



**Testimony**

**Senate State Government Committee**

**SB 1037: Civil Service Act Modernization**

**April 16, 2018**

Office of Administration

Sharon P. Minnich, Secretary

Chairman Folmer, Chairman Williams, and Members of the Committee, I am Sharon Minnich, Secretary of the Governor's Office of Administration (OA). Thank you for the opportunity to discuss the important changes proposed by SB 1037 to modernize civil service hiring practices. On behalf of Governor Wolf, I would like to express the administration's support of the changes outlined in SB 1037, and thank Senators Folmer and Vulakovich, along with majority of the Senators who co-sponsored this bill, for their leadership on this legislation. The proposed changes maintain the merit system while allowing for modernization and improved efficiencies within the commonwealth's personnel systems.

Today, our workforce is comprised of approximately 73,000 permanent, full-time employees, 70% civil service, 30% non-civil service. We have a complex system with both merit-covered agencies and merit-covered positions. We have 17 merit-covered agencies and over 1,600 civil service job titles. Therefore, an individual can apply to a civil service job title in a non-civil service agency, or vice versa, creating potential confusion for the applicant. Individuals seeking employment increasingly use technology and social media to find jobs and learn about employers. The ability of state agencies to deliver services to the public and operate effectively is only as good as the employees we can attract and develop. Therefore, it is critical that we focus strategically on human resources.

The Office of Administration has implemented multiple initiatives in recent years to address the evolution of the human resources field and align with industry best practices. Through our workforce data, we know that the percentage of Millennial-age employees working in state government is significantly lower than both state and national averages. This creates significant challenges in terms of workforce and succession planning and developing the next generation of state government leaders. To better understand this issue, we created a Next Generation Task Force to gather input on recruitment, retention, and branding. Through this group, we heard first-hand about the negative impressions that exist about employment with the Commonwealth, which are largely due to perceptions that it is difficult to get a job and that there are limited opportunities for job growth. We also created a new internship program with the Commission to allow us to directly hire an intern at the end of their internship and programs for them to bond with their peers.

Second, we have implemented vacancy-based postings for our non-civil service jobs and launched a modern employment website to improve ease of application. We have also removed "personnel" and "government" language so that we advertise positions in ways that are understandable to the public.

To increase opportunities, we implemented a "ban the box" policy which removed the criminal history question from most job applications and worked with the Department of Labor and Industry's Office of Vocational Rehabilitation (OVR) to improve the accessibility of the employment website and online application. In collaboration with OVR, we will launch an internship program for college students with disabilities this summer and we plan to conduct a voluntary survey of all employees later this year regarding disability status.

Next, in July 2017, we consolidated all agency human resources offices under the Governor's jurisdiction into a single, unified office within the Office of Administration. This initiative is known as Shared Services. We now have a centralized talent management organization focused on workforce planning, diversity planning, recruitment, employee development, and training. However, while we must plan for the enterprise, we only touch 30% of recruitment activities.

Through the new shared services model, we have standardized non-civil service veteran determinations and processes across the agencies, thereby allowing a clearer view of the number of veterans employed by the commonwealth. Since 2011, the non-civil service veteran hiring rate has averaged 9%. However, the percentage was based on incomplete data, as we were previously unable to account in our metrics for the hiring of veterans as State Police cadets. With the State Police now included within OA's reporting, the non-civil service veteran hiring rate is 12%, which is commensurate with the Commission's veteran hiring rates.<sup>1</sup>

Finally, thanks to the work of the General Assembly with Acts 69 and 167 of 2016, there is now a clear path for the commonwealth to post job vacancies, communicate by email to applicants, expand the Rule of Three, and use a standard application for employment. The legislation also allows agencies to determine the method of examination, which will provide hiring managers with candidates that are the best fit for their positions.

The changes required by the legislation were to be effective immediately. However, they were met with resistance by the Commission, as evidenced by comments submitted to Independent Regulatory Review Commission (IRRC) on the Commission's proposed regulations and IRRC's requirement that the Commission meet with its customers before submitting revised regulations. OA and the Commission also conducted redesign sessions throughout 2017 where the Commission continued to oppose implementing the statutory amendments; again, agreement was not reached through this process on agency exam selection, posting of job vacancies, and the Rule of Three.

It was not until the publication of the co-sponsorship memo for SB 1037 that the Commission withdrew the proposed regulations and agreed to the conversion of written examinations to experience and training and expansion of the Rule of Three. They also then reluctantly agreed to score both minimum experience and training and supplemental questions for a position-based vacancy, something that agencies requested to better align the applicants with the actual experience requirements of the position to be filled.

We have worked with and supported the Commission to modernize and implement the laws passed unanimously by the General Assembly. To ensure continual progress we have: provided a project manager for the project; provided a staff person to work on change management; scheduled and led process redesign sessions; developed training for Commission staff; developed the guidebooks for Commission staff; procured software licenses for Commission staff; and provided and funded technical staff to make changes to the Commission's legacy systems. Without this support, it is unlikely the commonwealth would be on target to implement changes in accordance with the law.

Although we have made progress towards improving the commonwealth's recruitment and hiring for all jobs, we still have two personnel systems with duplication.

---

<sup>1</sup> Pennsylvania State Police (PSP) cadets are non-civil service. PSP administers their hiring under a different mechanism, but still applies veteran's preference. Previously, because of our decentralized model, it was not being tracked the same way; however, under our new initiatives we will be able to see comparable data.

Currently, we have two websites for people to look at to understand our processes. While we are launching a single employment website and online job application later this month, there are still two groups behind the scenes reviewing applications using the same technology, two groups conducting background checks, two groups conducting veteran's determinations, and two groups providing applicants to hiring managers to conduct interviews. If an applicant applies for civil service and non-civil service jobs, which is often the case, they must speak to two different talent management organizations serving one employer, the Commonwealth of Pennsylvania.

I would also like to address misconceptions about SB 1037's impact on merit hiring and suggestions that the legislation will erode merit principles. Nothing could be further from the truth. The bill does not change merit hiring principles; it only changes who administers them. The legislation also ensures that the proper checks and balances are in place by maintaining the audit, investigatory, and appeal functions in the Commission.

Similarly, the legislation does not change which agencies, professions, and positions are currently covered by the Civil Service Act. The current process, which requires the OA to seek Commission approval to exempt a position from civil service coverage, will remain in place.

The bill also requires OA to promulgate regulations, which is a multi-year process inclusive of stakeholder input and hearings. Any policy issued must align to these regulations and the law itself.

The enactment of SB 1037 will allow us to be more transparent and more responsive. As part of the shared services initiative, OA is implementing metrics associated with our services to all the agencies as well as governance. Critical measures associated with hiring include time to hire, cost to hire, cost of recruitment, recruitment effectiveness (percentages of employees retained past six months, one year, etc.), diversity (classification, geography), and veterans hiring. These statistics can all be part of a single workforce report rather than two reports, as they are today. OA meets bi-monthly with all the agencies it serves through a governance process to review service delivery and metrics.

By truly having one personnel system, we can better serve the agencies and thus the public. Senate Bill 1037 allows us to modernize and become more efficient while protecting and improving the merit system of employment and veteran's preference and while preserving the Commission's ability to conduct its current functions around audits, appeals, and investigations. Given the federal and state changes since 1941, we support and welcome the opportunity to improve services to our agencies, our applicants, and the public.

I would like to conclude my testimony with a few observations and questions for this Committee.

For the past 20 years, the Commission has largely resisted change and ignored the needs of its agency and applicant customers. For the past year and a half, the Commission has resisted and delayed implementation of Act 69 of 2016 and Act 167 of 2016 and the clear intent of the General Assembly. However, almost immediately after the announcement of SB 1037, the Commission withdrew its problematic and unnecessary regulations and suddenly became much more cooperative with efforts to implement the previously passed legislation.

Given this track record, if SB 1037 is not enacted, what will happen to the legislative changes you have already approved and that we are so close to implementing? What is to prevent the Commission from undoing all that has been accomplished and returning to the status quo?