alaska	1,050	1,500	450	42.86
Arizona	1,500	1,400	–100	–6.67
Arkansas	1,900	1,854	–46	–2.42
California	4,324	4,500	176	4.07
Colorado	1,348	951	–397	–29.45
Connecticut	2,600	2,600	0	0.00
Delaware	1,434	1,400	–34	–2.37
Florida	1,596	1,537	–59	–3.70
Georgia	1,570	2,355	785	50.00
Hawaii	1,660	1,600	–60	–3.61
Idaho	1,550	1,400	–150	–9.68
Illinois	1,680	1,011	–669	–39.82
Indiana	1,500	1,300	–200	–13.33
Iowa	1,250	812	–438	–35.04
Kansas	1,142	750	–392	–34.33
Kentucky	1,614	1,750	136	8.43
Louisiana	3,800	2,800	–1,000	–26.32
Maine	1,500	1,100	–400	–26.67
Maryland	3,000	2,000	–1,000	–33.33
Massachusetts	1,150	1,100	–50	–4.35
Michigan	2,700	1,500	–1,200	–4.44
Minnesota	2,140	2,269	129	6.03
Mississippi	2,053	2,400	347	16.90
Missouri	1,100	1,300	200	18.18
Montana	1,350	1,500	150	11.11
Nebraska	1,300	1,500	200	15.38
Nevada	1,300	1,300	0	0.00
New Hampshire	1,490	1,100	–390	–26.17
New Jersey	6,400	8,000	1,600	25.00
New Mexico	1,200	1,200	0	0.00
New York	7,300	5,075	–2,225	–30.48
North Carolina	3,500	3,500	0	0.00
North Dakota	1,075	1,000	–75	–6.98
Ohio	1,804	2,500	696	38.58
Oklahoma	1,418	1,462	44	3.10
Oregon	1,100	780	–320	–29.09
Pennsylvania	2,782	3,000	218	7.84
Rhode Island	1,500	1,400	–100	–6.67
South Carolina	2,318	500	–1,818	–8.43
South Dakota	551	551	0	0.00
Tennessee	2,258	1,800	–458	–20.28
Texas	1,339	790	–549	–41.00
Utah	2,500	2,300	–200	–8.00
Vermont	1,280	1,300	20	1.56
Virginia	1,888	1,800	–88	–4.66
Washington	2,100	1,600	–500	–23.81
West Virginia	2,000	750	–1,250	–62.50
Wisconsin	2,000	2,800	800	40.00
Wyoming	774	550	–224	–28.94

Sources: GPP (1998) and National Association of State Personnel Executives and the Council of State Government (1992) in National Commission on the State and Local Public Service (1993). Some of the numbers represent estimates.

Performance Evaluation and Reward Systems

Performance appraisal systems have often been criticized as being meaningless because most employees receive an above average rating (Thompson and Radin 1997). Moreover, many employees express dissatisfaction with appraisal systems because they believe objective performance measures are lacking and supervisors are biased in their ratings (Pynes 1997). Problems with performance appraisals are often cited as reasons why merit pay and pay-for-performance systems fail (Kellough and Selden 1997). Research has shown that when pay is linked to performance appraisals, employees set lower goals and focus on receiving pay increases rather than improving their performance and their professional development (Pynes 1997).

After an employee's probationary period, 75.5 percent of states (37) require an annual formal performance appraisal. Eleven states require supervisors to evaluate their staff twice a year. Only one state, Rhode Island, does not require a formal review of its permanent employees. In North Carolina, Kansas, and Utah, some agencies mandate quarterly performance appraisals of their employees. New Jersey's new performance appraisal system requires at least three interactive discussions between employees and their supervisors. The first session is the initial performance agreement which signals that the employee and supervisor have discussed the unit's work goals, the employee's goals and specific work responsibilities, the expected standards of achievement, and the performance rating scales and methodology. Six months into the cycle, the supervisor and employee meet to discuss progress to date. Together, a development plan is also devised. The third formal meeting occurs at the end of the performance cycle.

Recent innovations include developing performance management systems that support a performance-driven culture. A performance management system requires that employees and managers jointly prioritize and determine goals and objectives, establishes how employees or teams contribute to the organization's goals, identifies strengths and weaknesses of an individual's performance, and recognizes and rewards high performance. The first step is for top-level executives to articulate an agency's mission and goals. Then, managers and program directors work from this directive to determine strategic and measurable objectives for their unit. From these objectives, managers and employees collaborate to establish team and individual performance objectives.

This approach assumes that by aligning individual and team objectives with agency goals, employees at all levels will have greater ownership of the agency's goals. The agency benefits because employees should be more results-driven. Employees benefit because they feel a greater sense of accomplishment by achieving meaningful objectives and by having the potential to be rewarded based on their performance. Several states, such as Maryland, New Jersey, Colorado, Georgia, Louisiana, and Delaware, have explicitly attempted to link employee performance to agency goals.

Colorado's Peak Performance system revamps the state's performance appraisal system and links it to a compensation plan. The performance-evaluation component links individual objectives to state business objectives and strategies, and the compensation plan directly ties pay to an employee's performance. Agencies are required to develop a plan for adopting performance management rules and procedures tailored to their unique business needs, while supporting the overall goals and strategies of the state's leaders. The performance management system requires supervisors to create a written performance plan for each employee at the beginning of a rating period, prepare a written evaluation, and then review that evaluation. The evaluation systems that are adopted must translate into three ratings; needs improvement, fully competent, and peak performer. Within those parameters, agencies are free to develop any system that works for them. Monetary awards will be based on two items: whether the employee is at or above the job rate for the occupational group and the employee's performance level. Employees below the job rate are eligible for base or non-base building awards. Employees at or above job rate are eligible for non-base building awards that must be rearned annually.

Many of the new approaches to performance evaluation require that employees and managers collaborate on setting performance expectations that are directly linked to agency goals. Managers are encouraged to track performance and provide regular feedback, and some states even require more than one formal evaluation each year. Some systems are designed to allow other stakeholders, such as customers and subordinates, to rate employee performance. The key to the success of performance management is providing employees with opportunities to develop, through training or mentoring, in areas where they show weakness. Finally, employees should be rewarded financially for their contribution to the agency's success. States vary in terms of the formula used for rewarding high performance. For example, in Georgia, performance increases are comprised of two components. Employees who meet, exceed, or far exceed their performance expectations receive a market adjustment—to increase competitiveness with the outside job market—and a variable award, based on the level of performance.

States were asked how long and to what extent they used the following performance tools: individual performance bonuses, group performance bonuses, job flexibility, and time flexibility. As shown in table 5, states used the two monetary tools less frequently than the nonmonetary tools. Only 14.3 percent of states used individual performance bonuses, and 2 percent of states often awarded group bonuses. Time flexibility appears to be the most popular tool, with 38.8 percent of the states indicating they often employed this method. As an added incentive, several states, such as Washington, are tying pay increases to development activities, such as training, skills acquisition, and education.

Table 5 Use of Performance Tools by States

	Percentage of states (n=49)			
	Never	Rarely	Sometimes	Often
Monetary				
Individual performance	40.8	22.4	22.4	14.3
Group performance	65.2	20.4	12.2	2.0
Non-monetary				
Job flexibility	34.7	14.3	36.7	14.3
Time flexibility	22.4	2.0	36.7	38.8

Conclusion

Major findings from this research indicate that penetrating changes are occurring in state civil service systems. In particular, the notion of a state civil service with a uniform system of employment, recruitment, classification, and compensation is giving way to a more flexible and varied structure. The emerging strategy to decentralize authority for personnel functions is increasing the autonomy of state agencies and managers. The analysis reveals considerable activity is taking place in several of the personnel areas examined. We found a number of states are expending energy revamping their classifications system by streamlining the process, reducing the number of titles, or adopting broad banding systems. Similarly, several states are adopting performance management systems that link agency and individual goals and subsequently reward high performance. Currently, there is relatively little effort being put into workforce planning, although it does appear to be an agenda item for some states. Prior to the recent wave of reforms, civil service structures and procedures were nearly universal in state government (Tolbert and Zucker 1983). Whether or not "new" models of civil service will become similarly institutionalized or widely accepted as both appropriate and necessary remains to be seen.

What do the findings suggest about the direction of state personnel systems for the twenty-first century? The state personnel system of the future will need to couple managerial and system flexibilities with issues of system fit or congruence. Emerging personnel systems should consider both vertical and horizontal fit. Vertical fit refers to the alignment of state human resource management with strategic planning and management of state government; whereas horizontal fit focuses on the extent to which the human resource practices fit together. Vertical fit will enable a state to achieve its goals, while horizontal fit will ensure state resources are allocated efficiently. At the same time, states will require systems that can be adapted quickly, give managers authority to act, and protect merit principles.

As personnel functions are decentralized, human resource management will become more interwoven into the fabric of agency operations and thus less isolated from managers. The role of the central personnel office will likely continue to evolve as it keeps pace with changes in the state environment and responds to the needs of its partners, clients, and customers. In the future, central offices are likely to focus less on micro issues of human resources and more on macro issues, such as change management, employee development and training, managerial consultation, and leadership development. State personnel departments will play a pivotal role in helping agencies compete for and develop a highly-skilled labor force and will position themselves to be recognized as an asset to managers and agencies.

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Notes

1. Many of these factors have also been catalysts for change at the federal and local level.
2. Like the federal government's National Performance Review, the Winter Commission's report established an agenda for reforming personnel administration in state government (National Commission on the State and Local Public Service 1993; Thompson and Radin 1997). Specifically, the Commission called for a decentralized merit system, use of selection devices other than written tests, and expansion of "certified lists" of candidates. In addition, the report suggests that states should reduce the number of job classifications by using broad bands. Similarly, it advocates using broad pay bands to create "a simple pay and promotion structure that would allow much greater flexibility in rewarding good employees and also encourage greater movement of employees across agencies and easier reassignment on an as needed basis" (National Commission on the State and Local Public Service 1993, 29). The Winter Commission offered advice on state compensation strategies. First, states should adopt the private sector's vesting benchmark—five years. Second, states should rethink individually based pay-for-performance systems, which are typically marred by a myriad of problems, and instead, consider a team-based pay-for-performance system, such as gain sharing, that encourages employees to contribute to the overall success of the agency. Additional recommendations include spending 3 percent of personnel expenditures on employee education and training, enhancing the authority of the governor, reducing the number of middle managers, and developing more cooperative relationships between labor and management.
3. Although NPR specifically addressed conditions in the federal government, its influence penetrated all levels of government.
4. This article does not attempt to evaluate the comprehensiveness or congruence of personnel reform within states. Instead, the analysis examines what states are doing with respect to particular personnel functions.
5. California did not respond to the GPP survey.
6. In Texas, classification is the only human resource function centralized; it falls under the control of the Office of the State Auditor.

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