

CITY HALL



# SYSTEM UPGRADE

## Retooling New Orleans' Civil Service

August 2004





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## **BGR Project Staff**

Janet R. Howard, *President & CEO*  
Patricia E. Morris, *Co-Author*  
Jerry Himmelstein, *Co-Author*  
Amy T. Pease, *Designer*  
Peter Reichard, *Contributing Editor*  
Jeffrey Max, *Research Assistant*  
James Alex Watkins, *Research Assistant*

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## **BGR**

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The full report and related links are available on BGR's website, [www.bgr.org](http://www.bgr.org).  
Bureau of Governmental Research  
225 Baronne Street, Suite 610  
New Orleans, Louisiana 70112  
Phone (504) 525-4152  
Fax (504) 525-4153

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# Executive Summary

## Introduction

In 1935, three years after its founding, BGR called for an end to the spoils system in New Orleans. At that time, one typically obtained city employment by going to the precinct captain of the group in power who, in turn, went to a ward leader. All conditions of individuals' employment were subject to the approval of political operatives. Competency was not an issue.

Firing and promotion were likewise dominated by politics. A change of administration would throw city government into chaos, as employees were discharged to make way for the protégées of the victors.

BGR observed that the City would be better managed if the employees were emancipated from the stranglehold of politicians and given the following:

- ◆ Freedom from political discharge
- ◆ Promotions based upon merit
- ◆ Freedom from the “shake-down”
- ◆ Employment based on training and ability
- ◆ Freedom to vote as they please

The citizens of New Orleans agreed, and in 1942, the State Legislature, responding to reform pressure, established a civil service system for the City. The framework for the system was later incorporated into the State's constitution. To protect employees from political pressure and to ensure that public employment was based on merit, civil service officials were given two sets of powers: the power to oversee discipline and the power to administer and regulate the classified service. The latter power placed them in the role of personnel administrators.

Historians and political scientists generally agree that replacing the spoils system with merit principles was a step forward in public administration. There are, however, many observers who question whether the merit principle is still served by the civil service system as it has evolved and whether civil service meets the challenges of personnel management that confront governments in a world of work that has changed significantly. Many taxpayers and consumers of public services view civil service as a ticket to a lifetime job regardless of performance; top-level managers regard it as an impediment to flexible rearrangement and compensation of the work force; and some of its own proponents say that civil service makes it difficult to recruit and retain qualified workers.

Most criticisms of the traditional civil service system arise out of its complexity, rigidity and slow pace. Civil service rules are often described as byzantine and confining, civil service processes as overly bureaucratic, job classifications as too detailed, disciplinary actions as too burdensome, the effect of seniority as too pervasive, and the whole system as too slow. David Osborne (the influential co-author of *Reinventing Government*) and Peter Plastrik, the co-authors of *Banishing Bureaucracy*, published the following lament:

*Imagine working in an organization that makes it so hard to fire nonperformers that managers have quit trying. Imagine hiring from a list of the three top scorers on a written test that has little to do with future performance on the job. Imagine routinely losing your best employees because you can't pay them what they're worth. And imagine enduring layoffs in which those with seniority “bump” other employees—so when 100 people lose their jobs, 400 more play musical chairs, winding up in jobs they aren't trained for and don't want.*

The National Commission on the State and Local Public Service succinctly summarized the dilemma: “America’s civil service was invented 100 years ago to guarantee merit in the hiring process. Sadly, many state and local governments have created such rule-bound and complicated systems that merit is often the last value served.”

### **Trouble in the Crescent City**

In New Orleans, there are signs that the City’s human resources system is dysfunctional. In a report card from the Government Performance Project 2000, published by Congressional Quarterly, the City of New Orleans received an “F” in Human Resources. Weaknesses cited included a general hiring freeze and layoffs announced about the same time as raises for political appointees, no formal work force planning, performance evaluations that are “virtually worthless,” and “terrible pay levels and no financial rewards for performance.”

Responsibility for the various areas covered by the report card is distributed among the City’s administration, the Civil Service Commission and Department, and in some cases, the City Council. In this report, BGR describes the operation of the City’s human resources system and examines two issues raised by Congressional Quarterly’s report:

- ◆ To what extent is the civil service system contributing to weaknesses in the City’s human resources management?
- ◆ What can be done to create a more effective and nimble personnel management system?

### **Do We Need Civil Service?**

A threshold issue confronted by BGR in preparing this report was whether there is a continuing need for civil service protection. If rampant political patronage and political pressure on employees no longer pose a threat, the *raison d’etre* for the system has disappeared.

Two recent examples demonstrate that patronage hiring and political pressure on public workers are clear and present dangers. In January 2003, the newly elected district attorney fired 20% of the office’s work force in one day. In October 2003, the Louisiana Supreme Court removed from office a New Orleans Civil District Court judge who had threatened to fire those staff members who did not sell an allotted number of tickets to his fund-raiser.

These cases indicate a continuing need for a system that protects public employees from political manipulation.

### **The New Orleans Civil Service System**

New Orleans’ civil service system regulates the employment of all classified employees of the City, its agencies and boards, and the Sewerage and Water Board (S&WB). Classified employees include all employees whose positions are not designated as unclassified in the Constitution of the State of Louisiana of 1974 (Constitution) or by act of the Civil Service Commission (the Commission). Currently, there are approximately 6,500 classified and 300 unclassified city employees.

The system is governed by the Civil Service Commission, an independent body of five citizens. Four commissioners are appointed by the City Council from nominations by presidents of local private universities,

and a fifth, an employee, is picked by the Council from among the top three in an employee election. The Commissioners appoint the director, who manages the constitutionally created Civil Service Department.

The Commission has broad rule-making and subpoena powers for the administration and regulation of the classified service. It can enact rules governing employment, promotion, demotion, suspension, reduction in pay, removal, eligibility, qualifications, political activities, employment conditions, compensation and disbursements to employees, and other personnel matters and transactions. These rules are codified as the *Rules of the Civil Service Commission, City of New Orleans (Rules)*. The Commission also has the power to adopt a uniform pay plan and require the City to institute an employee training and safety program. The Commission's rules have the force of law; those affecting wages and hours become effective only when approved by the City Council.

The Constitution gives the Civil Service Department a key role in the hiring and promotion of classified employees. The City can hire or promote such employees only from a list of candidates certified as eligible by the Civil Service Department under a general system based upon "merit, efficiency, fitness, and length of service, as ascertained by examination which, so far as practical, shall be competitive." At least three names must be certified. It stipulates little else with regard to the operation of the department, allowing significant changes to the civil service system without constitutional amendment.

In addition to its regulatory and administrative roles, the Commission performs a judicial function. Permanent classified employees who are disciplined and any

classified employees claiming discrimination can appeal to the Civil Service Commission, which has the exclusive power to decide all removal and disciplinary cases. Either party may appeal decisions of the Commission to the Louisiana Fourth Circuit Court of Appeals.

## **An Inefficient, Inflexible System**

Although the Constitution does not dictate it, New Orleans' civil service system currently operates under a traditional, centralized civil service model. In such systems, most steps taken in personnel matters are not official until the civil service department has either done it or explicitly approved it. The announcement of job vacancies, the acceptance of applications, the scheduling of tests, the scoring of tests, and the construction of a list of eligible candidates are all functions of the central office. Typically, the hiring agency is presented with a list of eligible candidates from which it must pick.

Promotions require the same sequence of events. Compensation depends on job classifications that are determined by the civil service department, and the principle of equal pay is enforced through a uniform pay plan, also administered through the central office. The system spawns a vast body of rules, the sheer complexity of which solidifies the control of the central personnel office.

Predictably, New Orleans' human resources system suffers from the flaws inherent in a rule-bound and bureaucracy-laden system. It is simply too complex and cumbersome, and often too slow, to meet the challenges of hiring and retaining an effective government work force. The system is beset with problems and inefficiencies at every level. In many cases, bureaucratic steps created in the name of merit

*New Orleans' human resources system suffers from the flaws inherent in a rule-bound and bureaucracy-laden system.*



ultimately work against the production of the most qualified work force. In addition, efforts to hire and reward high performers are handicapped by a number of failings and systemic problems, including a lack of flexibility in hiring and compensating employees and a meaningless evaluation system.

It should be noted that not all the problems with the City's human resources system are the fault of the civil service system. In some cases — such as worthless evaluations, poor communication at the cabinet level, and lack of work force planning — responsibility for failures is primarily that of city management. Furthermore, many of the City's personnel problems flow from the low pay levels for city workers — a matter that is clearly outside the control of the Civil Service Department.

## Problem Areas

The City's human resource problems include the following:

*Recruitment.* Recruitment efforts are low-tech, anemic, and less than welcoming for applicants. The City's website does not list openings. Except in special cases, classified city jobs are not even listed in the employment section of the newspaper; they appear instead under official notices.

Comprehensive listings of jobs for which the Civil Service Department is accepting applications are found in the basement of City Hall on a 25-foot length of wall. (Such jobs are not necessarily open.) The passive, discouraging system is not likely to produce the best and the brightest candidates.

*Selection Process.* The selection process, in which the Civil Service Department plays a central role, consumes an inordinate amount of time. The Civil Service Department, working with management, determines the eligibility requirements for each type of job, and, except for minimal skill jobs, conducts testing and ranking, and determines who is eligible for consideration. The names of those approved for consideration are placed on a register, a certified list of eligible candidates from which departments can hire. In 2001, the average time between a department's request for and receipt of a list of qualified applicants was 32 days. BGR was unable to obtain reliable information on the duration of other steps in the process.

*Promotions.* Other aspects of the civil service system undermine productivity and merit by failing to recognize and reward achievement. Civil service basically operates as a closed shop, effectively excluding outside candidates from consideration for most jobs above the entry-level. Because evaluations are virtually meaningless, in many cases promotions are in effect based solely on seniority.

*Inflexible Pay Plan.* The City's pay plan works against the concept of merit. Operating on the premise that pay should be uniform for jobs of equivalent knowledge, skills, and ability levels, the Civil Service Department assigns each job a classification with comparable jobs and places it in one of 87 pay grades. Each grade begins 2.5% above the previous one, and

has within it steps representing 1.25% increases. Everyone in a given classification must be hired at a designated rate.

There are four ways to increase pay: the adoption of a new pay plan, across-the-board raises, 2.5% longevity raises given automatically after one year and then every five years, and through promotion to a higher classification. Incentive pay options are very limited. Individual pay-for-performance raises in multiples of 1.25% are allowed if a department submits to the Civil Service Department documentation “detailing specific justification.” (*Rules, Rule IV, Section 2.5 (G)*) No department has ever presented such a request to the Civil Service Department. A pilot incentive pay program is in place for pipe repair crews at S&WB.

Ironically, the focus on equal pay for equivalent types of jobs undermines the concept of merit by failing to recognize variations in the quality of job performance. The rigidity of the plan places management in an unrealistic straight-jacket and gives rise to distorting games designed to provide flexibility without changing the inflexible framework. These include the multiplication of classifications in efforts to raise pay for individuals or groups of employees.

*Low Pay.* Pay levels for classified workers are low and in many cases uncompetitive. Even after the pay raises that took effect in July 2004, 2,011 full-time civil service employees were earning salaries below \$18,850, the urban poverty threshold for a family of four. Pay raises have not kept pace with inflation.

*Meaningless Evaluations.* The concept of merit is mocked by a meaningless evaluation system. The Nagin administration, when it came into office, found that only 19 of nearly 6,000 employees were rated as needing improvement; two were consid-

ered incompetent. The 2002 ratings done under the Nagin administration show almost no change. A multi-agency team established in 2003 to address the failures of the evaluation system has made little progress in addressing this significant issue.

*Work Force Training.* BGR found little formal staff development in most departments, and little coordination between departments and civil service regarding training. Although the Fire and Police Departments have extensive job-related training, there is no citywide process or plan linking organizational goals, individual evaluations, and training.

*Bumping.* New Orleans’ civil service system incorporates one of the most baffling elements of a traditional civil service system: bumping. Bumping is the process through which an employee whose job is eliminated may (depending largely on relative seniority) claim the job of someone with less tenure who is in the same or a lower classification. It can be an incredibly messy process that wreaks havoc with the work force. While the Constitution gives a preference in layoffs to veterans and their dependents, it does not mandate the widespread bumping dictated by the current rules.

*The Slow Pace of Discipline.* One of the most pervasive myths of civil service is that employment is protected regardless of job performance. BGR’s research indicates that this simply is not true. Employees appeal approximately one-third of disciplinary actions to the Commission. In those appeals, the Commission ruled in the employees’ favor less than 20% of the time.

The table below summarizes information on appeals for the three largest employee groups and the total for all departments included in civil service.

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## A Look at the Appeals Process

### Appeal Results, November 1997-August 2002

Department	Total Appeals	Appeals as percent of Disciplinary Actions	Upheld in Employee's Favor	Modified in Employee's Favor	Dismissed in Dept.'s Favor	Other*
Police	350	35.9%	61 (17.4%)	28 (8%)	129 (36.9%)	132 (37.7%)
S&WB	104	49.3	4 (3.8%)	3 (2.9%)	52 (50%)	45 (43.3%)
Fire	34	26.8	3 (8.8%)	1 (2.9%)	18 (52.9%)	12 (35.3%)
<b>Total, All Depts.</b>	<b>753</b>	<b>31.5%</b>	<b>89 (11.8%)</b>	<b>38 (5%)</b>	<b>291 (38.6%)</b>	<b>335 (44.5%)</b>

\*This category includes, in order of frequency, failed to prosecute, withdrawn, compromised, undecided or unknown, exception upheld, action revoked, and opened in error.

Source: Civil Service Department. Calculations by BGR.

an inefficient and ineffective system of personnel administration.

Such is the case in New Orleans.

The Nagin administration has expressed frustration with the operation of the Civil Service Department. In a meeting with BGR last fall, Mayor

The process is, however, extremely slow. Examining available records from 1990-2002, BGR found that the average time from appeal to the filing of a hearing officer's report was 236 days. Likewise, the average time elapsed between the filing of a hearing officer's report and the Commission's decision was 262 days – more than 150 days longer than the time permitted under the rules. From start to finish, the average time was 495 days.

*Management Information and Work Force Planning.* BGR found no evidence of regular reporting of work force data that might inform and aid management, such as analyses of recruitment, turnover, or retirement eligibility. Nor did it find any evidence of systematic administrative planning for future work force needs.

### An Unhealthy Situation

Over the years, traditional civil service systems erected ramparts, piece by piece, in the name of merit principles. These intricate sets of rules inevitably set ever tighter limits on the discretion available to managers in government. At some stage of development, these defenses became so burdensome that they were seen as paralytic by administrators. The end result was

Nagin's top administrators referred to the Civil Service Department as an "unchecked manager" whose obstructionism goes beyond its original purpose and encourages the administration to go outside the system to get things done. They perceive that the Civil Service Department has a general resistance to change in personnel matters and that it takes the Department or Commission too long to act. They maintain that the rules need to be more flexible.

The Civil Service Department sees itself as a dedicated human resources department that has been hampered in its performance, not by its own rules or internal failings, but by forces beyond its control. These include, among others: low wages offered by city government; management failures in the area of evaluations; and the City's failure to provide adequate funding for technological improvements needed to speed processes and facilitate recruitment. The Civil Service Department has, in its view, worked hard to find solutions within the existing confines.

Both the administration and the Civil Service Department have some valid points. The civil service system is cumbersome, unnecessarily rigid, and slow.

Inadequate pay creates serious problems in the hiring arena and contributes to distortions.

The fact that there is plenty of blame to go around underscores the City's and Civil Service Commission's mutual dependency and the need for a close, cooperative partnership between the two. Unfortunately, the relationship between the Civil Service Department and the City's administration deteriorated badly during the prior mayoral administration, leading to a hostile situation and little in the way of communication. The Acting Personnel Director characterized the period, which was marked by a bruising lawsuit over the role of the Commission in privatizations, as "cave-like."

The atmosphere has become less contentious under the current administration. The Chief Administrative Officer (the CAO) and the Acting Personnel Director have met several times, and both claim to have a good working relationship that allows them to address specific hiring issues. The administration and the Civil Service Department have begun to work together to address some personnel matters, such as outdated policy memoranda and meaningless personnel evaluations.

While these are encouraging signs, the current relationship is a far-cry from the close, cooperative partnership needed to create an innovative, high-performing human resources system. The Civil Service Department remains marginalized, as is illustrated by the fact that Mayor Nagin had only one meeting with the head of the Civil Service Department during his first two years of office. There is no institutional framework to bring managers and the Civil Service Department together on a regular basis.

What we have in New Orleans is an unhealthy situation.

## Creating Momentum for Change

Transforming New Orleans' human resources management will require a major collaboration between the Civil Service Department and Commission, on the one hand, and the City's administration and the City Council on the other. They won't have to look far for guidance. A cooperative model for defining and structuring such change exists in Louisiana.

The State of Louisiana in 1999 adopted a vision for change called Advancing Services, Creating Excellence, and Nurturing Distinction 2020 (ASCEND 2020). Key features of ASCEND 2020 included: decentralizing the processing of personnel transactions by delegating authority to state agencies; reorganizing the Department of State Civil Service from functional units into assistance teams that provide human resources services to each state agency; developing an accountability program to monitor state agencies' performance and compliance with civil service rules; and introducing pay flexibility to reward performance.

Progressive management can also be achieved within a centralized system, as illustrated by the City of Phoenix, which was the only city to receive an "A" in human resources management in the survey referred to earlier. Phoenix has a Civil Service Board that hears disciplinary appeals. All other personnel matters are handled by a central personnel department, reporting to the city manager. That department works to provide nimble service to other departments in accordance with merit principles set forth in the city charter. Some of the notable aspects of Phoenix's program include a short period

*What we have in New Orleans is an unhealthy situation.*

for filling most jobs (two to three weeks for most jobs) and an intense and highly valued performance appraisal program. It also offers a wide variety of monetary and non-monetary awards. It should be noted that personnel issues in Phoenix are significantly shaped by the city's relationship with strong employee unions.

Louisiana, Phoenix, and other jurisdictions have used a whole range of practices to address the problems faced by New Orleans. These include:

- ◆ The use of the internet and electronic communication to improve recruitment, accept applications, and facilitate correspondence between civil service departments and user agencies.
- ◆ The use of walk-in testing, on-the-spot scoring, and the shortening of application periods to speed up the selection process.
- ◆ Increase in managerial flexibility with respect to pay through "broad banding" (widening pay ranges for particular classifications and allowing starting pay to fall within a certain range rather than at a set minimum) and incentive pay.



- ◆ Classification simplification to provide more flexibility in reassigning staff.
- ◆ The use of facilitation and expedited arbitration in disciplinary proceedings.
- ◆ Mandatory training in personnel evaluation and the use of disciplinary procedures.
- ◆ Limitations on bumping, such as restrictions to certain job classifications.

## Conclusion

BGR's examination of the civil service system in New Orleans has led it to conclude that merit principles are still important and need protection. The civil service system is a necessary bulwark against patronage and political pressure on employees. To protect workers and the public from the ill effects of a politicized work force, the Commission should maintain its independent rule-making, oversight, and quasi-judicial roles.

Beyond the defense of the merit system, the mission of the Civil Service Department and its relationship with the City's administration should be reshaped by a new vision. BGR proposes that the Civil Service Department's role should change from being primarily a control-focused enforcer of rules to a service-oriented personnel department with independent authority to assure that merit principles are followed.

Developing an effective human resources system would require a partnership that integrates the Personnel Director (the head of the Civil Service Department) into the City's administration. Such a partnership would not require the Civil Service Commission to abdicate its responsibility for its monitoring role or its responsibility for setting the parameters needed to promote merit. It would, however, require a dif-

ferent approach to rules and procedures — an approach that makes them subservient to, and in support of, the goal of creating a high-quality, professional work force.

BGR proposes that changes in civil service in New Orleans should begin with a return to its goals. At its core, civil service should be a system that creates a professional work force for the City. The focus should be on the creation of the most productive work force possible. While the system should protect employees from political pressure and the public from patronage, it should not protect employees from legitimate competition or accountability. It should allow for the motivation and reward of productive employees.

Guided by these goals, the administration and the Civil Service Commission should pursue a relationship built on a commitment to cooperation. To provide the framework for cooperation and reform, the City's administration should explicitly accept and acknowledge the need for an independent civil service system. The Civil Service Commission should explicitly recognize the need for more management flexibility and affirm its willingness to reexamine, and where necessary, rewrite its *Rules*.

In developing and advocating a new vision for New Orleans' civil service, BGR is encouraged by the fact that the Constitution provides broad guidelines, rather than detailed mandates, for the operation of the civil service system. The Constitution does not require that the system remain as it is. It offers the flexibility to adopt, without constitutional amendment, many of the changes that have occurred in public personnel administration around the country.

## Findings and Recommendations

### 1. Creating a Positive Relationship and Momentum for Change

**Finding.** The relationship between the Civil Service Department and the City's administration needs to be redefined. It is currently characterized by minimal communication and a virtual absence of a shared sense of purpose.

#### **Recommendations**

- ▶ The City's administration and the Civil Service Commission should immediately initiate deliberate and inclusive conversations to develop an effective and efficient partnership for human resources management. Maintaining the core principles of merit selection and freedom from political pressure in city employment should be the inviolable bedrock of the discussion. Everything else, including the most sacrosanct civil service rules, should be subject to close, open-minded scrutiny and a wide-open search for the best practices to attract, retain, and reward employees.
- ▶ Leadership for initiating and maintaining communication and partnership should be provided by the mayor and the Civil Service Commission.
- ▶ Regular communication between the Civil Service Department and the City's administration should be institutionalized in the form of regular meetings between the Personnel Director, the Chief Administrative Officer, and other top administrators to discuss human resources issues.

- ▶ When the Commission hires a Personnel Director, it should select a candidate with the willingness and ability to pursue the process of changing the current culture and relationship with the City's administration. The person selected should have experience leading government or private sector organizations through major change.

## **2. Redefining Roles: Managerial Discretion**

*Finding.* Management lacks flexibility and discretion, particularly in the areas of hiring and remuneration. The delegation of more authority would contribute to a performance culture and speed up processes that are currently bogged down in multiple bureaucratic steps.

### *Recommendations*

- ▶ The Civil Service Commission and the CAO should increase management's flexibility with respect to compensation by broad-banding classifications and pay. Broad-banding involves collapsing the myriad classifications into wide categories and establishing compensation ranges for those classifications. It eliminates hiring and starting rates and allows managers to establish salaries at the levels they deem appropriate within the established ranges. The City Council should give the approvals necessary to implement the changes.
- ▶ The Civil Service Commission, working with the CAO, should grant management discretion to give raises in amounts the managers deem appropriate within the applicable pay band. Raises should not be tied to promotions or fixed timetables. The

City Council should give the approvals necessary to implement the changes.

- ▶ The Civil Service Department should reduce the number of transactions that must be submitted to it for prior approval, relying on oversight to ensure that managers are operating within established parameters.
- ▶ The Commission's rule of three, limiting the applicant pool to three candidates, should apply only when there is significant competition for positions and a highly developed testing and ranking system that justifies its use. The use of alternate approaches, such as allowing managers to hire from employees whose rankings fall within reasonable bands, should be expanded.

## **3. Creating a Performance Culture**

*Finding.* The current system works against achievement by failing to recognize and reward quality performance. The factors contributing to the problem are multiple, and include inadequate evaluation procedures, a lack of management training, a rigid and inadequate compensation structure, and restrictions that give too strong an advantage to current city employees. Creating a performance culture will require a multi-pronged attack on the underlying weaknesses in each of these areas.

### *Recommendations: Making Evaluations Meaningful and Productive*

- ▶ The City's administration should take the lead in a cultural change that would make performance and its measurement a core value in city employment. The Civil Service

Department should demonstrate its commitment to this goal by facilitating the process, enhancing training, and monitoring and analyzing ongoing efforts.

- ▶ The City's administration and the Civil Service Department should work together to align evaluation practices with the City's organizational goals.
- ▶ Managers who, after appropriate training, fail to conduct meaningful evaluations should be penalized. The Civil Service Department should monitor and publicly report evaluation statistics by departments.

***Recommendations: Work Force Training***

- ▶ The City's administration should make a major commitment to training its work force. Departmental goals should be clearly articulated and guide training opportunities and requirements. The assessment of training needs should be comprehensive and ongoing.
- ▶ The City's administration should make training for all supervisors, including those who are unclassified appointees, mandatory. Training should address, among other things, performance evaluations, disciplinary procedures, and effective and fair disciplinary techniques.
- ▶ Training and development plans should become an integral part of individual evaluations and be tied to organizational values and goals.

***Recommendation: Pay Issues***

- ▶ BGR recommends as absolutely critical a joint effort by the Civil Service Department, the City's administra-

tion, and the City Council to adopt a new pay plan that will make city salaries competitive and livable. The City's administration should develop a realistic plan to fund the increases. The plan should define specific goals that the City will reach by specific dates. As evaluations become meaningful, the use of incentive pay should be implemented.

***Recommendation: Increasing Competition for Positions***

- ▶ The Civil Service Commission should severely limit or eliminate the use of "promotional only" designations, allowing non-employees to compete for positions above entry level. While longevity and relevant experience with the City should be considered, they should not be an exclusionary factor in filling positions.

**4. Improving the Efficiency and Effectiveness of Recruiting, Testing, and Hiring**

***Finding.*** The Civil Service Department's tightly held control can slow the process for hiring entry-level employees or filling vacancies in higher-level positions. With the exception of police recruitment, New Orleans' recruitment efforts have been almost non-existent.

***Recommendations***

- ▶ The City should begin to recruit potential employees aggressively. Long-standing plans to put jobs on the internet should be expedited. The website design should allow individuals to submit applications on-line and to review their status. E-mail lists for job announcements and test schedules should be developed and kept up to date. The Civil Service

Department and other departments should designate staff members to recruit for hard-to-fill positions. The mayor and appointed officials should promote employment with the City at appropriate functions with neighborhood or interest groups.

- ▶ The Civil Service Department should streamline the selection and hiring processes. The Civil Service Department should maintain registers on the in-house network for direct access by managers and reduce the number of transactions that must be submitted to the Civil Service Department for prior approval.
- ▶ Time lines for the steps in the selection and hiring processes should be established and, if the Civil Service Department cannot meet its deadlines or if fewer than three qualified applicants are available, managers should have the right to make a provisional appointment without the Civil Service Department's prior approval (subject, of course, to the hired person meeting the qualifications).
- ▶ Managers and Civil Service Department staff should review each test to determine its value in predicting success on the job. Where quicker and equally valid methods of ranking applicants exist, the Civil Service Department should use the alternative means.

### **5. Expeditious and Fair Discipline and Firing**

*Finding.* BGR found no reason to doubt the fundamental fairness of either the discipline imposed by city agencies or the Civil

Service Commission's reviews. However, appeals of disciplinary actions routinely are unconscionably slow.

#### **Recommendations**

- ▶ BGR recommends that discipline processes be expedited. The Commission should adhere to its own deadlines and require that hearing officers expedite their portion of the process, too. It should consider hiring more hearing officers or holding hearings more often. The Civil Service Commission should consider granting hearing officers the power to decide appeals, as in the state civil service system. Implementing the latter recommendation would require a constitutional amendment.
- ▶ The Commission and the City's administration should explore all forms of alternative, third-party facilitation and arbitration with the potential to quickly clear disputes.
- ▶ Departments should produce clear written disciplinary policies approved by the City Attorney. Departments should write discipline letters in consultation with experienced city attorneys to minimize unnecessary appeals.

### **6. Layoffs and Bumping**

*Finding.* The bumping system sacrifices the maintenance of an effective work force to job protection. It has the potential to wreak havoc in the case of widespread layoffs.

#### **Recommendation**

- ▶ BGR recommends limiting bumping privileges to clearly related job classifications within an employee's current department.

## 7. Management Information and Work Force Planning

*Finding.* Neither the City's administration nor the Civil Service Department regularly produces personnel management information. Despite a general perception by management that important institutional knowledge may soon be lost as experienced employees retire, systematic internal analyses of impending needs do not exist.

### *Recommendations*

- ▶ The Civil Service Department should routinely produce personnel management reports needed to understand the condition of the City's work force and the City's personnel needs, and to evaluate and improve its own performance. Reports should include information and trend analysis on city departments' personnel activity,

including hiring, turnover, discipline, performance evaluations, etc. The City's administration should provide the Civil Service Department with the necessary technological support to accomplish this.

- ▶ The City's administration and the Civil Service Department should develop staffing strategies for the future. The Civil Service Department should work with the CAO and department managers to put those strategies into practice.

## Introduction

In 1935, three years after its founding, BGR called for an end to the spoils system in New Orleans. At that time, one typically obtained city employment by going to the precinct captain of the group in power who, in turn, went to a ward leader. Each ward was allocated a certain number of jobs with the City. All conditions of individuals' employment were subject to the approval of political operatives and decided on case-by-case political considerations. Competency was not an issue.

Firing and promotion were likewise dominated by politics. A change of administration would throw city government into chaos, as employees were discharged to make way for the protégées of the victors:

*A visit to the City Hall discloses little groups of public employees scattered here and there discussing, "Are we, or are we not to be employed?".... By some magic spell, employees once loyal to a political faction, now denounce it by accepting the authority of another master, whom a few hours earlier they reviled in fearful language. If one is not a "turn coat", it means quick decapitation, so who wouldn't be, when a job is at stake which will feed Mary, little Joe, and tiny Suzanne.<sup>1</sup>*

BGR observed that the City would be better managed if the employees were emancipated from the strangle hold of politicians and given the following:

- ◆ Freedom from political discharge
- ◆ Promotions based upon merit
- ◆ Freedom from the "shake-down"
- ◆ Employment based on training and ability
- ◆ Freedom to vote as they please

The citizens of New Orleans agreed, and in 1942, the State Legislature, responding to reform pressure, established a civil service system for the City along the lines of the merit systems that had been developing for almost sixty years in federal, state, and local governments. This legal framework was later incorporated into the State's constitution.

It was, without a doubt, a crucial reform in city government. Procedures were adopted to make sure that those hired were qualified for the position and to rank applicants as objectively as possible. Jobs were openly advertised, applicants were tested uniformly, jobs were categorized so that comparable skills and work would receive comparable pay, and employees were protected from pressure and reprisals from elected and appointed officials. The goal was a knowledgeable, experienced, "professional" (in contrast to "political") public work force.

## Civil Service Under Challenge

Historians and political scientists generally agree that replacing the spoils system with merit principles was a step forward in public administration. There are, however, many observers who question whether the merit principle is still served by the civil service system as it has evolved and



Courtesy of the New Orleans Public Library

whether civil service meets the challenges of personnel management that confront governments in a world of work that has changed significantly. Many taxpayers and consumers of public services view civil service as a ticket to a lifetime job regardless of performance; top-level managers regard it as an impediment to flexible rearrangement and compensation of the work force; and even some of its own proponents say that civil service makes it difficult to recruit and retain qualified workers.

In 1989, the director of New York's state civil service system, Walter Broadnax, was asked what might be done to improve the system. His answer was "Blow it up."<sup>2</sup> Georgia and Florida have tried that with results that are not yet (and may never be) ripe for emulation. Other cities and states have taken less drastic measures to reform their personnel practices.

Most criticisms of the traditional civil service system arise out of its complexity, rigidity, and slow pace. Civil service rules are often described as byzantine and confining, civil service processes as overly bureaucratic, job classifications as too detailed, disciplinary actions as too burdensome, the effect of seniority as too pervasive, and the whole system as too slow. David Osborne (the influential co-author of *Reinventing Government*) and Peter Plastrik, the co-authors of *Banishing Bureaucracy*, published the following lament:

*Imagine working in an organization that makes it so hard to fire nonperformers that managers have quit trying. Imagine hiring from a list of the three top scorers on a written test that has little to do with future performance on the job. Imagine routinely losing your best employees because you can't pay them what they're worth. And imagine enduring layoffs in which those with seniority "bump" other employees—so when 100 people lose*

*their jobs, 400 more play musical chairs, winding up in jobs they aren't trained for and don't want.*<sup>3</sup>

The National Commission on the State and Local Public Service (Winter Commission) succinctly summarized the dilemma: "America's civil service was invented 100 years ago to guarantee merit in the hiring process. Sadly, many state and local governments have created such rule-bound and complicated systems that merit is often the last value served."<sup>4</sup>

## Trouble in the Crescent City

In New Orleans, there are signs that the City's human resources system is dysfunctional. In a report card from the Government Performance Project 2000, published by Congressional Quarterly, the City of New Orleans received an "F" in Human Resources. Weaknesses cited included a general hiring freeze and layoffs announced about the same time as raises for political appointees, no formal work force planning, performance evaluations that are "virtually worthless," and "terrible pay levels and no financial rewards for performance."<sup>5</sup>

Responsibility for the various areas covered by the report card is distributed among the City's administration, the Civil Service Commission and Department, and, in some cases, the City Council. In this report, BGR describes the operation of the City's human resources system and examines two issues raised by Congressional Quarterly's report:

- ◆ To what extent is the civil service system contributing to weaknesses in the City's human resources management?
- ◆ What can be done to create a more effective and nimble personnel management system?

## Methodology

In order to answer those questions, BGR undertook a comprehensive review of the City's civil service system, its role in personnel administration, and its relationship to the rest of city government. It examined the legal basis for the civil service system in New Orleans and the rules that have evolved for its governance. It attended Civil Service Commission meetings and disciplinary appeals hearings. It analyzed extensive personnel data provided by the Civil Service Department and the Sewerage and Water Board (S&WB).

BGR reviewed historical and current trends in public personnel administration around the country and looked for solutions that might apply in New Orleans.

Based on that review, it took closer looks at civil service in Louisiana state government and in Phoenix, Arizona. It distilled that portion of our research into a presentation of practices that are relevant to our local situation and offer the promise of improvement.

BGR interviewed city officials of the current and previous mayoral administrations, Civil Service Department employees, Civil



Service Commissioners, city employees, S&WB employees, Louisiana Department of State Civil Service officials, other state agency officials, and city officials and employees in Phoenix. It attended meetings of national public personnel administrators held in New Orleans.

From the research BGR was able to assemble the picture of civil service in New Orleans that we present below.

## Do We Need It? A Local Answer to a Basic Question

Civil service was established to eliminate the spoils system. Thus, a threshold issue that must be considered in any review of civil service is whether the spoils system is a continuing risk. If rampant political patronage no longer poses a threat, the *raison d'être* for the system has disappeared. The system can then be evaluated on the basis of its efficiency as a human resources tool, without regard to its protective role for employees.

In this regard, it is instructive to examine a recent transition in an office without civil service, the district attorney's office. In January 2003, the newly elected district attorney in Orleans Parish summarily fired more than 60 employees of the office on one day. Included were investigators, data entry workers, case counselors, and secretaries, many of whom had been urged by the retiring district attorney to work for the election of one of the unsuccessful candidates. The fired employees represented 20% of the office's work force.

In October 2003, a unanimous Louisiana Supreme Court removed Civil District Court Judge C. Hunter King from the bench after finding that he lied under oath regarding pressure he brought to bear on court employees to raise money for his

campaign for reelection. The Supreme Court found that the judge had required his staff to participate in fund raising activities on court time, expected participation as a condition of their continued employment in his court, and made clear that he expected them to contribute their own money to his campaign if they failed to sell the required number of tickets to his fund raiser. The complaint against Judge King, supported by audio tapes of staff meetings, was brought by a staff member who perceived that her subsequent termination was a result of not cooperating.<sup>6</sup>

These items make BGR's 1935 account seem remarkably current and serve as reminders that a politicized public work force is more than an ancient memory in New Orleans. Both patronage hiring and political pressure on public workers are clear and present dangers that make civil service protection as important as it ever was.

While BGR's conclusion is based on local experience, it is not unique to BGR or different from the consensus of national observers. As David Osborne, co-author of *Reinventing Government*, has written:

*In truth, civil service reform is not that complex, and a surprising degree of consensus has developed around several simple propositions. First, we do need a civil service system, to protect public employees against political manipulation—particularly hiring and firing for patronage reasons.<sup>7</sup>*

## Civil Service in New Orleans

### The Work Force

The City's work force is divided into classified and unclassified positions. The civil service system regulates the employment and the conditions of employment of

approximately 6,500 full-time classified employees of the City of New Orleans, and its various agencies and boards, including the Sewerage and Water Board (S&WB). Approximately 300 additional full-time city employees are unclassified employees whose employment is not regulated by civil service.

Since 1990, the City's work force has shrunk by 13%. During that time, the number of classified employees has fallen by approximately 1,000 workers. The number of unclassified employees has remained approximately the same.

The Police Department (with approximately 2,200 employees), the Sewerage and Water Board (with approximately 1,150 employees) and the Fire Department (with approximately 800 employees) are by far the three largest employers in the civil service system. Together they make up 64% of classified employees.

### Broad Powers and Dual Roles

New Orleans' civil service system is established in Article X of the Constitution of the State of Louisiana of 1974 (Constitution). Identical provisions are written into New Orleans' city charter to take effect should the constitutional provisions ever be revoked.

The Constitution creates as an independent entity a Civil Service Commission of five citizens, serving overlapping six-year terms. Four commissioners are appointed by the City Council from nominations by presidents of local private universities, and a fifth, an employee, is picked by the City Council from among the top three in an employee election. The Constitution also creates a Civil Service Department for the City. The commissioners appoint the director, who appoints the other personnel and

exercises the power delegated to him. The Constitution requires the City to appropriate adequate funds for the Civil Service Department to perform its duties efficiently and effectively.

The Constitution distinguishes between classified and unclassified positions. Unclassified positions are enumerated in the Constitution and include elected officials, appointed members of boards and commissions, department heads, executive secretaries, and city attorneys. The Commission has the power to designate other positions as unclassified. All positions that are not listed in the Constitution or affirmatively designated as unclassified by the Commission make up the classified service. The Commission's authority to regulate the details of employment extends only to the classified service.<sup>8</sup>

The Constitution gives the Civil Service Department a central role in hiring and promoting classified employees. It provides that permanent appointments and promotions to the classified service will be made only after certification by the Civil Service Department under a general system based upon "merit, efficiency, fitness, and length of service, as ascertained by examination which, so far as practical, shall be competitive."<sup>9</sup> The minimum number of candidates that can be certified as eligible for a position is established at three. The Commission is directed to adopt rules to govern the certification process and to provide for emergency and temporary appointments.

The Constitution also establishes certain preferences and protections for employees. It grants veterans and their dependents preference in hiring and layoffs. It prohibits discrimination on the basis of political or religious beliefs, sex, or race and provides that permanent classified employees

(those who have successfully passed their probationary period) cannot be subjected to disciplinary action except for cause expressed in writing. Disciplined permanent employees and any classified employees claiming discrimination may appeal to the Commission, which has the exclusive power to decide all removal and disciplinary cases. Either party may appeal decisions of the Commission to the Louisiana Fourth Circuit Court of Appeals.

The Constitution contains provisions designed to protect employees from political pressures. It prohibits classified employees from engaging in political activity. It prohibits anyone from soliciting political contributions from classified employees or using his position in the city service to punish or coerce political action by a classified employee.

The Constitution gives the Commission broad rule-making authority to accomplish the purposes and objectives of the merit system.<sup>10</sup> The Commission has the power to regulate employment, promotion, demotion, suspension, reduction in pay, removal, certification, qualifications, political activities, employment conditions, compensation and disbursements to employees, and other personnel matters and transactions. It also has the power to adopt a uniform pay plan and to require the City to institute an employee training and safety program.

The rules issued by the Commission have the effect of law and take precedence over any state statute or city ordinance that conflicts with them. However, rules affecting wages and hours become effective only when approved by the City Council.

Clearly, the framers of the Constitution were intent on granting the Commission very broad powers and making it independent of the political manipulations and

abuses that necessitated its creation. They provided very little in the way of specific directives for accomplishing the system's goals.

Unfortunately, sixty years of evolution have resulted in a complex, rigid, and bureaucratic system that unnecessarily impedes the operation of government. In the next section, BGR describes the system as it currently operates.

## Answering the Nearly Inaudible Call to Public Service

As the City's central personnel office, the Civil Service Department is the portal through which all classified employees enter. Operating on a traditional, central command-and-control personnel management model, the Civil Service Department generally either directly administers or must explicitly approve every step in the recruitment, selection, hiring, and promotion processes.

The process of listing a position and fulfilling the steps required to hire is, from an organizational perspective, intricate and cumbersome. One city official disparagingly called it "the matrix." Despite the attention paid to the details of the process internally, when it comes to recruiting the work force, the effort expended is low-tech, anemic, and less than welcoming for applicants.

New job announcements are distributed to city agencies and mailed to local employment agencies, colleges, universities, and other agencies. These job announcements are collected and sent twice a month to save money on postage. They are listed in the official notices section of the official journal. The policy is to list job announcements only once, when each is first



approved, and some jobs that go chronically unfilled are not listed in the official notices beyond the initial notice.

Civil service jobs are rarely advertised in the employment section of the classified ads in the newspaper. Such ads require the Chief Administrative Officer's (CAO) specific approval; there is no advertising budget for the Civil Service Department.

On the City's website, employment opportunities are nowhere to be found. In April 2003, the City's Technology Office issued a Request for Proposals/Qualifications for a professional services contract that would enable the Civil Service Department to post job announcements and receive applications over the internet. The deadline for proposals was May 9, 2003, and two were received. The scheduled implementation date was September 26, 2003. Links to some Civil Service Department information were posted in June 2004. The page promises, "Listings of Civil Service job classifications, job openings, and job pay scales—Coming Soon!" Job 1, the City's work force development agency, does not mention city employment on its link from the City's website.

The Civil Service Department participates in job fairs held by local colleges and universities about 10 times a year. Job 1 has

held job fairs to which the Civil Service Department was not invited. It recently received its first invitation to participate in a Job 1 job fair.

A job seeker determined to work for the City or desperate and/or persistent enough to pursue opportunities will ultimately find his or her way to the applications office in the basement of City Hall. Notices of jobs for which applications are being accepted are posted in the hallway of the basement.

Applicants can also leaf through these postings in the small applications office off the hallway. The office is open from 8 to 5, Monday through Friday.<sup>11</sup>

In the binders, jobs for which applications are being accepted are listed in alphabetical order by classification. On the wall, jobs are grouped first by whether applications are limited to current employees or not and then in alphabetical order by classification. That means that “plumber” and “senior plumber” are not found together. There is no system for a job seeker with a particular set of knowledge, skills, and abilities to access all the jobs for which he or she might

qualify without either correctly guessing all the possible titles and their permutations or looking at each job announcement. Applicants are required to fill out separate applications for each position for which they want to be considered.

In order to maintain lists of eligible candidates, applications are accepted for job classifications in which there are no current openings. In the job announcements, there is no indication of which ones are for job classifications that currently have vacancies. Not even the clerk on duty knows whether there are actual vacancies.

If a goal of the merit system is to recruit the best workers available, the passive, discouraging system in place hardly seems likely to compete successfully for promising prospects. In May 2002, a posting on the transition website of then-incoming Mayor Ray Nagin gave one potential job applicant’s view:

*The most frustrating thing in the world is applying for a New Orleans Civil Service job. It’s ridiculous to have to spend half an hour — or more — leafing through a notebook with all the job listings. Or even worse, gazing at a 25-foot length of wall with the jobs posted.*



## Selection Processes: Merit and Molasses

While half an hour may have seemed like a lot to the citizen who wrote to Mayor Nagin’s web site, it is but a nanosecond when considered as part of the whole hiring process. In interviews with civil service workers, BGR found that patience was a common denominator among them. Those interviewed — all of whom had applied for jobs that were listed as currently open — reported the length of their hiring experiences as follows:

- ◆ An accountant with a college degree in accounting was hired three and a half months after he applied (three months after he took the civil service accounting test).
- ◆ A police officer with a college degree was hired six months after he applied.
- ◆ A registered nurse was hired seven months after she applied.
- ◆ A health department technician was hired nine months after he applied.
- ◆ A clerk with a college degree was hired a year and a half after she applied.

In the recently published *Citizen Guide to City Services*, the Frequently Asked Questions entry for the Civil Service Department contains the following:

- Q. How long does this process [getting a job with the City of New Orleans] take?
- A. Depending on the position and the department, the process could take as little as a few weeks or as long as several months or more.<sup>12</sup>

This pace is apparently the result of a combination of factors, some clearly outside the control of the Civil Service Department, including budget constraints that delay hiring or sometimes produce freezes on hiring and promotions, bureaucratic delays moving paperwork, and the fact that registers (lists of eligible applicants) are maintained, as a convenience for hiring departments, for some classifications in which there may not be a current opening. Whatever the causes for delays, the resulting pace is not characteristic of a human resources management system apt to compete successfully for highly qualified candidates who have other options. Not only is it slow from the applicant's perspective

(increasing the likelihood that he/she will have moved on), but it results in stale registers on which managers are likely to find names of people no longer interested.

BGR was unable to determine the average time each step in the hiring process takes. Reliable records of that do not exist. From records supplied by the Civil Service Department, BGR was able to calculate that the average time in 2001 between departmental requisitions for lists of eligible candidates and the delivery of those lists was 32 days. In an indeterminate number of cases, this includes a detour to the CAO's office for a required approval.

The Civil Service Department plays a critical role in the selection process. After consultation with departments seeking employees, it determines the eligibility requirements for each type of job, and, for most jobs, accepts applications, conducts testing and ranking, and determines who is eligible for consideration. Testing procedures may include ratings of training, licenses, and/or experience, written tests, formal interviews, performance tests, or a combination of these. High-level positions and police and fire promotional exams usually also include job simulation exercises scored by independent raters. The Civil Service Department brings in raters from outside of New Orleans for police and fire promotional exams.

Certain minimal skills jobs (like laborer or library page) are not filled this way. For these positions, departments accept applications directly and interview and hire applicants, subject only to substance abuse and medical screening. The Civil Service Department gives final approval.

Approximately 220 classifications are continually open for qualified applicants. For these classifications, the Civil Service Department maintains lists of certified eli-



gible applicants. When a department requests a list of eligible candidates for a classification for which there is no existing list, the Civil Service Department issues a formal job announcement with a closing date for applications. In 2003, the department opened and closed application periods for 103 classifications.

After conducting testing and/or reviewing other qualifications, the Civil Service Department creates a certified list of eligible candidates. It presents such lists to hiring agencies with vacancies that they have been authorized to fill (by the CAO). The agencies then interview and hire from those eligible candidates. The Constitution makes three the minimum number of candidates that must be submitted to the department. The *Rules* limit the number to three. However, to expedite the process, the Civil Service Department submits additional names that can be considered if any of the top three candidates fails to respond or declines the position.

Although the “rule of three” is on the books, the Civil Service Department uses it for less than a third of the openings. For some job openings, anyone who meets the minimum requirements is eligible for consideration. These may be minimal skill positions, highly skilled positions for which a specialized degree or certification

is required, or certain promotional positions. In other cases, the Civil Service Department groups applicants into three rankings with multiple candidates in each rank, giving departments more flexibility in choosing from those eligible for a position.

## Promotion

The Civil Service Department, in consultation with hiring departments, decides whether to make positions promotional only, to give a wide preference to current employees, or to treat all applicants equally. The first two designations preclude, in many cases, lateral entry into city employment.

BGR analyzed the continually open classifications from 2001 and found 47% were promotional only, available only to current city employees. 24% were both promotional and original entry, meaning that current city employees who achieve a minimum score are ranked higher than outside applicants regardless of their score. 29% of open exams were original entry, meaning that all applicants are ranked by their score, whether city employees (who may apply in a job classification unrelated to their current job) or not.

The Constitution does not require that jobs be promotional only. It merely mentions length of service as one criterion for appointment and promotion, giving prior service official recognition as part of the merit system, without specifically defining its application.

Giving credit for previous service grows out of the general civil service reform idea of creating a professional career service corps that would not change with each election. From another perspective, one could argue that limiting applications to

current employees and/or giving a wide preference to current employees works against open competition and finding the most qualified candidates — that is, merit selection. Where on-the-job experience in closely related work is truly relevant to job performance, reasonable weight could be assigned to that factor. Making the applications for a particular job exclusive, however, would seem to set up a closed or sheltered shop that goes beyond depoliticizing the City's work force.

According to the Civil Service Department, for most promotional-only jobs (not including those in the Police and Fire Departments) eligibility is determined by "ratings of training and experience." This phrase is not an accurate statement of what actually occurs. While it is true that training in the form of in-house courses is sometimes required, passing such courses is a minimum qualification, not a competitive factor. Previous performance evaluations are not taken into account because the Civil Service Department does not consider them sufficiently meaningful. Thus, ratings generally become exclusively a calculation of length of service. In some cases, the applicant pool may be further limited by departmental requests for selective certification of only those applicants with certain qualifications, for example, prior experience within the department.

Candidates are ranked into three bands of experience (e.g., 7-10 years, 3-6 years, and 0-2 years) and departmental managers have discretion to hire from that group of applicants with the longest experience. Only when that top band is exhausted may the department consider those in the next group.

Promotions under this practice are not a matter of competitive merit, but rather an exercise in rewarding seniority. The failure

to consider performance evaluations is a profound comment both on their lack of credibility and the degree to which merit is missing from this part of the merit system.

## **A "Uniform" Pay Plan**

One of the original ideas of a merit system was that pay should be uniform for jobs of equivalent knowledge, skills, and ability levels. To further that end, the Civil Service Department assigns each job a classification with comparable jobs and places it in one of 87 pay grades.

The pay schedules for all classifications are gathered in a pay plan. Each pay grade in the plan begins 2.5% above the previous pay grade. Within each pay grade, there are steps, each representing a 1.25% increase. Pay plans are proposed by the Civil Service Commission and adopted by the City Council.

There are four ways to increase pay: the adoption of a new pay plan, across-the-board raises, 2.5% longevity raises given automatically after one year and then every five years, and through promotion to a higher classification.<sup>13</sup> Individual pay-for-performance raises in multiples of 1.25% are allowed if a department submits to the Civil Service Department documentation "detailing specific justification." (*Rules*, Rule IV, Section 2.5(G)) No department has ever presented such a request to the Civil Service Department. A plan for implementing such a program citywide was considered by the current administration, but ultimately rejected in favor of across-the-board raises. A pilot program of incentive pay is in place for pipe repair crews at the S&WB. No other form of incentive pay, such as individually tailored rewards, is allowed.

The pay plan places the City in an unrealistic straight jacket with respect to compensation. The difficulties inherent in the system are exacerbated by the fact that more than 20 years have passed since the Civil Service Commission, the City's administration, and the City Council have agreed on a general restructuring of the uniform pay plan.

This does not mean that pay adjustments have not been made to the pay plan. Rather, the Civil Service Department and various city departments have addressed pay issues on a piecemeal basis, collaborating to give specific employees or groups of employees pay raises without overhauling the entire pay plan. This has been accomplished by a number of adaptations.

One of these adaptations is the creation of "hiring rates." Under civil service rules, employees are supposed to be hired at the minimum salary for a classification. However, employees may be hired at a higher level if recruitment and/or retention problems are demonstrated. More than half of the jobs have hiring rates — amounts the City Council has approved, often one at a time, as a special starting

salary for individual job classifications. The hiring rate is always above, and sometimes dramatically above, the minimum salary approved as part of the overall pay plan. When a hiring rate is adopted, the salary of everyone in the classification with a salary below the hiring rate receives a raise to that level. It effectively becomes the minimum for that classification.

Hiring rates have been used to increase police salaries significantly in the last 10 years. Despite these raises, however, police salaries continue to lag behind Louisiana State Police levels, and many New Orleans officers have left for other law enforcement opportunities. The City has been unable to fill the budgeted positions allocated to the department, and, according to a study commissioned by the New Orleans Police Foundation, the NOPD is "losing officers at a much faster rate than they can be replaced."<sup>14</sup>

Another adaptation used to provide pay increases without restructuring the entire system is the creation of new classifications. In some cases, new classifications are created to allow certain departments to give their employees pay raises. An example is the creation of 34 new classifications for the Louis Armstrong New Orleans International Airport (Airport). The Airport had the funds to increase pay for its employees, but other departments with employees in the same classifications did not. The creation of new classifications allowed the Airport to give the raises, while preserving the fiction of equivalent pay for workers in equivalent positions. In essence, the concept of a uniform pay plan was compromised so that at least some employees could get raises. The Civil Service Department has made similar accommodations for the S&WB, the Division of Housing and Neighborhood Development, and the Management Information Systems offices. These changes were approved by



the City Council. (Changes that affect wages and hours must be approved by the City Council.)

The number of classifications has also expanded as a backdoor way for managers to give individual employees raises and as a defensive measure in anticipation of bumping situations. (See p. 31.) Under the current system, the only way to reward an individual employee is through a promotion. The opportunity for such promotions is increased by creating classifications with fine (sometimes very fine) distinctions.

Despite several efforts to simplify some classifications, the number of classifications has increased over time to 857. Employees actually occupy approximately 550 of these; approximately 170 classifications have only one employee. Having more than half the available classifications empty or used by only one employee indicates that classifications are drawn too narrowly.

When viewed from a distance, it appears that adherence to the established framework of the system has become more important than the merit principle itself. Fictions such as hiring rates and narrowly defined classifications undermine the integrity of the system without addressing the fundamental issues: outmoded pay scales, poor compensation for many positions, and rigidity. While creating new classifications may solve immediate problems, it ultimately increases the complexity and rigidity of the system.

It should be noted that there is no constitutional barrier, or anything inherent in the concept of merit, that creates the box in which Civil Service operates. As examples discussed below demonstrate, a sensible, flexible pay system can be created without undermining the concept of merit.

## Pay Issues: An Unseemly Side to Public Service

In an interview with BGR, Mayor Nagin said that 40% of city employees earn wages that are below poverty level. While verifying this specific assertion would require information on individual employees' family size, payroll data reveals that city pay is, in fact, low. Even after the pay raises that went into effect in July 2004, 2,011 full-time civil service employees (approximately 31%) were earning salaries below \$18,850, the urban poverty threshold for a family of four.

The most recent comprehensive salary survey authorized by the City was completed by the William M. Mercer Company in 1994. It found city salaries to be 31% below market rates. The estimated cost in 1994 to make city salaries competitive (bring them to market midpoints) was \$31 million. The Mercer Report continues to form the basis for the most ambitious pay plan alternative that the Civil Service Commission has presented to the City Council. The City Council has not adopted it.

In 2002, the Civil Service Department compared, at BGR's request, salaries for city jobs that could be matched by job description to Louisiana Department of Labor data localized for the New Orleans area. The result, which covers approximately 1,700 city workers, is presented below.

The table on page 28 shows that both entry level and median city and S&WB salaries are generally significantly below area salaries for comparable jobs. A few classifications' salaries have reached (and even fewer exceeded) area medians, but many lag far behind. For example, water chemists (who work at the S&WB) earn 34% less than the median salary for area chemists. Mechanical engineers earn 35% less than the area median. Equipment

*Approximately  
31% of full-time  
civil service  
employees are  
earning salaries  
below \$18,850.*

Operators III (at a city median of \$15,909) earn 43% less than the area median. General office clerks (at a city median of \$13,370) earn 29% less than the area median.

The last general restructuring of city salaries occurred in 1982. Sporadic across-the-board percentage increases since 1991 (in '95, '97, '00, '03, and '04) have totaled 20-22.5%. The total of 20% or 22.5% compares with 38.8% inflation (based on the Consumer Price Index) for the period 1991-2004.<sup>15</sup>

Longevity raises of 2.5% are awarded to individual employees at the end of their first year of employment and at the end of each five-year period after that. These raises, applied to an employee hired in 1991, would have boosted his or her total increases by July 2004 to 27.5% or 30%, still below inflation for the same period. (This actually understates the ground lost, because inflation occurred each year, while the raises were sporadic.)

In May 2004, the Civil Service Commission approved and submitted to the City Council a plan drafted by members of the Civil Service Department, the CAO's staff,

the Council Fiscal Office, and the City's Law Department. Approved by the City Council in June and effective July 1, it raises the City's hourly minimum pay to \$6.00 an hour. This provides a raise of more than 5% for 671 employees. It provides a 5% raise for other employees in classifications whose starting salary is less than \$20,000 (1,824 employees) and a 2.5% raise for those in classifications with starting salaries above \$20,000 (1,940 employees). The plan provides 1,640 police officers with a raise equal to the greater of \$2,000 or 5% of salary. Firefighters did not receive raises.<sup>16</sup> (The S&WB enacted parallel raises.)

## Evaluations in Wonderland

One might expect performance evaluations of employees to be an integral part of a system based on merit. That is what the Nagin administration apparently expected when it announced that its first budget would include a 5% increase in departmental personnel budgets to be used for pay raises based on performance. What the administration discovered was that the evaluations were too consistently positive to use as the basis for distinctions among employees. For the year 2001, only 21 employees (0.3%) had received negative evaluations. Given

the apparent uselessness of the performance ratings, the Nagin administration dropped the idea of merit raises and proposed an across-the-board pay raise, which the City Council approved.

As the Nagin administration correctly observed, the evaluation system would have to improve dramatically before merit pay could be effectively introduced. Interestingly, the 2002 eval-

## Performance Evaluations in Perspective

### Classified City Employees 2001 and 2002

Category	2001 Number of Employees	Percent of Total	2002 Number of Employees	Percent of Total
Outstanding	2,972	48.5%	2,908	48.9%
Exceeds Requirements	2,540	41.5	2,383	40.1
Competent	591	9.7	563	9.5
Needs Improvement	19	0.3	28	0.5
Unsatisfactory	2	0.0	0	0.0
Missing*		0.0	67	1.1
<b>Total</b>	<b>6,124</b>	<b>100%</b>	<b>5,949</b>	<b>100%</b>

\*On workers' compensation leave, extended leave, etc.

Source: Civil Service Department, City of New Orleans, 2003 Annual Report, May 2004, and 2001 Service Ratings by Department, unpublished.

uations done under the Nagin administration show almost no change from the ones that derailed the idea of giving raises based on performance.

A variety of factors have combined to inflate evaluations to the point that they fail to distinguish between most employees. Managers see little point in dealing with the discomfort of giving realistic evaluations if they have no effect on compensation. In addition, giving less than outstanding evaluations increases the chances of losing employees in a bumping situation (See page 31). Whatever the cause, it is difficult to conceive how the current practice might be either motivational for workers or a useful management tool.

The *2003 Annual Report* of the Civil Service Department noted that the employee evaluation program needs improvements, both in the design and execution of evaluations. In the summer of 2003, a multi-agency team was formed to improve the evaluation process. Among the stated goals are “improving the supervisor/employee interface,” encouraging meaningful feedback that relates employee contributions to departmental missions, and being specific about needed improvements. Improvements in training for evaluations were also promised. As of this writing, the discussions, involving the CAO’s staff, the Civil Service Department, and staff from the Police Academy, continue. The group has decided not to revise the evaluation forms, having determined that this would be too expensive. It is now focusing primarily on improving the training in the use of the evaluation forms.

City administrators, Civil Service Department employees, and other employees express a general lack of confidence in the evaluation process and results. This is a crucial breakdown in a system based on

merit. A credible evaluation system is vital to establishing a performance culture in city government.

Creating a credible evaluation system is a basic management responsibility, and the leadership has to come from the City’s administration. Unless the City’s administration demonstrates a commitment to this essential aspect of personnel management in a merit system, neither the evaluations themselves nor other aspects of personnel administration that depend upon them will improve.

## **Growth and Development Opportunities**

The Civil Service Department provides most of the training courses to civil service employees. It offers approximately 60 classes. The classes are taught by city employees, who receive a salary enhancement of 5% for teaching. In 2003, 297 sessions were scheduled, and 196 sessions were actually held. 2,323 people were scheduled for classes, and 1,457 attended a class.

The courses offered include basic math, grammar, and typing, as well as communication, public service, management, supervision, personal development, and professional and administrative training (e.g., writing and public speaking). BGR found a generally favorable impression of the utility of the clerical skills courses among the managers we interviewed, but less enthusiasm for other courses.

The Civil Service Department offers courses in supervision, including a course on performance appraisals. However, neither the City’s administration nor civil service rules require all of those in supervisory positions to take the courses.

*A variety of factors combined to inflate evaluations to the point that they fail to distinguish between most employees.*

## New Orleans Civil Service Salaries Compared to Salaries in the Area

Survey Job Title	City/S&WB Job Title
Purchasing Managers	Buyer III
Engineering Managers	Senior Engineer
Accountants and Auditors	Accountant I-II-III
Computer Support Specialists	MIS Services Technician
Architects	Architects/Senior Architect
Landscape Architect	Landscape Architect I
Civil Engineer	Engineer
Electrical Engineer	Engineer
Mechanical Engineer	Engineer
Civil Engineering Technicians	Engineering Specialist
Chemists	Water Chemist I-II-III
Industrial-Organizational Psychologist	Industrial Psychologist
Urban and Regional Planners	City Planner & Senior City Planner
Environmental Science and Protection Tech.	Environmental Enforcement Tech. I
Forensic Science Technicians	Criminalist I-II-III
Health Educators	Public Health Educator
Archivists, Curators, and Museum Technicians	Associate Curator-Senior Curator
Librarians	Librarian I-II
Dentists	Dentist (Hourly Rate)
Dental Hygienist	Dental Hygienist I-II
Emergency Medical Technicians & Paramedics	EMT Assistant/Inter/Paramedic
First-Line Supervisors/Managers of Fire Fighting/Prevention Workers	Fire Captain
Fire Fighters	Firefighter I
Fire Inspectors and Investigators	Fire Prevention Inspector, Recruit
Parking Enforcement Workers	Parking Control Officer/Senior Parking
Crossing Guard	School Crossing Guard (Seasonal)
First-Line Supv/Managers of Housekeeping & Janitorial Workers	Senior Building Services Worker
Janitors	Building Services Worker
Landscaping and Groundskeeping Workers	Groundskeeper I
Pesticide Handlers, Sprayers and Applicators	Chemical Spraying Technician II
Tree Trimmers and Pruners	Tree Trimmer/ Senior Trimmer
Recreation Worker	Recreation Leader
First-Line Supervisors/Managers of Office Workers	Administrative Support Specialist I-II
Payroll and Timekeeping Clerks	Financial Payroll Specialist
Customer Service Representative	Office Assistant IV (S&WB only)
File Clerks	Office Assistant II

City/S&WB Emp.	Area Entry	Area Median	City/S&WB Entry	Percent Above/Below Area Entry	City/S&WB Median	Percent Above/Below Area Median
1	\$28,309	\$38,355	\$24,882	-12.11%	\$28,882	-24.70%
12	63,565	77,251	46,306	-27.15%	55,102	-28.67%
57	29,453	36,088	25,193	-14.46%	31,899	-11.61%
4	30,264	40,123	27,481	-9.20%	32,500	-19.00%
6	36,629	42,869	42,980	17.34%	49,273	14.94%
1	26,104	30,638	21,436	-17.88%	27,481	-10.31%
2	48,110	62,712	42,980	-10.66%	46,363	-26.07%
2	48,152	58,635	42,980	-10.74%	46,363	-20.93%
2	58,261	71,074	42,980	-26.23%	46,363	-34.77%
4	28,288	42,037	24,882	-12.04%	31,899	-24.12%
3	45,074	54,475	21,436	-52.44%	36,110	-33.71%
0	60,445	64,230	29,608	-51.02%	N/A	N/A
9	29,619	35,859	25,508	-13.88%	31,117	-13.22%
2	21,133	34,320	23,675	12.03%	27,481	-19.93%
3	49,733	52,853	19,408	-60.98%	28,882	-45.35%
1	15,496	17,888	13,042	-15.84%	13,042	-27.09%
4	23,920	27,643	20,397	-14.73%	26,807	-3.02%
24	28,850	37,107	25,508	-11.58%	31,899	-14.04%
8	70/hr.		60.00	-14.28%		
1	46,738	50,066	23,383	-49.97%	28,525	-43.02%
83	17,472	23,005	20,910	19.68%	28,173	22.47%
183	22,526	34,757	29,608	31.44%	34,080	-1.95%
341	17,930	24,586	23,094	28.80%	23,387	-4.88%
8	16,786	31,054	21,975	30.92%	31,219	0.53%
82	20,571	26,541	15,909	-22.66%	18,467	-30.42%
219	12,064	13,062	11,097	-8.02%	11,097	-15.05%
1	17,680	22,069	12,105	-31.53%	17,141	-22.33%
13	12,314	20,717	11,518	-6.46%	12,409	-40.10%
46	13,832	17,576	11,518	-16.73%	12,409	-29.40%
6	16,286	18,346	12,409	-23.81%	13,539	-26.20%
3	20,550	22,672	11,518	-43.95%	12,105	-46.61%
34	12,688	14,435	11,235	-11.45%	12,564	-12.96%
65	25,314	31,699	17,572	-30.58%	23,675	-25.31%
6	20,654	24,939	16,310	-21.03%	17,356	-30.41%
71	15,454	19,718	14,404	-6.80%	17,355	-11.99%
22	14,352	16,349	11,808	-17.73%	13,370	-18.22%

Continued on next page

Survey Job Title	City/S&WB Job Title
Library Assistants Receptionists and Information Clerks Police, Fire, and Ambulance Dispatchers Office Clerks, General	Library Aide Office Assistant III Police Dispatcher Recruit / Dispatcher Office Assistant II
Carpenters Brickmasons and Blockmasons Drywall and Ceiling Tile Installers Electricians	Carpenter/ Senior Carpenter Brick/Cement Mason/Senior Plasterer/Senior Plasterer Maintenance Electrician
Painters, Construction and Maintenance Sheet Metal Workers Construction and Building Inspectors First-Line Supervisors/Managers of Mechanics	Painter/Senior Painter Sheet Metal Worker/Senior Sheet Metal Building Inspector/Senior Building Inspector Mechanic Supervisor
Radio Mechanics Automotive Service Technicians & Mechanics HVAC Mechanics & Installers Machinists	Electronics Tech/Senior Electronics Tech Automotive Mechanic III and Senior Refrigeration Mechanic/Senior Machinist/Senior Machinists
Tool and Die Makers Welders, Cutters, Solderers, and Brazers Stationary Engineers and Boiler Operators First-Line Supervisors/Mgrs of Laborers & Material Movers, Hand	Utilities Plant Machinist Maintenance Welder/Senior Maint. Welder Maintenance Engineer Material and Stores Supervisor
Equipment Operator III Motor Vehicle Operators	Equipment Operator III Equipment Operator I

**Total**

*Note: Area includes Orleans, Jefferson, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, and St. Tammany Parishes.*

*Sources: Louisiana Occupational Employment Wage Survey, Louisiana Dept. of Labor (June 2002) and Civil Service Department, City of New Orleans.*

Although the Civil Service Department offers to arrange classes geared to individual departmental needs, BGR found little formal staff development in most departments, and little coordination between departments and the Civil Service Department regarding training. There is no apparent process or plan that links organizational goals, individual evaluations and development goals, and training.

The Fire and Police Departments offer extensive, ongoing general and specialized training internally, separate from that offered through the Civil Service Department. Every police officer and firefighter has training requirements aimed at keeping skills current and learning new ones every year. This training is offered at the fire and police academies and at Delgado Community College (where firefighters benefit from a tuition exemption for fire training courses). Top Fire Department officers attend the National Fire Training Academy in Maryland. Police

City/S&WB Emp.	Area Entry	Area Annual	City/S&WB Entry	Percent Above/Below Area Entry	City/S&WB Median	Percent Over/Below Area Median
1	\$13,894	\$17,555	\$10,172	-26.79%	\$10,691	-39.10%
121	14,477	17,389	13,042	-9.91%	14,767	-15.08%
46	16,827	20,176	19,408	15.34%	27,827	37.92%
22	14,664	18,928	11,808	-19.48%	13,370	-29.36%
9	19,011	25,480	14,404	-24.23%	17,572	-31.04%
0	21,632	25,230	15,909	-26.46%	N/A	N/A
1	23,629	27,414	13,706	-41.99%	14,404	-47.46%
4	27,456	33,363	17,572	-36.00%	24,582	-26.32%
9	23,109	26,437	13,042	-43.56%	17,572	-33.53%
2	21,861	25,979	14,404	-34.11%	16,725	-35.62%
20	23,566	29,411	19,408	-17.65%	29,263	-0.50%
14	32,094	39,853	19,408	-39.53%	27,142	-31.89%
5	27,248	31,096	21,436	-21.33%	24,882	-19.98%
42	18,886	25,230	15,909	-15.76%	23,383	-7.32%
1	16,661	20,426	14,404	-13.55%	21,704	6.26%
0	22,381	30,077	19,408	-13.28%	N/A	N/A
13	31,990	38,563	23,675	-25.99%	27,481	-28.74%
1	24,336	28,309	17,572	-27.79%	22,528	-20.42%
34	28,080	32,094	21,436	-23.66%	23,675	-26.23%
4	26,021	35,464	19,408	-25.41%	24,732	-30.26%
13	22,214	28,059	14,404	-35.16%	15,909	-43.30%
15	12,168	13,582	11,808	-2.96%	12,722	-6.33%

1,706

instructors receive certification in their fields from the F.B.I. Management Information Services offers classes in subjects related to information technology.

### Layoffs and Bumping

When a position is eliminated in the City's work force, the Civil Service Department directs attempts to relocate the worker to another job in the same classification. If a number of positions are eliminated at the same time and/or sufficient openings do

not exist to accommodate workers whose jobs have been eliminated, a cascading process begins by which workers may claim positions in classifications equal or lower than those that they previously held. The process, known as "bumping," applies throughout the entire system, meaning that workers can be transferred from the City to the S&WB, the Airport, etc.

The bumping order is based upon the average of the last three years' service ratings. Those with the lowest evaluations in a clas-

*Bumping has the potential to wreak havoc with the City's work force.*

sification are bumped first. Where employees have equal ratings, ties are broken in favor of those with the longest service. Because of weaknesses in the evaluation system, the order becomes primarily a matter of seniority. The *Rules* allow a department to make a case in writing to the Personnel Director to protect from bumping an individual employee whose skills are considered "absolutely essential." (Rule XII, Section 5.6)

Bumping has the potential to wreak havoc with the City's work force. Employees who have developed expertise and rapport in one department may be forced out by someone without either. Employees without appropriate skills can claim jobs from incumbents who have those skills.

Managers told BGR that one reason for inflated evaluations is that managers want to hold onto workers they know and not take their chances with new employees. One way to protect employees is to make sure their evaluations are high. As mentioned above, asking for the creation of a unique classification is another way a manager may try to protect a valued employee from bumping.

The last massive layoffs occurred in 1986, when the City lost 1,843 employees (25% of the work force). In 1994, 300 people were laid off. In 1996, the budget called for the elimination of another 300 positions, but significant layoffs were averted by moving employees to vacant positions. In 1998, a similar announcement of 300 job cuts resulted in only nine layoffs.

Although the Constitution gives a preference in layoffs to veterans and their dependents, it does not mandate the widespread bumping that results from the process that the current *Rules* require.

## **Discipline: A Stubborn Myth**

There is a myth that civil service employment is protected regardless of job performance. It is so pervasive that the Louisiana Department of State Civil Service (DSCS) feels obliged to dispel that myth as the first item in its website explanation of state employment.<sup>17</sup>

The Nagin administration seems to have fallen victim to the myth. When BGR interviewed Mayor Nagin and top members of his administration, they were clearly under the impression that the civil service system had completely undermined any prospect of managerial discipline. One said, "We know we can't fire anyone." There was a consensus of frustration with the disciplinary processes.

One of the intents in establishing a merit system was to correct the political abuse of public employees, including their dismissal for failure to cooperate as political workers. The Constitution provides that permanent employees may be disciplined only for cause as stated in writing. A permanent classified employee has the right to appeal to the Commission. Commissioners told BGR that they see reviewing appeals of discipline as their primary duty.

Despite the current administration's protests that "you can't punish," an examination of the discipline files reveals otherwise. In the period from November 1997 to July 2002, managers from the City and S&WB issued 2,390 disciplinary letters to employees with punishments ranging from one hour of lost pay to dismissal. A total of 753 (31.5%) of the disciplinary letters were appealed. Of the 567 dismissals during this period, 193 (34%) were appealed. In its 2003 *Annual Report*, the Civil Service Department reported 853 disciplinary let-

ters for 2003, including 298 letters of reprimand. Employees filed 141 appeals, or 16.5%, of the total disciplinary letters.

BGR also examined the outcome of appeals for a longer period, 1990-2002. The records reveal that employees' appeals were upheld in 13.5% of the cases and that punishments were reduced by the Commission in 6% of the cases. In 38.6% of the cases, the appeal was denied. The remaining 41.9% of the cases were withdrawn, not prosecuted, resolved by compromise, or otherwise rendered moot without a Commission ruling. Significantly, of 670 terminations that were appealed in that period, 92% of terminations were affirmed.

The picture that emerges is that employees appeal approximately one-third of disciplinary actions to the Commission. In these appeals, the Commission rules in the employees' favor (by reversing or reducing punishments) less than 20% of the time. The notion that the Civil Service Commission routinely undermines discipline is unsupported by the record. The vast majority of disciplinary actions either stand unchallenged or are upheld if appealed.

BGR found interesting variations in disciplinary data by departments. For example, the table to the right summarizes the number of disciplinary letters filed by departments for the 1997-2002 period.

When one looks at the number of appeals, there are notable differences. (See p. 34.) 49.3% of S&WB disciplinary actions are appealed, while 35.9% of the Police and 26.8% of the Fire Department disciplinary actions are appealed. The percentage of disciplinary actions appealed to the Civil Service Commission by S&WB employees indicates a widespread dissatisfaction with the discipline process at that agency.

## Disciplinary Letters, November 1997-July 2002

Department	Letters	Percent of Total Letters	Percent of Total City Work Force
Audubon Park Commission	1	0.0%	0.1%
Chief Administrative Office	9	0.4	2.5
City Council	2	0.1	0.5
City Planning Commission	0	0.0	0.3
Department of Civil Service	0	0.0	0.6
Department of Finance	11	0.5	2.9
Department of Fire	127	5.3	10.9
Department of Health	68	2.8	5.2
Department of Human Services	3	0.1	0.9
Department of Parks & Parkways	447	18.7	2.9
Department of Police	974	40.7	31.2
Department of Property Management	73	3.1	2.6
Department of Public Works	257	10.7	4.2
Department of Safety & Permits	4	0.2	1.5
Department of Sanitation	53	2.2	1.2
Department of Utilities	12	0.5	0.3
Division of Housing & Neigh. Development	6	0.3	1.3
French Market Corporation	10	0.4	0.8
Mosquito Control Board	1	0.0	0.5
New Orleans Aviation Board	44	1.8	3.0
New Orleans Museum of Art	0	0.0	0.7
New Orleans Public Library	24	1.0	2.8
New Orleans Recreation Department	24	1.0	3.7
New Orleans Traffic Court	11	0.5	0.6
Sewerage & Water Board	211	8.8	18.8
Unspecified	20	0.8	
<b>TOTAL</b>	<b>2,392</b>	<b>100%</b>	<b>100%</b>

Source: Civil Service Department, City of New Orleans. Calculations by BGR.

It is difficult to pinpoint the cause of the differences between the Police and Fire Departments. Both the departments have a military-style hierarchy. They both have active unions that provide legal representation for employee appeals to the Civil Service Commission. Both departments have internal disciplinary review processes. The Fire Department's internal process uses a peer review panel, while the Police Department's internal review is by superior officers.

## A Look at the Appeals Process

### Appeal Results, November 1997-August 2002

Department	Total Appeals	Appeals as Percent of Disciplinary Actions	Upheld in Employee's Favor	Modified in Employee's Favor	Dismissed in Dept.'s Favor	Other*
Police	350	35.9%	61 (17.4%)	28 (8%)	129 (36.9%)	132 (37.7%)
S&WB	104	49.3	4 (3.8%)	3 (2.9%)	52 (50%)	45 (43.3%)
Fire	34	26.8	3 (8.8%)	1 (2.9%)	18 (52.9%)	12 (35.3%)
<b>Total, All Depts.</b>	<b>753</b>	<b>31.5%</b>	<b>89 (11.8%)</b>	<b>38 (5%)</b>	<b>291 (38.6%)</b>	<b>335 (44.5%)</b>

\*This category includes, in order of frequency, failed to prosecute, withdrawn, compromised, undecided or unknown, exception upheld, action revoked, and opened in error.

Source: Civil Service Department, City of New Orleans. Calculations by BGR.

Similarly, when one looks at the results of the appeals, there are noticeable departmental differences. The percentages of appeals that are either upheld fully or modified in favor of the employee are much higher in the Police Department (25.4%) than in the Fire Department (11.7%) and at S&WB (6.7%). The percentages of appeals dismissed (fully upholding the department's action) are 36.9% in the Police Department, 52.9% in the Fire Department, and 50% at S&WB.

A number of factors contribute to the low percentage of appeals upheld or modified in the employee's favor at S&WB. At S&WB, a staff attorney supervises the preparation of all disciplinary letters, a procedure not followed by city departments. S&WB employees are far less likely to have legal representation than the union members of the Police and Fire Departments.

### Justice Delayed

Among the wide variety of people BGR interviewed for this study, there appeared to be unanimity regarding the desirability of an expeditious process for appeals of disciplinary actions. Both managers and

rank-and-file employees have an interest in a timely resolution.

The *Rules* set time limits for various steps in the process. Departments have five days to notify an employee in writing of a disciplinary action. Employees have 30 days to appeal. The Commission has 45 days to

initiate a hearing. The hearing officers have 15 days to prepare a report after the hearing is complete. The Commission then has 90 days in which to render its decision. The time limits are clearly aspirational only. In fact, the Louisiana Supreme Court has ruled that the time limits are "directory," not mandatory.<sup>19</sup>

Examining available records from 1990-2002, BGR found that the average time from appeal to the hearing officer's report was 236 days. Hearings are frequently postponed because one party requests a delay or does not appear.

The *Rules* require the Commission to issue a decision 90 days after its receipt of the hearing examiner's report. Available records indicate that the average time elapsed between the examiner's report to the Commission and the Commission's decision was 262 days. In an interview with BGR, one commissioner noted that the Commission attempts to rule within 30 days. He had on his desk a file for a case he was currently reviewing and decided to check the date. The appeal had been heard a year and ten months earlier.

From the cases in which complete records are available, BGR found that the average time from the filing of an appeal to the Commission's decision was 495 days.

In the 52 cases<sup>20</sup> since 1990 in which terminations were reversed, the average time from appeal to reversal was 447 days. Such lengthy delays are costly to the City in terms of back pay to a terminated employee whose appeal is upheld. For the employee, the disruption to livelihood, career, and family can be profound.

Apparently recognizing that the appeals process is languishing, the Commission amended the *Rules* in 1996 to provide for an alternative dispute resolution (ADR) process. The stated goals are "to expedite appeals stemming from lesser offenses, reduce appeal costs for both the City and the employee, render a fair decision within a short period of time, and in general, simplify the overall administration of the appeal process."<sup>21</sup> ADR is allowed (but not required) for suspensions of 10 days or less and must be entered into voluntarily by both the employee and the City. Once the process is engaged, the ruling of an arbitrator is final with no further appeal. The *Rules* do not specify how the arbitrator is chosen. The process has not been used.

## Management Information and Work Force Planning

BGR found no evidence of regular reporting of work force data that might inform and aid management. There are no analytical reports related to recruitment, retention, turnover, performance appraisal results, evaluation of training efforts, eligibility for retirement, discipline, or personnel best practices of any kind. There does not seem to be discussion of the need for such reports. This is a glaring omission in an organization of the City's size.



Similarly, BGR found no evidence of systematic administrative planning for future employment needs. Managers noted a gap between experienced workers who carry important institutional memory and are nearing or have reached retirement eligibility and younger, less-experienced workers not yet prepared to take on senior roles. A former CAO estimated that in 2002 40% of city employees were within three years of retirement.<sup>22</sup>

## An Unhealthy Situation

Civil service was created to protect employees from political pressure and to ensure that public employment was based on merit, rather than political connections. To accomplish this, civil service officials were given two sets of powers: the power to oversee discipline and the power to administer and regulate the classified service. The latter power placed them in the role of personnel administrators.

Over the years, traditional civil service systems erected ramparts, piece by piece, in the name of merit principles. These intricate sets of rules inevitably set ever tighter limits on the discretion available to managers in government. At some stage of development, these defenses became so burdensome that they were seen as para-

lytic by administrators. The end result was an inefficient and ineffective system of personnel administration.

Such is the case in New Orleans.

The Nagin administration has expressed frustration with the operation of the Civil Service Department. In a meeting with BGR last fall, Mayor Nagin's top administrators referred to the Civil Service Department as an "unchecked manager" whose obstructionism goes beyond its original purpose and encourages the administration to go outside the system to get things done. They perceive that the Civil Service Department has a general resistance to change in personnel matters and that the functions of the Department or Commission take too long. They maintain that the rules need to be more flexible.

The Civil Service Department sees itself as a dedicated human resources department that has been hampered in its performance, not by its own rules or internal failings, but by forces beyond its control. These include, among others: low wages offered by city government; management failures in the area of evaluations; and the City's failure to provide adequate funding for technological improvements needed to speed

processes and facilitate recruitment. It has, in its view, worked hard to find solutions within the existing confines.

Both the administration and the Civil Service Department have some valid points. The civil service system is cumbersome, unnecessarily rigid, and slow. Inadequate pay creates serious problems in the hiring arena and contributes to distortions.

The fact that there is plenty of blame to go around underscores the City's and Civil Service Commission's mutual dependency and the need for a close, cooperative partnership between the two. Unfortunately, the relationship between the Civil Service Department and the City's administration deteriorated badly during the prior mayoral administration, leading to a hostile situation and little in the way of communication. The Acting Personnel Director characterized the period, which was marked by a bruising lawsuit over the role of the Commission in privatizations, as "cave-like."

The atmosphere has become less contentious under the current administration. The CAO and the Acting Personnel Director have met several times, and both claim to have a good working relationship that allows them to address specific hiring issues. The administration and the Civil Service Department have begun to work together to address some personnel matters, such as outdated city policy memoranda and meaningless personnel evaluations.

While these are encouraging signs, the current relationship is a far cry from the close, cooperative partnership needed to create an innovative, high-performing human resources system. The Civil Service Department remains marginalized, as is illustrated by the fact that Mayor Nagin



had only one meeting with the head of the Civil Service Department during his first two years in office. There is no institutional framework to bring managers and the Civil Service Department together on a regular basis.

What we have in New Orleans is an unhealthy situation.

## Creating Momentum for Change

Transforming New Orleans' human resources management will require a major collaboration between the Civil Service Department and Commission, on the one hand, and the City's administration and the City Council on the other. The participants won't have to look far for guidance. A cooperative model for defining and structuring such change exists in Louisiana.

The State of Louisiana's civil service was until recently a typical traditional system. It was (and still is) governed by an independent civil service commission with constitutionally granted rule-making authority, under the same section of the Constitution that creates and governs New Orleans' Civil Service Commission. All personnel transactions went through the central office of the Department of State Civil Service (DSCS). DSCS was responsible for job allocation (classification), posting job vacancies, testing, creating lists of eligible applicants, approving promotions, etc.

The specific changes made in Louisiana's civil service system will be described more fully below, but one of the most notable aspects of its recent history is the process that produced the momentum for far-reaching change. A consensus about change was carefully built, and it required

consistent communication between elected officials, appointed managers, and DSCS staff throughout the process.

In 1995, DSCS initiated focus groups of agency managers around the state to discuss the role of civil service. A consensus emerged that DSCS should continue to make general policy, but that substantial authority to act should be delegated to individual agencies. The groups of agency managers recommended that DSCS provide both specific and general assistance to the agencies, allow them the flexibility to take personnel actions on their own without step-by-step approval from DSCS, and then audit the performance of the agencies and the managers for compliance with civil service standards.

In 1997, a group of state agencies' undersecretaries wrote a plan for the governor called "Strategic Transition aimed at Accountability, Results and Services" (STARS). It included the following:

*In many instances, existing rules and procedures impede timely hires and encourage the hiring of unnecessary staff in order to reward employees who deserve promotions. The current civil service system impedes pay incentives based on performance and curtails management flexibility to efficiently reorganize to match employees to jobs' functions. In a nutshell, productivity is inhibited.<sup>23</sup>*

STARS called for increasing managers' flexibility while also increasing the emphasis placed on audit and accountability programs to insure fairness.

In 1999-2000, DSCS produced a vision for change called "Advancing Services, Creating Excellence, and Nurturing Distinction 2020" (ASCEND 2020). The vision built upon the previous efforts, and DSCS consulted widely in developing it further. The director met and talked extensively with members of the governor's

staff, agency heads, legislators, and human resource directors. Steering committees and work groups were formed from agency staff and other interested parties. DSCS ran pilot programs in the Department of Transportation and Development and the Department of Corrections and Public Safety.<sup>24</sup>

In 2000, the state Civil Service Commission approved the changes that flowed from this vision of reform, and most aspects of it have been implemented.

It seems fair to say that the State has been successful in skillfully changing how it attempts to implement merit principles. In September 2003, the International Public Management Association for Human Resources, a professional association with over 5,000 members, awarded the DSCS its annual “Agency Award for Excellence, Large Agency.” The award recognized its accomplishments and efforts over a three-year period.



## Trends in Civil Service Reform

In developing and advocating a new vision for New Orleans’ civil service system, BGR is encouraged by the fact that the Constitution provides a broad outline; it does not require that the system remain as it is. It offers the flexibility to adopt, without a constitutional amendment, many of the changes that have occurred in public personnel administration around the country.

New Orleans’ civil service system is not unique, and neither are its problems. Other jurisdictions provide examples of practices that encourage the creation of a motivated, performance-oriented, and accountable work force, while respecting merit principles.

BGR offers examples of promising practices below.

### Alternative Models

#### *Decentralization in Louisiana*

Traditional civil service systems (like New Orleans’) feature centralized control. Typically, every step taken in personnel matters is not official until the central personnel office has either done it or explicitly approved it.

Civil service departments typically establish and enforce complex rules that tightly dictate procedures for creating and classifying jobs, recruiting, screening and ranking applicants, approving hiring and promotions, training, and discipline. The civil service office specializes in mastering and administering the rules, which solidifies its control. Agencies within the government are therefore often dependent on civil service.

The result is a rule-bound and bureaucracy-burdened system simply too slow and cumbersome to meet the challenges of hiring and keeping an effective government work force. To address these disadvantages, governments have turned to a number of strategies, including eliminating civil service and decentralizing processes. Georgia eliminated civil service, and Florida drastically reduced its reach. Both are experiencing difficulties that indicate that their paths are not ripe for emulation, and may never be.

In 1993, the Winter Commission recommended a decentralized merit system. This concept of decentralization has gained traction in the years since.

Decentralization is a somewhat loose concept that covers a wide range of practices that afford management varying degrees of flexibility. Practices covered by the rubric include:

- ◆ Streamlining procedures by delegating authority for personnel functions to agencies. This allows agencies to effect transactions within established parameters without pre-approval from the civil service department.
- ◆ Giving managers more control over pay by broad-banding classifications and pay scales and/or by introducing incentive pay programs.

Louisiana's DSCS has moved from a traditional, centralized civil service department with all its attendant problems to one that has successfully decentralized many processes. In doing so, it has successfully managed to provide assistance and service to state agencies in their human resources work and to monitor adherence to merit principles.

One key feature of Louisiana's civil service reform was streamlining procedures by eliminating pre-approval requirements for many personnel transactions. The change was important because Louisiana has approximately 10,000 personnel transactions a month involving the State's 65,000+ classified employees. Under the centralized system, the requirement for DSCS pre-approval of every transaction had produced a backlog of 15,000 transactions. Eliminating the pre-approval requirement allowed agencies to effect transactions by entering information directly into the central data system. As a result, the backlog disappeared completely. Agencies are required to maintain detailed documentation supporting their personnel transactions.

Clearly, decentralization has resulted in some streamlining of procedures, further enhanced by the realization of two other components of ASCEND 2020: internet job postings and the general conversion to computerized records and communication.<sup>25</sup> Agencies now enter job postings directly and they go up immediately, eliminating delays of up to two weeks.<sup>26</sup>

Other changes that have expedited processes include the delegation of more responsibility and authority in the hiring process. In the past, DSCS determined the appropriate classification for a job, a function now performed directly by most agencies. Applicants applied for all jobs through the civil service department. They may now apply for many jobs directly to the agency with a specific opening. The agency often is empowered to construct its own list of eligible candidates or to do so after receiving an expeditious assignment of scores to applicants by DSCS. This has reduced the time it takes from job announcement by the agency to produc-

tion of a list of eligible candidates from an average of 70 days at the end of 2001 to an average of 26 days by mid-2002.<sup>27</sup>

Just as important as the time saved in producing the lists of eligible candidates is the reported improvement in the quality of the lists. Applicants on the lists constructed under the new procedures have all applied for the specific job in question and have done so recently, two factors that were not necessarily true under the previous, centralized process. Because of the timely processing, applicants are more likely to still be available when the agency begins interviews. The number of applicants for professional jobs has increased.<sup>28</sup>

Delegation of authority for personnel functions to the agencies also explicitly involved the delegation of the responsibility for compliance with civil service rules. Under the previous arrangement, DSCS managed each aspect of human resources except discipline in an a priori way, and thus insured that the rules were applied. With decentralization, agencies assumed the responsibility for compliance. This involved several changes, including intensive training for agency human resources staff on civil service issues and procedures, the development of a general personnel manual as a resource guide for all agencies (a work in progress), and, within DSCS, the creation of an accountability program to monitor state agencies' performance and compliance with civil service rules.

Implementation of decentralization required the reorganization of DSCS. Under the previous set-up, DSCS consisted of functional units, each of which specialized in one aspect of personnel management for all state agencies (e.g. recruitment, testing, hiring, classification, pay and compensation, etc.). With decentralization, agencies began to perform these functions (or major

portions of them) for themselves. Instead of DSCS performing discrete functions in personnel administration, it became a service organization helping the other agencies to perform the full range of functions. To facilitate this change, DSCS reorganized into assistance teams that provide consultations on all human resources issues to several state agencies. For the agencies, this arrangement means they can call one assistance team leader without having to try to figure out whom within DSCS to call. For DSCS staff, it required cross-training so that individual assistance team members can provide a broader range of expertise to client agencies.

To implement DSCS's accountability program, four full-time evaluators were hired in July 2000. The first reports were issued in January 2001. About 150 audits had been completed by March 2003. DSCS decided to focus on evaluating actions with the most impact on agency performance, including hiring and promotions, training, individual performance evaluations, and sampling transactions to examine rule compliance. The auditors act independently of the assistance teams, but the two cooperate to help agencies solve problems. As reported by DSCS, a very valuable by-product of the changes to assistance teams and the accountability program has been enhanced communication between agencies and DSCS.<sup>29</sup>

After some initial resistance from some agencies (possibly attributable to an increased workload), the agencies express satisfaction with exercising the delegated authority. A few smaller agencies do not have human resources directors. DSCS continues to manage personnel matters for them.

## *Phoenix: Merit Principles in a Different Context*

When *Governing* magazine published its ambitious, 35-city survey for its “Grading the Cities” issue in February 2000, only one city, Phoenix, received an “A” grade in Human Resources Management.<sup>30</sup> Phoenix had been recognized before as one of the leaders and innovators in public-sector human resources management.<sup>31</sup> In 1993, Phoenix shared the Carl Bertelsmann Prize for the world’s best-run cities with Christchurch, New Zealand. Development of employee potential was one of the seven criteria for the award.<sup>32</sup>

Phoenix is governed by a council-manager form of government. The City Manager is the chief administrative officer of the city and is hired by the City Council. The city charter designates the City Manager as the city’s “Personnel Official.” The city manager hires a Personnel Director and delegates to that official the duties of directing the city’s centralized Personnel Department.

The Phoenix city charter articulates “the necessity of establishing a merit system of personnel administration” and lists six merit principles on which it will be based:

- a. Recruiting, selecting, and advancing employees on the basis of their relative ability, knowledge, and skills, including open consideration of qualified applications for initial employment;*
- b. Providing equitable and adequate compensation;*
- c. Training employees, as needed, to assure high-quality performance;*
- d. Retaining employees on the basis of the adequacy of their performance; and separating employees whose inadequate performance cannot be corrected;*

- e. Assuring impartial treatment of applicants and employees in all aspects of personnel administration without regard to political affiliation, race, color, national origin, sex, religious creed or handicap, and with proper regard for their privacy and constitutional rights as citizens;*
- f. Assuring that employees are protected against coercion for political purposes and prohibited from using their official authority for the purpose of interfering with or affecting the result of an election or a nomination for office.<sup>33</sup>*

The Personnel Department has responsibility for implementing these principles.

Phoenix has a Civil Service Board, the chief duty of which is to hear appeals from disciplinary actions by classified employees who have completed their one-year probationary period. Unlike in New Orleans, the Civil Service Board does not have rule-making authority, nor is it involved in the creation of the pay plan or changes in classifications. It may make recommendations concerning personnel rules like residency requirements, but the power to enact all rules resides with the City Council.

Personnel policy is developed by the Personnel Committee, which is composed of the Personnel Director, a Deputy City Manager, and a department head (a position which rotates). The city’s Personnel Department performs the day-to-day tasks of personnel administration. It is a centralized human resources department that serves other city departments as its clients.

Personnel administration in Phoenix takes much of its shape from the relationship between the city’s administration (through the Personnel Department) and the five unions, which formally represent approximately 69% of the city’s work force. Since 1975, the city has operated under a Meet

*A 1998 employee survey found that 97% thought the City of Phoenix was a good place to work.*

and Confer Ordinance which provides for collective bargaining regarding wages, hours, and working conditions. It provides definitions of the bargaining units and procedures for elections, charges of unfair labor practices, and impasses. After an initial confrontational decade following the adoption of the ordinance, labor relations have evolved into a mutually cooperative partnership.<sup>34</sup>

Indications of the state of labor relations include an annualized turnover rate that for the past five quarters has been below 5%.<sup>35</sup> A 1998 employee survey found that 97% thought the city was a good place to work.<sup>36</sup> Pay is relatively high, bargaining impasses are rare, appeals of disciplinary actions to the Civil Service Board are few and far between, and charges of unfair labor practices (which go to a separate body called the Phoenix Employment Relations Board) have averaged about 14 a year for the last five years. Many of these are settled without reaching a formal hearing.<sup>37</sup>

Much of what happens in Phoenix does not translate directly to New Orleans. Phoenix's civic culture does not allow council members (which include the mayor) to meddle in personnel issues, which are seen as the responsibility of the City Manager and the Personnel Director. The work force is organized into unions to a greater degree than in New Orleans. On the other hand, the well-defined role of the Personnel Department in the city's administration, the cooperative and supportive relationship the city has cultivated with employees, and the development among both the administration and the employees of a shared sense of purpose and an ethos of service are all goals to which the City of New Orleans could aspire.

## **Recruiting, Testing, and Hiring**

In the past, recruitment was often viewed as mainly a private sector activity, not actively pursued by government. Some in government even viewed it as a distortion of merit principles, fearing that actively recruited candidates got some unfair advantage over others. Many jurisdictions relied on passive vacancy notices posted in government buildings or, at most, in small listings in general circulation newspapers. This passivity, combined with the daunting processes and attendant delays, plus the sub-par pay has limited the ability of governments to compete for the most qualified workers.

With the competitive labor market of the 1990's a likely factor, recruitment in many jurisdictions has become a more active pursuit. Decentralization has contributed to this trend, allowing hiring agencies to seek out potential employees more directly. Louisiana's DSCS reports an improvement in the quality of applicants and their match with the job.

Technological changes have facilitated and expedited the publication of vacancies, and many governments post them on easily accessible websites. In a 2000/2001 survey of 177 jurisdictions covering more than three million public employees, the International Personnel Management Association (IPMA) and National Association of State Personnel Executives (NAPSE) found that 58% of them accept applications over the internet. This was up sharply from 31% in a 1998 survey.<sup>38</sup>

Many government agencies (including, for example, the Louisiana Department of Transportation and Development) now have full-time recruiters on staff. The South Florida Water District not only routinely recruits on college campuses, but its hiring managers are empowered to make on-the-spot job offers to outstanding candidates. Maricopa County, Arizona, automatically

faxes job ads each week to organizations that have been sources of employees in the past.<sup>39</sup> Shreveport announces vacancies every Monday on its website and faxes or e-mails vacancy announcements to over 120 recruiting sources.<sup>40</sup>

While written exams hold a central place in the history of civil service and are still widely used, they are being used less often than in the past, and the procedures are being streamlined. Many jurisdictions have found other assessment methods more useful in selecting their best performers. In the IPMA/NASPE survey, written exams ranked fourth behind oral exams, training and experience evaluations, and resume screens as the most effective tools. A decline in confidence in the predictive value of traditional testing appears to be growing.<sup>41</sup>

Test administration is also changing. Walk-in testing is increasingly available. Both the State of Louisiana and Baton Rouge City/Parish offer this option for at least some tests. This reduces delays that result from scheduling tests and allows the regular updating of lists of qualified candidates. Maricopa County conducts walk-in testing, does on-the-spot scoring, and gives the results to applicants. Those who qualify are immediately added to registers.

Fairfax County, Va., has simplified the application process by creating a database of applicants' resumes. Once an applicant applies (which can be done electronically), he or she can be considered for additional jobs by simply making a telephone or e-mail request and without further written applications.

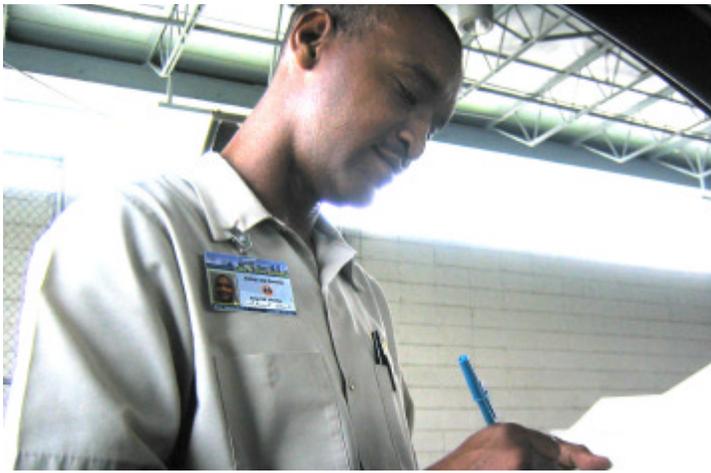
In another attempt to speed the processes associated with government hiring, some jurisdictions have shortened the application periods for job announcements.

Application periods in civil service have traditionally been lengthy, often up to two months. In a competitive job market, well-qualified applicants are unlikely to wait out an extended process. In Shreveport, the application period is five days.

In hiring itself, the traditional method is a "rule of three" or, in some jurisdictions, a "rule of five" under which the agency is required to hire from among only the three or five top-ranked applicants. This practice slows down the process by requiring the numerical ranking of all applicants. Advocates of decentralization, like the Winter Commission, argue that this procedure arbitrarily and unnecessarily constrains managerial discretion.

Many jurisdictions, including the states of Wisconsin and Louisiana, have moved away from the rigidity of that kind of traditional rule. In 1997, Wisconsin abandoned its "rule of five" and now allows hiring agencies and central personnel to determine how many qualified candidates should be listed on the eligibility register for particular jobs. Louisiana replaced its "rule of three" over 15 years ago with send-





ing the top five scores, including all ties, to hiring agencies. This practice can result in as many as 30 or 40 candidates. For some jobs, Louisiana simply posts all certifiable scores. As noted above, New Orleans has made similar modifications to its “rule of three.”

The Winter Commission urged that “pipelines for recruiting the best and the brightest into public service be fully exploited.”<sup>42</sup> Its recommendations for doing this included reducing the use of seniority preferences and removing obstacles to lateral entry. Louisiana’s designation of jobs as promotional-only is a decision made by the hiring agency, not determined by the classification itself.

## Training

Any government attempting to make the change from centralized control of personnel issues to managerial discretion and responsibility at the agency level must anticipate how profound such a change is and wrestle with a number of issues that it raises. One crucial issue is whether managers in the agencies are prepared to take on their new roles. The answer dictated by logic is: not without training.

Managers in traditional systems are accustomed to having their personnel actions narrowly circumscribed by the rules as interpreted by the specialists in the central office. Their choices are limited, their knowledge of the rules is often superficial and/or second-hand, nearly all of their actions are approved by the central office before they are official, and, among the unclassified managers, there is frequent turnover. Giving managers in such systems real and expanded responsibility in personnel is a drastic change. It requires training.

Similarly, decentralization implies a new role for the central personnel office staff, since responsibility for much of their traditional work is shifted to the agencies. They become consultants and advisers, a service agency instead of central control. Depending on how decentralization occurs, they may also serve as auditors, retaining the role of rule-enforcers, but after the fact, not before. This, too, is a fundamental change and not one for which previous experience has prepared central office personnel. Again, training is required.<sup>43</sup>

Having presided over a major decentralization in personnel administration in Louisiana’s civil service, its director says, “Of all the things we’ve done, the training is the most important.” He was speaking of both the training of civil service staff and managers in the agencies. He sees it as part of a broad cultural change and says the biggest payoff for the State will be the management training about performance expectations. He said the State is striving “to get to a performance culture.”<sup>44</sup>

The need for such training was among the concerns that agency staff expressed from the beginning. Training for agency managers is mandatory and includes such topics as myths of civil service, documenting discipline, and supervision. As a guide for

human resource officers in the agencies, DSCS is compiling a personnel manual, the completed portions of which are posted on the internet.

Phoenix has an extensive training program for all of its employees. New hires are required to attend a day of orientation. Employees who have been with the city over a year are eligible for tuition reimbursement for outside courses. Nearly every course offered by the city itself has a waiting list. These include career development, computer training, quality and productivity, financial management, workplace wellness, etc. Basic skills classes in reading, writing, and math are offered on a confidential basis and on city time.

All supervisory personnel are required to attend training in a core curriculum that covers recruiting, testing, hiring, performance management, effective communication, discipline, grievances, terminations, and rewards. These are taught in blocks which total approximately six and one-half days. A 10-day supervisory academy is designed to prepare supervisors for higher management positions.

Training is often a part of an employee's goals in the performance appraisal system. Employees are eligible to receive college credit for some of the city's courses. Enrollment is above 10,000 in training courses annually, and satisfaction levels average above nine on a 10-point scale.

## Pay Issues

A key part of the concept of decentralization is the introduction of more managerial control over employees' pay. This is generally promoted as a move toward more business-like management, allowing pay

to be used as a motivational reward. The concept is often described as pay-for-performance.

The implementation of this idea has its difficulties. First, it has to be reconciled with the merit principle of uniform pay. Traditionally, pay has been determined by classification and time in service. Advocates of flexibility argue that the rigidity of that practice has outlived its usefulness, to the detriment of the quality of the public work force and its service to citizens. Typically, these advocates do not abandon the concept of equity, but they reframe the discussion. For example, the U.S. Office of Personnel Management recently published *A Fresh Start for Federal Pay: The Case for Modernization* which includes, under the heading "An Excess of Internal Equity":

*The Federal compensation system emphasizes internal equity at the expense of external equity [relating employee pay to external labor market rates] and individual equity [relating employee pay to the individual's contributions and results]. The system does not permit Federal agencies to allow non-classification factors — such as the importance of the work to the employing agency, salaries paid by competing employers, and turnover rates — to influence base pay. The classification system's rigid quality defeats strategic human capital management and nimbleness. Most important, this internal equity emphasis limits the Government's ability to give external equity and individual equity their appropriate weight in compensation decisions.<sup>45</sup>*

One way that flexibility has been introduced is the practice of "broad banding." This involves widening pay ranges for particular classifications and allowing starting pay to fall within a certain range rather than establishing it at a set minimum. As one defender of Louisiana's flexible pay

put it, a uniform pay plan can mean that people doing the same or similar work are paid within the same pay range.

A second difficulty involves the availability of funding to make such flexibility possible. Jurisdictions with perennial funding difficulties have a hard time holding on to the money to make pay-for-performance meaningful. One of the features of Louisiana's decentralization was to have been variable merit pay. It has not been implemented, largely because managers worry that the funds for it will disappear. That worry seems appropriate, given Louisiana's perennial budget worries.

Limited funds for discretionary pay may produce another pay issue. Small step increases in salaries that are often already low and uncompetitive are often all that many public employees receive. Many have fallen so far behind external (market) equity that to use what little money might be available for a limited number of individual merit raises would require further salary stagnation and resultant demoralization of the rest of the work force.

A third difficulty is related to the performance evaluations that would provide the basis for differential rewards. Even in the private sector, fair and objective systems are difficult to achieve.<sup>46</sup> In the public sector, it has regularly been a struggle. In Georgia, which put in an ambitious pay-for-performance plan when it phased out its merit system, an upper-level personnel manager in one of the largest agencies says, "Managers don't really like having to make tough decisions around compensation, and employees don't like it because most people are rated as 'meeting expectations,' and people all like to think they're doing a better job than that."<sup>47</sup>

Indeed, whether managers actually want all of the discretion and responsibility that comes with decentralization and especially with pay-for-performance may be an open question. In Louisiana's civil service system, in addition to concerns over funding (above), a problem facing the idea of variable merit pay was that some agencies exceeded the DSCS-set maximum of a 10% default evaluation rate (employees whose evaluations are not done).



## Classification Simplification

In New Orleans and elsewhere, the number of job classifications multiplied as governments searched for ways to reward employees within the confines of traditional civil service systems. Creating new job classifications allowed jurisdictions to grant pay increases to individuals or groups without providing corresponding increases for everyone in comparable jobs.

One manager in Louisiana state government described how, in the past, the only way to reward valuable employees, even in technical fields, was to promote them to supervisory positions. Small and unnecessary sections would be created and, some-

times, new job classifications created to “promote” an employee to supervisor. Recently, Louisiana has created dual career ladders to try to correct that tendency and to facilitate the rewarding of expertise without having to create artificial layers of a hierarchy. Agencies develop and submit plans to the Civil Service Commission to create ladders allowing experts to rise based on their development of valuable expertise without the requirement of assuming managerial duties.

The Winter Commission recommended classification simplification to reduce drastically the number of job classifications. This would, in the commission’s view, allow government staffing to respond to shifting needs. Broader job descriptions make it easier to reassign staff between divisions and agencies as needs change, and to adjust individual job assignments without having to reclassify an employee. They also provide managers with greater flexibility in setting salaries.

Examples of simplifying classification include South Carolina’s reduction of classifications from 2,500 to 500. Each classification had 50 pay steps within it; these were reduced to 10 wider bands. New York State eliminated over 2,000 job classifications. This helped in updating the job specifications and in reducing a backlog of 600 civil service exams. On a smaller scale, Blacksburg, Va., reduced its 80 classifications to 50 and its 15 pay bands to 4.

## **Expeditious and Fair Discipline and Firing**

Jonathan Walters has written, “In the public’s mind the most damning characteristic of a government personnel system is that even the most laggard public employees can’t be fired.”<sup>48</sup> Of course, this “damning characteristic” is not true. Public sector

employees are in fact fired and otherwise disciplined (suspended, demoted, etc.) for cause. The myth is so pervasive, however, that Louisiana’s state civil service debunks it in the orientation videos on its website. What is true is that, in many jurisdictions, civil service rules combine with ponderously performed procedures to make firing and even less drastic forms of discipline daunting and potentially extended exercises for managers to undertake.

Extensive due process protections were not a part of the Pendleton Act, the original federal civil service law, in 1883. Even though arbitrary dismissals were symptomatic of the spoils system, most civil service advocates thought that merit selection would take care of the problem. The idea seemed to be that competitive and fair hiring would prevent favoritism and thereby eliminate the main motivation to remove competent incumbents.

Civil service protections regarding discipline and firing developed only gradually. Full-blown rights to hearings and appeals did not emerge until after World War II, first extended to veterans and then to other workers. U.S. Supreme Court rulings have recognized public employees’ property rights to their jobs and required due process to dismiss them.<sup>49</sup>

Effective discipline that will withstand scrutiny and possible reversal depends primarily on managerial competence. Civil service systems typically set up processes to prescribe how discipline should be done in a way that makes the case and provides a record that can be reviewed. When these prescriptions are followed, agency actions are generally upheld, and the process need not stretch out in time.<sup>50</sup>

Training managers in how to supervise, evaluate, and apply discipline correctly is crucial to effective discipline. Managers

who avoid the discomfort of giving realistically negative employee evaluations may find it difficult to sanction a poorly performing employee about whom the record is only positive. Similarly, not confronting and not documenting unacceptable performance when it happens makes it hard to impose discipline after problems have been allowed to build up. Training managers in supervision, including evaluation and discipline, is a crucial aspect of creating an efficient personnel system and work force.

In Louisiana's civil service system, referees (hearing officers who must be attorneys) decide disciplinary appeals. The decisions are subject to review by the commission if application for review is filed within 15 days. From 1996 through 2003, applications for review of referees' decisions have averaged 56 a year, 23% of the decisions rendered by referees. The time from appeal to referees' decisions in that period averaged over eight months. The 2001-2003 time lapses were lower than previous ones, down to five months.<sup>51</sup>

A number of jurisdictions have built in ways to expedite resolution of discipline issues. Connecticut uses facilitation, a pre-hearing, non-binding attempt by a neutral third party to provide a short and dignified resolution. In New York State, the most common form of discipline cases, those regarding time and attendance, are heard by an arbitrator within 30 days of filing. They are decided on the spot, shortening a process that previously often took up to a year and sometimes more to resolve. This expedited arbitration was the result of an agreement between the state and a large public employees union.<sup>52</sup>

Speedier resolutions have obvious advantages for both deserving employees and conscientious managers who have done their jobs. Expediting processes need not compromise fair resolution.

## **Making Evaluations Meaningful and Productive**

Central and critical to the concept of a merit system is an objective way to measure merit. Testing is one manifestation of how civil service systems attempt to insure merit in selection and promotion. Objective, documented performance evaluations are, at least in theory, another way to assess and record merit and a key component in retention, promotion, layoff, and dismissal decisions, not to mention any differential merit pay plan. In human resources management, both in the private sector and in public service, the gap between theory and practice in performance evaluations appears to be a persistent issue.

The U.S. Office of Personnel Management recently published a white paper describing some of the problems in performance evaluation. The critique, written about the federal government, applies to many state and local government entities and to some private employers as well:

*A universal challenge in performance management is establishing and communicating credible and reliable measures of performance. ...*

*High performing organizations emphasize the need to differentiate levels of performance and to take actions based on those differences. The Federal Government's practices in this area, while perhaps understandable in some respects, are impossible to defend. Many agencies have basically drained all meaning from the label "Outstanding" by applying it to such large proportions of their work force that no connotation of "standing out" remains. ... The dynamics that contribute to*

*rating inflation are well known, particularly the perceived, although not substantiated, impact on retention standing in a reduction-in-force and the desire not to disadvantage employees when “everyone else is doing it” (i.e., inflating ratings).*

*Perhaps a more daunting and insidious cultural dynamic that mitigates against effective differentiation comes from the rigidities of our pay system. ... Managers who might be inclined initially to differentiate levels of performance among their employees get little or no payoff. ... [T]hey are extremely limited in their ability to deliver differentiated pay increases as rewards....<sup>53</sup>*

If personnel appraisal is a universal challenge, it is not one that is routinely met. In their textbook on human resources management in the public sector, Evan M. Berman and his co-authors write, “Few managerial functions have attracted more attention and so successfully resisted solution than employee evaluation. Personnel systems predicated on rewarding merit are undermined when questionable appraisal practices take place.”<sup>54</sup>

There are a number of reasons that employee evaluation resists successful solution, not the least of which is an apparently widespread reluctance among supervisors to be evaluators. This compounds other well-known sources of potential errors, which include personality factors, risk aversion, work-place political considerations, and unresolved role conflicts.

At least two elements seem to be required for an appraisal process to succeed. One is management commitment to using performance appraisal as a management tool. Without that commitment, the process becomes a cynical exercise divorced from organizational goals, “an irrelevant, once-a-year formality to complain about, complete, and forget in the service of administrative rules.”<sup>55</sup>

Assuming management is committed to the appraisal process and its effective use, a second requirement is a demonstration of that commitment by an investment in educating managers. Training is needed to overcome initial reluctance, to develop necessary interpersonal skills, to understand the value of appraisal as a management tool, and to use the process to support the policies and practices of the organization, focusing on the achievement of organizational goals.

Phoenix is considered a leader in performance appraisal. The Performance Management Guide (PMG) is used to evaluate all employees below the level of middle manager. Training in the use of the guide emphasizes its importance as a tool for communication to arrive at clear, measurable goals and objectives. Evaluations are done quarterly during the first (probationary) year of employment or after a promotion, and once a year thereafter.

The evaluation system was developed by using an employee survey. The guide to using it was developed using focus groups



of employees and supervisors. It has recently been revised in a similar consultative process.

Training in the use of the guide is required for everyone in a supervisory position and is available to those being rated. Reviewers (who audit the evaluations) are also offered training in assuring fairness and consistency. The Personnel Department also operates a PMG hotline for employees, supervisors, and reviewers to get timely answers to questions about its use.

Citywide objectives are the bases for goals and objectives on which managers and executives are evaluated. These organizational goals also form the bases for appraisals of individual employees within departments.

Phoenix provides recognition of performance through a variety of rewards, monetary and non-monetary. Monetary rewards include merit increases for obtaining specific certifications or for superior performance, safety awards, suggestion awards, special incentives for participation in re-engineering efforts, etc. Non-monetary awards include both citywide and departmental recognition programs.



## Layoffs and Bumping

Reductions in the size of the work force have the potential to wreak havoc in traditional civil service settings. The reason for this is the widespread practice of “bumping” which allows an employee whose job is eliminated to claim the job of someone with less tenure who is in the same or a lower classification, as long as the senior employee has the minimum qualifications. The particulars of how bumping procedures apply vary, but common to the cases with the most potential for damage is a chain-reaction, multiplier effect that can turn the elimination of 16 positions into a process that affects 70 employees and requires four months’ time to work out.<sup>56</sup>

This exercise of seniority is part of merit systems’ traditional defense against patronage and the potential for replacement of incumbent government employees with a new set of politically appointed workers. It adds a layer of protection against political manipulations to remove employees by downsizing and replace them with new appointments to reconstituted positions.

However understandable the goal, bumping can be an incredibly messy process. Demoralizing uncertainty can linger for months while employees decide whether and how to exercise their seniority rights. Each bump sets off the potential for another. Training required by the changes may have to be postponed until the dust settles and it becomes clear who is working where. Employees can land in jobs they haven’t done in years and don’t really want to do. Managers can get stuck with employees they would never have hired. Bumping can also make the prediction of savings from a reduction in force impossible to predict with accuracy.

The work of various government agencies inevitably changes, priorities change, budgets sometimes shrink, and work force contractions that do not involve patronage happen. When they do, how to manage them fairly and with the least disruption to the work of the government is a serious challenge.

In 1995, Prince George's County, Md., was faced with budget cuts that required the elimination of 500 positions. After eliminating vacant positions and anticipating natural attrition, the county was left with 100 actual layoffs. The government took two steps to make the inevitable more rational. The first was to change the civil service rules to limit bumping to a single job title or specific job function. The second was to reduce the role of seniority in reductions in force. The county uses "retention points" that count performance for more than seniority when it lays off employees.<sup>57</sup>

In 2001, Louisiana adopted policies that parallel those of Prince George's County. Traditionally, employees with longer seniority and satisfactory or above job performance evaluations could bump those with less seniority in the same or adjacent parishes. The State granted to agencies the discretion to structure their own layoff plans. This enabled agencies to choose a policy that weighs performance more than seniority. If the agency adopts such a plan, an employee with an evaluation of outstanding or exceeds requirements can bump an employee with lower ratings. In addition, the new rules allow an agency to protect from bumping up to 20% of those potentially affected by a layoff for "rational business reasons" (that must be specified and defended).<sup>58</sup>

An emphasis on performance evaluations in layoff decisions preserves the concept of comparative merit in a difficult process. In

theory, New Orleans puts the emphasis on performance. This reinforces the importance of having a credible evaluation process in place, since uniformly high evaluations, as in New Orleans, render the emphasis meaningless.

## **Management Information and Work Force Planning**

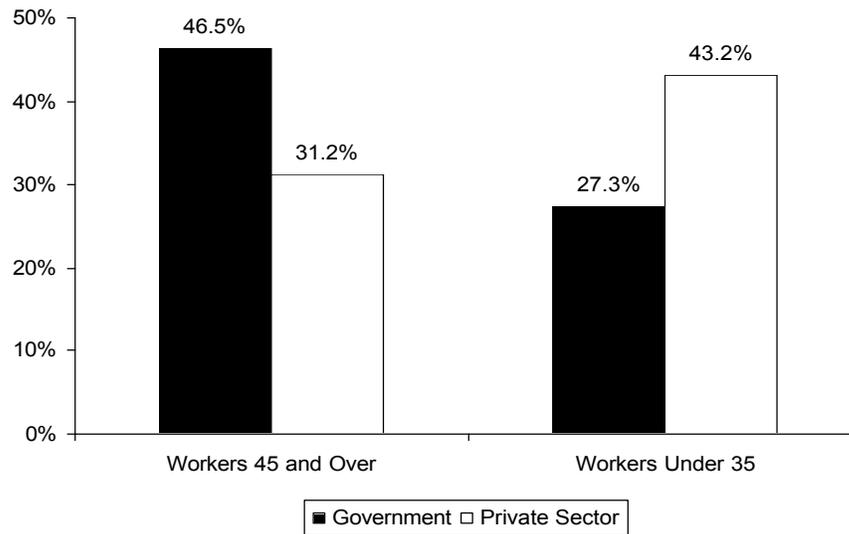
Most personnel departments in city governments routinely publish analytical reports of personnel data that provide management with valuable information with which to devise staffing strategies. With personnel expenditures normally a major part of a city budget, the production and sharing of analyses of data and trends in personnel management would seem to be a normal and required function.

The Louisiana DSCS publishes a number of reports on its website. These include the "Annual Performance Planning and Review Report," which presents the statistics that track the monitoring of performance evaluations by each state agency.

Work force planning, the attempt to predict and plan for future personnel needs, is a concept that was just beginning to work its way into the vocabulary of human resource managers when *Governing* magazine did its 1999 survey of state governments. Louisiana was among many states whose personnel managers barely recognized the phrase. The concept is gaining greater currency as time passes, however, because the approaching retirement of "baby boomers" all over the country has implications for government staffing.

The impending retirement of this cohort of workers will have a disproportionate impact on government staffing. Nationwide, 46.5% of the 20.6 million government workers in 2001 were 45 years of age or

## Older and Younger Workers in Government and the Private Sector, 2001



Source: The Aging Government Work Force, Craig W. Abbey and Donald J. Boyd, *The Nelson A. Rockefeller Institute of Government*, July 2002

older. This compares to just 31.2% of workers in the private sector. This gap of 15.3% between government employees and private sector ones has grown since 1994, when the gap between the two was 12.8%.

Compounding the impact of this impending exodus is the fact that 49.3% of the government workers who are 45 and over are in jobs that require specialized education, training or skills. This compares to 34.8% of the older workers in the private sector.<sup>60</sup>

While some jurisdictions are starting to get a clue about what is about to happen, work force planning is relatively rare. Minneapolis and the State of Pennsylvania have engaged in the kind of internal study of the work force that is required to anticipate impending retirements. From this knowledge, succession plans can be developed. This may mean intensive, targeted recruiting to begin putting people in places from which they can move into anticipated vacancies. It may also involve targeted training for the current work force. In

Minneapolis, the analyses go beyond looking at retirements and try to anticipate the potential for organizational changes, including departmental mergers and transfers of responsibility.<sup>61</sup>

Louisiana's Department of State Civil Service has begun work force planning. The department has experimented with mentoring projects to develop current employees to fill the shoes of retiring employees. The emphasis is on training for leadership skills and management development rather than job-specific knowledge. This foray into work force planning has been educational for the staff members who have worked on it, but the department acknowledges that it does not have a fine-tuned process yet.<sup>62</sup>

Work force planning is not a simple craft. In a merit system, additional elements complicate the attempt. For example, it may not be possible to groom someone to replace a retiring employee because to do so would short-circuit merit selection.

## Conclusion

BGR's examination of the civil service system in New Orleans has led it to conclude that merit principles are still important and need protection. The civil service system is a necessary bulwark against patronage and political pressure on employees. To protect workers and the public from the ill effects of a politicized work force, the Civil Service Commission should maintain its independent rule-making, oversight, and quasi-judicial roles.

Beyond the defense of the merit system, the mission of the Civil Service Department and its relationship with the City's administration should be reshaped by a new vision. BGR proposes that the Civil Service Department's role should change from being primarily a control-focused enforcer of rules to a service-oriented personnel department with independent authority to assure that merit principles are followed.

Developing an effective human resources system would require a partnership that integrates the Personnel Director (the head of the Civil Service Department) into the City's administration. Such a partnership would not require the Civil Service Commission to abdicate its responsibility for its monitoring role or its responsibility for setting the parameters needed to promote merit. It would, however, require a different approach to rules and procedures — an approach that makes them subservient to, and in support of, the goal of creating a high-quality professional work force.

BGR proposes that changes in civil service in New Orleans should begin with a return to its goals. At its core, civil service should be a system that creates a professional work force for the City. The focus should be on the creation of the most productive work force possible. While the system



should protect employees from political pressure and the public from patronage, it should not protect employees from legitimate competition or accountability. It should allow for the motivation and reward of productive employees.

Guided by these goals, the administration and the Commission should pursue a relationship built on a commitment to cooperation. To provide the framework for cooperation and reform, the City's administration should explicitly accept and acknowledge the need for an independent civil service system. The Commission should explicitly recognize the need for more management flexibility and affirm its willingness to reexamine, and where necessary, rewrite its *Rules*.

In developing and advocating a new vision for New Orleans' civil service, BGR is encouraged by the fact that the Constitution provides broad guidelines, rather than detailed mandates, for the operation of the civil service system. The Constitution does not require that the system remain as it is. It offers the flexibility to adopt, without constitutional amendment, many of the changes that have occurred in public personnel administration around the country.

## Findings and Recommendations

### 1. Creating a Positive Relationship and Momentum for Change

*Finding.* The relationship between the Civil Service Department and the City's administration needs to be redefined. It is currently characterized by minimal communication and a virtual absence of a shared sense of purpose.

#### *Recommendations*

- ▶ The City's administration and the Civil Service Commission should immediately initiate deliberate and inclusive conversations to develop an effective and efficient partnership for human resources management. Maintaining the core principles of merit selection and freedom from political pressure in city employment should be the inviolable bedrock of the discussion. Everything else, including the most sacrosanct civil service rules, should be subject to close, open-minded scrutiny and a wide-open search for the best practices to attract, retain, and reward employees.
- ▶ Leadership for initiating and maintaining communication and partnership should be provided by the mayor and the Civil Service Commission.
- ▶ Regular communication between the Civil Service Department and the City's administration should be institutionalized in the form of regular meetings between the Personnel Director, the Chief Administrative Officer (CAO), and other top administrators to discuss human resources issues.

- ▶ When the Commission hires a Personnel Director, it should select a candidate with the willingness and ability to pursue the process of changing the current culture and relationship with the City's administration. The person selected should have experience leading government or private sector organizations through major change.

### 2. Redefining Roles: Managerial Discretion

*Finding.* Management lacks flexibility and discretion, particularly in the areas of hiring and remuneration. The delegation of more authority would contribute to a performance culture and speed up processes that are currently bogged down in multiple bureaucratic steps.

#### *Recommendations*

- ▶ The Civil Service Commission and the CAO should increase management's flexibility with respect to compensation by broad-banding classifications and pay. Broad-banding involves collapsing the myriad classifications into wide categories and establishing compensation ranges for those classifications. It eliminates hiring and starting rates and allows managers to establish salaries at the levels they deem appropriate within the established ranges. The City Council should give the approvals necessary to implement the changes.
- ▶ The Commission, working with the CAO, should grant management discretion to give raises in amounts the managers deem appropriate within the applicable pay band. Raises should not be tied to promotions or

fixed timetables. The City Council should give the approvals necessary to implement the changes.

- ▶ The Civil Service Department should reduce the number of transactions that must be submitted to it for prior approval, relying on oversight to ensure that managers are operating within established parameters.
- ▶ The Commission's rule of three, limiting the applicant pool to three candidates, should apply only when there is significant competition for positions and a highly developed testing and ranking system that justifies its use. The use of alternate approaches, such as allowing managers to hire from employees whose rankings fall within reasonable bands, should be expanded.

### 3. Creating a Performance Culture

**Finding.** The current system works against achievement by failing to recognize and reward quality performance. The factors contributing to the problem are multiple, and include inadequate evaluation procedures, a lack of management training, a rigid and inadequate compensation structure, and restrictions that give too strong an advantage to current city employees. Creating a performance culture will require a multi-pronged attack on the underlying weaknesses in each of these areas. Each of these areas is discussed below.

#### *Recommendations: Making Evaluations Meaningful and Productive*

- ▶ The City's administration should take the lead in a cultural change that would make performance and its measurement a core value in city employment. The Civil Service Department should demonstrate its

commitment to this goal by facilitating the process, enhancing training, and monitoring and analyzing ongoing efforts.

- ▶ The City's administration and the Civil Service Department should work together to align evaluation practices with the City's organizational goals.
- ▶ Managers who, after appropriate training, fail to conduct meaningful evaluations should be penalized. The Civil Service Department should monitor and publicly report evaluation statistics by departments.

#### *Recommendations: Work Force Training*

- ▶ The City's administration should make a major commitment to training its work force. Departmental goals should be clearly articulated and guide training opportunities and requirements. The assessment of training needs should be comprehensive and ongoing.
- ▶ The City's administration should make training for all supervisors, including those who are unclassified appointees, mandatory. Training should address, among other things, performance evaluations, disciplinary procedures, and effective and fair disciplinary techniques.
- ▶ Training and development plans should become an integral part of individual evaluations and be tied to organizational values and goals.

#### *Recommendation: Pay Issues*

- ▶ BGR recommends as absolutely critical a joint effort by the Civil Service Department, the City's administration, and the City Council to adopt a new pay plan that will make city salaries

competitive and livable. The City's administration should develop a realistic plan to fund the increases. The plan should define specific goals that the City will reach by specific dates. As evaluations become meaningful, the use of incentive pay should be implemented.

***Recommendation: Increasing Competition for Positions.***

- ▶ The Civil Service Commission should severely limit or eliminate the use of "promotional only" designations, allowing non-employees to compete for positions above entry level. While longevity and relevant experience with the City should be considered, they should not be an exclusionary factor in filling positions.

**4. Improving the Efficiency and Effectiveness of Recruitment, Testing, and Hiring**

***Finding.*** The Civil Service Department's tightly held control can slow the process for hiring entry-level employees or filling vacancies in higher-level positions. With the exception of police recruitment, New Orleans' recruitment efforts have been almost non-existent.

***Recommendations***

- ▶ The City should begin to recruit potential employees aggressively. Long-standing plans to put jobs on the internet should be expedited. The website design should allow individuals to submit applications on-line and to review their status. E-mail lists for job announcements and test schedules should be developed and kept up to date. The Civil Service Department and other departments should designate staff members to recruit for hard-to-fill positions. The

mayor and appointed officials should promote employment with the City at appropriate functions with neighborhood or interest groups.

- ▶ The Civil Service Department should streamline the selection and hiring processes. The Civil Service Department should maintain registers on the in-house network for direct access by managers and reduce the number of transactions that must be submitted to the Civil Service Department for prior approval.
- ▶ Time lines for the steps in the selection and hiring processes should be established and, if the Civil Service Department cannot meet its deadlines or if fewer than three qualified applicants are available, managers should have the right to make a provisional appointment without the Civil Service Department's prior approval (subject, of course, to the hired person meeting the qualifications).
- ▶ Managers and Civil Service Department staff should review each test to determine its value in predicting success on the job. Where quicker and equally valid methods of ranking applicants exist, the Civil Service Department should use the alternative means.

**5. Expedient and Fair Discipline and Firing**

***Finding.*** BGR found no reason to doubt the fundamental fairness of either the discipline imposed by city agencies or the Civil Service Commission's reviews. However, appeals of disciplinary actions routinely are unconscionably slow.

### *Recommendations*

- ▶ BGR recommends that discipline processes be expedited. The Commission should adhere to its own deadlines and require that hearing officers expedite their portion of the process, too. It should consider hiring more hearing officers or holding hearings more often. The Commission should consider granting hearing officers the power to decide appeals, as in the state civil service system. Implementing the latter recommendation would require a constitutional amendment.
- ▶ The Commission and the City's administration should explore all forms of alternative, third-party facilitation and arbitration with the potential to quickly clear disputes.
- ▶ Departments should produce clear written disciplinary policies approved by the City Attorney. Departments should write discipline letters in consultation with experienced city attorneys to minimize unnecessary appeals.

## **6. Layoffs and Bumping**

*Finding.* The bumping system sacrifices the maintenance of an effective work force to job protection. It has the potential to wreak havoc in the case of widespread layoffs.

### *Recommendation*

- ▶ BGR recommends limiting bumping privileges to clearly related job classifications within an employee's current department.

## **7. Management Information and Work Force Planning**

*Finding.* Neither the City's administration nor the Civil Service Department regularly produces personnel management informa-

tion. Despite a general perception by management that important institutional knowledge may soon be lost as experienced employees retire, systematic internal analyses of impending needs do not exist.

### *Recommendations*

- ▶ The Civil Service Department should routinely produce personnel management reports needed to understand the condition of the City's work force and the City's personnel needs, and to evaluate and improve its own performance. Reports should include information and trend analysis on city departments' personnel activity, including hiring, turnover, discipline, performance evaluations, etc. The City's administration should provide the Civil Service Department with the necessary technological support to accomplish this.
- ▶ The City's administration and the Civil Service Department should develop staffing strategies for the future. The Civil Service Department should work with the CAO and department managers to put those strategies into practice.

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Undersecretary  
Louisiana Department of Transportation and Development

Mr. Robert Boland  
General Counsel  
Louisiana Department of State Civil Service

Mr. Richard Carter  
Administrator  
Test Development and Validation Division  
City of New Orleans Civil Service Department

Mr. Gary Clark, Ph.D.  
Commissioner  
New Orleans Civil Service Commission

Mr. Karl Connor  
Commissioner  
New Orleans Civil Service Commission

Ms. Pamela Davis  
Commissioner  
New Orleans Civil Service Commission

Mr. Kerry DeCay  
(formerly) Director of Property Management  
City of New Orleans

Mr. Dean DiSalvo  
Captain  
New Orleans Fire Department

Mr. Michael Doyle  
(formerly) Personnel Director  
City of New Orleans Civil Service Department

Mr. Walter Dupeire  
Administrative Division Chief  
New Orleans Fire Department

Ms. Farilyn Dupuy  
Director of Human Resources  
Louisiana Department of Transportation and Development

Mr. Patrick Evans  
Communications Director  
City of New Orleans

Mr. William Forrester  
Commissioner  
New Orleans Civil Service Commission

Mr. Gary Forster  
(formerly) Director of Intergovernmental Affairs  
City of New Orleans

Mr. Greg Fretz  
Labor Relations Administrator  
City of Phoenix

Mr. Harold Gorman  
(formerly) Executive Director  
Sewerage and Water Board

Mr. Cedric Grant  
(formerly) Chief Administrative Officer  
City of New Orleans

Mr. Robert Hagmann  
Acting Administrator, Classification and Compensation Division  
New Orleans Civil Service Department

Mr. Thomas Harrington  
Lieutenant  
New Orleans Police Department

Mr. Dwayne Harris  
Accountant, Municipal Employees' Retirement System  
City of New Orleans

Ms. Lisa Hudson  
Acting Deputy Personnel Director  
New Orleans Civil Service Department

Ms. Sherry Landry  
City Attorney  
City of New Orleans

Mr. Blaine LeCesne  
Commissioner  
New Orleans Civil Service Commission

Mr. Michael Lewis  
Management Services Administrator  
Department of Finance  
City of New Orleans

Ms. Karen Mason  
Registered Nurse  
Health Department (former employee)  
City of New Orleans

Mr. Paul May  
(formerly) Director of Safety and Permits  
City of New Orleans

Ms. Susan Mayoral  
Librarian  
New Orleans Public Library

Mr. Paul Medus  
Management Services Supervisor  
Department of Safety and Permits  
City of New Orleans

Mr. Greg Meffert  
Chief Technology Officer  
City of New Orleans

The Honorable C. Ray Nagin  
Mayor  
City of New Orleans

Ms. Alberta Pate  
Director of Housing and Neighborhood Development  
City of New Orleans

Mr. Wade Rathke  
Chief Organizer  
Service Employees International Union 100

Mr. Allen Reynolds  
 Director  
 Louisiana Department of State Civil Service

Mr. Charles Rice  
 Chief Administrative Officer  
 City of New Orleans

Ms. Leslie Ross  
 Director  
 Phoenix Employment Relations Board

Mr. Joseph Scanio  
 Police Officer  
 New Orleans Police Department

Ms. Lynne Schackai  
 Acting Personnel Director  
 New Orleans Civil Service Department

Ms. Cynthia Sylvain-Lear  
 Assistant Chief Administrative Officer  
 City of New Orleans

Mr. Michael Thompson  
 Business Manager  
 Laborers' International Union of North America, Local 1297

Ms. Jean Tozer  
 Staffing Administrator  
 Louisiana Department of State Civil Service

Ms. Shelia Webb  
 (formerly) Director of Health Department  
 City of New Orleans

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Bureau of Governmental Research  
225 Baronne Street, Suite 610  
New Orleans, Louisiana 70112  
Phone (504) 525-4152  
Fax (504) 525-4153