THE PEW CENTER ON THE STATES

PEOPLE FORWARD

Human Capital
Trends and Innovations

AUGUST 2009

ABOUT THIS REPORT

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The Government Performance Project improves service to the public by strengthening government policy and performance. The Project evaluates how well states manage employees, budgets and finance, information and infrastructure. A focus on these critical areas helps ensure that states' policy decisions and practices actually deliver their intended outcomes.

PEW CENTER ON THE STATES

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For additional information on Pew and the Center on the States, please visit *www.pewcenteronthestates.org*.

For fact sheets containing key indicators and observations of human capital management in each of the states, please visit the online version of this report at *www.pewcenteronthestates.org/gpp*. The information included in this report is current as of February 1, 2008.

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2005 Market Street, Suite 1700
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Dear Colleagues:

The nation is facing the most challenging financial crisis in at least a generation. As states struggle to adjust, the question is not whether to cut programs, but by how much. And it is not just the programs that are being cut, but also states' capacity to run them. The women and men who make government operate, state employees, are facing early retirements, buyouts, wage cuts and furloughs, weakening the ability of state agencies to do their jobs.

It may seem counterintuitive in this time of budget cuts to suggest that states put time and effort into strengthening their workforces, but improving the performance and productivity of state employees will deliver more cost-effective and better services to residents. It will also yield higher morale and a renewed commitment to quality in a workforce regularly tasked to do more with less.

This first report in our *People Forward* series, *Human Capital Trends and Innovations*, highlights successful human resources policies and programs that have been implemented across the country. The pioneering states featured in this report have learned that such efforts pay off in increased productivity, improved service delivery and a closer alignment between a state's personnel and its goals.

Our analysis builds on the Pew Center on the States' Government Performance Project report, *Grading the States 2008*, an examination of all 50 states' management of money, people, information and infrastructure.While conducting the extensive analysis that informed this report, we identified a number of human capital planning practices that hold promise for all states.The lessons are particularly applicable for those managers who must justify their actions and ideas to governors, employees, legislators and the public.

Providing these examples of human capital planning, implementation and analysis is part of the Pew Center on the States' commitment to help states navigate these challenging fiscal times. Maximizing the productivity of state employees is critical to the effective delivery of programs and services.

Sincerely,

Susan K. Urahn
Managing Director, Pew Center on the States

Neal C. Johnson
Director, Government Performance Project

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Executive Summary

These are hard times for state human resources (HR) managers. Many are facing layoffs, hiring freezes, cuts in pay and training budgets, low morale and looming retirements. But in the face of extraordinary challenges, most HR professionals are seeking creative, low-cost strategies to make the best of difficult circumstances and to reward, develop, and inspire those employees who are the heart of every state's mission and service delivery.

In this report, we examine the data we collected as part of *Grading the States 2008*, the Pew Center on the States' management report card. To collect data for the report card, the Government Performance Project (GPP) conducts extensive interviews with state HR officials and asks these officials to complete an online survey and submit various documents. Based on the results of this research, GPP analyzes trends and practices in human capital planning, hiring, retention, workforce development and workforce management. Our analysis reveals practices and strategies that state officials across the country have found to be successful and that should inspire HR professionals to look with new eyes at seemingly intractable problems.

Human Capital Planning

A human capital plan is an organization's plan for employing, deploying, developing and evaluating the workforce that will best achieve the strategic goals of that organization. In other words, a human capital plan helps a state to achieve its goals and objectives by considering resource requirements and ensuring that the right people are in the right jobs. Effective workforce planning links explicitly to planning and budgeting at both the statewide and agency levels. Planning is proactive, projecting future needs to identify and develop needed talent for key positions, and it includes continuous monitoring, review and refinement.

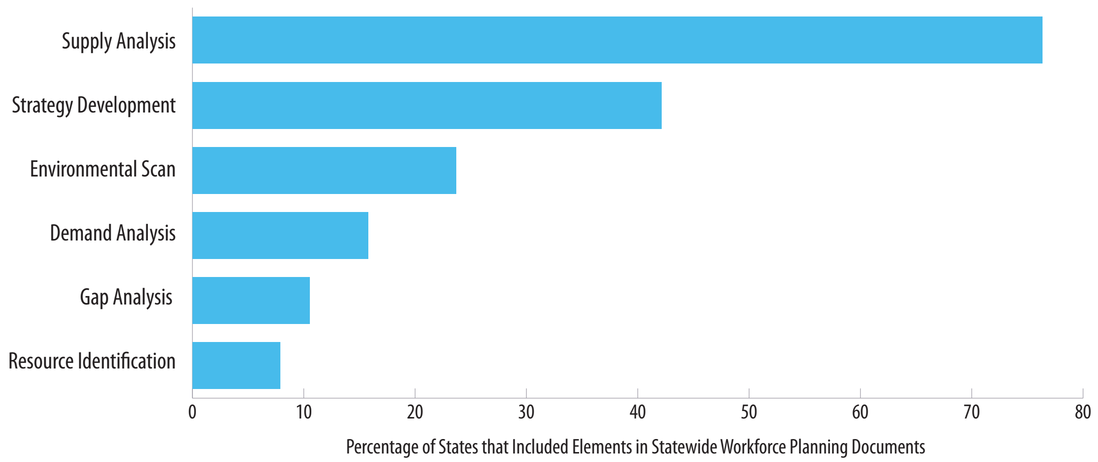
States recognize the importance of human capital planning. Thirty-eight states submitted centralized workforce planning documents for analysis in the *Grading the States 2008* survey. The overall quality of workforce plans has increased dramatically during the past decade—significantly more states are engaged in workforce analysis than when Pew first began evaluating state governments in 1999. These plans demonstrate great variation in content; very few plans actually contain all of the necessary components, but most at least included a supply analysis (Figure 1).

Connecticut, **Georgia**, **Maryland**, **New Jersey** and **Virginia** have among the most comprehensive workforce plans, while others—**Alabama**, **Delaware**, **Indiana**, and **Mississippi**, for example—have begun to incorporate critical elements of workforce planning into their HR activities.

Hiring

Recruitment is one of the biggest challenges facing state governments today, especially considering the large number of looming employee retirements. The 2007 survey found that in at least 23 states, the percentage of the classified workforce within five years of retirement eligibility exceeds 25

Figure 1
STATEWIDE WORKFORCE PLAN ELEMENTS



percent, with one state reporting nearly 55 percent.

States are relying on new technology and new strategies to increase the number of highly qualified applicants. Each state government has a Web presence geared toward recruiting new employees, though the implementation of such sites varies widely. The GPP research team assessed the content and usability of each state's hiring Web site in June 2007, using a rubric based on academic e-recruitment studies. States that featured useful and relevant Web content—such as information about compensation and benefits (total compensation), career advancement opportunities, workplace culture, and the importance of public service—had a significantly lower voluntary turnover rate among new hires.[1] State Web sites that were easy for job seekers to use generated significantly more applicants compared with state sites that were less facile. **Indiana**, **Vermont**, **Virginia** and **Washington** were among the top state hiring Web sites.

Arizona, **Delaware** and **Louisiana** use employment "branding"—an important part of a state's comprehensive marketing strategy—to improve the quality of their applicant pools. Branding promotes a clear view of an organization's traits, especially those that differentiate it as a desirable employer of choice. State government branding and marketing efforts define the benefits of working in the public sector, including career advancement opportunities, the total compensation package that state employees earn and the notion that state employees "make a difference" through the work they do.

Retention

Retaining a skilled workforce is a crucial and often difficult task for state governments. Excessive turnover leads to high costs in hiring and training replacement employees, and leaving positions open for prolonged periods taxes remaining employees.

Numerous factors drive employee retention, ranging from pay to trust in leadership to work-related stress. It is no surprise, though, that Pew found that compensation and benefits were the most important predictors of employee retention.

As a result, states have resorted to some creative solutions to maintain their economic competitiveness, particularly in areas where hiring and retaining well qualified employees has been difficult. One technique is the use of retention-based pay increases—salary increases within a pay band or grade that generally are reserved for use only in critical cases when unusual labor market conditions exist. **Indiana**, **Kansas**, and **Maryland** have used such pay increases for a variety of hard-to-fill positions.

Flexible work arrangements such as flex-time, telecommuting and compressed work weeks also can be useful retention tools. Such benefits demonstrate that an agency cares about its workers and that it is willing to help them balance their personal and professional lives. States benefit from flexible work arrangements as well—such schedules often can provide longer service hours without adding staff, reduce traffic congestion, and save money on office space and energy use. Since *Grading the States 2005*, more state employees have gained access to flex-time, telecommuting, and compressed work weeks, as well as to wellness programs, which promote health and can help address the spiraling costs of health insurance. See Table 1 for the breakdown.

These types of programs are laudable, but even nonmonetary recognition of good performance is important in tough economic times. People who feel appreciated at work are likely to remain in their jobs; even something as simple as a mention in a newsletter or a certificate of thanks can improve workforce morale and overall employee performance.

Workforce Development

Training state employees not only helps to provide them with the skills necessary to perform well in their current jobs, but also enhances employees' ability to take on new challenges as they move ahead in their careers. Moreover, the development of team-building and leadership skills is important to ensure that employees work together in a common direction. Training also prepares a workforce to handle the increased pressures that result from hiring freezes and layoffs.

Employee development comprises several elements, the most obvious of which is formal classroom training, offered by most states. Of the 23 states responding to this survey question, training hours for employees averaged 22.1 hours per year, with half of states falling between 9 and 27 hours. For managers, the average was slightly higher at 25.2 hours per year, with half of 22 reporting states providing between 13 and 29 hours.

Table 1

PERCENTAGE OF RESPONDING STATES IN WHICH ALL EXECUTIVE BRANCH EMPLOYEES HAVE ACCESS TO:

	2005	2008	Increase (percentage pts.)
Flex-time	19.0%	31.0%	12.0
Telecommuting	11.9%	23.8%	11.9
Compressed Work Week	14.3%	21.4%	7.1
Wellness Programs	61.9%	73.8%	11.9

Web-based training is becoming increasingly important, because it is less expensive and a wide variety of courses can be offered. E-learning clearly is on the rise: states offered about 20 percent of their courses online in 2007, with **Alabama**, **Arizona**, **Iowa** and **Virginia** providing more than 45 percent of their courses training on the Web.

Several states have partnerships with their state university systems as a way to take advantage of instructional systems already in place, particularly when it comes to leadership development programs. **North Carolina**, **Oklahoma** and **Virginia** are among those states that have formed partnerships with universities to address their training needs.

But even informal development programs, such as mentoring and job rotation, can be beneficial. These programs demonstrate an agency's commitment to improving the skills of their workforces without incurring significant additional costs.

The percentage of employees who have career development plans is an important measure of a state's commitment to providing opportunities for advancement, which helps to ensure that skilled workers remain in state service rather than looking for other job opportunities. Slightly more than half of state employees—an average of 59.8 percent—have such plans in place. The responses ranged widely, from 1.8 percent to 100 percent of employees having career development plans, with half of 18 reporting states falling between 22 and 85 percent.

Workforce Management

Managing employee performance typically involves an annual performance appraisal process, rewards and recognition (formal and informal,

CLASSIFIED AND NONCLASSIFIED EMPLOYEES

Classified employees are persons in the state government who serve in the state civil service. As such, they are covered by the "merit system," a set of formal personnel rules requiring state governments to hire and promote workers based on merit and to provide covered employees formal protections from partisan influences.

Nonclassified (or "unclassified") employees are those who are not in the classified service. These generally are members of boards or commissions and heads of agencies and departments, and they include any employees who are appointed. These workers do not enjoy the same civil service protections as their classified colleagues, and they normally are considered to be "at will" employees who can be terminated without cause or notice.

Definitions of what constitutes a classified or nonclassified employee vary from state to state. It is worth noting that in 1996, the state of Georgia mandated that all employees hired or promoted after July 1 of that year would be included in the state's nonclassified workforce, serving on an "at will" basis. For this reason, GPP used Georgia's nonclassified responses as the point of comparison to other states for several key indicators.

monetary and nonmonetary), feedback both to and from employees, and a disciplinary process.

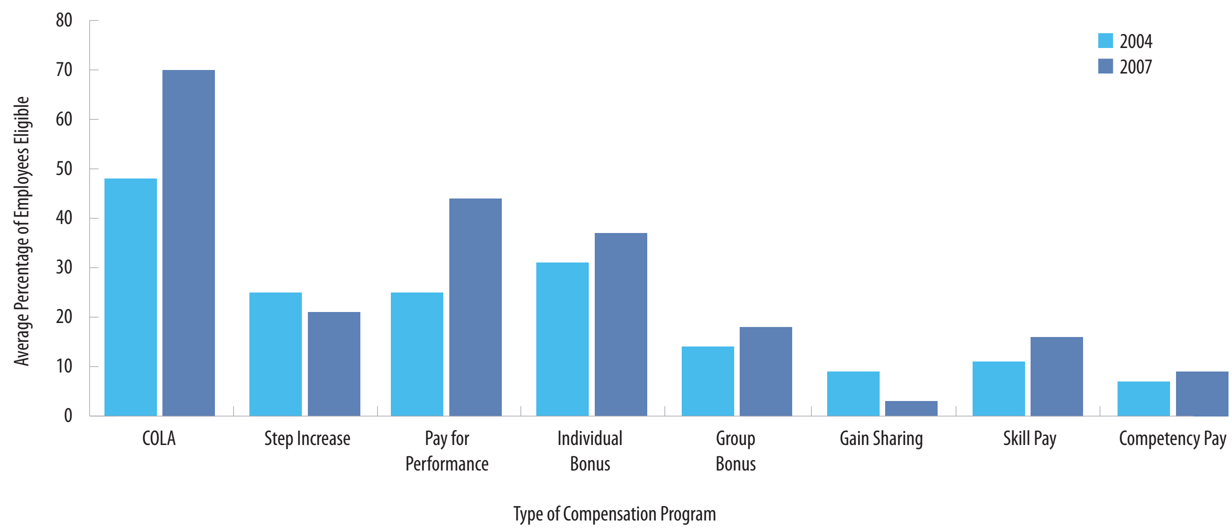
Assessing and managing performance always is important, but especially so in times of hiring freezes and downsizing. Up-to-date performance appraisals can identify top performers who the agency would like to retain, and appraisals can inform the difficult decisions of which employees should be redeployed or furloughed.

GPP asked states to indicate the percentage of both classified and nonclassified employees who received at least one performance appraisal in the previous fiscal year (see Sidebar: "Classified and Nonclassified Employees"). Among the 30 states responding to this question, the average was 87.3 percent of classified employees receiving at least one appraisal in the previous year, with half of the reporting states falling between 81 and 99 percent.

Pew found that states are becoming increasingly creative about the ways they motivate and reward strong performance. More states are making use of different types of financial incentives, including pay-for-performance salary increases, individual and group bonuses and skill pay. As shown in Figure 2, the overall availability of incentive pay and cost-of-living adjustments has increased since the previous *Grading the States* report. After cost-of-living adjustments, pay-for-performance salary increases are now the second most available compensation strategy.

Technology can help enormously with performance management. **Michigan** and **Missouri** are among the states that have enhanced their automated systems for conducting performance plans and reviews. These efforts are part of an overall effort to link individual performance management to organizational performance management, and

Figure 2
CHANGES IN COMPENSATION PROGRAMS: 2004 TO 2007



they include a strong connection between individual performance expectations and agency goals and measures.

Focus on the Future

All of the states highlighted in this report have committed to continuing their workforce development efforts, despite daunting revenue projections. In the long run, these states will be ahead of the game because programs and services—no matter how well regarded, well funded, or well aligned with a state's vision—are only as good as the people who implement them.

State employees have to do more with less for the foreseeable future, and they must have the tools to do so. Only by taking a close, careful look at its hiring, compensation, development and training practices, and by taking even more targeted actions to ensure high quality in all its human capital efforts, can a state ensure that it is providing high-quality programs and service delivery.

A KEY TO THE ECONOMIC REBOUND: PROMISING HUMAN RESOURCE STRATEGIES

Effective HR strategies are crucial to the successful operation of any government agency, and never more so than during economic distress. The following key activities may ameliorate HR challenges during tough times.

Workforce Planning

- Workforce planning is always important, but it is vital when human capital resources are scarce. An inventory of the knowledge, skills, abilities and competencies of an agency's workforce, and an understanding of what positions are—and will be—necessary to meet agency goals is essential to ensure that, even in the event of a hiring freeze, redeployment or downsizing, an agency will succeed in its mission.
- Managers also must critically examine and adjust their long-term strategies, keeping in mind that some employees may decide not to retire during a tightened economic environment.

Hiring

- Because increased unemployment may result in an influx of new applications for state positions, managers need to be cognizant of hiring practices. Effective screening technologies can sort applications quickly based on pre-defined criteria, identify high performers, and match applicant skills to positions that are either currently open or will be soon.

Performance Management

- In the face of cutbacks or redeployments, agencies must ensure that performance appraisals—preferably automated—are being kept up-to-date. Such information is necessary for all managers who must make staffing decisions due to economic adversity.
- Top performers should be recognized—even if only in nonmonetary ways—to help ensure that they stay.

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- Employees who need to improve their performance should be presented with detailed development plans. A willingness to provide resources to help employees improve performance demonstrates that agencies value employees.

Mobility

- Even during economic downturns, private sector companies continue to hire, so state employees may be seeking jobs elsewhere. Demonstrating that there are still opportunities for promotion—or even for lateral transfers—can help to keep strained employees from actively searching for other prospects.

Communication

- Managers must give employees the respect they deserve by communicating honestly and directly about economic circumstances and possible outcomes. Letting the rumor mill be the only source of information is a sure way to lower morale and productivity.
- Listening to employees' ideas about how to handle the current situation is helpful as well. Employee engagement programs can generate meaningful ideas for addressing staffing and operating challenges while increasing employee improvement.
- If downsizing or cuts in salaries or benefits become necessary, managers should be carefully guided in how to convey such difficult news to employees.

Morale

- When positions remain unfilled, budgets are tight, and concerns about layoffs abound, workers are under tremendous pressure. Thus anything agency managers can do to increase morale is critical. Employee recognition and appreciation are helpful. And such stress-relieving activities as an occasional social gathering can provide a safety valve for employees and can help keep productivity levels up.
- Expanding the use of flexible work arrangements is also an effective strategy. Flex-time and telecommuting options demonstrate an agency's commitment to its employees' needs and can help keep employees engaged and productive.

Training

- While training usually is one of the first programs to go in hard times, sustaining it can pay dividends in the long run. Training lets employees know they are valued and results in a workforce better prepared to handle the increased pressures that come with hiring freezes and downsizing.
- Low-cost programs, such as mentoring and job rotation, can be of enormous benefit. They demonstrate to employees an agency's commitment to professional development without significant added costs.
- Even if they must be modified, leadership development programs should be retained to the greatest extent possible.

Human Capital Trends and Innovations

As a vital component of Pew's efforts to foster effective solutions to some of America's most pressing challenges, GPP has, for more than a decade, assessed the quality of management in all 50 states. *Grading the States 2008*, the most recent report of that research, examines four areas—people, money, infrastructure and information—critical to stellar state management.

In each of its analyses, Pew has examined traditional and emerging issues in strategic human capital planning: hiring, retention, training, development, performance management, compensation and discipline. This report provides an overview of the 2008 analysis, as well as detailed summaries of how individual states performed on five primary People criteria:

- Conducting and updating a comprehensive human capital plan
- Acquiring skilled employees
- Retaining a competent workforce
- Developing that workforce
- Managing workforce performance programs effectively

To conduct this assessment, GPP asked state officials to complete an online survey and to submit various documents, including workforce plans, training and development plans, and performance appraisal instruments. A team of journalists conducted interviews with state officials at the central level as well as states' corrections and child protective service agencies. For the states that did not fully respond to the survey, Pew relied exclusively on publicly available documents and interviews to assess their HR management.

Analyzing Human Capital Needs

By considering resource requirements and ensuring that the right people are in the right jobs, a human capital plan helps a state achieve its goals and objectives. Thus human capital planning is one of the most important tasks HR professionals perform. And it is even more vital when human capital resources are scarce. An inventory of staff competencies is absolutely necessary to carry out an agency's mission in the face of hiring freezes, downsizing, and deployments—particularly if deployments are necessary to effectively oversee projects under the economic stimulus plan.

An effective plan documents the planning process and includes:

- A current workforce profile (supply analysis)
- An examination of future staffing needs (demand analysis)
- A description of where supply and demand differ (gap analysis)
- A discussion of external factors (such as the availability of needed skills in the labor market)
- Strategies to meet the future needs of the workforce, including action steps, necessary resources and measures by which the plan's effectiveness can be evaluated

Significantly more states are engaged in workforce analysis than when GPP first began evaluating state governments in 1999. For example, 76 percent of workforce plans submitted as part of *Grading the States 2008* included a supply analysis, compared to only 10 percent in 1999.

Nonetheless, a number of states have not invested sufficient resources in the job, nor have they carefully considered how the critical components of their human capital systems, such as hiring, training, development, performance management and compensation, can be leveraged to produce a more efficient and effective workforce. More than 36 percent of states do not have a statewide workforce plan; 19 percent of state central HR management agencies do not have a strategic plan; and less than 15 percent of states submitted a specific human capital plan.

A review of the 38 workforce plans submitted by states demonstrates great variation in content and very few plans that actually contain all of the aforementioned components. We found that most at least included a supply analysis (see Figure 1), while relatively few included other types of analysis.

States with the most comprehensive and effective statewide workforce planning efforts include **Georgia**, **Iowa** and **Virginia**. Other states are beginning the process of creating plans. **Indiana**, for example, has created a workforce planning committee, comprising representatives from the budget and personnel departments. The committee first will collect and analyze workforce data, focusing on hiring, turnover and impending retirements, and the committee then will assist agencies in developing formal workforce plans that address their specific needs. Delaware has consolidated its personnel office with its budget office, resulting in closer integration of the HR function with the state's budgeting. It also has established a position specifically to develop tools for and to work with agencies on workforce planning. Other states acknowledge that while they have not yet formalized their human capital plans, they do use a central HR office to provide some level of assistance to agencies, such as a workforce planning training seminar in Alabama, and analytical tools in Mississippi.

EFFECTIVE WORKFORCE PLANNING IS:

- **Strategic**: To be effective, a workforce plan should link explicitly to the organization's strategic planning and budgeting processes at both the statewide and agency levels. It should address the personnel requirements of the strategic plan, including the financial and technological implications.
- **Proactive**: Simply filling positions as they become open is a reactive strategy that is sure to lead to inconsistencies between the needs of the state and the skills of the workforce. Workforce planning must look forward, preferably five to ten years, to properly identify and develop the talent necessary for key positions in the state.
- **Ongoing**: Workforce planning is not an exact science; continuous monitoring, review and refinement are essential to its success. At the outset, managers must establish key measures to gauge the effectiveness of the plan and to identify those responsible for monitoring plan performance metrics and for reviewing the plan.

In evaluating the statewide workforce plans submitted by the states, Pew evaluated whether the plans had an unambiguous link to the state's budgeting and/or strategic planning process. Only 11 percent had a link to the budgeting process, and 16 percent had a link to the strategic planning process.

Technology is playing a bigger part in workforce planning in states such as Utah, where HR management has initiated strategic data tracking that includes demographic analysis for state agencies; the development of key performance metrics in collaboration with the governor's Performance Elevated Initiative[2]; and management decision support, whereby the HR office provides data and analysis to agency managers. Performance metrics that measure the success of workforce planning efforts—such as the percentage of state agencies producing a formal workforce plan—also are an important component of the process.

The best workforce plans start with current snapshots of the employees from many different perspectives, and all information is made readily available to those responsible for making decisions regarding the human capital of the organization. Three tools are particularly useful in enabling managers to make data-driven decisions about a state's workforce. *Data warehouses* are integrated repositories of historical data extracted from various sources such as payroll and performance management systems; having a single storage area enables stakeholders to access relevant information easily. *Data mining* is the process of extracting useful information or knowledge from large data sets to identify patterns and relationships. In addition, *workforce analytics* software can be employed to look for correlations between standard HR metrics (such as turnover rates and years of service) and other statistics (such as stakeholder satisfaction rates).

All but one responding state indicated that it currently has the capability to report employee demographic information as part of its HR management information technology system, though the detail and availability of this information varied widely across states. Data warehouses have been implemented by 68 percent of responding states, with 71 percent engaging in data mining and 23 percent making use of workforce analytics technology.

State actions to successfully integrate strategic human capital planning into their operations include:

- **Adopting policies requiring strategic workforce planning**
- **Linking statewide workforce planning and agency workforce planning**, as well as integrating statewide workforce planning with both the strategic planning and budgeting processes
- **Developing workforce and human capital planning expertise** centrally, and supporting agency-level efforts to educate stakeholders about the value

WORKFORCE PLANNING IN ACTION: GEORGIA

Georgia's workforce planning program is designed to integrate strategic direction, the budgeting process, workforce plans and technology needs into a single manageable document. All agencies are required to produce formal workforce plans that are assessed annually by the central State Personnel Administration (SPA). These documents are extremely detailed, integrating supply, demand and gap analyses; a look at the external labor environment; and strategy development, including specific action plans. The results of the agency-level processes are then integrated into a single statewide report that is submitted to the governor and the General Assembly.

The state recently upgraded its competency management program, which provides the basis for its workforce planning efforts. Competencies are identified at the individual, team, agency and statewide levels, and they play a part in nearly every workforce decision. Georgia's competency dictionary includes competency definitions as well as behavioral indicators that provide examples of different levels of performance (unsatisfactory, successful and exceptional). A five-level scale ranging from "limited" to "expert" is used to indicate the level of a competency required for successful performance in a specific job; this serves to identify those competencies that are most important for a given position.

In addition, the state has implemented several software applications that provide planning tools, such as a data warehouse, workforce analysis capabilities and a workforce scorecard system. Additional technology has been implemented, including a forecasting tool and a link to the state's human capital management system, which further simplifies the workforce planning process while increasing the focus on competencies. For example, when the workforce planning process indicates a need for people with certain competencies, managers can immediately assess the training and development efforts that will be required to meet that need.

and uses of workforce planning, collecting and analyzing data, providing analytical tools and templates and offering a centralized location to answer questions

- **Using human resource management information technology systems** to support strategic workforce planning and other HR activities

WORKFORCE PLANNING IN ACTION: VIRGINIA

The Department of Human Resource Management (DHRM) requires that workforce planning take place at all Virginia agencies as part of the strategic planning process. Key HR metrics are an integral part of Virginia's Management Scorecard for state agencies, and these are publicly tracked on the Virginia Performs Web site. Each state agency is rated quarterly on Employee Attraction and Retention, Fairness and Diversity, Employee Performance Management, Training and Development, and Health and Safety. Gubernatorial oversight also ensures that agencies' workforce planning efforts are linked both to the statewide strategic plan and the budget process. Moreover,
DHRM produces a statewide workforce planning report annually and a human capital plan that aligns the central agency's efforts with the state's strategic direction.

Virginia excels at providing workforce data. A data warehouse (developed in-house) draws information from several sources and enables agencies to run highly customizable reports through a Web-based interface. Statewide data are published annually through "Human Resources At-A-Glance" reports, and a Web-based reporting tool provides statewide information for the past five fiscal years in areas ranging from demographics to pay practices to turnover. This information is available publicly in the workforce planning section of the DHRM Web site—an unprecedented level of transparency.

Virginia's competency management program starts with a set of statewide core competencies that are deemed necessary for success in all government jobs across the state. Agencies can tailor the behavioral indicators provided by the state to link more closely to their organizational mission and values and to individual job needs. A competency assessment tool is available within the career development section of the Virginia Jobs Web site. Competencies are used across all HR functions, and they are integrated into Virginia's leadership development programs.

Hiring Skilled Employees

While the nation's economic crisis has had an impact, recruitment remains one of the biggest challenges facing state governments today. Even though some employees may choose to delay their retirement plans in the current economic climate, their eventual retirement will leave great gaps in state governments.

Grading the States 2008 found that in at least 23 states, the percentage of the classified workforce within five years of retirement eligibility exceeds 25 percent, with one state reporting nearly 55 percent. Adding to states' difficulties are budget issues that have led to hiring freezes in a number of states. And increased unemployment in many states has resulted in more applications for those positions that are open, which presents its own set of problems. Screening technologies can help ensure that applicants' skills can be quickly matched to crucial jobs.

Among the many indicators GPP used to determine how well state governments acquire the employees they need and the quality and strategic fit of those candidates hired were time to hire, number of applications per position and longevity of new hires.

- Time to hire: Positions that remain open for a long time become a burden on the existing workforce. While several factors can influence the timeliness of filling vacant positions, states that filled open positions quickly were given higher marks by GPP. It takes states an average of 68 days to fill open classified positions in the workforce, with half of the 30 responding states taking between 45 and 78 days.
- Number of applications per position: States that had a high ratio of applicants to positions were determined to have a better ability to fill positions with qualified candidates. States averaged approximately 23 applications per open classified position, with several states reporting fewer than 10 (Figure 3). Half of the 28 responding states reported between 9 and 27 applications per position.
- Longevity of new hires: Pew asked states to report the number of new hires who either quit or were separated during their probationary period (Figure 4). A high rate of voluntary new hire turnover can indicate problems in hiring processes, including the possibility of inadequate on-boarding procedures for assimilating employees smoothly into the organization. The voluntary turnover rate averaged 14 percent, with half of the 32 responding states reporting between 8 and 18 percent. High involuntary turnover of new hires may point toward low-quality applicants or poor selection processes. The involuntary turnover rate among new hires averaged just over 8 percent, with half of the 37 responding states falling between 4 and 9 percent. States that provide formal feedback to new hires earlier and more often have significantly lower voluntary and involuntary turnover rates.

Online recruitment is growing; each state government has a Web presence geared toward recruiting new employees, though the

Figure 3
APPLICATIONS PER OPEN CLASSIFIED POSITION

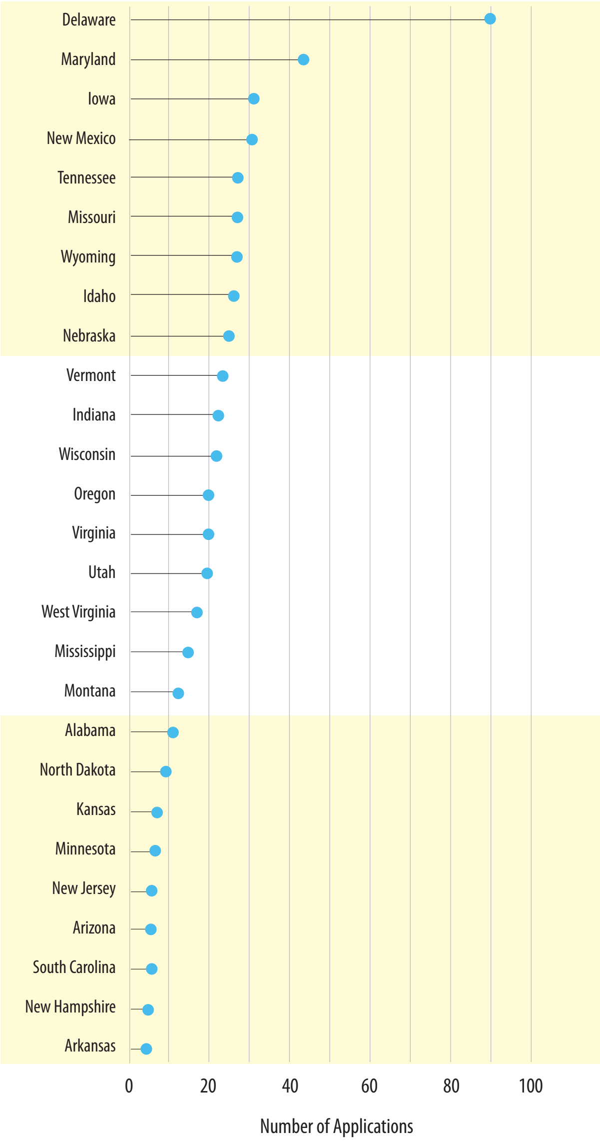
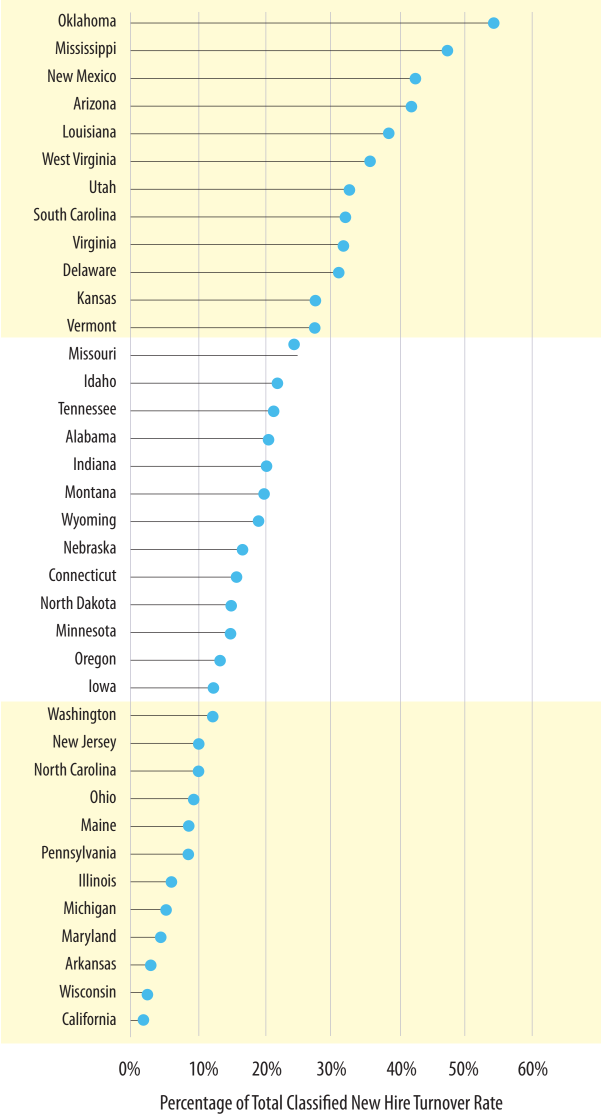


Figure 4
TOTAL CLASSIFIED NEW HIRE TURNOVER RATE
(VOLUNTARY AND INVOLUNTARY)



implementation of these sites varies widely. In assessing the content and usability of each state's hiring Web site, we noted that states whose sites posted useful and relevant content—such as information about the total compensation package (benefits plus salary) that state employees can earn, career advancement opportunities, workplace culture and the importance of public service—had a significantly lower voluntary turnover rate among new hires. Those sites that were easy for job seekers to use generated significantly more applicants. Best practices include providing robust information about state employment, giving prospective employees the ability to receive automatic updates about new job openings that fit their interests or skill sets and the ability to submit an application (or several at once) online. GPP researchers found that **Georgia**, **Vermont**, **Virginia** and **Washington** Web sites were among the top state hiring sites in the nation.

Several states are engaged in employment branding, part of a comprehensive marketing campaign designed to showcase the personal and professional advantages of working for a state government. **Louisiana's** "Recruiting Tomorrow's

THE HIRING PROCESS: MARYLAND

Maryland HR officials realized a decade ago that the job market was becoming increasingly competitive and recognized the need to place a greater emphasis on promoting state careers to attract qualified job candidates. At the time, one critical job class the state had difficulty recruiting for was information technology (IT) professionals. Initially, agency heads were encouraged to make full use of existing HR programs such as telework, flex-time, compressed workweeks, support of professional organization memberships and employee recognition programs. In addition, Maryland promoted its competitive salaries by initiating a hiring bonus program for professional IT classifications (allowing agencies to pay up to a $3,000 signing bonus for new employees from outside the state system), designed new job classification structures, streamlined recruitment and testing procedures and initiated a tuition reimbursement program for these positions. These strategies proved successful and served as a model in subsequent years in other occupational areas.

An important aspect of Maryland's HR marketing and branding effort is giving employees the opportunity to be involved in meaningful work: believe that their skills will be appreciated and put to good use, that they can make a difference in achieving the state's strategic goals, or that they can make a positive impact on society. Officials promote these ideas by soliciting employee testimonials to be used as part of its public relations campaign. This campaign to promote public service also dovetails with flexible work arrangements, highlights opportunities for promotion and transfer both within and across state agencies, and stresses the competitiveness of the state's total compensation package, including vacation leave, health and retirement benefits. The state communicates through various channels, including its Web site, Maryland Public Television, college recruitment programs, events coordinated with the Department of Business and Economic Development, the governor's press office and agency-level communications staff.

Maryland HR officials also recognize that, when it comes to branding and recruitment, a "one-size-fits-all" approach does not work, and multiple constituencies require multiple marketing strategies. For example, efforts to promote state employment to new college graduates (the "Millennial" generation) should take a different form from those geared toward Baby Boomers. Going forward, the state plans to continue the use of various media as well as examining the effectiveness of its marketing in communicating with each target audience.

Leaders Today" campaign includes a video designed to attract young professionals to state service. Television broadcasts of the video resulted in a 26 percent increase in visitors to state recruiting centers and a nearly 35 percent increase in visits to the state's booth at career fairs. In Delaware, the "Find Your Future in the First State" marketing campaign and media push helped to increase the number of applications for state jobs four-fold.

Arizona plans to implement an innovative new system dubbed "Onboard Arizona", which is intended to reduce the time and cost to hire a new employee and to improve the quality of that employee's initial days of employment. The program enables the online creation of a job offer and its electronic routing for agency approval, and provides a Web site to review and validate employment information, which automatically produces all new hire forms and transfers information into the HR system—even providing an identification number for an employee's first day of work.

State actions to improve recruitment and hiring include:

- **Developing strong state employer branding and marketing** so that all persons involved in the hiring process deliver a consistent message regarding state employment and so that prospective candidates have a realistic understanding of the work environment
- **Focusing on the content and usability** of the hiring Web page, as well as automating other aspects of the hiring process
- **Providing frequent performance feedback to new hires,** which results in much less voluntary and involuntary turnover
- **Using monetary hiring incentives** for hard-to-fill and mission-critical positions

HIRING WEB SITES: VERMONT

Vermont's hiring Web site is among the best in the nation. It provides a wealth of information regarding state employment, including details about total compensation, professional development opportunities, organizational diversity and the importance of the work that state employees do. The site offers a coherent presentation that makes working for state government attractive to prospective employees in an aesthetically pleasing format that uses a combination of text and images.

Consistent navigation, a robust "frequently asked questions" section, and a logical layout make the site easy to use. Job seekers can search for open positions using a variety of search criteria, and they can create an online application that can be updated as necessary and saved and reused to apply for jobs as they come open or for several jobs at once through the "job basket" feature. In addition, applicants can track the status of their applications until positions are filled.

Retaining a Competent Workforce

Retaining a skilled workforce is a crucial, and at times difficult, task for state governments. Excessive turnover leads to increasing costs in hiring and training replacement employees, and vacant positions that remain unfilled for a prolonged time tax the existing workforce.

Pew defined turnover as the separation of all non-temporary employees from the executive branch workforce for at least some brief period of time. Transfers between state agencies were not considered turnover, because employees are not leaving state service, even though vacated positions must be filled. GPP asked states to report turnover numbers for both classified and nonclassified staff in four categories: voluntary, involuntary, retirement and layoff. Table 2 presents average Fiscal Year 2006 turnover rates by category (including total turnover) for both classified and nonclassified employees.

Table 2
FISCAL YEAR 2006 TURNOVER BY CATEGORY

	Classified	Nonclassified
Voluntary	7.4%	7.5%
Involuntary	1.8%	1.9%
Retirement	2.6%	2.2%
Layoff	0.4%	0.2%
Total	12.4%	11.8%

Numerous factors drive employee retention, ranging from the competitiveness of employee compensation and rewards to trust in leadership to work-related stress. Of the hundreds of data points on HR management collected in *Grading the States 2008*, GPP found that compensation and benefits were among the most important predictors of employee retention.

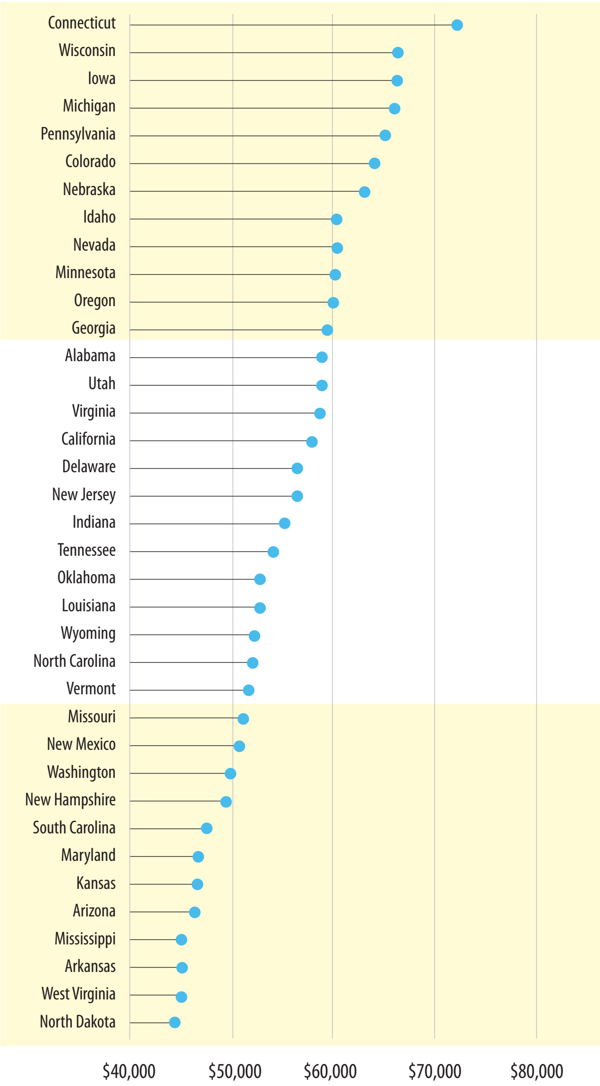
Pew asked states to report the average annual base salary and average benefits cost (excluding leave[3]) of full-time executive branch employees. The figures were added to determine total compensation, and then indexed against cost-of-living data provided by the Council for Community and Economic Research.[4] Those data allowed for true comparisons, because the cost of living varied by as much as 80 percent.

Indexed total compensation varied widely across states, ranging from $44,500 to $72,100 for classified employees (Figure 5), and from $52,300 to $149,500 for nonclassified employees. Classified employees averaged approximately $55,400, with half of 37 reporting states falling between $49,800 and $60,200; nonclassified employees averaged just below $84,000, with half of the 37 reporting states falling between $65,800 and $96,700.

Figure 5

TOTAL COMPENSATION FOR CLASSIFIED EMPLOYEES

COMPENSATION IN 2007 DOLLARS



GPP calculated the figure for fringe benefits as a percentage of classified salaries simply by dividing the average fringe benefit cost reported by the states (again, exclusive of leave) by the average salary. While that figure can be skewed by outliers in either the benefits figure (particularly the health insurance component) or the salary figure, a higher percentage was generally evaluated as an indicator of a more competitive benefits package. States also reported the percentage of employees' health insurance premium cost that is paid by employees. Both of those figures were used in evaluating how well a state creates a work environment that supports employees' life needs.

Fringe benefits as a percentage of salary averaged 35.7 percent, with half of the 38 reporting states falling between 30 and 42 percent. Three states reported a percentage greater than 50 percent: **Connecticut**, **Nebraska** and **Utah**. The percentage of employee health insurance premiums paid by states averaged 90.7 percent, but varied widely. Just under one-third of the 34 reporting states pay all of their employees' premiums, while some states cover as little as 75 percent.

Flexible work arrangements such as flex-time, telecommuting and compressed work weeks can help workers to balance their personal needs with those of the organization. In addition, states can benefit from providing longer service hours—without adding staff or creating shift schedules. Results include less traffic congestion and cost savings from office space reductions. The use of flexible work arrangements among all states is clearly on the rise. Since the 2005 report, significantly more state employees have gained access to flex-time, telecommuting and compressed work weeks. In particular, the number of states where all employees have access to flex-time has increased from 19 percent to 31 percent. States that offer eligibility for the greatest number of flexible work arrangements to the greatest number of employees include **Iowa** and **South Carolina**.

Wellness programs also are becoming increasingly popular as part of the benefits package for state workers. Such programs not only promote a healthier (and ostensibly happier) workforce, but address the spiraling cost of health insurance through preventive care designed to reduce the incidence of serious medical conditions that require high-cost treatment. Utah operates a wellness program funded by the Public Employees Health Plan. Incentives play a big part of the Healthy Utah program, with rebates offered for employees who exercise at least 100 days of the year and for those who demonstrate health improvements such as weight loss and blood pressure reduction. Thirty-two agencies now promote participation through wellness councils. Maine implemented a program that targeted a specific area of concern. After finding that more than 2,000 state employees were being treated for diabetes, the state tested a program that enables employees to receive support and information from nurses through both personal and telephone consultations. The percentage of diagnosed employees participating in diabetes education doubled during the pilot program, which has now been expanded statewide.

Other state retention efforts targeted pay increases for specific job classes in which retaining qualified, well-trained employees has been difficult. Indiana has implemented such increases for state troopers, state police forensic scientists, transportation engineers and correctional officers, among others. Maryland has used pay increases to retain psychologists, correctional officers and registered nurses.

Kansas has specified retention-based pay increases for corrections staff, direct care workers and employees in its "Maintenance and Trades" occupational group. The state also uses employee engagement surveys to examine and address the issues that drive employee separation.

These types of programs are laudable, but even nonmonetary recognition of good performance is important and can help in tough economic times. Employees who feel appreciated at work are likely to remain in their jobs, so something as simple as a mention in a newsletter or a certificate of thanks can increase workforce morale and improve overall employee performance. Nebraska uses its "Five Star Metric" survey to not only identify possible retention issues, but to uncover successful efforts that deserve recognition.

State actions to improve retention include:

- **Adjusting state salaries** to reflect changes in market rates
- **Targeting pay increases** for specific job classes in which retaining qualified, well-trained employees has been difficult
- **Offering employees flexible work arrangements** and wellness programs
- **Monitoring and analyzing turnover rates** more often so appropriate and timely action can be taken at the central and agency level when needed
- **Conducting employee surveys** about working conditions, job satisfaction and employee engagement

RETENTION STRATEGIES: WASHINGTON

Employee turnover is one of the key performance measures the state of Washington regularly monitors, analyzes and reports at both agency and statewide levels as part of its Human Resources Management Performance and Accountability system. Turnover data are produced monthly and are broken out by cause (e.g., resignation, retirement, dismissal), which allows managers to identify trends and anomalies quickly so that root causes and actions can be determined. Each agency designs and implements its own retention strategies appropriate to its mission and environment. New personnel rules resulting from the state's comprehensive civil service reform in 2005 include provisions that allow special pay adjustments for retention purposes. Agencies that have Performance Management Confirmation can use performance-based factors in compensation and leave decisions as a tool to retain high performers. Agencies also deploy flexible work schedules, telecommuting, special project assignments and recognition programs to retain skilled and productive employees.

Although an employee satisfaction survey instrument has been available to agencies for several years, the state implemented a mandatory statewide employee survey in 2006, which allows agency-level as well as enterprise-wide analysis of employee satisfaction. The survey has enabled the personnel department to identify systemic issues and develop strategies to address them. The state offers generous leave policies, including an array of family-related leave, which was recently broadened through statutory and regulatory changes. Other recent policy changes enable Washington to offer a highly competitive benefits package, which greatly facilitates recruitment and retention. In addition, the state offers a full-service employee assistance program.

Training and Developing a Workforce

Training state employees not only provides them with the skills necessary to perform well in their current jobs, but also enables them to develop additional abilities they will need to take on new challenges in the future. Moreover, the development of team building and leadership skills is important to ensuring that employees work together in a common direction. Of course, when that common direction involves responding to a budget reduction, training can be even more important. Such training prepares employees to handle the increased pressures that result from hiring freezes and layoffs.

Pew used several key measures to evaluate how well states develop their workforces, including the average number of training hours provided annually to employees and managers, the average training expenditure per employee and manager, and a state's total training expenditure as a percentage of total payroll dollars.

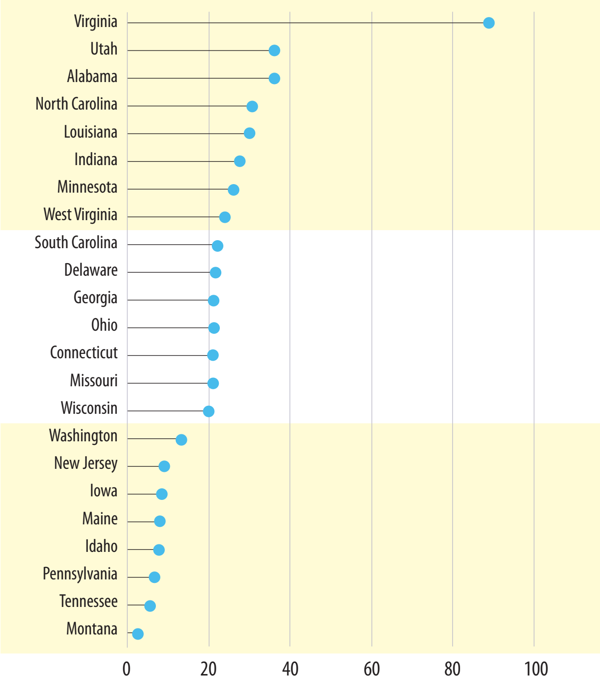
Training in many—if not most—states is fairly decentralized. As a result, the number of states able to report several of those measures was smaller than many other metrics reported here. Training hours for employees averaged 22.1 hours per year, with half of the 23 reporting states falling between 9 and 27 hours (Figure 6). For managers, the average was slightly higher at 25.2 hours per year, with half of 22 reporting states providing between 13 and 29 hours.

Training expenditures as a percentage of payroll averaged 1.3 percent among 18 reporting states, with half of those falling between 0.6 and 1.5

RETENTION/WORK ENVIRONMENT: DELAWARE

Delaware's overall voluntary turnover rate is well below the mean, and it has remained fairly constant during the past several fiscal years. The state's benefits package is comprehensive and includes medical flexible spending accounts and both short- and long-term disability. The budget office issues an annual total compensation statement to employees, providing them with the overall financial value of the investments the state has made toward their health care, retirement, work/life programs and other benefits during the year. A successful pilot program recently led to the implementation of a new wellness program that assesses state employee health risks and provides confidential personalized feedback and coaching intervention strategies. The state also has a generous leave policy that allows employees to take time off for a variety of military and volunteer activities. That may be part of the reason that employees use a significantly smaller proportion of their sick leave than average—only 34 percent of allotted leave. The state has an efficient system in place to handle employee grievances and appeals, with grievances being resolved in an average of about 60 days. A toll-free employee relations hotline has been established along with a new conflict resolution program that can be used as an option to settle grievances, using facilitators who not only resolve the immediate conflict but help to build stronger work relationships.

Figure 6
ANNUAL TRAINING HOURS PER EMPLOYEES



percent. Per-employee training expenditures averaged $417 per year, with half of the 23 reporting states falling between $188 and $619 per year. Per-manager training expenditures averaged slightly higher at $489 per year, with half of the 14 reporting states between $301 and $580 per year. States reporting the highest overall per-employee training expenditure included **Indiana**, **Louisiana** and **Utah**.

The capacity to engage in Web-based training is becoming increasingly important, both in terms of the cost of content delivery and the availability of a wide variety of courses. The percentage of courses available to state employees online was another measure used to gauge the resources that states devote to employee development. E-learning clearly is on the rise: States offered about 20 percent of their courses online in 2007, with **Alabama**, **Arizona**, **Iowa** and **Virginia** providing more than 45 percent of their courses online.

Iowa's organizational development and training department offers nearly 400 online courses ranging from business skills, such as employee motivation and setting performance goals, to computer courses. In addition to online courses, some states have begun to make use of learning management systems, which facilitate online registration, course management and tracking of employee development plans. **Utah** is developing an in-house system that any agency can use to train employees in information technology. The system allows training organizers to specifically target audiences with notification of available training, and employees can register with a single click.

Several states reported partnerships with state university systems to help take advantage of instructional systems already in place, particularly leadership development programs. **North Carolina** partners with Duke University to offer a certificate program in human resources; **Oklahoma** hosts the governor's executive development program in conjunction with both Oklahoma State University and the University of Oklahoma; and **Virginia** offers leadership development programs, ranging from workshops for new supervisors to executive-level training through the Center for Public Policy at Virginia Commonwealth University.

But if states cannot maintain such structured training initiatives in the current economic climate, they can still address professional development in other ways. Even such informal programs as mentoring and job rotation can yield enormous benefits, and they demonstrate an agency's commitment to improving the skills of their workforces without incurring significant additional costs. Several agencies in **Virginia** use mentoring programs to foster employee development, as well as to help with knowledge transfer before retirement. In addition, some agencies use cross-functional training and job rotation to develop employees and prepare for future workforce needs.

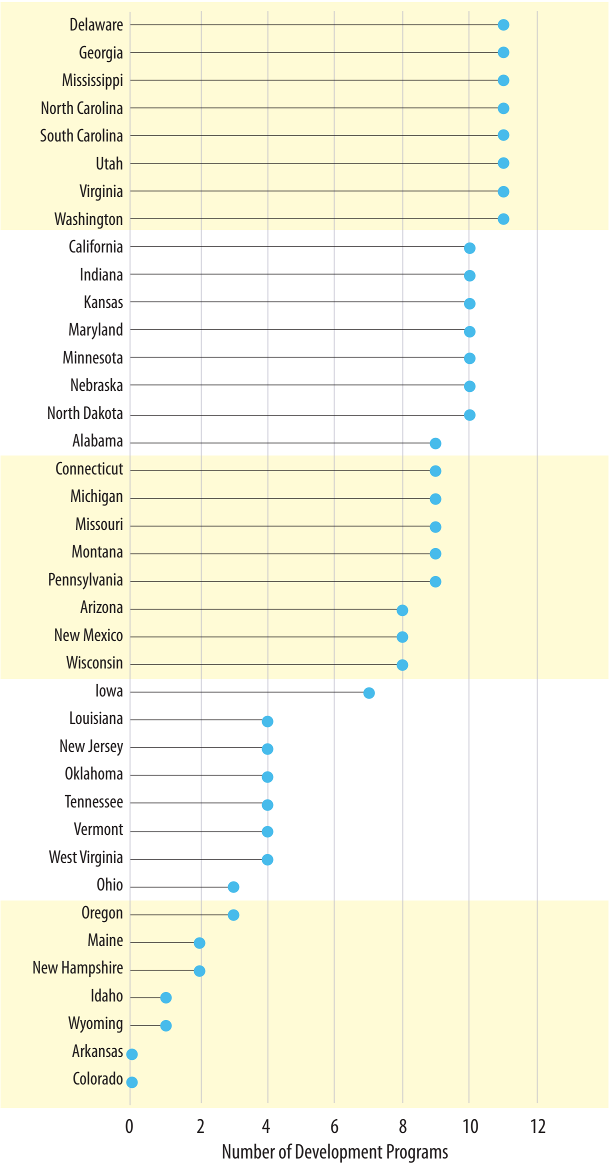
The percentage of employees who have a career development plan is an important measure of a state's ability to provide opportunities for career advancement, which tends to encourage workers to remain in state service rather than look for outside job opportunities. The percentage of state employees with career plans in place averaged 59.8 percent. Again, the responses ranged widely, from 1.8 percent to 100 percent, with half of 18 reporting states falling between 22 and 85 percent. In **North Carolina**, a special projects team has developed an online career development system that helps employees plan their state government careers. The program guides individuals in building critical skills and gaining knowledge and experiences that link personal satisfaction and achievement to agencies' workforce needs. Tools include an online workbook, training modules and specific career paths for occupations.

Employee development programs take a wide variety of forms. For example, development initiatives include internships that offer students the opportunity to gain practical work experience as well as complete development planning for full-time permanent staff, an annual process that ties employee training and development plans to the strategic planning and budget cycle of an agency or department. States reported the types of development programs that they offer from a comprehensive checklist. States that offered a high number of programs and that reported a large share of state employees participating were given high marks for their capacity to develop their workforces. In addition, having a common executive-level management training program in place helped states ensure that agencies focused on common strategic objectives and led to sharing of best practices among agencies. GPP asked those states that had such programs to indicate the number of hours in their curricula; states offering more robust senior-level programs and that had higher participation rates were assessed to be better able to purposefully develop leadership competencies.

The 39 responding states offered an average of seven development programs (Figure 7). Responses ranged from 0 to 11, with half of the states offering between four and ten types of development opportunities. The average number of hours in state senior leadership development programs was 131. Again, there was a wide range of responses, from one-day seminars of about 9 hours to year-long programs with curricula of at least 300 hours. Half of the 26 responding states offered between 41 and 190 hours in their senior-level programs.

Unfortunately, many states report that the training budget is the first thing eliminated in spending freezes or budget cuts. That reality makes it all the more important to find synergies and economies of scale within each state's system. **Michigan** is moving its statewide programs from vendor-led training to a shared-services model that will use training consultants from agencies and from central staff. In addition to projected cost savings, the courses offered under that new model will be based on the state's competency model developed for performance management. **Wisconsin** has

Figure 7
NUMBER OF DEVELOPMENT PROGRAMS



established the Wisconsin State Training Council, which enables the sharing of best practices and training programs among agencies.

For the first time since the survey began, GPP asked states about knowledge management. The topic encompasses two areas: 1) the sharing of knowledge within an organization to identify best practices and find synergies among operating departments and agencies; 2) and the retention of organizational knowledge, which is increasingly important in the face of impending retirements.

To address knowledge sharing among state agencies, many states use inter-agency teams or communities of practice in which representatives of agencies that share a common interest—IT or HR, for example—share ideas and practices. **Delaware** makes use of both physical and virtual spaces to facilitate knowledge sharing. Its Office of Management and Budget (OMB) has designated "talk rooms" where employees get together to share knowledge. Some employees have lunch on a daily basis, discussing different issues currently confronting the department, creating a cohesive workgroup that has a uniform knowledge base. In addition, the state makes use of Lotus Notes as both a collaborative tool and as a method for documenting work processes.

Retaining organizational knowledge can be achieved in various ways. Some states—**Connecticut**, **Michigan** and **Missouri**, for example—use job shadowing, where an incoming employee works alongside the incumbent for a period of time to pass along tacit knowledge. States are using technological solutions as well. **Louisiana's** Department of Revenue, for example, has implemented a knowledge management database that helps to preserve knowledge and institutional memory and provides computer-based training in policy and procedures.

State actions to improve and develop their workforces include:

- **Using online training** and knowledge management tools
- **Shifting toward a shared-services model** that uses training resources from the central HR department and state agencies
- **Adopting or improving leadership development programs** to prepare the next generation of state leaders
- **Offering comprehensive training modules** for first- and second-level supervisors and managers
- **Integrating career development planning** into the performance management system

TRAINING PRACTICES: LOUISIANA

Louisiana's Comprehensive Public Training Program (CPTP), which is part of the Division of Administration, is administered by 300 training coordinators embedded within the state's agencies. The coordinators communicate with the agencies and provide the central office with data regarding the training needs of each agency's employees. The program provides training to enhance the professional, technical and managerial skills of state employees. CPTP offers self-paced, computer-based training in computer software packages as well as on professional development topics. In addition, the program provides multiple levels of leadership training based on a set of competencies identified specifically for state managers and leaders.

The state's civil service department partners with CPTP and Louisiana State University to offer supervisory training to three distinct supervisory groups on a regular basis.

- Supervisory Group One is composed of mainly first-line supervisors, and its curriculum focuses on employee performance management (including rewards and recognition); managing work schedules; controlling absenteeism and tardiness; documenting performance and discipline; and employee selection and orienting new hires.
- Supervisory Group Two, which is composed of higher-level managers, focuses on interviewing techniques, employee development, effective problem solving and managing and improving work processes.
- Senior-level classified staff form Supervisory Group Three, which focuses on accountability, diversity and improving work processes. In FY 2008, approximately 10,322 employees were trained in the various courses offered through the program. The National Association for Government Training and Development recognized the program as its 2008 Program of the Year.

On average, Louisiana employees are promoted at a higher rate than are employees of other states, with nearly 10 percent of employees receiving a promotion in FY 2006. Career planning is now integrated into the performance management process through a new development section in the state's performance appraisal instrument. In addition, the state has several programs in place that help to transfer and retain institutional knowledge, including an Intranet-based reference on-demand system, conference roundtables where employees share knowledge gained at external professional conferences, and a database that tracks retired employees who are interested in returning to state service.

TRAINING PRACTICES: ARIZONA

Arizona's training expenditure per employee is well above average, and the majority of employees are eligible for tuition assistance for external development needs. Employees can choose from several types of development opportunities, including development planning and formal coaching. The state has a robust, easy-to-use learning management system, offering more than half of its courses online. While career plans are not mandatory, a career center provides comprehensive services to all state employees interested in receiving services. In addition, the employee Web portal provides career path information, including job class and pay information, and the ability to review and apply online for any open job in state government.

The central training authority, Arizona Government University, provides a three-tiered, competency-based leadership development program that helps the state to develop entry-level supervisors, middle managers and executive leaders. Some agencies have begun to develop strategies and systems for retaining institutional knowledge, and the central HR division has piloted a succession planning system that highlights the need for knowledge retention and can be customized to suit individual agencies' needs.

Managing Employee Performance

Managing employee performance typically consists of several components, including an annual performance appraisal process; rewards and recognition (formal and informal, monetary and nonmonetary); feedback both to and from employees; and the disciplinary process.

Given that performance appraisals are an essential part of HR management, Pew asked states to indicate the percentage of both classified and nonclassified employees who received at least one performance appraisal in the previous fiscal year.

Many states do not track the percentage of employees who receive at least an annual performance appraisal (or "performance appraisal rates") for classified employees at the central level, and very few track nonclassified performance appraisal information at all. Among the 30 states that reported their appraisal rates, the average was 87.3 percent, with half of the reporting states falling between 81 and 99 percent. Only 16 states reported performance appraisal rates for nonclassified employees: among those, the average was 58.2 percent, with half of the states falling between 34 and 90 percent.

Innovations in the area of performance management include technological solutions to help ensure that appraisals are conducted in a timely fashion. **Michigan** has recently enhanced its automated system for conducting performance plans and reviews with pre-populated templates that agencies can use for groups of employees who share common performance elements.

Missouri's new *PERforM* (Productivity, Excellence and Results for Missouri) system, which has both automated and standardized the appraisal process across agencies, ensures that all employees are rated on the same performance components (knowledge of work, quality of work, situational responsiveness, initiative and dependability) and rating scale each calendar year.

Some states are making an effort to align performance management processes with the strategic goals of the state and/or agency. For example, **Utah** has introduced a tool that strategically aligns employee performance with agency balanced scorecards, which in turn link to the governor's strategic initiatives. **New Mexico** has modified the appraisal process to add a "results focus" competency for all state employees, along with three agency-specific competencies, which encourages better alignment with an agency's strategic goals and core values. **Washington's** new Performance and Development Plan system is part of an overall effort to link individual performance management to organizational performance management. The system includes a strong link between individual performance expectations and agency goals and measures.

The Project also examined the percentage of state employees eligible to receive incentive pay, including pay-for-performance salary increase, individual bonus, group bonus and gain sharing. (Eligibility does not guarantee a reward; it indicates only whether employees have a chance of receiving such incentives.) As shown in Figure

PERFORMANCE MANAGEMENT IN ACTION: IOWA

Iowa's employee performance appraisal system emphasizes alignment with an agency's performance plan and results. The performance planning section of the appraisal instrument is very basic, requiring only individual goals, action steps, performance measures and a timeline. This format offers quite a bit of flexibility and places the responsibility for meaningful performance feedback squarely on a supervisor. Recent upgrades to the state's computer systems have resulted in better tracking of appraisal-related data, with automated tracking of performance evaluations slated to be implemented as the state moves to an enterprise-level computer system.

Iowa links employee performance to compensation in a variety of ways, including merit increases based on performance appraisal results, pay for exceptional performance, individual performance bonuses and pay when an employee earns additional credentials. Employee feedback is solicited through a process based on Kaizen, a Japanese philosophy that focuses on continuous improvement. The process encourages employee feedback and involves workers in program redesign. Iowa can terminate employees quickly, though only after using a progressive discipline process. That approach, coupled with a low rate of appeals, suggests that the termination process is fair and reliable.

2, the overall availability of incentive pay and cost-of-living adjustments has increased since the previous *Grading the States* report. After cost–of-living adjustments, pay-for-performance salary increases are now the second most common compensation strategy. Individual and group bonuses are also more widely used. Few states, however, use gain sharing as an incentive. **Louisiana** uses its Exceptional Performance and Efficiency Incentive Program to reward state employees with up to 20 percent of their annual salary for activities that result in cost savings or increased efficiencies. The bottom line: states increasingly are using monetary incentives to differentiate outstanding performers from average performers.

The ability to address performance and behavioral problems before they escalate is extremely important in maintaining a productive workforce. States reported the average number of days it takes to terminate classified and nonclassified employees for both performance and behavior problems. States that can terminate employees for cause in a timely fashion were considered to manage their workforce more effectively than those that cannot.

The time to terminate for performance issues averaged 28.6 days for classified employees, with half of the 34 reporting states falling between 2 and 23 days; the average for nonclassified employees was 6.6 days, with half of 26 reporting states falling between 1 and 9 days.

The average time to terminate for behavioral issues was notably shorter for classified employees, averaging 18.1 days with half of the 34 reporting states falling between 2 and 21 days. The nonclassified average of 6.9 days was similar to that for performance issues, with half of 24 reporting states falling between 1 and 9 days.

States manage the disciplinary process in a variety of ways. Louisiana mandates that all state supervisors and managers receive training in performance management, including documentation requirements, which has resulted in both a reduction in the number of disciplinary actions taken by managers and in the number of disciplinary actions that are appealed. Idaho has placed more responsibility on agency managers for addressing behavioral problems by removing the requirement of central HR approval for the enforcement of certain rules, resulting in an expedited disciplinary process, in some cases. New Mexico has implemented the practice of holding disciplinary evidentiary hearings via videoconferencing (when appropriate) as well as using an alternative dispute resolution process for appeals of disciplinary actions. South Carolina allows online filing of appeals to the state's HR director, a process that is not only quick and easy but also enables employees and managers to track the movement of specific appeals; the system also produces reports concerning appeal processing times.

State actions to improve workforce performance management programs include:

- **Adopting performance appraisals that align employee performance** to state/agency goals and expected competencies
- **Providing agencies more flexibility** and latitude in selecting incentive plans that fit with their mission and the nature of their work
- **Linking rewards and individual development plans**
- **Automating performance management** and disciplinary processes

PERFORMANCE MANAGEMENT IN ACTION: INDIANA

In 2006, Indiana implemented a new competency-based performance appraisal system. The system requires each agency to identify its mission statement as well as its strategic objectives, which are then used by divisions, departments, programs and individual employees. The system requires that employee performance objectives be specific, measurable, achievable, relevant to the agency and timely. At the end of each review period, employee performance is assessed with regard to completion of those objectives and demonstration of the key competencies for the position. Employee performance is connected to compensation through annual salary increases linked to performance appraisal ratings, individual and group performance bonuses, and the "Agency Head Spot Bonus" program.

In addition, the governor's $1,000 Public Service Award, awarded to as many as 100 state employees each year, effectively combines a public ceremony with the governor and monetary recognition for employees who help the state save money, realize increased efficiency or demonstrate exceptional customer service. The state can terminate employees for cause, aided by recent policy changes that have provided managers a degree of flexibility in disciplinary actions. The new policy provides broad guidance on the definition of "just cause" and on the importance of considering mitigating and aggravating circumstances.

Innovation, Results and Accountability

Three main themes emerged from the results of the People analysis of *Grading the States 2008:*

- High-performing states continue to innovate and evolve.
- Some states are shifting HR functions to the enterprise level.
- More states are focusing on results and accountability.

Leaders Continue to Innovate

Georgia and **Virginia**, both of which received high marks in *Grading the States 2005*, have continued to strengthen their HR management systems.

Georgia, for example, has made changes in many areas, including job classification and compensation and performance management. To address the increasing disparity between salaries in state government and the private sector, Georgia has implemented a comprehensive redesign of its job and pay system. Through a collaborative process with agency leaders, more than 3,400 job titles and descriptions were consolidated into approximately 650 jobs across 17 occupational areas; entry qualifications, technical competencies and career development criteria were developed for each new title; and the pay system was revamped to align with the competitive labor market. The pay delivery system includes developmental requirements that employees must meet as conditions for further pay advancement. In addition, new legislation has provided for a wider variety of incentive compensation, including hiring, educational, relocation and performance incentives. In an effort to refine the state's performance management process, Georgia formed a multi-agency HR team. The team collected and analyzed benchmark data on best practices and used online surveys and onsite interviews with key stakeholders, including agency executives, employees and the HR community. The result was a flexible, user-friendly, competency-based performance management system that develops employees, rewards excellence, and is aligned with the vision and goals of the state. The system is based on Georgia's competency dictionary, which also is the foundation for training, performance-based incentives, workforce planning and succession planning.

Virginia has made advances as well, particularly in management training and learning and in knowledge management. To provide a consistent management philosophy across state agencies, the Department of Human Resource Management engaged in a needs-based analysis of management and supervisory training in the state. Through a partnership with the State Training Council and the involvement of more than 90 employees from 50 state agencies, Virginia developed the Managing Virginia Program. It is a supervisory development program that is offered in multiple formats, including instructor-led courses, online delivery, video conferences, train-the-trainer and multi-agency partnerships where smaller agencies hold joint classes. The program is offered at no direct cost to agencies, thus removing the financial roadblock to supervisory training and providing a cost-effective tool for succession planning. The state also has launched the Commonwealth of Virginia Knowledge Center (CoVKC). Implemented for less than $100,000, CoVKC is both a learning management system and a knowledge management system. It can be customized by each agency, and more than 40 agencies have developed specific Web portals linking to the system. As a learning management system, it allows for online course management and registration, content delivery and individual planning and tracking of employee training. The addition of information management and collaborative features makes CoVKC a knowledge management system as well, which encourages both the sharing of implicit knowledge and the generation of new ideas in a cooperative setting.

Emphasizing Enterprise-Level HR Management

Moving HR management functions to the statewide enterprise level can result in increased efficiency through economies of scale, placing qualified HR experts in charge of the most important staffing-related tasks, and more equitable treatment of employees through consistently applied policies.[5] The challenge is to keep the system flexible enough to allow individual agencies the flexibility they need to address their specific challenges. Of responding states, 41 percent implemented shared HR services since the previous *Grading the States* report, with 26 percent planning to implement in the next two years. **Michigan** and **Iowa**, for example, have moved toward a more centralized approach to managing human capital.

Michigan's HR operations were consolidated by executive order in May 2007. The transfer of functions was intended to result in increased accountability, more effective control of personnel management functions, and better service delivery to state agencies and employees alike, while eliminating unnecessary redundancies and facilitating the efficient coordination of executive branch functions. Before the consolidation, the state launched the MI HR Service Center in August 2004, which provides statewide standardized delivery of routine HR processes and transactions in an effort to ensure consistency across department lines. Service is available on weekdays through customer service representatives, with online employee self-service available at any time. Transactions such as enrollment in benefit programs, tax withholding changes, address updates and wage assignments are handled by the center. The state also has centralized the processing of step increases, reclassifications, performance pay awards and military leaves of absence, resulting in improved consistency and accuracy of transactions affecting employee rates of pay. Automatic e-mail notifications of such transactions to employees, managers, HR offices and other interested parties have reduced the need for time-consuming record corrections and over/underpayment adjustments. Michigan has received awards from the International Public Management Association and the National Association of State Personnel Executives for its efforts.

In 2003, **Iowa** consolidated its general services, IT, personnel, and the accounting division of the revenue and finance department into the Department of Administrative Services (DAS). The rationale for such a large undertaking was that every dollar not spent on administration could be better spent on service delivery to the state's residents. And the change was an alternative to privatizing or outsourcing those functions. The personnel department became the Human Resource Enterprise (HRE) within DAS. HRE's services exceed pure civil service actions—it offers the executive, judicial and legislative branches, along with the state's higher education institutions, a range of HR management services. The services include screening the qualifications of applicants for state jobs; classification and compensation; workforce planning; performance evaluation; workforce data gathering, reporting and analysis; labor relations; benefits and leave administration; wellness; training and development; and consultation with state agencies on human resource matters. Following the "entrepreneurial management" concept, HRE provides the tools agencies need to deliver high-quality services to citizens. In turn, agencies have more input into what services and products they "buy" from HRE.

Human Capital Plays a Role in Encouraging Performance-Based Cultures in States

A number of states are increasing their focus on accountability and results across the board. State executives have begun to take a "balanced scorecard" approach to aligning the daily activities of state agencies to the state's strategic plan, while providing a framework for monitoring performance against those strategic goals. And human capital plays a significant role in all such efforts.

Washington offers one example. In 2005, Governor Christine Gregoire initiated the Government Management Accountability and Performance (GMAP) system, which is designed to hold state agencies accountable for achieving results and for focusing on the state's strategic priorities. The heart of GMAP is data-driven reports delivered at regular performance review sessions at both the agency and statewide levels. The personnel department regularly monitors key metrics in six broad categories: planning and aligning workforce, hiring, deploying, developing, reinforcing workforce, and producing ultimate outcomes. The department tracks a variety of data about employees who have current position descriptions, from average overtime and sick leave usage, to the percentage of employees with individual development plans. The personnel department gives agencies the authority to use performance factors when making compensation and layoff decisions. Agencies must first demonstrate that they have defined specific outcomes that are linked to agency strategic goals and established roles and responsibilities for the operation of their performance management program. They also must link rewards and consequences to each employee's job performance.

Louisiana has created an accountability division within its civil service office that is responsible for providing an unbiased assessment of the HR practices used by state agencies in managing the classified workforce. Division executives assess the effectiveness of those practices, as well as an agency's overall adherence to merit principles and compliance with civil service rules, providing agencies with the results of their evaluations and recommending corrective actions when necessary. Division executives also provide resources to agencies, including a list of the most frequently observed problem areas during onsite audits and a set of best practices for complying with civil service rules in such areas as keeping position descriptions current, maintaining up-to-date employee handbooks and improving the performance planning and review process.

In addition, the civil service office reports annually on eight key performance measures in support of the annual executive budget. The report includes a breakdown of the explicit links that each measure has to statewide goals and the performance indicators that support them. One example: "developing the capabilities of agency supervisors and HR managers to improve productivity, efficiency, and morale through proper employee management," links to Louisiana: Vision 2020 (a long-term economic development platform for the state) by supporting the objective of building a skilled and educated state workforce in a knowledge-based economy. That goal also ties into the effort to develop HR policies beneficial to women and families by providing training on the proper use of leave, the Family and Medical Leave Act, equal pay, flexible work schedules and places, leave pools, sexual harassment, workplace violence, affirmative action and workforce diversity. Supporting performance indicators for that goal measure the total number of employees who take part in supervisory training, the number of classes offered, the percentage of employees who rate the course as satisfactory and the percentage of employees who pass the test at the end of the classes.

Adapting to Change

Officials always should communicate openly and honestly with employees about actions such as layoffs, downsizing, furloughs or benefit reductions, especially during tough times when workers are concerned about their job security. When employees' fears about their workloads, salaries, colleagues, and benefits are addressed directly, it improves both their morale and their productivity. And if downsizing or cuts in salaries or benefits become necessary, state HR leaders should provide their managers with guidance on how best to deliver the bad news. Even the simple act of listening to employee concerns is crucial. Their ideas about how to handle adverse economic or staffing issues can be extremely useful. Soliciting their suggestions—and taking them seriously—is likely to pay off in increased employee engagement. By making careful, thoughtful staffing decisions and keeping employees involved in the process, states can protect the quality of public service through these difficult economic times.

All the states highlighted in this report have committed to continuing their workforce development efforts, despite daunting revenue projections. These states clearly recognize that when employees must do more with less, they must have the tools to do so. Only by taking a close, careful look at hiring, compensation, employee development and training practices—and even more careful actions to direct human capital efforts—can a state ensure that it is providing high-quality programs and effective service delivery. Programs and services—no matter how well regarded, well funded, and well aligned with a state's vision—are only as good as the people who implement them.

Definitions

The following glossary defines expressions and terms relevant to this report.

Affirmative Action – Specific actions in recruitment, hiring, upgrading and other areas designed and taken for the purpose of eliminating the present effects of past discrimination, or to prevent discrimination.

Agency – Any administrative subdivision or unit of government in the executive branch (also called a board, bureau, commission, or department in some cases) having the primary purpose of executing certain governmental functions and laws.

Behavioral problem – Employee behavior that adversely affects or interferes with the performance of others or the operation of the agency, such as tardiness, unauthorized absence from job or work area, abusive or derogatory language, inappropriate/improper use of state property, fighting, theft, willful destruction of property, etc.

Branding – The process of marketing state public sector employment in a manner promoting a positive or favorable cultural image of government.

Broad banding – Blending of job clusters or tiers of positions into relatively wide bands of pay ranges (typically four to eight) to increase flexibility in managing the development of employees' careers and administering employees' base pay.

Career path – A group of agency positions in the same job family listed in hierarchical order.

Central state HRM agency – The central state agency with primary responsibility for the state's human resources, civil service, and/or merit system.

Civil service/classified/merit system – Positions in the state government that are in the classified civil service with formal (legal) civil service protections or are covered by the merit system.

Classification – The process of organizing positions into categories of work (classes) based on the similarity of qualification, duties, authority and responsibility.

Classified employees – Persons in the state government who are in the classified civil service with formal (legal) civil service protections covered by the merit system.

Classified system – A set of formal personnel rules requiring state governments to hire and promote employees based on merit and to provide covered employees formal protections from partisan influences.

Competency – A measurable pattern of knowledge, skills, abilities, behaviors and other characteristics (e.g., motivation, initiative) that contribute to job performance and/or the achievement of state government goals.

Competency management system – A system that allows the management of an individual's competencies, including the creation of a competency model for a position (including behavioral indicators) and the association of the model with recruitment and hiring, performance and assessment criteria, and the corresponding training and development activities.

Data mining – The process of extracting useful information or knowledge from large data sets in order to identify patterns and relationships.

Gain sharing – Distribution of gains realized from improving performance and/or controlling costs to groups or teams of employees.

Grievance – A complaint filed by a state employee regarding an employment decision, a claimed violation of state civil service laws, or a claimed violation of the state government's labor-management agreement.

Group bonus – A one-time payment, based on a team's performance, that does not increase an employee's base salary.

HRM – Human resource management

Knowledge management – The process of capturing, organizing and utilizing knowledge and experiences of employees within an organization. This includes the process by which knowledge is shared and distributed within an organization.

Nonclassified employee – Persons in the state government who are not in the classified service.

Performance appraisal – An evaluation of how well an employee performs his or her job according to a set of standards.

Performance management – A comprehensive process used to measure, improve and reward the performance of agencies, programs or employees.

Performance pay increase – A base salary increase based on demonstrated job accomplishments.

Performance problem – A problem that occurs when an employee does not meet expected and communicated performance standards or does not carry out assigned duties.

Skill pay – Payment based on an employee's abilities.

Statewide workforce plan – A plan assessing the current and future capacity of a state workforce, including actions necessary to meet future workforce needs.

Strategic human capital plan – An organization's plan for employing, deploying, developing and evaluating the workforce that will best achieve the strategic goals of that organization. It is mission-focused, broader than a strategic plan or workforce plan, but should contain elements of both.

Strategic plan – A comprehensive plan for accomplishment in relation to stated goals and objectives. Ideally, the plan should cover multiple years, include targets for expected accomplishments and propose specific performance measures to evaluate progress toward those targets.

Succession planning – A process of systematically and deliberately planning for leadership continuity in key state government positions, and encouraging the individual development of state employees. The process should identify potential replacements for key state government positions and provide strategies for developing and/or hiring individuals to meet future state government needs.

Turnover – Separation of all non-temporary employees from the executive branch workforce (excluding higher education) for at least some brief period of time. Transfers between state agencies is not considered turnover.

Workforce analytics – Software designed to utilize data input from knowledge warehouses to plan workforce strategies, analyze workforce trends, and develop objective conclusions regarding characteristics of the workforce.

Workforce planning – A systematic assessment of the current and future capacity of the state government or individual agency workforce. The assessment should include both external factors (such as the availability of skills in the labor market) and internal factors (such as the age and competencies of the state workforce). The analysis is used to assess whether the future skill needs of the state government or agency will be met by promoting current employees, training employees, recruiting new employees, or contracting out services.

Key People Data Points from *Grading the States 2008*

These data were collected by GPP in 2007. For states that did not fully respond to the survey, GPP used interviews and public documents to assess human capital processes. Incomplete responses are marked (--) in the table below. To see an in-depth profile of each state, or to view the full data set from which these tables are extracted, please visit our Web site at *www.pewcenteronthestates.org/gpp*.

State	Average Time to Fill Open Classified Positions (Days)	Average Number of Applications per Classified Job Opening	New Hire Turnover Rates	
			Voluntary	Involuntary
Alabama	71	11	13.3	7.1
Alaska	--	--	--	--
Arizona	60	6	17.5	24.4
Arkansas	30	5	--	2.7
California	--	--	--	1.5
Colorado	--	--	--	--
Connecticut	--	--	13.6	2.0
Delaware	60	90	25.0	6.0
Florida	--	--	--	--
Georgia[6]	45	83	--	--
Hawaii	--	--	--	--
Idaho	37	27	17.7	4.0
Illinois	310	--	4.8	1.0
Indiana	51	23	14.2	6.0
Iowa	70	32	5.8	6.5
Kansas	44	8	21.0	6.6
Kentucky	--	--	--	--
Louisiana	--	--	24.7	13.8
Maine	--	--	3.0	5.5
Maryland	45	44	--	4.2
Massachusetts	--	--	--	--
Michigan	45	--	2.3	2.8
Minnesota	53	7	8.3	6.5
Mississippi	--	15	31.9	15.4
Missouri	78	28	17.8	7.1
Montana	35	13	9.0	10.7
Nebraska	54	25	12.7	3.9
Nevada	--	--	--	--
New Hampshire	45	5	--	--
New Jersey	78	7	--	10.0
New Mexico	90	31	14.3	28.1
New York	--	--	--	--
North Carolina	77	--	3.8	6.1
North Dakota	53	10	11.0	3.9
Ohio	--	--	--	9.2
Oklahoma	--	--	45.1	8.9
Oregon	--	20	8.1	4.9
Pennsylvania	90	--	3.0	5.4
Rhode Island	--	--	--	--
South Carolina	58	6	9.6	22.2
South Dakota	--	--	--	--
Tennessee	28	28	14.9	6.2
Texas	--	--	--	--
Utah	40	20	13.5	19.1
Vermont	78	24	9.4	17.9
Virginia	91	20	24.0	7.7
Washington	--	--	7.9	4.1
West Virginia	45	18	31.3	4.3
Wisconsin	115	22	2.0	0.4
Wyoming	66	27	13.3	5.5
N	30	28	32	37
Minimum	28	5	2.0	0.4
Maximum	310	90	45.1	28.1
Mean	68	23	14.2	8.2

APPENDIX B

State	Classified Turnover Rates: Total	Voluntary	Involuntary	Retired	Layoff	Total Classified Compensation (2007 dollars)	Fringe Benefits as a Percentage of Salary, Classified Employees	Percentage of Health Insurance Premiums Paid by Employees	Grievances per 1,000 Classified Employees
Alabama	11.2	6.9	1.4	2.8	0.0	58,900	37.2	0.0	--
Alaska	--	--	--	--	--	--	--	--	--
Arizona	22.8	15.5	2.3	2.2	2.8	46,200	32.0	--	--
Arkansas	18.8	12.2	4.4	2.2	0.0	45,000	25.0	--	14
California	11.7	7.5	0.7	3.5	0.0	57,900	30.0	20.0	6
Colorado	14.2	9.1	1.5	3.6	0.0	64,000	23.2	13.1	6
Connecticut	5.8	2.4	0.9	2.4	0.0	72,100	55.5	6.1	63
Delaware	7.0	3.7	1.0	2.3	0.0	56,500	44.5	10.0	52
Florida	--	--	--	--	--	--	--	--	--
Georgia[6]	21.0	15.8	3.0	1.1	1.1	59,400	40.9	25.0	0
Hawaii	--	--	--	--	--	--	--	--	--
Idaho	13.1	9.3	1.6	2.1	0.1	60,400	39.5	--	--
Illinois	5.5	1.9	2.2	1.4	0.0	--	--	7.8	21
Indiana	22.8	13.0	2.8	1.9	5.1	55,200	45.7	23.0	35
Iowa	5.1	2.5	1.3	1.3	0.0	66,400	29.5	0.0	76
Kansas	13.3	9.0	1.6	2.5	0.1	46,500	16.8	--	6
Kentucky	--	--	--	--	--	--	--	--	--
Louisiana	18.5	10.9	3.5	3.5	0.4	52,700	32.0	25.0	--
Maine	11.0	6.7	0.6	3.1	0.4	--	--	0.0	--
Maryland	13.0	7.1	1.0	4.5	0.1	46,800	33.1	20.0	9
Massachusetts	--	--	--	--	--	--	--	--	48
Michigan	6.2	2.0	0.9	2.1	1.2	66,100	26.7	5.0	104
Minnesota	11.1	6.1	1.5	2.8	0.5	60,200	30.0	0.0	21
Mississippi	15.6	10.5	2.9	2.2	0.1	45,100	35.4	0.0	--
Missouri	14.1	8.4	3.2	2.2	0.2	51,000	49.5	7.0	19
Montana	13.4	9.8	0.7	2.7	0.2	--	--	0.0	--
Nebraska	12.7	8.0	2.4	1.9	0.2	63,100	55.5	21.0	18
Nevada	12.7	8.0	2.1	2.7	0.0	60,300	32.3	5.0	--
New Hampshire	9.2	6.3	0.5	2.2	0.1	49,300	44.0	0.0	--
New Jersey	6.3	2.6	1.0	2.5	0.0	56,400	27.9	8.2	2
New Mexico	17.7	10.2	4.7	2.8	0.0	50,700	33.0	20.0	13
New York	--	--	--	--	--	--	--	--	--
North Carolina	15.8	9.1	3.7	3.1	0.0	52,000	26.6	0.0	8
North Dakota	10.6	6.6	1.5	2.3	--	44,500	16.6	0.0	6
Ohio	7.0	2.0	2.0	3.0	0.1	--	30.0	15.0	--
Oklahoma	14.4	9.3	0.2	2.7	2.2	52,800	38.4	0.0	11
Oregon	10.9	5.9	0.4	4.5	0.1	60,000	20.8	0.0	12
Pennsylvania	5.4	2.1	0.8	2.6	0.0	65,200	45.8	--	--
Rhode Island	--	--	--	--	--	--	--	--	--
South Carolina	16.3	8.2	2.6	5.3	0.1	47,600	29.0	--	9
South Dakota	--	--	--	--	--	--	--	--	--
Tennessee	11.1	6.6	2.0	2.2	0.0	54,000	45.3	20.0	14
Texas	--	--	--	--	--	--	--	--	--
Utah	12.4	7.7	0.9	3.7	0.0	58,900	54.1	7.0	5
Vermont	9.3	5.2	1.4	2.5	0.1	51,700	37.4	20.0	5
Virginia	13.5	9.2	1.5	2.2	0.1	58,700	41.6	10.0	32
Washington	7.5	4.1	1.4	1.8	0.2	49,800	33.7	6.1	18
West Virginia	13.3	6.9	2.9	3.3	0.0	45,000	42.5	--	27
Wisconsin	--	--	--	--	--	66,500	38.0	5.7	--
Wyoming	13.4	9.3	1.9	2.0	0.0	52,200	36.2	15.0	--
N	40	40	40	40	39	37	38	34	29
Minimum	5.1	1.9	0.2	1.1	0.0	44,500	16.6	0.0	0
Maximum	22.8	15.8	4.7	5.3	5.1	72,100	55.5	25.0	104
Mean	12.4	7.4	1.8	2.6	0.4	55,400	35.7	9.3	23

State	Average Hours of Training		Training Expenditure			Employee Development		
	Per Employee	Per Manager	As a Percentage of Total Payroll Cost	Per Employee	Per Manager	Total Number of Development Programs	Hours in Senior Leadership Program	Percentage of Employees with a Career Plan
Alabama	36	36	--	476	490	9	84	79.0
Alaska	--	--	--	--	--	--	--	--
Arizona	--	--	--	649	--	8	43	--
Arkansas	--	--	--	--	--	0	88	5.0
California	--	--	--	--	--	10	80	--
Colorado	--	--	--	--	--	0	--	--
Connecticut	21	21	1.5	609	609	9	105	14.5
Delaware	22	30	--	709	990	11	32	70.0
Florida	--	--	--	--	--	--	--	--
Georgia	21	23	5.0	225	250	11	--	85.0
Hawaii	--	--	--	--	--	--	--	--
Idaho	8	--	0.9	114	--	1	300	--
Illinois	--	--	--	--	--	--	--	--
Indiana	28	18	2.1	774	645	10	--	96.0
Iowa	8	5	0.5	157	69	7	--	1.8
Kansas	--	--	--	--	--	10	300	--
Kentucky	--	--	--	--	--	--	--	--
Louisiana	30	--	3.2	1,080	--	4	117	100.0
Maine	8	8	--	--	--	2	21	--
Maryland	--	--	1.0	--	--	10	--	59.0
Massachusetts	--	--	--	--	--	--	--	--
Michigan	--	--	--	479	--	9	48	--
Minnesota	26	53	0.3	217	--	10	--	88.0
Mississippi	--	--	--	--	--	11	40	--
Missouri	21	23	0.3	105	421	9	40	82.5
Montana	2	3	1.6	159	302	9	200	12.0
Nebraska	--	--	--	--	--	10	--	--
Nevada	--	--	--	--	--	--	--	--
New Hampshire	--	--	--	--	--	2	--	--
New Jersey	9	11	0.6	--	--	4	33	--
New Mexico	--	--	--	--	--	8	--	--
New York	--	--	--	--	--	--	--	--
North Carolina	31	59	0.6	340	430	11	300	85.0
North Dakota	--	--	--	--	--	10	--	--
Ohio	21	24	--	421	421	3	--	--
Oklahoma	--	12	--	--	--	4	40	--
Oregon	--	--	--	--	--	3	200	--
Pennsylvania	7	10	--	51	--	9	--	--
Rhode Island	--	--	--	--	--	--	--	--
South Carolina	22	23	1.4	268	244	11	386	23.0
South Dakota	--	--	--	--	--	--	--	--
Tennessee	6	27	0.1	86	301	4	129	--
Texas	--	--	--	--	--	--	--	--
Utah	36	27	1.3	732	--	11	9	21.0
Vermont	--	--	--	628	--	4	410	--
Virginia	89	65	0.9	552	407	11	80	100.0
Washington	13	35	1.0	440	--	11	80	75.2
West Virginia	24	24	1.3	330	1,273	4	70	80.0
Wisconsin	20	18	--	--	--	8	160	--
Wyoming	--	--	--	--	--	1	--	--
N	23	22	18	23	14	39	26	18
Minimum	2	3	0.1	51	69	0	9	1.8
Maximum	89	65	5.0	1,080	1,273	11	410	100.0
Mean	22	25	1.3	417	489	7	131	59.8

State	Percentage of Classified Employees with an Annual Performance Appraisal	Average Time to Terminate Classified Employees for (days):	
		Performance Problems	Behavior Problems
Alabama	86.0	8	10
Alaska	--	--	--
Arizona	100.0	--	--
Arkansas	--	1	1
California	--	--	--
Colorado	100.0	--	--
Connecticut	100.0	15	15
Delaware	100.0	23	23
Florida	--	--	--
Georgia	100.0	23	23
Hawaii	--	--	--
Idaho	88.4	30	30
Illinois	--	--	--
Indiana	92.0	30	30
Iowa	92.0	1	1
Kansas	88.0	13	13
Kentucky	--	--	--
Louisiana	95.0	1	1
Maine	--	21	21
Maryland	57.0	7	7
Massachusetts	100.0	1	1
Michigan	100.0	17	17
Minnesota	81.0	3	3
Mississippi	51.9	10	10
Missouri	79.7	12	12
Montana	--	180	5
Nebraska	--	2	2
Nevada	--	--	--
New Hampshire	--	--	--
New Jersey	62.0	50	50
New Mexico	97.0	22	22
New York	--	--	--
North Carolina	90.0	2	2
North Dakota	98.0	24	20
Ohio	--	--	--
Oklahoma	87.0	2	2
Oregon	--	45	45
Pennsylvania	82.0	1	1
Rhode Island	--	--	--
South Carolina	100.0	1	1
South Dakota	--	--	--
Tennessee	68.4	10	10
Texas	--	--	--
Utah	88.0	15	15
Vermont	--	--	--
Virginia	98.5	7	1
Washington	77.0	15	15
West Virginia	95.0	20	20
Wisconsin	--	180	5
Wyoming	66.0	180	180
N	30	34	34
Minimum	51.9	1.0	1.0
Maximum	100.0	180.0	180.0
Mean	87.3	29	18

Endnotes

1 Voluntary turnover rate is the percentage of employees who separated voluntarily from employment; the GPP survey excluded retirements and transfers between state agencies.

2 The Utah Performance Elevated initiative is a management system seeking to improve efficiency within state government through four pillars: performance management, strategic planning, collaboration and training, and enterprise innovation.

3 To maintain consistency with surveys performed by the National Association of State Personnel Executives, states were asked to exclude leave from the benefits calculations.

4 *ACCRA Cost of Living Index*, Second Quarter 2007, Council for Community and Economic Research, Sept. 2007.

5 Coggburn, J. (2005). The Benefits of Human Resource Centralization: Insights from a Survey of Human Resource Directors in a Decentralized State. *Public Administration Review* 65(4), pp. 424-435.

6 In 1996 Georgia mandated that all employees hired or promoted after July 1 of that year would be included in the state's nonclassified workforce, serving on an "at will" basis. For several key indicators, the GPP used data regarding Georgia's nonclassified workforce as the basis of comparison with other states.

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