Chapter 6: Human Resources Management

Key Ideas in Chapter 6:

- An aging state government workforce, shrinking pool of talent, and the need for new skills will form a gap between the supply and demand for skilled state employees. The state can best position itself to meet these challenges by taking an enterprise approach to the management of human resources.

- The State Personnel Board regulates less than thirty percent of the state's public employees. To achieve the end of comprehensive and effective human resources management, all executive branch employees of Mississippi, except agency directors and employees who work under the direct confidential control of agency directors, should be subject to the authority of the State Personnel Board.

- PEER notes that there is an absence of a formal, written statewide workforce plan that specifies future workforce needs and plans to address those needs.

- Deficiencies exist in SPB's management of human resources. For example, SPB has not identified core competencies for over half of all state employment job classes and is therefore unable to develop proper assessment devices for these positions. Also, in its 2008 report, the Pew Center found that SPB's e-recruitment site (i.e., the website that displays an active recruitment list and allows individuals to apply for positions online) has weak navigability and content.

- While the Legislature often appropriates funds for specific employee pay increases, it has not consistently funded the state's Variable Compensation Plan.

- Benefits in state government are not comprehensive, cost-effective, or consistent from agency to agency.

- The State Personnel Board estimates that less than fifty percent of state agencies handle performance appraisals correctly.

Opportunities for Change: Human Resources Management

- The Legislature should consider amending state law to rename the State Personnel Board the Mississippi Department of Human Resources Management and extensively broaden its authority over personnel management in state government. This expanded authority should include broader coverage of positions, authority over contractors, and benefits management.

- The Legislature should fund the Variable Compensation Plan.

- The Public Employees’ Retirement System should explore possible changes to state employees’ retirement benefits in order to reduce the unfunded accrued liability of the state employees’ retirement plan.
Chapter 6: Human Resources Management

According to the website for the Society for Human Resources Management, human resources is “the function dealing with the management of people employed within the organization.” Given its pervasive influence across all functions of government, it can be argued that strong human resources management is one of the most important support functions in state government, as it provides the principles by which employees are utilized and whether they are utilized efficiently and effectively. From an enterprise perspective, the sound management of human resources is a foundation element needed to promote the health of the enterprise. It is the performance of employees that so often is the primary reason behind an organization’s success or failure in reaching its strategic goals. An enterprise approach to management of the state’s workforce should lead to greater efficiencies through consolidation of human resources management functions as well as to improved effectiveness through statewide adoption of best practices in the field of human resources management.

Following a discussion of the importance of sound management of human resources to the efficient and effective delivery of public services by Mississippi state government, this chapter identifies:

- an enterprise vision for human resources management in Mississippi state government;
- best practices in the core functions of human resources management: strategic workforce planning, recruitment, selection, training and development, compensation (including benefits), and job performance measurement; and,
- areas in which current human resources management practices in Mississippi state government fall short of best practices.

Sound Management of Human Resources: Critical to the Efficient and Effective Delivery of Public Services

Effective management of the state’s human resources is critical to the success of the state in delivering public services efficiently and effectively. Comprehensive human resources management:
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- engages in active workforce planning, which includes identification of the most efficient and effective tasks and processes for delivering public services, as well as anticipating and addressing issues such as the aging and shrinking size of the workforce that will affect the ability of state government to execute its responsibilities successfully in the future;

- attracts, selects, retains, and develops the best qualified individuals needed to staff essential public services; and,

- eliminates those employees (including contract employees) who are not meeting required levels of job performance or whose job duties are no longer needed within the organization.

A sound human resources system can influence both employee ability and employee effort and can help identify horizon issues that will affect the human resources needs of a state as well as a state's ability to meet those needs.

An aging state government workforce, shrinking pool of talent, and the need for new skills will form a gap between the supply and demand for skilled state employees. The state can best position itself to meet these challenges by taking an enterprise approach to the management of human resources.

The functions basic to human resources management are: workforce planning, recruitment, selection, training and development, compensation (including benefits), and job performance measurement. A sound human resources system can influence both employee ability (through effective recruitment, selection, training and development) and employee effort (through motivators such as compensation, benefits, and employee performance appraisal systems). In addition, through effective workforce planning, a sound human resources system can help identify horizon issues that will affect the human resources needs of a state as well as a state's ability to meet those needs.

One hallmark of the successful modern organization is the ability of its workforce to respond rapidly to changing organizational needs and demands (referred to as "workforce agility"). For example, the application of a new technology to a work process in one department of state government could free staff to assume other responsibilities in more labor-intensive areas of state government. The agility of state governments' workforces will be tested in the next ten to fifteen years as they seek to address increasing demands for government services combined with predicted worker and talent shortages. The Deloitte book States of Transition notes that an aging state government workforce, shrinking pool of talent, and the need for new skills will form a gap between the supply and demand of skilled state employees. The state can best position itself to meet these and other challenges by taking an enterprise approach to the management of its human resources.

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34 Eggers and Campbell, States of Transition, 58.
Weaknesses in Mississippi’s Management of Human Resources

The Pew Center on the States is responsible for the Grading the States project, which evaluates how well each state manages its people (i.e., human resources), information, money, and infrastructure. In the 2008 report, Mississippi received a grade of “C” in the “people” category, which includes analyses of the state’s performance in the following areas:

- strategic workforce planning;
- hiring (recruitment and selection);
- retaining employees (including benefits and compensation);
- training and development; and
- managing employee performance.

Pew assigned each area one of three ratings: weakness, mid-level, or strength. Pew assigned a “weakness” rating to Mississippi’s strategic workforce planning and hiring functions and assigned a “mid-level” rating to Mississippi’s functions of retaining employees, training and development, and managing employee performance. Mississippi received no ratings for strengths in the people category.  

In addition to the research conducted by the Pew Center on the States, a 2006 report by The Hackett Group, an advisory firm that focuses on best practices and benchmarking, found that Mississippi spends 72 percent less time than its peer group on strategic planning (including workforce planning) and instead focuses its resources on transactional activities.  

A more detailed discussion of the weaknesses in the State of Mississippi’s management of its human resources, by major human resources management function, begins on page 91.

The State Personnel Board’s Authority is Limited to a Portion of the State’s Workforce

Annually, the Legislature appropriates a significant amount of funds to state agencies, institutions of higher learning, community and junior colleges, and public school districts. For example, the Legislature appropriated $18.4 billion to those entities for FY 2009. The entities use a portion of the appropriated funds to pay the salaries and fringe benefits


36 The Hackett Group, State of Mississippi Human Resources Benchmark Results, 2006.
of their employees. As of June 30, 2008, the entities had total staffing of 124,553 employees, as detailed below:

- public school districts: 66,941;
- state agencies: 33,887;
- public universities: 17,593; and,
- community and junior colleges: 6,132.

In addition to their employee workforce, the entities expend approximately $2 billion annually on personal services provided by contract personnel. This annual expenditure includes the services of both contract workers (i.e., workers hired under a contract to perform services subject to the entity’s direction and control) and independent contractors (i.e., individuals, firms, corporations, or other service providers employed by an entity through a contractual agreement who do not meet the definition of a contract worker.)

With regard to human resources management, the authority of the State Personnel Board (SPB) is limited to employees of state agencies. Various governing boards and administrators perform human resources management responsibilities for employees of public school districts, public universities, and community and junior colleges. Even within state government, SPB oversees only approximately 32,000 positions (94% of the state employee workforce as of June 30, 2008) because legislative and judicial employees are excluded from SPB’s control. Also, state law excludes other positions from SPB’s oversight, such as employees of the state port at Gulfport and Mississippi Industries for the Blind. Further, MISS. CODE ANN. Section 25-9-107 (c) (xiii) (1972) exempts specific professions that serve in state government from SPB’s control—e.g., physicians, dentists, veterinarians, nurse practitioners, and attorneys, as well as part-time and time-limited positions.

To achieve the end of comprehensive and effective human resources management, all executive branch employees of the state of Mississippi, except agency directors and employees who work under the direct confidential control of agency directors, should be subject to the authority of the State Personnel Board. (While having no selection authority over agency directors and employees who work under their direct confidential control, the State Personnel Board should exercise salary-setting control over such positions.) Until this is accomplished, all state executive branch employees are not subject to the same conditions of employment, which has the potential to affect morale negatively and add to the high turnover rates in Mississippi state government.

With respect to contract personnel (both contract workers and independent contractors) employed by the State of
Mississippi, there are few limits or controls over state agencies’ use of this category of personnel. Basically, the only limitations are expenditure amounts included in an agency’s contractual services line item established through the appropriations process and the Personal Service Contract Review Board’s oversight of contracts that exceed $100,000. For contracts totaling less than $100,000, there are no external oversight controls regarding whether an agency has a documented need to employ a contract worker, the type of and qualifications of the worker hired, the amount paid to the worker, or the length of time the worker will be employed. Further, MISS. CODE ANN. § 25-9-120 (3) (a) (1972) exempts the following categories of contract personnel from the purview of the Personal Service Contract Review Board: computer- or information-technology-related services governed by the Department of Information Technology Services; personal service contracts entered into by the Department of Transportation; or, any contract for attorney, accountant, auditor, physician, dentist, architect, engineer, veterinarian, or utility rate expert services.

Toward an Enterprise Approach to Human Resources Management in Mississippi

To move toward an enterprise approach to management of state government’s human resources will require radical change. The following sections address impediments to achieving an enterprise approach to human resources management in Mississippi state government by major area:

- strategic workforce planning;
- recruitment;
- selection;
- training;
- compensation;
- benefits; and,
- job performance measurement.

Strategic Workforce Planning

Strategic workforce planning is a process for identifying future human resources needs based on two forecasts: the labor demand forecast and the labor supply forecast. The labor demand forecast is determining the number of employees with specific skills needed to reach the strategic goals of the organization. The labor supply forecast is determining the number of people that will be available for those jobs. Hence, the two forecasts provide a way to detect the human resources gaps that are expected in the
The predicted upcoming worker shortage could provide an opportunity to "right-size" government to its most efficient level by abolishing and consolidating non-essential positions vacated by retirees.

The need exists for more preparation for projecting and meeting the state of Mississippi’s future human resources needs.

According to SPB, approximately one-fourth of current state employees began employment on or after January 1, 2006. The cost to the state of employee turnover is high. In addition to the costs related to filling a vacant position (e.g., time spent screening applications and conducting interviews), turnover costs state government in terms of the reduced productivity of new employees who must spend work time acquiring the knowledge and skills needed to function optimally in the job.

As mentioned previously, the Pew Grading the States 2008 report and the 2006 study by The Hackett Group noted weaknesses in Mississippi’s strategic workforce planning. However, the State Personnel Board staff contends that it conducts workforce planning activities, although there is a lack of resources to develop and maintain a formal workforce planning program. For example, the SPB uses employment projections from the Mississippi Department of Employment Security and the U. S. Department of Labor to determine such things as which classifications are the fastest growing, whether new career ladders should be implemented, or whether recruitment initiatives should be enhanced for certain job classes. SPB has created career ladders for certain job classifications, with a goal to create career ladders for all classifications. The SPB believes that career ladders are important to meet future workforce needs.
PEER notes that there is an absence of a formal written workforce plan by the SPB that specifies future workforce needs and plans to address those needs. However, because the Pew report, the study by The Hackett Group, and the SPB disagree on the merit of the SPB’s workforce planning efforts, more work needs to be done to determine the exact deficiencies, if any, in the SPB’s strategic workforce planning.

Another critical component of workforce planning is the identification of the most efficient work processes, service delivery mechanisms, and organizational structures in state government. A critical goal of workforce planning is to fill only those state positions necessary to provide essential public services as efficiently and effectively as possible.

The Staffing Management Program, set forth by MISS. CODE ANN. Section 25-9-101 et seq. (1972), authorizes the SPB to monitor, control, and implement short and/or long-range organizational planning to manage staffing positions within agencies efficiently. Agency directors are responsible for the ongoing evaluation of the agency’s mission and workload to ensure the maximization of staffing positions. Directors can recommend additions and deletions of positions and consolidation of agencies, positions, and activities. Further, the SPB has the authority to conduct on-site staffing audits to determine the necessity for various positions. Since 2000, the SPB has conducted reviews of state agencies, including the Mississippi Library Commission, Department of Marine Resources, Division of Medicaid, Department of Public Safety, and others. Some reviews are geared towards only human resources issues, while others involve workforce issues that affect the entire agency.

Mississippi State Government has Poor or Nonexistent Succession Planning

Succession planning seeks to identify, monitor, and prepare those current state agency employees who are believed to be capable of success in management positions.

Succession planning is a subset of workforce planning directed at addressing the specific problem of an aging workforce and the associated loss of expertise when these employees retire. Succession planning seeks to identify, monitor, and prepare those current state agency employees who are believed to be capable of success in management positions. Succession planning requires managers to assess their employees’ talent in leadership and creates awareness when this talent is not available. Typically, succession planning involves three stages. In the first stage, high-potential employees are selected either by supervisors or through testing. In the second stage, the employees are selected to participate in developmental experiences, which
determines whether they continue in the process. The third stage involves employees’ exposure to the agencies’ key personnel and the opportunity to understand the company and its culture. It should be noted that this process might take several years.

Like other states, Mississippi has a high percentage of agency managers who are or will soon be eligible to retire. Specifically, as of July 2008, twenty-one percent of managers in Mississippi state government with an average of twenty-three years of service were eligible for retirement (i.e., eligible to retire at any age with twenty-five years of service or eligible to retire at age sixty with at least four years of service; see Exhibit 5, page 95.) In five years, this percentage will double to approximately forty-two percent.

Poor or nonexistent succession planning could result in the state’s inability to fill critical leadership positions with employees qualified and capable of assuming such positions. Some agencies might find that their employees are not ready to move into management positions because of skill weaknesses or lack of experience. Because the labor pool in Mississippi will not likely be sufficient to fill all vacant essential management-level positions in state government, state government will likely have to compete with the private sector for qualified management-level employees.

At least five state agencies in Mississippi have implemented or have begun to develop succession planning programs—the departments of Mental Health, Transportation, Environmental Quality, Employment Security, and Rehabilitation Services.

**Recruitment**

Employee recruitment refers to those activities designed to attract qualified individuals to apply for positions in state government. Examples of recruitment activities include establishing a positive brand for state government employment, developing a user-friendly website that advertises current vacancies and makes it easy to apply for open positions online, creating an intern program to attract top college graduates to careers in Mississippi public service, and establishing specific strategies for recruiting applicants in hard-to-fill areas such as nursing.
Exhibit 5: Percentage of State Employees and Managers Eligible for Retirement

The level of recruitment efforts and resources needed at any point in time are influenced heavily by three factors: the attractiveness of the position, the attractiveness of the organization, and the economy. For positions that are less attractive due to poor working conditions or low wages, more effort into recruiting is needed to attract applicants. Similarly, more effort is needed when the organization is not perceived as being a desirable employer. Finally, when the economy is good, more effort into recruiting is needed because there are more competitive opportunities for prospective employees. These factors should be considered in the workforce planning process.

During the workforce planning process, the state should identify people with specific skills needed to accomplish the state's strategic goals. The state may then tailor its efforts in recruitment to fit the needs of the state. The state's goal for its recruitment efforts should be to attract the right people to the job, noting that recruitment requires a thorough understanding of what it takes to be successful on the job. For example, the most educated or experienced applicant is not always the best person for the job (e. g., an
applicant with a high school diploma that has superior communication skills and the ability to multitask might be more suitable for an Office Manager position than an applicant with a bachelor’s degree who does not have those competencies).

To become an employer of choice among generations within the workforce, the state must also recognize what appeals to these generations. For example, according to States of Transition, for Baby Boomers (i.e., employees born between 1946 and 1964), one important element contributing to job satisfaction is the availability of retirement benefits. The list of “most important benefits” contributing to job satisfaction for Generation Y employees (i.e., those born since 1977) does not include retirement benefits, but does include training and career coaching. Such information is important for potential revisions to benefit options, redistributing resources to programs that are attractive, and recruitment efforts to promote various aspects of state employment. For example, States of Transition points out that the values of the younger generations mesh well with state employment. Typically, Generation Y perceives work as an opportunity for personal growth and to help others. Marketing efforts should then aggressively promote aspects of state government employment that relate to a sense of public service and training and promotional opportunities.37

Recruitment efforts have a profound effect on the state's selection program. If recruitment efforts are poor, the applicant pool might be small or filled with people who do not possess the knowledge, skills, and abilities needed to be successful on the job. Effective recruitment becomes even more important as the size of the workforce shrinks and the marketplace becomes more competitive.

SPB’s Efforts to Meet State Workforce Needs are Mixed

The SPB has, in many ways, implemented recruitment efforts that are needed to attract people to certain positions, including hard-to-fill positions. For example, SPB has established “recruitment flexibility,” which allows state agencies to increase starting salaries for those job classes where salaries are not competitive for a particular area of the state. Also, the SPB has implemented Type/Duty/Location Pay for hard-to-fill positions, including nurses, because the state has had difficulty competing with the private sector for nurses. This compensation plan allows nurses to be paid as much as twenty-nine percent above the start salary of the job, depending on the agency, classification, and/or location of the job.

37 Eggers and Campbell, States of Transition, 63.
The SPB has also increased its participation in career/job fairs around the state, formed relationships with university placement offices in order to locate applicants quickly for specific positions, and has begun the process to include high schools in its recruitment efforts.

SPB’s primary recruiting strategy, however, is e-recruitment through the website that displays the active recruitment list and allows people to apply for positions online. The electronic application provides an easy way for people to apply for state jobs. However, applicants have complaints about the site, such as having to complete the same general section of the application multiple times in order to apply for multiple jobs. Also, applicants state that the site does not provide comprehensive employment information (e.g., general government employment information, beginning a career in state government), nor does it include all open positions. In its 2008 report, the Pew Center noted that SPB’s e-recruitment site has weak navigability and content.

The SPB states that it is working on ways to improve the site, including the addition of information regarding the SPB and what services it provides, creating user-friendly links for job seekers and employees to access specific areas of interest on the site, and adding a self-assessment feature for job applicants.

Part of the reason for the lack of comprehensive employment information on SPB’s e-recruitment site is that selection and recruitment activities for over half of state positions are handled by individual agencies rather than SPB. The SPB is only responsible for verifying that the applicant chosen meets the minimum requirements for the position. Agencies do have the option, however, to use the SPB for e-recruiting and selecting for those positions. Of approximately 38,000 currently filled and unfilled positions, approximately 20,000 (or 53%) are “exempt from selection,” which means that potentially the majority of vacant positions are not advertised on SPB’s active recruitment list on its website. For job-seekers and the general public, this is likely misleading and confusing.

Mississippi state government does not place much emphasis on internships. Some agencies—such as the Department of Transportation, the Department of Information Technology Services, and the State Auditor’s Office—have internship programs, but the State of Mississippi has not developed an internship program as a recruitment tool.

Also, the State of Mississippi lacks strong marketing and employment branding, which involves creating a positive overall image of state government and selling it as a desirable place to work. SPB staff contend that the state stands out above other employers in terms of the fringe benefits offered as well as the job stability afforded to employees.
Chapter 6

Selection

The goal for any human resources selection process should be to fill vacancies in a timely manner with high-performing employees who possess the needed core competencies to perform the job efficiently and effectively.

Once a pool of applicants has been developed through the previously discussed recruitment process, the selection of an applicant from that pool to fill the vacancy is equally important. According to Gatewood and Field, in order to help ensure that the person selected to fill a vacancy is the person best qualified for the position, a selection program should meet the following criteria:

- The program is based on a job analysis. A job analysis is the gathering of information about a job. It results in information that is typically put into a job description, such as the tasks or activities of the job or the work environment.

- The performance dimensions or outcomes have been identified. Identifying the performance dimensions or outcomes of the job defines what success means for that job. Gatewood and Field suggest that a number of factors make this task difficult. For example, many jobs in state government do not produce tangible products; therefore, outcomes would not be as simple as ‘finished X.’ Also, several jobs in state government are interdependent; therefore, it is difficult to know how much each person contributed. In cases such as these, the judgments of immediate supervisors are important in identifying the performance dimensions.

- The knowledge, skills, and abilities (KSAs) needed for success have been identified. Identification of the knowledge, skills, and abilities needed for success on the job determines what employers should evaluate in applicants. For example, the job description for an Accountant/Auditor for the State of Mississippi notes that the person should have strong communication skills and the ability to manage workflow effectively.

- Appropriate, validated assessment devices that measure KSAs have been used. Assessment devices must measure the KSAs identified previously and can include applications, reference checks, interviews, assessment centers, exams, and many other methods. 38

Hiring the “wrong” person to fill a vacant position can severely impact the productivity of an organization. Low-performing employees might require more time and/or attention from managers, thus taking away time from

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managers to develop their higher performing employees. Also, agency morale is negatively impacted when managers not only tolerate the performance of the low performing employee but also require existing staff to take on work tasks not being adequately completed by the low performing employee. In jobs that are interdependent, the performance of other employees can be impacted significantly.

The Process for Selecting the Most Suitable Workers to Fill Vacancies

Needs Improvement

While SPB has completed job analyses and identified performance dimensions for all positions, there are some deficiencies in SPB's current selection process. For example, SPB has not identified core competencies for more than half of all state employment job classifications and is therefore unable to develop proper assessment devices for these positions.

SPB uses a point scoring system in its selection process that is typical of state governments. SPB's current scoring method consists of a pre-established rating system for crediting applicants' prior education and experience considered relevant to the job. SPB evaluators review the application to determine the level of relatedness the education/experience has to the duties specified in the job description (directly related, closely related, or semi-related). The subjectivity inherent in assigning a “relatedness” code to an applicant's education and experience places a burden on SPB to ensure uniformity among evaluators in assigning the code. Applicants meeting the minimum requirements for the job are awarded a score of 70. Additional points are added based on the degree to which the applicant exceeds the minimum requirements.

When a vacancy occurs within an agency for a position that is not exempt from selection (exempt positions are all non-state service positions and others that have been exempted by the SPB), SPB provides the agency a Certificate of Eligibles (COE), which lists the names of applicants who received the highest ten scores. Upon receipt of the COE, agencies determine which applicants meet their criteria and schedule interviews as appropriate. SPB does not verify experience requirements and only in certain cases does SPB verify education requirements. SPB says that the agencies are ultimately responsible for the verification of the correctness of applicants' experience and training. Because inclusion on the COE depends only on the reporting of education and experience, this method could actually encourage falsification of application information, allow an unqualified person to prevent a qualified person from
being on the COE, and perhaps even provide agencies a way to hire “buddies.”

This process for scoring job applicants fails to account for potential, talent, performance, and achievement. This type of scoring system has been criticized in research for low validity and could prevent the best person from being hired. States of Transition notes that the point method is one of the least predictive assessment devices; it places an emphasis on experience over talent and does not consider one’s performance and achievement. Because of this, States of Transition reports that this method increases turnover and absenteeism, while diminishing productivity.39

Training

The purpose of training is to enhance the knowledge, skills, and abilities that state employees need to perform their jobs successfully. Training should be designed appropriately, based on a systematic process that includes:

- assessing organizational indicators of training need (e.g., poor employee performance, adoption of new technology, adoption of higher performance standards, organizational changes, programmatic changes);
- ensuring that employees are motivated and have the basic skills needed to perform their job duties successfully;
- creating a learning environment (e.g., meaningful material, feedback);
- ensuring that employees apply what they learned from training to the job;
- developing an evaluation plan;
- choosing a training method; and,
- monitoring and evaluating the training program.40

Training can prepare employees for an increase in responsibility, promotions, or transfers that can occur after the planning process. Further, training may become necessary to help address skilled labor pool shortages predicted through planning.

Noe suggests that the role of training in modern organizations is changing and that training should be viewed in broad terms as a method for creating intellectual capital, instead of merely developing basic skill sets. According to Noe, intellectual capital includes cognitive knowledge (know what), advanced skills (know how), system understanding and creativity (know why), and self-

39 Eggers and Campbell, States of Transition, 71.
motivated creativity (care why). States of Transition notes that talented employees want to work in jobs or on projects that engage them. They want jobs that will give them connections to other employees who will be important to their future. The most valuable employees want the chance to constantly learn how to do their jobs better. Organizations must create the roles that tap employees’ greatest potential, while providing them with fresh challenges.

Further, state government training efforts should be coordinated for effectiveness and efficiency. An online portal is one way to facilitate the sharing of training resources among state agencies. The State of Virginia utilizes a main portal that provides one-stop shopping for a variety of state agency training programs. Individual agencies can have their own portal that provides agency-specific training and information. Employees can register and attend online training courses and supervisors can approve training courses online as well. The system records certifications, records completion of training courses, and has the ability to track training costs.

Efforts Should Be Coordinated Between SPB and State Agencies

Mississippi’s SPB has made considerable improvements in its training efforts over the past several years (e.g., development of its online database and training management system known as the Mississippi Enterprise Learning Management System [MELMS]), there are some deficiencies remain in its training and development program. For example, state agencies lack standardized training plans. The SPB’s Office of Training states that few agencies take advantage of SPB’s assistance in developing such plans, which should include a needs assessment to determine who needs training and in what areas, as well as an estimate of the funding needed.

Also, state agencies are not required to create employee development plans for employees. The SPB, however, encourages agencies to do so and provides an Individual Development Plan (IDP) form and instructions on its website. In addition, the SPB provides training on individual employee development planning and a task force is currently developing a new performance management system for state agencies that will include IDPs. Several agencies recognize the value of this tool in terms of

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41 Noe, Employee Training, 50-51.

42 Eggers and Campbell, States of Transition, 69.
recruitment and retention and are requiring it to be used by their supervisors and managers for their employees.

Further, SPB is not maximizing its limited training resources. State agency training efforts are generally fragmented and not comprehensive. In terms of fragmentation, state agencies are responsible for providing technical training to their employees, while the SPB is responsible for providing training in cross-agency areas such as management, supervision, and professional development. Also, Mississippi’s Department of Information Technology Services’ ITS Institute offers training to state employees related to computer and communication skills. In terms of the lack of comprehensive training of Mississippi’s state employees, SPB noted that agencies have not consistently provided their employees with needed training, particularly in the area of soft skills (e.g., positive work environment, stress management).

The SPB Office of Training began using MELMS in an attempt to reduce statewide training costs by allowing agencies to share training resources and instruction online. MELMS records completion of training courses attended as well as certification programs completed. Currently, the only online course available through MELMS is an orientation course for the Mississippi Certified Public Manager Program. During the period between January 1, 2007, and October 1, 2008, the number of participants who completed the online course (15%) was substantially lower than the number who completed the classroom course (85%).

Further, MELMS does not currently have the capacity to track statewide training expenditures. This issue has been discussed in relation to the planning and implementation of the proposed MAGIC system (see page 73). In addition, all state agencies do not use the MELMS system or any other compatible system. Due to this inefficiency, the SPB must manually enter training information from incompatible systems. Expenditures for SPB-provided and other training offered outside of the SPB was approximately $1.5 million for FY 2008.

Compensation

Sound compensation systems support agencies in their ability to attract, retain, and motivate employees to accomplish strategic goals. According to Herzberg’s motivation-hygiene theory of job satisfaction, pay is a hygiene factor through which employers can avoid employee dissatisfaction.43 While pay might not have as

much impact on long-term job satisfaction as motivational factors such as the work itself, pay seems to be an important factor in terms of recruitment and initial employment.

The goal of a state’s compensation system should be to help agencies attract, retain, and motivate employees to accomplish the agency’s goals. A sound compensation system, like the selection system, must be based on job analysis information and valid market surveys. This process ensures that pay is fair and competitive. The compensation system should also allow for rewards and incentives (monetary or non-monetary) other than salary to motivate employees. These rewards and incentives can be tied to an effective performance management program. Pay for performance can also be tied to the performance management program. The responsibility then becomes that of supervisors who are responsible for evaluating employees’ performance. Finally, a state compensation system should continuously be monitored for fairness. The State of Virginia utilizes an EEO Assessment tool that identifies potential violations of equal employment opportunity laws and regulations. Virginia’s Human Resources Department also runs reports on all salary increases in agencies to look for patterns or trends of concern.

The State has a Valid System for an Accountable Workforce that is not Fully Funded

Mississippi’s Variable Compensation Plan, which began in FY 1982, is a method of paying state employees on the basis of their job worth and performance. The plan’s key components are:

- **Realignment**—ensures that the pay ranges for jobs compensate incumbents what they are worth in the relevant labor market.
- **Productivity or merit pay**—pays employees for their high productivity, as indicated by job performance measures.
- **In-service**—increases pay to provide employees with cost of living adjustments.
- **Longevity**—provides lump-sum payments to employees who cannot receive a realignment or in-service pay raise because the raise would take them beyond the authorized end step salary for their job class.
While the Mississippi Legislature often appropriates funds for specific employee pay increases, it has not consistently funded the state's Variable Compensation Plan (VCP). Most VCP increases over the years have been in the area of realignment. The SPB estimates that $15 million is needed from general funds each year to fund realignment alone.

The Legislature has not authorized productivity pay since FY 1990. The Legislature funded productivity pay in 1982, 1984, and 1986 and authorized it (meaning that an agency was allowed to provide productivity pay to employees if the agency could identify excess salary funds, usually resulting from reductions in management positions) in 1983 and 1990. However, the Legislature discovered that agencies began using this money to give all employees an equal pay raise (e.g., everyone gets 3%) instead of using it as it was intended (i.e., to compensate high performers); therefore, the Legislature no longer funds the productivity pay component of VCP.

While the effects of a lack of full funding of all VCP components are not clear, one would suspect that it negatively affects the state's recruitment efforts, the state's ability to retain high performers (especially in the first few years of employment), and ultimately the performance of state agencies. In light of this, SPB has attempted, over the years, to respond to the needs of state agencies by adding such authority as new hire flexibility, which allows an agency head to grant starting salaries up to ten percent of the standard starting salary when the education, experience, or professional certification possessed by the person exceeds the minimum requirements for the job.

Mississippi's VCP is a valid compensation concept for an accountable workforce. It provides fairness, a way to compete with the private sector, and a way to reward better performers and motivate them to maintain their high performance.

Benefits

The goal of benefits should be to provide non-cash compensation to help state agencies to attract, retain, and motivate employees. Types of benefits typically offered by state governments include leave, retirement benefits, and health and life insurance.
State benefits should be:

- comprehensive;
- competitive;
- cost-effective; and,
- seen as part of total compensation.

A comprehensive approach to benefits allows for work-life flexibilities (such as flex time or job sharing) that can be tailored to the needs of employees. As mentioned previously in the discussion of factors that contribute to job satisfaction among different generations (refer to page 96), employee values and accordingly the benefits that attract, retain, and motivate them are changing. The benefits package offered to state employees should reflect those changes.

Agencies duplicate efforts when they are responsible for providing their own benefits; they each must spend time finding providers and administering the plans. Also, this approach provides an uneven playing field for agencies in terms of recruitment and retention. Larger agencies might be able to offer more benefits than smaller agencies (such as vision or dental insurance), thus potentially attracting a larger number of applicants.

Because the state must compete with the private sector for employees, the state should continuously explore ways to reduce costs while offering attractive benefits. As American companies search for ways to curb the rising cost of providing healthcare benefits to their employees, an increasing number are targeting controllable behaviors or conditions that can greatly affect the cost of healthcare, including smoking, obesity, high cholesterol, and sedentary lifestyles. Faced with rising premiums for employers and employees or the reduction of benefits, corporate and public wellness programs that offer incentives for workers to convert to healthier eating habits and lifestyles that include regular exercise are becoming more widespread. Companies are also introducing disincentives for continuing unhealthy behaviors. For example, some companies have added smoking surcharges to their employee health insurance premiums.

Finally, in order to maximize the use of employee benefits as a recruitment tool, prospective employees must understand that benefits are an important part of total compensation. For example, Virginia’s Department of Mental Health uses a document that shows the total compensation for each position (salary + benefits) as a recruitment tool to show job applicants the actual value of the job.
State Government Needs Better Utilization of this Tool for Attracting, Retaining, and Motivating Employees

According to SPB staff, fringe benefits for a typical state employee in Mississippi amount to approximately $11,906, which is approximately 35 percent of the average employee salary ($34,013). Two benefits currently provided to all Mississippi state and school employees are major medical health insurance with dependent coverage available and term life insurance. State law authorizes the Department of Finance and Administration (DFA) to administer the state's major medical health and life insurance plans.

However, with the exception of the two aforementioned statewide employee benefits, benefits in Mississippi state government are not comprehensive, cost-effective, or consistent from agency to agency. Individual state agencies are responsible for offering any additional benefit plans such as enhanced health, dental, vision, or cafeteria (a tax savings plan authorized by the Internal Revenue Service). Large agencies, such as the Department of Mental Health, are able to offer more benefits, including cancer and personal accident insurance, than smaller agencies.

In a survey of eight large state agencies in Mississippi, all offered several benefit plans to their employees in addition to the state health and life insurance plans, including dental, vision, cancer, and disability insurance plans and a cafeteria plan. All eight agencies noted costs related to time spent administering the plans. Also, each agency pays for employees who participate in the cafeteria plan. For the state agencies surveyed, this fee ranges from $1.00 to $4.25 per participating employee per month. Some state agencies surveyed noted the inefficiency of employees having to re-enroll in various plans when transferring between agencies, as the benefit plans are different. This scenario also creates an uneven playing field for agencies in recruiting, as certain agencies are able to offer more benefits than others.

Job Performance Measurement

The goals of a valid system to measure employee performance are to:

- routinely assess employees' progress towards goals and to help them to achieve these goals as efficiently and effectively as possible;
- improve sub-standard employee performance through targeted training and where necessary, through an effective disciplinary system; and,
- provide a sound basis for employee selection. Performance information can be used to examine the effectiveness of an organization's selection program because the selection program is designed to place a person in the job that is expected to perform well.
A sound compensation program that provides pay for performance cannot exist without a sound job performance measurement system.

An effective job performance measurement system includes:

- establishing appropriate performance measures that are tied to organizational goals;
- establishing accountability for performance;
- gathering and analyzing performance information; and,
- reporting and using performance information.

In order to maximize productivity within the organization, employees need to know how they are performing, as well as how their performance contributes to the agency’s or organization’s goals. Information obtained from job analyses should serve as the basis for the development of appropriate criterion measures for job performance.

Training in the proper utilization of performance measurement tools is critical to the success of performance measurement systems. Because performance appraisals are considered judgmental measures of performance, managers need training related to those factors that affect the reliability of appraisal ratings, such as considering behaviors of employees over the entire period of the review instead of only recent behaviors. Also, managers need training in avoiding inadvertent biases. For example, a “halo effect” is rating an employee equally on different performance dimensions because of the supervisor’s general impression of that employee.

Research has demonstrated that training supervisors in recognizing these biases has positive effects on supervisors’ ability to measure performance. Also, studies have found that people who were required to justify their appraisal ratings and thus made to feel accountable provided more accurate evaluations than those who were not accountable for their ratings.

Poor performance measurement systems can lead to performance evaluations that are not tied to agency goals, inaccurate assessments of employee performance, the inability to discipline employees effectively, the failure to reward high performance and motivate them to maintain their performance, the failure to distinguish between mediocre and superior performance, and low employee morale.

State Government Needs More Accountability in Measuring Employees’ Progress Towards Goals

The State of Mississippi has several deficiencies in its utilization of performance measurement as an effective
tool for human resources management. First, as discussed on page 31, until the state develops clearly defined statewide strategic goals, individual employee performance cannot be linked to key statewide measures of success.

Further, Mississippi’s State Personnel Board estimates that less than fifty percent of state agencies handle performance appraisals correctly. Often performance appraisals are not even tied to agency goals or employee compensation. Few supervisors receive training in performance appraisals and there may be no incentive to do them correctly. This situation results in a lack of accountability in measuring performance and provides for an ineffective disciplinary tool. Often, on a scale of “1” (fails to meet expectations) to “3” (exceeds expectations), state agency supervisors choose to give employees “2s” (meets expectations) because they are not required to document reasons for that particular rating, whereas documentation is required for a rating of “1” or “3.” Problems may arise if supervisors fail to document problems during a low performing employee’s probationary period and then want to dismiss that employee.

Too often in Mississippi state government, agencies simply conduct performance appraisals for administrative purposes; however, the state has the opportunity to make the employee performance appraisal process important and valued by tying it to the state’s compensation system. If the Legislature chooses to fund the productivity component of its Variable Compensation Plan, accurate employee performance appraisals will be even more important because increases in pay will be based on these appraisals.

The SPB is developing a competency-based performance management system to replace the current appraisal system. The new system will focus on the evaluation of work outcomes and work behaviors and will provide clarification of what constitutes success on the job.

Opportunities for Change: Re-establishment of the State Personnel Board as the Department of Human Resources Management

The Legislature should rename the State Personnel Board the Mississippi Department of Human Resources Management and broaden its authority extensively.

To convey the broader mission of the State Personnel Board that would be established through the proposed changes outlined in the following sections, the Legislature should consider amending state law to rename the agency the Mississippi Department of Human Resources Management (DHRM). This proposed change is in keeping with SPB’s own adopted vision statement: “to lead the way in human resource management.” In the sections that follow, SPB is referred to as DHRM.
More Comprehensive Jurisdiction

The proposal for the creation of a new Department of Human Resources Management should extensively broaden the authority of personnel management in state government. This should be extended in the following manner:

Broader coverage of positions: State law should be amended to bring the personnel of all executive branch agencies and institutions of higher learning (IHL) within the scope of the agency’s authority. While historically the institutions of higher learning have been given broad autonomy for the management and control of resources, the Legislature should require that institutional positions would now be under the control of the new department. As a precondition to receipt of general funds, the institutions should be required to consent to the oversight of the new department.

For the limited purpose of budgetary projections, the staffs of the Governor, the judiciary, and the Legislature should also be included in the agency’s databases. This should not confer any discretionary authority over the ability of these entities to select, promote, or compensate the staffs, but should ensure that there is a single personnel database containing information regarding these employees for purposes of budgetary recommendations and management.

Authority over contractors: The new department should also be given broad authority over contract employees and independent contractors. At present, the Personal Service Contract Review Board has some oversight over the selection of contractors but the authority is limited to contracts in excess of $100,000. Changes in law should give the new department authority to approve all contracts for executive branch agencies and IHL, regardless of the value of the contract. This authority should require the new department to determine the need for contracts as well as establish competitive selection processes for contractors.

Benefits management: The new department should be given authority over all employee fringe benefits except for retirement. This would entail managing state insurance programs, workers’ compensation, and cafeteria plans, as well as supplemental insurance coverage such as dental and vision plans.
Transfer of Executive Branch Human Resources Personnel to DHRM

The Legislature should reassign all human resources employees of all executive branch agencies and institutions of higher learning to the newly created department.

Also, to facilitate an enterprise approach to human resources management in Mississippi state government, the Legislature should consider reassigning all human resources employees of all executive branch agencies and institutions of higher learning to the newly created Mississippi Department of Human Resources Management (DHRM). All human resources staff transferred into the department should be required to complete DHRM’s certification program, if they have not already done so. DHRM management would then assign these new DHRM employees to their highest and best use in service of the statewide human resources management system. For example, DHRM management could reassign some of the newly acquired human resources employees to full-time service to the state’s larger agencies, while reassigning others to critical, but currently understaffed, human resources management functions such as workforce planning, efficiency reviews, and position audits.

In conjunction with the transfer of all executive branch human resources personnel to DHRM, the department should explore the feasibility of purchasing and implementing a statewide “Self-service HRM” software system, in order to reduce the number of human resources personnel performing clerical and data entry functions. Reported benefits of the Texas Health and Human Services Commission’s purchase of a self-service human resources and payroll computer application software system include:

- a decrease in agency dependence on paperwork;
- simplification of the human resources process; and,
- employee empowerment through direct ownership of their benefits package.

This system allows Texas state employees to print earnings statements, verify all types of leave balances, and review their benefits online. Also, the system allows employees to update personal information online and provides automatic immediate notification of the change to the agency’s human resources staff. By eliminating clerical functions for human resources staff, such as paperwork and data entry, this type of automated self-service HRM system has reportedly provided Texas’s human resources personnel with significantly more time to perform higher value work such as workforce planning. After implementing self-service HRM, one Texas employer reported the cost of processing a change of address for an employee dropped from $10 per transaction to 25 cents. (The Department of Finance and Administration’s MAGIC project will most likely address many of these issues. See page 73.)
Focus on the Most Efficient Utilization of the State's Human Resources

DHRM should increase current efforts at identifying the most efficient organization for delivering essential public services effectively and the number and characteristics of employees needed to staff such an organization.

DHRM should continue to identify opportunities for consolidation and elimination of state government positions and present these opportunities to the Joint Legislative Budget Committee annually as part of the annual budget process.

DHRM's efforts at increasing the efficiency of the state's workforce should include identification of opportunities to share administrative support staff among smaller agencies, to create clerical staffing pools that could be assigned to cover temporary and seasonal fluctuations in the demand for such workers, and the increased use of volunteers and inmates (where feasible) to staff special, short-term projects. For example, Chicago's Mayor's Fellow Program matches the skills and expertise of volunteer executives to short-term projects (e.g., United Airlines staff trained all of the city's operators and supervisors on customer service techniques, IBM helped public health nurses reduce the time spent on paperwork through hand-held devices). Also, Arizona's Department of Corrections uses volunteers to assist the prisons with their substance abuse and self-help programs.

Also, some states have expanded their use of inmates from providing janitorial and grounds-keeping services to operating call centers (for tiers of calls where the inmate would have no access to confidential information), maintaining school buses, remodeling facilities (e.g., schools during the summer), refurbishing old computers for school use, providing agency mail and printing services, and abating graffiti. Increased utilization of inmates not only provides state services at a much lower cost than hiring full-time state or contractual employees, but also provides the inmates with valuable job skills that can be utilized upon release.

DHRM should also attempt to reduce personnel costs by seeking opportunities to eliminate unnecessary, higher-cost credentials from the minimum qualifications for state government positions.

DHRM should also attempt to reduce personnel costs by seeking opportunities to eliminate unnecessary, higher-cost credentials from the minimum qualifications for state government positions. For example, some states have reduced statewide personnel costs by reducing the unnecessary utilization of sworn law enforcement officers. DHRM should review all provisions in state law requiring the use of sworn law enforcement officers and make recommendations to the Legislature to eliminate any provisions unnecessarily requiring the use of such officers.
In these instances, the state could achieve savings through the hiring of less expensive personnel.

A discussion of implications for change in each of the seven major human resources management areas follows.

**Workforce Planning**

DHRM should be the leader in developing a formal, written, statewide workforce plan that is tied to Mississippi's statewide strategic plan (see discussion on page 31). DHRM should base the statewide strategic workforce plan on forecasts of statewide human resources needs through analysis of such information as employment trends, employee demographics, retirement eligibility data, turnover and hiring data, and training statistics. The plan should detail statewide efforts to address current and future human resources challenges. On an annual basis, DHRM should submit the statewide human resources workforce plan to the Legislature for its consideration.

Also, DHRM should ensure that each agency has a comprehensive workforce plan, linked to the agency's strategic plan, that includes the following elements:

- an analysis of the agency's current workforce situation;
- an assessment of future workforce needs;
- a determination of any skill gaps;
- the development of action plans to close gaps;
- plans for implementation of action plans; and,
- evaluation of results.

DHRM should maintain an online repository for workforce planning practices information and resources, including reports with agency-specific information.

In light of the aging workforce, DHRM should also ensure that all agencies create succession plans to assess, evaluate, and develop talented employees to fill key state government positions where vacancies are expected in the near term. DHRM should provide guidelines for developing, implementing, and monitoring succession plans based on best practices research.

To address the high turnover rate in Mississippi state government, DHRM should develop an electronic state employee exit survey to determine the reasons for every separation from state employment. Every terminating state employee should be required to complete the online survey. DHRM should summarize the results for state policymakers and agency managers so that corrective action can be taken to reduce unusually high occurrences of avoidable types of
turnover. DHRM should continue to study the fiscal impact of turnover in jobs where high turnover exists. Because job satisfaction is the most reliable predictor of turnover, DHRM should work with agencies with high turnover rates to conduct valid job satisfaction surveys of employees in high-turnover positions and implement efforts to increase their satisfaction. DHRM should then assist these agencies to follow up on the success of their efforts by monitoring satisfaction and turnover rates in those positions.

With respect to the collection and analysis of all key workforce indicators, including turnover data, Mississippi could follow the example of the Virginia Department of Human Resource Management in providing state agencies with a variety of key data reports to assist with workforce planning. The Virginia Department of Human Resource Management’s management information system for human resources management is called HuRMan. This information stored on HuRMan is available to Virginia state agencies at any time; agency personnel may simply log into the system and access the data immediately.

The Virginia Department of Human Resource Management also provides state agencies in Virginia with an Equal Employment Opportunity (EEO) Assessment Tool that helps them monitor their employment practices to ensure fairness and equity, as well as compliance with EEO laws and regulations. If the management information system detects a potential violation (e.g., a significantly higher percentage of males receiving salary increases than females), the system flags the data for EEO compliance. The Virginia Department of Human Resource Management staff is responsible for contacting agencies if there is a potential problem.

Finally, the Virginia Department of Human Resource Management provides state agencies in Virginia with an “HR at a Glance” report, which gives a picture of the state as a whole, and a state workforce plan, which is a compilation of the agency workforce plans. With these reports, state agencies in Virginia may compare their situations to that of the state and make decisions regarding human resources.

Recruitment

DHRM should enhance the state’s ability to attract the most qualified individuals for state employment by:

- creating a positive state brand (i.e., image of employment with the State of Mississippi);
- developing a prestigious state internship program to attract recent college graduates to careers in public service;

DHRM should also ensure that all agencies create succession plans to assess, evaluate and develop talented employees.
• improving the state personnel recruitment website as an important tool for recruiting candidates for state employment online; and,

• aggressively recruiting for service-wide occupations where future gaps exist.

An assessment of the current image of state employment would be beneficial in designing a new and effective branding strategy for the State of Mississippi. Participants in the assessment could include current employees, job applicants, and the general public. A branding strategy could then be developed to highlight those features of state employment that are appealing. Examples of marketing and branding would include developing a logo and tag line that could be used on the Internet, in brochures, and in other recruitment efforts.

DHRM should consider developing a state government internship program modeled after the Presidential Management Fellows Program and the State of New York’s internship program. The State of New York’s program rotates graduate students through state government, giving them high-level training and mentorship opportunities. The program matches students in specialized programs (e.g., Masters of Public Health) to appropriate agencies (e.g., the Department of Health).

In addition to developing a positive state brand and internship program, DHRM should continue to recruit aggressively for service-wide occupations where future gaps exist, as determined through workforce planning (e.g., IT, healthcare, engineering). DHRM should explore the feasibility of developing a “Rapid Hire” program for such high-need government positions. The Texas Department of Transportation implemented a Rapid Hire program that allowed agencies to hire college graduates and interns in an expeditious manner for high-need positions such as civil engineers. In FY 2006, TXDOT hired 571 of its 1,246 new employees through its Rapid Hire program.

Also, DHRM should develop career guides to help potential applicants learn about developing careers that suit their knowledge, skills, and abilities.

DHRM should educate Mississippi state government employers on the importance of maintaining timely correspondence with all applicants during the entire application process. Some research indicates that the speed of follow-up contacts with applicants during recruitment is important as to whether the applicant chooses to remain in the applicant pool. Responsiveness from the employer could indicate to applicants that the organization is efficient and responsive to the needs of others. An applicant should receive notification via e-mail or other contact when the application is received, after it is...
reviewed, and a notice as to whether the applicant has been chosen to be interviewed for the position.

Finally, DHRM should evaluate the state’s recruitment efforts, including tracking all recruitment costs and using this information to help determine whether certain efforts are more cost-effective than others.

Selection

In the area of employee selection, DHRM should:

- focus its immediate efforts on completing the identification of competencies for all positions;
- develop policies for an efficient and fair hiring process that promotes equal employment opportunity; and,
- conduct yearly post-audits of samples of applicants employed by hiring agencies to ensure compliance with hiring policies.

Individual agencies would then:

- have the authority to select from the pool of applicants based on their own assessment devices (developed with the assistance of the DHRM), which should be competency-based rather than based on the point system;
- be required to use the behavioral interviewing guide available on DHRM’s website; and,
- adhere to the hiring policies established by DHRM.

Training

DHRM should enhance retention efforts statewide by ensuring that every state employee has access to needed training and professional development as well as a clear career path.

DHRM should enhance retention efforts statewide by ensuring that every state employee has access to needed training and professional development as well as a clear career path based on current abilities and knowledge and skills acquired on the job either through DHRM approved training or through off-site educational programs.

DHRM should be responsible for coordinating and accounting for training of all executive branch employees through a single statewide database (including courses attended, credit hours, and cost of training). DHRM should ensure that all training of state employees is provided as economically as possible, taking advantage of current technologies (e.g., statewide webinars in lieu of training sessions at off-site locations). DHRM should explore the
feasibility of consolidating existing state employee training programs into a Mississippi Government Training Institute as a mechanism for meeting the state government workforce's training needs as efficiently and effectively as possible.

State agency training coordinators should conduct training needs assessments and create a training plan as prescribed by DHRM. These needs should be included in the agency workforce plans and should be the basis for delivering training that supports the agency’s goals. DHRM should create a statewide training plan that tailors specific training programs to agencies’ needs.

Compensation

The Legislature should fully fund the Variable Compensation Plan.

In order to attract, retain, and motivate high-performing employees, the Legislature should fund the Variable Compensation Plan (VCP). However, the Legislature should only fund the productivity pay component of the plan for those agencies that have established a valid performance measurement system, as certified by DHRM.

Benefits

DHRM should establish an employee benefits division, which would include the life and health insurance program staff transferred to the department from DFA. This division should be responsible for proposing to the Legislature a comprehensive set of employee benefits that should be made available to all employees of the State of Mississippi.

In making its recommendation to the Legislature, the division should consider the following types of employee benefits: all types of health-related insurance coverage (e.g., vision, dental, disability, cancer, intensive care, long-term care), life insurance, a cafeteria plan, flexible work schedules (e.g., ten-hour workdays with three days off, thirty-two-hour work weeks, telecommuting), paid holidays and policies governing all types of leave (including leaves of absence and the accumulation and granting of compensatory leave), employee counseling assistance, and educational benefits currently available only to staff of IHL. The division should also review all benefits only available to a subset of state employees (e.g., assigned vehicles, “free housing” at residential facilities) and make a determination as to whether it would be preferable to eliminate these benefits (e.g., by requiring agency staff to pay the fair market rental value of “free housing”) since they are not available to all employees.
Specifically with respect to health-related benefits, the division should study the feasibility and cost-effectiveness of offering multiple health insurance options for state employees (i.e., co-pays and a variety of deductibles and coverage amounts). The division should also study the feasibility and fiscal impact of imposing smoking and/or obesity surcharges on state employee health insurance.

Also, to allow agency heads greater flexibility in managing positions and allow employees to benefit from opportunities such as job sharing, the Legislature should consider authorizing full-time equivalent positions in appropriations bills rather than full-time, part-time, time limited, and full-time/part-time positions.

By developing statewide benefit plans through DHRM, state employees would probably have access to less expensive and more comprehensive benefits than are currently available on an agency-by-agency basis. Also, there are several advantages to making one comprehensive set of benefits available to all state employees. For example, state employees would be saved the time and inconvenience of having to terminate enrollment and then re-enroll when transferring from agency to agency. Further, by making benefits uniform, employees might also be able to transfer compensatory leave.

Once the Legislature has agreed upon a comprehensive set of benefits that should be made available to all state employees, DHRM should detail these benefits in the statewide employee handbook and set policy requiring that all state employees (including employees of all three branches of government) are entitled to the same package of benefits and subject to the same administrative rules and regulations.

To make sure that the state’s benefit package continues to be competitive with competing private sector employees, the DHRM should conduct yearly benefits surveys, in addition to its salary surveys.

Review of State Employee Retirement Benefits

In addition to the employee benefits analysis conducted by DHRM, the Public Employees’ Retirement System (PERS) should explore possible changes to state employees’ retirement benefits. For example, in order to reduce the unfunded accrued liability of the state employees’ retirement plan, the Legislature should require the PERS Board to conduct a follow-up study to the December 2005 report entitled PERS Evaluation Report issued by the Retirement Study Committee. The follow-up study should
address lowering employer contributions to PERS through the following options:

- lowering the benefit accrual rate (i.e., the multiplier);
- modifying the fixed cost-of-living adjustment;
- limiting service credit for unused leave; and,
- increasing the number of years of service required for retirement to thirty.

Job Performance Measurement

All state agencies should develop appropriate employee performance measures that are tied to agency goals. As discussed on page 106, performance measures include production data, human resources personnel data, training proficiency, and judgmental data. These measures should be placed into an Employee Development Plan for each employee. Also, DHRM should develop an online system for collecting and managing employee performance measurement information.

Because performance appraisals are often judgmental measures, DHRM should require and provide online training for all new managers (updated biannually). Training should focus on those factors that affect the reliability of appraisal ratings, such as considering behaviors of employees over the entire period of the review instead of only recent behaviors. Also, DHRM should train managers in avoiding inadvertent biases.