



ROGER ROTH

STATE SENATOR • 19TH SENATE DISTRICT

TESTIMONY ON SENATE BILL 285
Senate Committee on Labor and Government Reform
October 6, 2015

Wisconsin's civil service law was passed in 1905 with the original slogan, "The best shall serve the state." Today, we need to continue this mission by attracting the best workforce possible. Attracting, hiring, and retaining a successful workforce is essential to provide the highest quality service to Wisconsin's taxpayers. The civil service idea was born during a time where there was a need to professionalize government work and insulate workers from political pressure. This is still the case, however it is also time to update a system based on a 19th century mentality in favor of one that takes advantages of 21st century opportunities through common sense reforms.

The state's workforce is aging, and the problem is exacerbated by an antiquated hiring process. According to the most recent report on the state's classified workforce, one of every 12 employees is currently eligible for retirement, and 23 percent of state workers are set to be eligible for retirement in the next 5 years. The state competes every day with the private sector to hire the highest quality employees and when the state is not as nimble as the private sector, it loses.

Based on a review of current state employment procedures, reforms made in other states, and best practices in the public and private sectors, Rep. Steineke and I have introduced legislation, SB 285, that makes reforms in state employment so that the State of Wisconsin, like any employer, can attract, hire and retain the best employees to work for the people of our state. Reforms made in this legislation include:

REFORMS THE HIRING PROCESS

- The state needs to be able to hire workers more quickly. This bill sets a 60-day goal to hire qualified employees in an open, competitive process.
- Job candidates are discouraged from applying with the state because the process doesn't make sense, isn't compatible with the private sector, and it takes too long for the state to make an offer to hire.
- The bill replaces the required examination process with a competitive resume-based process. The exam is not a good initial indicator of candidate performance, but it will still be used where appropriate. Protections for fair and merit-based hiring will remain in place.
- The bill includes a "Ban the Box" provision which prohibits the state from asking an applicant to supply information about a conviction record on an application, unless a certain conviction record disqualifies applicants for a particular position.

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PRIORITIZES JOB PERFORMANCE

- The bill standardizes the probationary period to two years, with an option to waive probation after the first year. The probation period is a critical juncture for both agencies and employees to determine their capabilities of duties assigned.
- An annual employee performance evaluation will be required so that supervisors can communicate expectations and employees can work to build skills.
- Further, the state will recognize and reward excellent work through a designated fund for discretionary merit compensation awards to help retain top performers.
- Agencies will be required to maintain employee disciplinary records and review them in the hiring process.
- Layoffs will be determined primarily based on job performance, followed by other factors of disciplinary record, seniority, and ability. In conjunction, the bill eliminates reinstatement privileges for those who voluntarily leave state service (including those who leave to fill an elected office), limits those on layoff to reinstatement privileges for three years, and removes the chaotic and costly practice of “bumping,” which displaces other state workers solely based on lesser seniority.

MODERNIZES RULES FOR A STABLE WORKPLACE

- The bill retains the protection that employees can only be removed for just cause. However, statutes lack the clarity on what just cause means. Therefore the bill further defines just cause to state that it is performance or conduct that is inadequate, unsuitable, or inferior, only after imposing progressive discipline.
- In addition, civil service protections should not include protecting serious unacceptable behaviors. That’s why the bill expressly states that an employer has just cause without imposing progressive discipline for the following conduct:
 - Harassment or physical harm while on duty
 - While on duty, being intoxicated or under the influence of a controlled substance
 - While on duty, being in possession of a controlled substance
 - Falsifying records of the agency

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- Theft of agency property or services
 - A conviction of an employee of a crime or other offense subject to civil forfeiture, while on or off duty, if the conviction makes it impossible for the employee to perform the duties that the employee performs for the agency
 - Misuse or abuse of agency property, including viewing pornographic material
 - A serious violation of the state code of ethics
- In addition, if an employee fails to report to work without contacting the supervisor for three working days during a calendar year, the agency may treat that employee as having resigned his or her position.
 - The bill requires the Division of Personnel Management (DPM) to establish standards for progressive discipline plans to be prepared by all agencies, so there is consistency across state government.

EFFICIENCY IN GOVERNMENT

- The bill streamlines the appeals process in situations of demotion, layoff, suspension or discharge to a three-step process to give certainty to both the employer and the employee that grievances will be resolved in a timely fashion.
- The Department of Administration will develop a plan with the agencies to consolidate human resource services and create consistency across state agencies in personnel procedures.
- The bill requires DPM to study job classifications for positions in the classified service, the Human Resources Handbook, the compensation plan, the feasibility for agencies to use electronic personnel files, and the feasibility of using a uniform personnel evaluation system.

In closing, the next few years will be critical for the state to hire and retain high quality employees. The state is a unique employer and the civil service system provides employees with necessary protections. The protections will remain, but these reforms are long overdue to hire and retain good performers who succeed in accomplishing the goals of state government. I thank you for listening and I ask your support for Senate Bill 285.

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DISTRICT OFFICE: 1033 W. COLLEGE AVENUE, SUITE 19 • APPLETON, WI 54914

DATE: October 5, 2015
TO: Senator Roth
FROM: Timothy Gary, Legislative Liaison
SUBJECT: Civil service rules

- 1. Could you please provide us with examples where the process and procedures associated with proposed, not enacted, position reductions resulted in impacts to your agency's ability to function efficiently and manage programs?**

A good, and timely, example of the at-risk and layoff process impacting agency function is a layoff scenario that is currently taking place within our Forestry Division in the West Central part of the state. As the Department assessed its business needs and priority work, the agency determined that it was necessary to close a tree nursery. This resulted in the need to lay off three permanent FTEs in the Forestry Technician classification, effective as of October 2, 2015. Given the current provisions of Wisconsin Employee Handbook Chapter 232, the Department was therefore required to also lay off any LTEs in that same classification. There are approximately 41 LTEs currently classified as Forestry Technicians in the West Central Region employing unit who are seasonal fire riders and are first responders to wildfires. Their duties are in no way related to the nursery staff, but the rules dictate that all employees in the classification be treated the same. The Department must therefore end the employment of all of these LTEs with fire suppression duties, prior to terminating the FTE nursery staff. While the Department is able to rehire these LTEs following the layoff of the FTEs, there will still be a break in service and availability of these LTEs that perform such a crucial function. Additionally, there is significant staff time involved in processing the termination and rehire of each of these individuals.

- 2. Could you please attempt to quantify the staff resources and/or expenditures associated with managing staff layoffs and navigating the "bumping" process?**

During the Department's most recent layoff process, we were forced to put 58 FTE staff at-risk. A member of the Bureau of Human Resources and a supervisor met individually with each of these staff for approximately one hour when they were initially placed at risk; the supervisory and HR staff cost for these meetings was approximately \$3,500. HR staff also spent an average of approximately 20 hours per week between February and July of 2015 following up with at-risk staff, answering questions, and assisting with placing at-risk in available positions, for a total of approximately \$6,500 in dedicated staff time.

Additionally, the Department's HR Bureau Director, CAES Divisions Administrator, and Deputy Secretary each spent a significant amount of their time on this process for an approximate cost of \$40,000.

The Department's Management & Budget office spent significant time during the at-risk process, analyzing the number of proposed cuts and where they could be made, and attempting to identify funding sources for alternative positions that were suitable for at-risk staff. The estimated cost of

this work was approximately \$4,000.

In addition, the Department formed a Budget Implementation Team that met on a weekly basis for approximately 15 weeks from February through May. This team was comprised of the Deputy Secretary, the Administrator for each of the Department's (then) six divisions, the Communications Director, the Management and Budget Director, and the HR Bureau Director. The estimated salary cost of those who attended these meetings was approximately \$500 per meeting, for a total estimated cost of \$7,500.

The estimated cost of this at-risk process was therefore approximately \$58,000.

3. **Without identifying individuals, could you provide examples of the "bumping" process or reinstatement resulting in the placement of individuals in positions that they were not best suited for either by individual skillset or what managers deemed best for the agency?**

During a layoff process in 2007 involving the Department's customer service bureau, all employees in the NR Customer Service and Licensing Supervisor (81-03) classification were identified as being at-risk. One of those individuals took a voluntary demotion in lieu of layoff to another position. Approximately three years later, following some restructuring efforts, the program created some NR Program Supervisor (81-03) positions to serve as regional supervisors for this program. The individual who had demoted was able to argue that he had restoration rights to this new classification because it was similar to the position he had held when he was placed at-risk and forced to demote. Despite being a very poor supervisor with significant performance issues, this individual was able to successfully argue that he was entitled to the newly created NR Program Supervisor position and the program was forced to place him into this new classification instead of hiring a candidate who would otherwise have competed and been deemed the best fit for the job..

4. **Finally, what are some of the other challenges your agency faces as it pertains to "bumping"?**

Using a recent example, we can say with conviction that the at-risk and layoff processes itself had a very negative impact on staff morale. Staff were put through five months of uncertainty during which they did not know whether their position would be eliminated or whether they could be bumped out of it by a more senior employee. The emotional stress took its toll on staff, both in terms of morale and productivity. Several at-risk staff were forced to make decisions about changes in employment (i.e., taking another position that did not leave them exposed to bumping or layoff) without knowing what the final provisions of the budget would actually be. In addition, due to the requirements of Wisconsin Employee Handbook Chapter 232, the Department was forced to put every employee in the affected classifications at-risk (a total of 58 people) even though it was highly unlikely that many of them would actually be impacted, which resulted in unnecessary stress for those staff. Lastly, this process required a significant amount of time and work by HR staff and members of the Department's upper management.

In summary, whether budget related or business case driven, the agency and the legislature should have the ability to adjust FTE numbers. However, the processes currently in place make the implementation of any proposed reductions extremely cumbersome and inefficient.



TO: Members, Senate Labor and Government Reform Committee
FR: Scot Ross, Executive Director, One Wisconsin Now
DATE: October 6, 2015
RE: Senate Bill 285

Removing anti-corruption protections from Wisconsin's civil service laws is an invitation for more scandal, more incompetence and more cronyism in state government -- something we have seen all too much of in recent years.

Four letters provide a vivid example of what happens when anti-corruption protections are removed: W.E.D.C.

We have all seen the scathing audits, the lagging job creation, the media exposes and the independent research showing how the Wisconsin Economic Development Corporation (WEDC) has become the poster child for cronyism, corruption and incompetence.

In no small measure, stripping away civil service protections from the employees of Gov. Walker's WEDC made them susceptible to political pressure and created an environment where who you know is more important than what you know.

Even retiring CEO Reed Hall has bemoaned the politicization of economic development on his way out the door. And why would he not?

Consider how a risky \$500,000 loan that never should have been given found its way to a \$10,000 contributor to Gov. Walker's 2010 campaign under direct pressure from his Secretary of the Department of Administration and his then chief of staff. The business has gone under, the loan was never repaid and subsequent investigations have shown basic safeguards for issuing loans were ignored and supporting documents were riddled with false or incomplete information.

A [report by One Wisconsin Institute](#) further exposes the scope of the four years of failure at WEDC, finding businesses whose owners, directors or employees contributed to the campaign of Scott Walker received over sixty percent of dollars awarded by the jobs agency.

Independent audits of Gov. Walker's WEDC found an agency plagued with incompetence and questionable practices. The agency lost track of millions of dollars in state loans to businesses, failed to confirm aid recipients were fulfilling the terms of their agreements, failed to follow basic accounting practices.

Adding to the appalling potential impact of dismantling civil service protections is the dishonesty of this latest attack on clean and open government in Wisconsin. Gov. Walker and high ranking Republican legislative leaders vowed repeatedly the state civil service laws would remain in place as they sought to eviscerate workplace protections for state workers in 2011.

When evaluating the impact of I ask you to consider one simple question: do you really want more of this? Because we strongly believe people of Wisconsin deserve more from their government.

I urge you to reject Senate Bill 285 and the attack on Wisconsin's anti-corruption civil service protections.

October 6, 2015
Senator Nass, Chairman
Senate Labor and Government Reform Committee

Dear Senator Nass,

Thank you for the opportunity to comment on the proposed bill regarding the current Civil Service Laws. I found that the language being proposed is heavy on what can be done to public service employees but very little on the responsibility of public service managers, supervisors and political appointees.

If a supervisor wanted to circumvent the existing laws and ordered an employee to do so. What would be the resolution? If the employee fails to follow the verbal command he is liable to be terminated immediately. If the employee does follow the verbal command then they are liable for the actions taken and may be terminated immediately for not following the laws of Wisconsin. The supervisor assumes no responsibility. I had a friend in the private sector that did follow the rules in place for a private company. A vice president in the company ordered the employee to disregard the written requirements and complete his request. If the employee had done as requested with no written direction he was liable and would have been fired. In this case the employee did follow the written directives thereby saving the company thousands of dollars but was fired anyway for failing to comply with a vice president's verbal command.

How do you judge performance? One employee is doing two jobs both specified in their job description. The other employee has just one responsibility. The first employee takes 2 to 5 days longer to complete projects because he has two responsibilities. The catch is that only the one responsibility is considered to be a department priority. So no recognition is given to the other job requirement. How do you rate this performance? Under the new law, termination is imminent. In a similar case, workload is not like a factory where each and every part is known. In the real world, dealt with by professionals, there are many variables since not everything is exactly the same. How would performance be judged in that case?

Most of the proposed statute changes will further erode the confidence of Wisconsin citizens that expect to be treated the same as everyone else. The new rules will enhance the "Pay to Play" environment and will increase the amount of graft and corruption that ruled Wisconsin over 100 years ago. I fear we are headed in the wrong direction and democracy is becoming an oligarchy.

I wonder, how many ordinary employees had an opportunity to provide input in this proposed legislation or was it drafted by the folks at ALEC? I am of the opinion that even if 1,000,000 citizens voiced a negative concern that the bill would be moved ahead just because you can.

Sincerely,



Robert W. Schaefer

October 6, 2015

Senate Committee on Labor and Government Reform

Senate Bill 285

Testimony of Deputy Secretary Cate Zeuske

Good morning, Chairman Nass and committee members. Thank you for giving me the opportunity to testify before the Senate Committee on Labor and Government Reform regarding Senate Bill 285, the Recruitment and Retention Reform legislation. I am Cate Zeuske, Deputy Secretary of the Department of Administration. In my role as Deputy Secretary I have become involved in expanding shared services for Wisconsin state agencies. As such, I am happy to be here today and provide this committee with insight into how the shared human resources services under Senate Bill 285 will positively impact State of Wisconsin employees.

Under Governor Walker's leadership, the administration has made it a priority to provide quality and efficient services to taxpayers and State employees. At the Department of Administration, we have been implementing lean government initiatives, developing the STAR project, and working on establishing a shared services model for state government, as directed in the most recent budget. With these important projects underway, DOA has already started to realize efficiencies in the services we provide to taxpayers and employees.

The Shared Services Initiative for Administrative Function merges and delivers the 'back office, common or business operations (such as human resources, accounting, fleet, procurement, information technology and facility management) that are used by multiple agencies. Shared Services creates value by eliminating redundancy and offering efficient and effective services that enable each agencies' business division to focus its work on mission-critical and outcome orientated services

Further expanding on these goals and programs, Senate Bill 285 requires DOA to consult with each state agency to develop a plan for assuming the responsibility of human resources services. DOA will have to finalize this plan by January 1, 2017.

As background, DOA currently provides HR and payroll services for 23 agencies and over 2,100 employees through the Division of Personnel Management. In addition to this shared services model, the department delegates authority to other large agencies to provide HR services directly to their employees. Senate Bill 285 requires a fully developed plan for shared HR services across the enterprise, which will create efficiencies as well as quality customer service and uniform HR services for state employees. Uniform practices in hiring, recruitment, retention, and discipline across the enterprise will ensure consistent application of human resources practices for all classified employees, regardless of position or agency.

In working to develop a shared services pilot program, as directed by the 2015-2017 biennial budget, DOA has looked towards Utah, Ohio, and Iowa— three states who have all successfully implemented shared services models for human resources and numerous other services as well. After studying these successful shared services models, DOA has learned important lessons that will make the HR shared services model in SB 285 highly successful for Wisconsin's employees:

1. Stay flexible and take the time to do the process right – shared services is not a one size fits all program for each agency or for each shared service.
2. Human resources collaboration allows for important uniformity in the services that are offered to state employees.
3. Provide the best customer service for the human resources needs of all state employees and provide training for Supervisors and leadership in the agencies.
4. Create an environment that seeks improvements in order to ensure the most efficient and quality HR services for state employees endures

To put the Wisconsin state agency experiences with human resources services in context, a May 2015 review of State agency positions in human resources, payroll, benefits and affirmative action classifications found significant variability in the ratio of HR-related positions to agency FTE positions. The most efficient agency employed 1 HR position per 160 FTE, while the least efficient agency employed 1 HR position per 21 FTE. The average across all Wisconsin agencies was 1 HR position per 94 FTE.

We believe there is a significant opportunity to make state human resources and payroll operations more efficient by developing a plan for shared HR services in collaboration with other state agencies and the Division of Personnel Management, and adopting best practices that are working in agencies who employ a higher ratio of HR professional per FTE, using emerging technology and identifying best practices currently in other states.

For instance, with the ongoing implementation of the STAR enterprise resource planning system, the State will have the necessary technology and data to create and develop shared services across the enterprise. The STAR implementation is updating the technology used for procurement, finance, payroll, and human resources into one uniform PeopleSoft program across the enterprise, replacing numerous outdated and cumbersome programs. With the successful launch of Phase 1 (procurement and finance) earlier this month, the State will soon discover how more accurate data can be used to realize efficiencies.

In addition, STAR will provide online tools for employees to manage their time and their personal information without the manual intervention of a payroll or benefits professional. We expect to begin realizing the benefits of these enhanced tools when the human resources portion of STAR goes live in early 2016.

Looking at other states' efforts to create shared human resources and payroll services, DOA found that Iowa was able to increase their HR to FTE efficiency by one-third. We also found that Utah was able to implement shared services for human resources without moving any of their employees. This experience leads us to believe there is a path to administer efficient, quality services while still keeping human resource professionals close to their customers, which maintains important face-to-face services and opportunities between HR professionals and FTE staff. DOA has determined that efficiencies can be found by analyzing upcoming retirements and position vacancies.

SB 285 will align Wisconsin's HR services more closely with our most efficient agencies and the best practices gleaned from other states. In addition, we believe a well-planned and thoughtful approach to shared services will maintain high service levels for state employees while ensuring taxpayers are receiving the best value for their hard earned dollars.

Again, thank you Chairman Nass and committee members for allowing me to testify on the importance of Senate Bill 285. We will now be happy to take any questions from the committee at this time.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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**Testimony of Division of Personnel Management, Bureau of Merit Recruitment
& Selection Director Stacey Rolston
Senate Committee on Labor and Government Reform
October 6, 2015**

Good morning Chairman Nass and members of the Committee on Labor and Government Reform. Thank you for the opportunity to discuss the proposed language affecting Chapter 230, State Employment Relations and specifically the subchapter on Civil Service.

My name is Stacey Rolston and I am the Director of the Bureau of Merit Recruitment and Selection in the Division of Personnel Management at the Department of Administration. I am currently in an unclassified position in order to serve as the Bureau Director, but I am also on leave from my classified position at the Department of Corrections. I tell you this to clarify that I am a member of the classified civil service. Throughout my time as a member of the classified civil service, I have been hired, promoted, transferred, reassigned and served probation; all of which followed the principles of Chapter 230 as interpreted by the Division of Personnel Management and the Director of Merit Recruitment and Selection.

I have been a state employee for nearly 16 years and my profession has always been human resources with the exception of nearly five years where I served as acting Administrator and then Administrator under three different Secretaries at the Department of Corrections. I have worked at nearly every level of human resources from HR Specialist to HR Director at several agencies including the Departments of Employment Relations, Natural Resources, Transportation, Corrections and now Administration. Early on I focused my career on recruitment and selection but I also have experience in classification, compensation, employment relations, diversity and affirmative action, and policy development. My recruitment and HR experience spans from writing multiple choice exams to being on the development team for wis.jobs, the official employment website for the State. I was also involved in IBIS, ACE Initiatives, HR Realignment and now the ongoing STAR and Shared Services initiatives. I have performed every human resource function from hiring to firing and from opening a work location to closing one. The only HR-related job I have not done is payroll and benefits because that job is simply too hard and thankless. No one ever called a payroll specialist because their check was right....

With the experience as a civil service employee that I just mentioned across a wide array of positions, I am happy to take this opportunity to discuss this legislation with you. I read Senate Bill 285 as an effort toward modernizing the State's hiring process in order to speed-up recruitment and increase employee retention without sacrificing the critical principles of civil service: merit requirements for selection, equal opportunity, fairness, just cause, transparency, and safeguards to protect the integrity of the system.

Throughout our proud history of civil service in Wisconsin, there have been periodic and necessary adjustments to reflect current needs and to prepare for the future. While I certainly have not been around for each of those adjustments I have absolutely benefited from numerous updates to the civil service law.

Without the changes passed in 1998, I would not have been hired. Prior to that time only Wisconsin residents were permitted to be state employees. As a Michigan resident going to school in Nebraska, I would have been deemed ineligible for civil service even though I was willing to move to Wisconsin for a career. In fact, prior to the 1998 changes, out of state recruitment was prohibited, meaning I might never have known about the opportunity. With the updates passed in 1998, the State was able to recruit the best and brightest employees, even if they were living outside

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of Wisconsin at the time.

Furthermore, prior to the 1998 changes, the number of candidates referred for interview was much smaller and there was a clear expectation that a hire be made on the original referral of names. Even further back in our civil service history, prior to 1979-1981, expanded certification, which permits adding qualified women and minorities to interview lists if the position is underutilized for either, was not an option. All of these changes throughout the history of the civil service law culminated with me and thousands of other exemplary state employees to serve in the civil service. In looking at these changes, it is clear that updates and improvements are important to ensuring the civil service law allows the state to hire the best and most qualified candidate for the job.

My point is that there comes a time when we have to be open to careful changes of an essential system in order to accomplish the goals ahead of us. At present we have hundreds of positions open with timelines that simply take too long to fill. Although there are many reasons for the timeline, in the end open positions mean the current employees bear the strain of doing multiple jobs and working too much overtime while the programs and services dedicated to the State suffer. The problem will only be exacerbated moving forward as more and more State employees become eligible for retirement.

Under today's statutory standard we have an expectation fill a position in 105 days after it has been authorized for hiring. That process includes an examination for each position. Under Senate Bill 285, the State will have an expectation to fill a position in 60 days after it has been authorized for hiring, including an examination. I want to quickly clarify the civil service examination procedure. People often think there is a single State exam that all incoming employees have to pass – kind of like the SAT or ACT. Not so. In reality, there are a number of types of exams and a variety of assessment processes. The tools used should be based specifically on the needs of the position, the classification, the labor pool and the competition in the market. That may mean a resume review, a multiple choice exam, just a copy of your professional license or a 5 staged multi-day assessment process. You need a very different process to fill a single uniquely skilled IT job than you do to fill 25 Probation & Parole Agents from among thousands of candidates.

The proposed changes require all candidates to submit an application and resume but also require that the merit principle is maintained. The language includes multiple references to selection processes or evaluation processes. Expanded certification continues for women, minorities and disabled persons. Preference is maintained for veterans and the safeguards for the processes remain intact. Safeguards include the provision that the Director develop all of these procedures for hiring by adhering to merit and to build a process across all of the State classified service.

In regards to disciplinary and firing procedures, the bill maintains just cause for employees and a clear intent toward progressive discipline is added. The grievance process is maintained along with an accelerated timeline to resolve any grievances. In total, a full challenge on a disciplinary action would now be completed in 120 days. In today's world cases can drag on for months and in some cases years. This elongated timeline is difficult for both the employer and the affected employee. The bill's effort toward expediency is understandable and important. The bill also requires development of a progressive discipline system which moves toward to an interest in consistency across the classified service. Today, the work rules vary widely by agency as does the progression track used by each agency. There is value in employees knowing and understanding a single system, with agency specific nuances, rather than learning a new process with new rules at each agency.

The bill also makes changes to the probationary period for new employees. The standard probationary period is lengthened to two years with a waiver possible after the first year. This standardizes the probationary period for all classifications across the classified service. Today the standard is six months but many classifications are approved at 12 months, 18 months or in some cases two years. There have certainly been many cases where an employee can ultimately be successful in the job with more time on probation to learn but when forced to make a decision a six months, the supervisor may decide to separate rather than take the risk. Increasing the probationary period to two years will allow supervisors to more accurately determine an employee's performance, which in turn will allow employees to be more successful.

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Performance and performance evaluations are given a stronger role in our processes through the bill. Under current provisions, supervisors are required to give employees annual evaluations or forfeit their general wage adjustments. Additionally, in order to be eligible for a general wage adjustment the employee must have satisfactory performance. The bill puts the annual evaluation requirement into statute and adds a new tool with funding to grant discretionary lump sum awards for performance. This provision is in addition to the provisions which already exist in the State Compensation Plan. Performance has always been a part of the layoff process but through the bill it is now moved to a more prominent determining factor.

The bill includes a few provisions that potentially add additional time to the hiring process but certainly aid in the effort toward transparency. Promotional opportunities must now be opened more widely to the public, reinstatement eligibility is eliminated other than in the event of layoff, and a check of the employee's personnel file is required before making a hire.

In short, just has occurred historically, we are at a place in time when we must become more competitive and efficient at hiring. In an ever improving economy, we can't afford to be an employer with a hiring process that takes months to fill a position. We lose candidates every day due to timelines and complexity of process. No HVAC Specialist wants to drive to a Saturday exam center to take a multiple choice exam in a city away from home, when he or she can apply for a private sector job by completing an application and submitting job history or resume.

While there is a great deal of work ahead in order to enact the proposed changes, the language preserves what is right and important about civil service while attempting to modernize and expedite our hiring process. As I have over the course of my nearly 16 year career in state service, I am committed to providing HR related services to the agencies that provide vital services to taxpayers. I look forward to working with the very talented team of human resource staff within the Division of Personnel Management and across State government as we proceed.



State of Wisconsin
Department of Financial Institutions

Scott Walker, **Governor**

Ray Allen, **Secretary**

October 6, 2015
Senate Committee on Labor and Government Relations
Senate Bill 285

Testimony of:
Secretary Ray Allen
Department of Financial Institutions

Good Morning Chairman Nass, committee members and thank you for giving me the opportunity to testify before your committee regarding Senate Bill 285.

Wisconsin has a long history of being a leader in government reform and this legislation continues that tradition. Senate Bill 285 seeks to reform the state's processes for recruitment and retention of employees in a way that will encourage the best to apply and the best to stay in state service. Simply put, certain key portions of the current civil service system are woefully outdated. They need to be modernized so that our state agencies are able to attract and retain the best and brightest employees. This bill addresses three critical pieces of the recruitment and retention of employees:

- It will streamline the hiring process, a process that can take months and at times result in qualified applicants accepting other jobs before an offer can be made. A key component of this change is replacing the current self-exam process with a resume-based system. The current exam system often times leads to poorly matched, even unqualified "top candidates." The private sector uses resume-based recruitment, and it's time for the State of Wisconsin to get into the 21st century and employ the same recruitment method.
- Second, this bill will specifically allocate money for state agencies to reward excellent job performance through the Discretionary Merit Compensation program. Making sure our top performers are rewarded for their excellent work sends a powerful message to the entire workforce – and state taxpayers – that we are serious about paying employees for their performance.
- Third, this bill will give agencies the ability to justifiably terminate employees who commit serious violations of our workplace rules – such as drug use, theft of state property, or threatening co-workers – in a timely manner.

Allow me to share a couple of examples from DFI's perspective of why the current system is outdated:

- Regarding the length of the hiring process: Over the past five years, the average time it took to recruit, interview and hire for open positions took, on average, nearly four months. The maximum recruitment time for one of our positions was 239 days, or nearly eight months. Delays such as these place an undue burden on the rest of our staff and, more importantly, impede our ability to provide timely customer service to our constituents. Under the changes

being proposed, a goal of 30 days to employment offer would be set for agencies after they receive resumes for a vacant position. This would be a very welcome improvement.

- Regarding disciplinary action: DFI had an 11-year employee who was disciplined three times over a 2 ½ year period for insubordination, repeatedly falsifying his time card, and improper use of his state purchasing card. DFI finally terminated the employee, but the employee filed a grievance. The grievance process took several months and DFI ultimately had to pay \$25,000 in severance to part ways with the employee to avoid further litigation. In addition, the disciplinary and grievance processes cost DFI more than \$10,000 in staff time. Total cost of dealing with this employee's unacceptable behavior: more than \$36,000.

In closing, I want to address what I believe is a common misconception about the current exam process. When you say the words "civil service exam," I believe that many people think the exam is some sort of universal tool that measures the aptitude of the applicants. It's not. In many cases, the "exam" is a self-assessment survey that gives applicants the opportunity to answer open-ended questions about themselves or rate themselves on a series of skills, the responses to which may or may not match the applicant's real-life experience level. That's how a short-order cook can end up making a list of finalists for the position of financial examiner.

In either case, the current "civil service exam" affords applicants the opportunity to engage in creative writing about their life experiences or overstate their own qualifications. The "score" that an applicant receives on his or her "civil service exam" can be very misleading. Let's do away with that cumbersome and outdated part of the process and use resumes as the first step in identifying the most qualified candidates.

The common-sense reforms included in this bill will give us the ability to modernize our recruitment and retention efforts while at the same time maintaining and enhancing the core principles of Wisconsin's civil service system. Just because something is 100-plus years old doesn't mean it is somehow above change. The current system can be made more effective with these reforms. Let's give our state agencies the tools they need to hire, reward and keep great employees.

Thank you for your time.



Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

Recruitment and Retention Reform Public Hearing Senate Labor and Government Reform Committee

Department of Revenue
Deputy Secretary Jack Jablonski

October 6, 2015

Introduction

Thank you for the opportunity to testify in favor of the Recruitment and Retention Reform legislation as introduced by Senator Roth and Representative Steineke.

The Walker administration has made it a priority to deliver taxpayer services in an efficient and effective manner. At the Department of Revenue, we have improved our ability to deliver quality and affordable government to taxpayers through Lean Government initiatives and the administration's ongoing efforts to combat waste and fraud.

The recruitment and retention reform bill as offered by the Legislature today is a continuation of these efforts that will modernize hiring practices, enhance integrity of the state employees that serve, and enable better management throughout state government.

Recruitment

At the Department of Revenue, hiring capable employees requires timeliness in recruiting and responding to applicants. In 2013, DOR undertook a comprehensive effort to apply Lean principles to our hiring process in an effort to reduce the number of days it takes to fill a position. Before the Lean project, the average was 155 days. Today it stands at 57 days.

However, even after an exhaustive commitment through administrative actions to narrow this timeline, we know more must and should be done. Eliminating a cumbersome front-loaded exam process will allow us to better hire quality candidates while better expending resources on meaningful work.

A recent panel evaluating written examinations for an attorney position had more than 50 applications that required two attorneys and a compliance manager to spend a day and a half grading them. Just as bad as the lost productivity is the barrier the examinations present to potential applicants. You will find few dedicated current state employees that think we should spend more time grading such examinations, especially since an interview process that holds more weight follows.

We believe the goal of 30 days to an employment offer can be met by moving to a resume-based screening system that is consistent with good hiring practices.

Having a shorter timeline to get to an employment offer will enable us to access the best set of candidates. Many of our managers grow frustrated by the length of time the hiring process takes – and are filled with stories of top candidates that we lost because other organizations make offers much quicker. We operate in a competitive environment and must move to update our hiring procedures accordingly. In a world where you can file a resume with the web site Indeed.com and get a response from an employer in hours, a hiring timeframe of 150 days or even 100 days is laughable to today's graduates.

Probably many of you have heard how ridiculous some of these examples can be. In one case I knew before I got to the agency, an employee applied in the summer of 2010 and did not hear back from the DOR until six months later. I fear there are many examples where the state lost valuable talent because of our antiquated processes. In a time where more than 50% of DOR employees will be eligible for retirement in the next five years and 32% are eligible today, it is incumbent upon us to be competitive.

Retention

The second issue of retention is more than just about terminating employees that betray the public trust.

By and large, the state employees that I work with on a daily basis are committed to public service. However, it can take only a few employees to drag down morale and corrode a work unit.

It is not uncommon for groups of state employees to come to management, including me, asking for action against an employee that has either performance or misconduct issues. Often, under our current set of laws, the solution requires a vast amount of time and resources to get results.

This legislation will significantly assist us in building a positive work environment. There are many changes that I would applaud in this regard:

Extending to two year probationary periods will ensure we are not burdened with employees for years because we did not have the necessary on-the-job experience to make a judgement at six months. For example, attorneys might not often have completed a case in this timeframe for us to judge performance. An economist's first modeling project might extend beyond six months. There is no downside to extending the probationary period, and this provision is supported by the many managers and supervisors that are charged with making personnel decisions.

Improving the provisions regarding "just cause" for termination based on certain misconduct will maintain the integrity of all state employees. If an employee is stealing, falsifying records, or inflicting personal harm, we believe the ability to terminate should be easy and clear. Remarkably, the Department lost an arbitration case when terminating an employee who engaged in theft. We believe this reform legislation sends the right message – taxpayers deserve to be served with integrity, and state employees should not be tarnished by the actions of a few.

We also welcome changes on job abandonment, moving the number of days from 5 consecutive to 3 over a calendar year. One of our employees over less than a year and a half time frame was absent 14 days without notification. We were finally able to move to termination after a time consuming process. If we were able to terminate the employee after the third absence, we would have avoided a lengthy and costly 18 month process of reprimands and suspensions. Along the way, this employee consumed management time and added in an additional 25 tardy appearances.

Finally, we believe the added resources for a discretionary merit award program will allow us to both incentivize and reward top employees. The Department of Revenue has worked to provide a very transparent DMC program since its origination in 2011, with input from employees and oversight from our full management team.

These retention measures will help maintain a positive work environment for state employees by eliminating those that betray the public trust and impugn the reputation of all state employees. Furthermore, it will provide the tools to reward and review employee performance.

Conclusion

Once again, thank you for the opportunity to testify. We are pleased that the Legislature is working with the administration to streamline hiring and prioritize merit and job performance, while providing management the resources consistent with best practices.



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The Association of Career Employees urges the Legislature to reject the civil service changes proposed in SB285.

This legislation is not needed and does not address the problems that have been alleged to exist. The changes will not support hiring according to merit and will not encourage retention of employees. The examples given are unpersuasive and speak as much to administrative problems as to employee misconduct. By consolidating all hiring and personnel decisions in DOA, it is unlikely that hiring will be faster.

The proposed changes seem to have three major purposes:

I. TO ENABLE A PATRONAGE HIRING SYSTEM. Make it easier to hire according to political persuasion rather than merit. This will lead to a patronage system rather than an improved civil service system. Features of the proposed system that will help accomplish this end include the following:

- Consolidation of authority to hire all employees into the most political of all of the state agencies, the Department of Administration, and away from individual agencies and the supervisors and managers responsible for overseeing the job activities. Will supervisors and managers even have a significant role in the decision-making process?
- Dropping the exams that job candidates take in favor of a resume system. A resume system will provide less information about what employees know and the impact of their experiences and will allow selection to be more subjective. An achievement history questionnaire provides far more relevant information related to a specific job than does a resume.
- Eliminating the requirement that competition for a vacancy in the classified service must be limited to members of the classified service, and eliminating the authority of the director to limit competition for promotional opportunities in certain circumstances.

II. TO ELIMINATE CIVIL SERVICE PROTECTION FROM IMPROPER POLITICAL INTIMIDATION. Make state employment "at will" employment without protection for being terminated for political reasons. Features of the proposed system that will help accomplish this end include the following:

- Extension of the standard probationary period for all original and promotional appointments to permanent and seasonal positions in the classified service from six months to two years with a potential waiver after one year. During a probation period a person can be fired without showing just cause. At what point will employees be given full fringe benefits and relief from fear of arbitrary actions?
- Expanding the definition of just cause to include work performance or personal conduct that an appointing authority determines to be inadequate, unsuitable, or inferior. This is so broad that it could include policy disagreements, attending political events, making political contributions, and other activities that would not now be considered just cause.

III. TO CLEANSE THE RANKS OF EXISTING CLASSIFIED CIVIL SERVICE EMPLOYEES. Make it easier to get rid of classified state employees and therefore creating more vacancies to fill under the new rules.

- Limiting reinstatement privileges to permanent employees who are on layoff status.
- Reducing the reinstatement period to three years instead of five years.
- Eliminating reinstatement for employees who leave for any reason other than layoff.
- Eliminating restoration rights for permanent employees in the classified service who are laid off on or after the effective date of the bill.
- Permanently maintaining all employee files and prohibiting the removal of disciplinary records from employee personnel files. This means someone cannot overcome past mistakes and could lead to new managers looking for ways to get rid of long-term employees using the new just cause definitions.
- Eliminating an employee's ability to "bump" a person of lesser seniority within the same classification range.