Enterprise Management Solutions Reform Package

PROJECT SUMMARY REPORT

MAY 2014

Project Participants

Project Sponsors:

Michael Jordan:	Chief Operating Officer and Director, Department of Administrative Services
Katy Coba:	Director, Department of Agriculture

Steering Team:

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Business Leads

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Executive Summary

The state faces significant hurdles to recruiting, training, and retaining public leadership professionals. With an HR system that has not been reviewed in over 25 years, the state is not set up to keep pace nor support modern human resource strategies. The state's current workforce philosophy and system must be updated to support the leadership and skills necessary to navigate a complex environment with scarce resources to meet the future challenges Oregon will face.

Chartered and sponsored by the Enterprise Leadership Team, the purpose of the project was to propose broad solutions that improve the state's ability to retain, develop, and recruit strong leaders and managers. To accomplish this, the project would, via three sub-projects, a) highlight issues with the state's current relationship with its managers, b) propose classification and compensation re-designations, and c) outline new solutions to recruitment, retention and workforce development. Lessons learned from past efforts to re-design the classification and compensation system were identified and integrated into the project work, particularly strategies to engage stakeholders such as state legislators and Labor.

In examining the state's current relationship with its managers, the project team focused on classification and compensation data to identify managers across the enterprise via collected Position Description Questionnaires (PDQs). The data was combined with agency organizational charts to map types of positions within the entire enterprise according to occupational group and level. This process formed the basis of a structure for a new classification system for state managers, work that will continue forward beyond this project. The project team developed a market definition for management positions and preliminary Market Policy Positions (MPPs) with the PDQ data. This led to a point-in-time analysis of current compensation for managers in relation to the preliminary MPP to inform policy discussions of leadership. Analysis of reported instances of compression (where a manager is paid less or close to the employee they supervise) was also conducted with recommended criteria to inform policy decisions and discussions.

When examining the state's current relationship with its managers, the management philosophy sub-project team explored and considered what motivated a person to join the ranks of managers. The team recommended the state directly interact with the people most impacted by the project to answer the question of what moved them to decide to be a manager. Furthermore, the team recommended the enterprise research options around accountability and/or performance management systems and how these options would integrate with the on-going classification and compensation work.

Along these project efforts was the introduction and adoption of Senate Bill 1657 during the 2014 Legislative Session. The bill limited the period of time that a management service employee can exercise their restoration rights and return to their former classified position. This allows for flexibility in workforce management in that personnel decisions at the management service level will not cascade down and disrupt classified employees, groups, departments and divisions.

Recommendations

1. It is critical for the project to structure the work in a way that demonstrates progress, collaboration, transparency, oversight and results.
2. Moving forward, it is imperative that employees be engaged in the project work.
3. The project requires intensive communication planning, strategizing, and means of communication to reach across the enterprise.
4. Managers, employees, legislative leadership, labor leadership and members of the steering team request a clearer vision of what a new relationship or a management performance system will look like.

OREGON MANAGEMENT SOLUTIONS

Building the team to lead innovation across state government and to tackle complex problems.

The Problem:

State government's relationship with managers is broken and our philosophy as an employer is woefully inadequate. To deliver the improved operations and outcomes Oregonians, the Governor and the Legislature envision, the state must develop, retain and attract leaders with the necessary skills and abilities. To that end, we need to bring our employment system for managers into the modern day.

The Solution:

This project will outline options for greater flexibility in total compensation, improved training and accountability programs that focus on outcomes, as well as better ways to recruit and support the right people, in the right job for the right amount of time.

The Work:

Oregon's Enterprise Leadership Team this fall organized a project team to begin improving the current system by developing a series of recommended legislative and administrative actions for the coming year. The package will define Oregon's management philosophy, our system of classification and compensation, and our recruitment, retention and training practices.

As a primary step, we've engaged professionals who have helped other states successfully update their classification systems, and initiated a comprehensive market comparison to develop a clear and useable classification system and a transparent, competitive and responsible compensation structure.

The Outcomes:

- Oregon has a management team with the skills and abilities to engage diverse stakeholders to solve the complex challenges facing the state.
- Managers have the right tools and training.
- Greater flexibility to hold managers accountable to outcomes.
- Compensation is tied to outcomes and pegged to the market.
- Oregon attracts the best and brightest leaders possible to state service.
- Stronger managers will help foster engaged and empowered employees.
- Oregon's leadership is diverse and reflects the population.

Introduction

In 2010, Oregon developed an ambitious 10-year plan with goals at improving the economic, social and environmental health of the state[1]. This transformation requires dynamic leadership at all levels. The state of Oregon needs agency directors that exercise transformational leadership, with the vision and skills not only to provide the services Oregonians demand, but also the ability to make fundamental structural changes to improve efficiency and obtain better results. In turn, each state agency director requires a robust leadership team to carry out the challenges ahead.

As the state's workforce ages and a significant number of seasoned employees near retirement eligibility, the state's employment system is not set up to keep pace nor support modern employment strategies. At this time, the state faces significant hurdles to recruiting, training, and retaining leadership professionals. Compensation may trail private sector and some local government opportunities for some positions, while others may be above market. Budget shortfalls have reduced compensation as statutory changes have increased responsibilities. Salary compression provides a disincentive to serve in management positions. The state's classification and compensation system for management service employees has not been reviewed for twenty-five years. The political and media climate have fostered an increasingly negative perception of state government, contributing to difficulties in recruiting talented leaders.

In 2012, the Enterprise Leadership Team (ELT) identified that in order to meet the goals of the Governor's 10 Year Plan, the state's current management philosophy and system must be updated to support the leadership and skills necessary to meet these outcomes. The Enterprise Management Solutions Reform Project (EMSRP) was chartered and launched at their direction.

The purpose of the project was to propose broad solutions that improve the state's ability to retain, develop, and recruit strong leaders and managers. This report presents an overview of the work undertaken, the lessons learned, and the recommendations that resulted from the project.

Past Efforts and Lessons Learned

Attempts by the Department of Administrative Services in 2008 and 2011 to redesign the classification and compensation system for all state employees encountered difficulties securing support and resources.

Historically, compensation for managers has kept pace with represented, classified employees; however, in recent years, recessionary budget pressures led to decisions that meant management compensation has trailed behind compensation for non-managers in state service. The table below compares compensation changes between Management, Unclassified and Executive Service employees and Classified, Represented employees.

Date	Represented Classified Employees (SEIU dates)	Management Service & Executive Service Employees
July 1, 2008		• Drop bottom step and add new top step to all ranges.
November 1, 2008	• 3.2% Cost of Living increase	• 3.2% Cost of Living increase (not MEAH- Agency Heads)

[1] http://www.oregon.gov/COO/Ten/Pages/index.aspx

March 1, 2009		• Suspend access to the new top step and reduce pay of affected employees to the next lower step. • Unpaid furloughs implemented • Salaries frozen • Special merit increases prohibited
June 30, 2009	• Drop bottom step and add new top step to all ranges	
September 1, 2009	• Salaries frozen • Unpaid furloughs implemented • Suspend access to top step	
September 1, 2010	• Salary freeze lifted • Access to top step returned	
August 1, 2011	• Salaries frozen	
December 1, 2011	• 1.5% COLA	• 1.5% COLA
July 1, 2012		• Salary freeze lifted • Top step *remains* suspended
August 1, 2012	• Salary freeze lifted	
December 1, 2012		• 1.45% COLA
January 1, 2013	• 1.45% COLA	
December 1, 2013	• 1.5% COLA	• 1.5% COLA

Key lessons learned from the 2008 classification and compensation redesign effort and incorporated into this project were:

- Consistent and broad stakeholder engagement to gain approval before implementing the work;
- Dividing the project into smaller phased components and showing results with progress;
- Through smaller components, demonstrate what implementation would look like; and
- Resource an enterprise wide project team to support cross-agency work.
- Approaching the project as a complete package, considering both accountability measures and compensation changes at the same time.

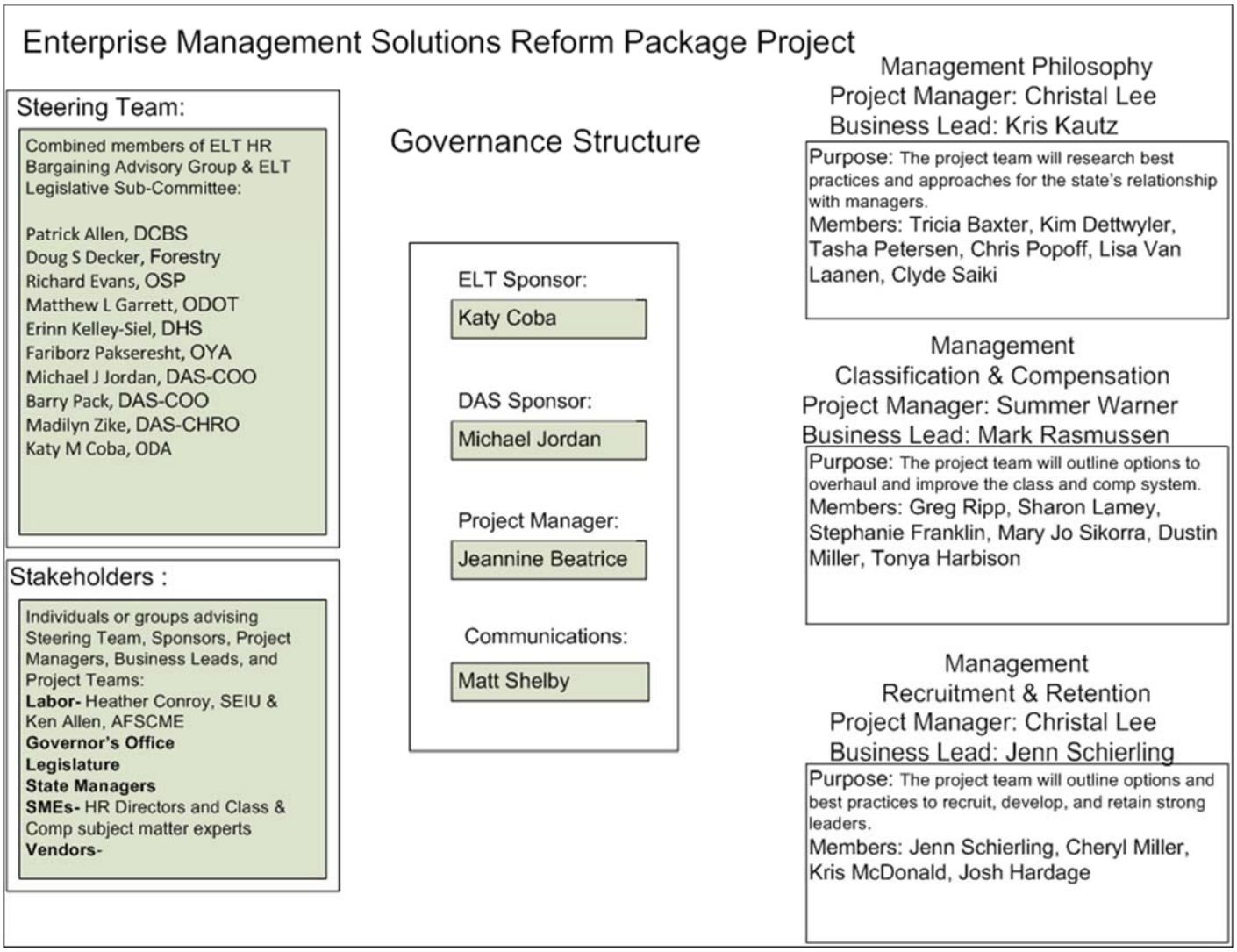
The project team members considered these lessons learned when designing work efforts, engaging stakeholders and resourcing subject matter experts across the enterprise.

Project Architecture

In 2013, the Office of the Chief Operating Officer, with the ELT, proposed a management solutions reform package project to a) highlight issues with the state's current relationship with its managers, b) propose classification and compensation re-designations, and c) outline new solutions to recruitment, retention and workforce development. The ELT authorized the project sponsors and the project manager to develop governance, stakeholder engagement, and project structures to address the different aspects of the package.

Governance

The governance structure identified the project teams, the project sponsors and managers, the steering team and the stakeholders for the project (see table below). The project sponsors and managers communicated information from the project teams to the steering team. The steering team, in turn, provided direction to the project teams and elevated information and decision points to the ELT as appropriate.



Stakeholder Engagement

The ELT established the EMSRP Steering team to determine the project scope, advise the sponsors, and engage stakeholders around the goals and outcomes of the project. Members of the steering team represented agencies from across the enterprise, including members from the ELT HR Bargaining Advisory Group and ELT Legislative sub-committee.

Communications and engagement with stakeholders were assigned to Steering Team members and tracked by the project team. For the Legislature, Steering Team members offered face-to-face meetings and made themselves available to legislative members to answer questions and listen to their considerations. With Labor, the project sponsors engaged them via monthly meetings at Labor's request.

Project Structure

The purpose of the overall project was to propose broad solutions to improve the state's ability to recruit, develop and retain strong leaders and managers. To achieve such broad outcomes, the ELT chartered three smaller sub-projects each focused on a specific aspect of the work. These sub-projects were:

- Classification and Compensation;
- Recruitment and Retention; and
- Management Philosophy

Current State:

As part of the project planning process, team members collected initial data to identify who are our managers across the enterprise:

- The state has approximately 3800 employees who occupy management positions[2].
- The majority of managers are classed in the Principal Executive/Manager series (PE/M). Over the years, this series has become generic with multiple types of managers occupying the same classification (for example, a Facilities manager and a HR manager both classed as a PE/M F). As a result, there is limited visibility of the state's managerial workforce in terms of types of work performed and occupational groups that managers operate within.
- With different types of managers in the same classification, it is difficult to match compensation for these positions to market and it is unclear how the state compares as a market employer.
- Instances of compression, where a manager is paid less than their subordinate, have been reported anecdotally across the enterprise. Pay line compressions have been utilized to address these instances, however, an extensive study of compression as it occurs statewide has not been conducted.

To further understand who our managers are, the team, as of April 2014:

- Used Position Description Questionnaires (PDQs) to understand the type and complexity of work our managers undertake.
- Distinguished positions according to Occupation Groups Position Slotting and Leveling to understand who are managers are beyond the current generic classification series of Principal Executive/Manager A, B, C, D etc.
- Used Market Data and Definitions to determine where the state is positioned as a market employer for managers.
- And finally, continues to work on compression analysis to determine how many cases of compression exist, identify how both those managers and their subordinates are being compensated in relation to their defined markets, and how this contributes to the state's relationship with its managers.

These processes and their outcomes in terms of determining the current state of our managers is further discussed below.

Position Description Questionnaire

The current PE/M classification series for managers does not allow the flexibility to match positions to the market in terms of compensation and specifying the minimum qualifications. For example, a PE/M F could be a HR Manager or a CFO. These two positions may have different qualifications based on their accountabilities and also would be compensated differently due to the complexity of duties, responsibilities and labor market.

A Position Description Questionnaire (PDQ) was distributed in October 2013 to approximately 3,800 management service employees primarily in the PE/M classification series or supervisory positions. The purpose of the PDQ was to ascertain the type of managers employed by the state (by occupational group or business

[2] "Management Position" for the purpose of the project means: State of Oregon positions in the "management service" as defined by ORS 240.212 and ORS 243.650 (6), (16) or (23) (i.e., "confidential, managerial or supervisory") and State of Oregon positions in the "unclassified service" as defined by ORS 240.205 (1-5), also known as the "Executive Service" as defined by state HR Policy 30.001.01. "Management Position" does not include other categories of the unclassified service in ORS 240.205 (6-16); positions in "Exempt Service" as defined by ORS 240.200 or; any position in the classified service (ORS 240.210) subject to collective bargaining.

function) and the size, scope and complexity of the work they undertook or were accountable for via supervision of subordinates.

The PDQ required managers to identify and describe the following:

- Purpose of the position
- Principle accountabilities and outcomes
- Span of Control
- Budget Authority
- Decision Making Authority

Approximately 2700 PDQs were completed by managers, which were then reviewed by up-line supervisors and HR departments. Reviewing the information provided in the PDQs and separating these positions into appropriate occupational groups and levels of work was undertaken in the Leveling/Slotting process of the project.

Position Leveling/Slotting/Mapping

The process of evaluating the PDQs and mapping them into occupational groups and levels of work was undertaken by a cross-agency evaluation team during the months of December 2013 and January 2014. The purpose of position mapping was to evaluate the management positions surveyed and map them into appropriate occupational groups and levels of work. Levels of work for positions was determined by applying criteria to the PDQ data, then evaluate the impact of the position within the agency and across the enterprise. When evaluating a position the following criteria were applied:

- Size, Scope and Complexity of Operations
- Type and Number of Employees Supervised
- Financial Accountability
- Decision Making Authority
- Knowledge and Experience

The result of this process is a new management classification system with occupational groups (such as Operations, Human Resources, Public Safety, etc.) as opposed to a general management series that the state currently utilizes (the PE/M series). It also serves to inform the market matching and definition process and classification specification work.

Market Data and Definition

Market-based compensation for positions is determined by comparing job content to an appropriately defined labor market. Defining the labor market as it relates to the position is critical to the new system as, depending on the type of position, the market will be different in terms of geography or sector which informs the assignment of salary ranges for positions. For management positions that are difficult to recruit or are highly sought after, the labor market may be national, while other positions that can be more commonly found in that region of Oregon may have a comparative market consisting of local public and private sector organizations.

The classification and compensation team, with the consultant, defined the market as follows:

- 8 State Governments: California, Washington, Idaho, Nevada, Alaska, Montana, Colorado and Utah
- In-State public (large cities and counties and enterprise businesses) and private sector employers
- Regional (Pacific Northwest public and private sector employers)

Additionally, the market definition may be expanded to the national public and private sector market comparators when deemed appropriate for positions that are difficult to recruit or highly sought after. Most likely these positions will be those at the higher levels of management.

With the market defined, the classification and compensation team researched comparator organizations for compensation data for positions that matched the current state positions. The compensation data was analyzed to develop a preliminary Market Policy Point (MPP) for positions in the proposed classification system. The MPP is the pay range that is the targeted level of base salary in the comparator markets. Salary ranges for the proposed classifications are calculated based upon the MPP with the salary minimum being 85% of the MPP and the salary maximum being 125% of MPP. For example, a position may be placed in a classification with a MPP of $50,000. The minimum of that position's salary range would be $42,500 and the maximum of the range would be $62,000.

The team then identified the state positions whose salaries currently fall beneath the minimum salary of their proposed ranges in the new classification system. They then projected the cost to raise the salary of those positions to the minimum salary as well as the cost to raise them to the maximum salary.

By matching management positions to the appropriate labor market, the project team will be able to determine whether the state is paying its managers at or around what comparable organizations are compensating for those positions. The results of this preliminary analysis will inform discussions and decisions around identifying and addressing gaps in compensation policy as well as future market matching work.

Compression Analysis

One of the issues most frequently cited by agency leaders that inhibited recruiting and retaining state managers is compression. Instances of compression exist when a manager's adjusted base salary is lower than or not significantly more than the adjusted base salary of their highest compensated subordinate employee.

To develop a strategy to address compression, the Classification and Compensation team requested agencies to report instances of compression within their organization. The team then developed criteria to define compression and criteria in which a submitted case would be excluded. If one or more of the following exclusions exist, then it would be determined that there is not an instance of compression:

1. The subordinate employee's position requires specialized skills that are of higher market value than that of the manager's (i.e., a program administrator whose position does not require a professional license who supervises "Medical Consultants" whose positions require an MD).
2. A subordinate's compensation rate is artificially high due to "red-circling" (i.e., where an employee's current pay is higher than the maximum of the new salary range of the position).
3. The market value of the managerial position does not warrant an increase sufficient to be raised 5% higher than the most highly compensated employee. In this circumstance, the manager's salary may be raised to the market pay line maximum for their classification/compensation. For example, both the manager and the subordinate employee's positions are classified at the same salary range of 30. If the market value of the manager's position accurately reflects its salary range classification, the manager's compensation can be raised to the maximum of the salary range, but no pay line exception will be used to raise their compensation above that range.

Of the approximately 400 examples of compression reported to DAS by agency HR offices, approximately 160 positions met the above definition for compression. This is not a complete list as not all agencies are accounted

for[3]. Further data collection, verification and fiscal analysis will be conducted to refine the criteria and inform policy decisions regarding compression.

[3] As of April 29, 2014.

Incentives to Become a Manager

In fall 2013, a Management Philosophy sub-team was formed to highlight issues with the state's relationship with its managers. As the project work moved forward, it became clear that the other sub-projects were answering the question of "who are state managers", there were several outstanding questions concerning what motivated a person to join the ranks of managers.

The team then determined that the project's direct engagement with state managers had been minimal and that the project work could not go forward without asking the people most impacted by the project what drove them to become a manager.

While compensation was identified as a tangible incentive, the team recognized that, besides compensation, other intangible incentives to becoming a manager exist and need to be identified and integrated into the state's relationship with its managers. Some of these intangible incentives for employees moving into management service include the desire to:

- Build and achieve a vision
- Empower and enrich others
- Make decisions and influence the direction of the organization
- Make a difference
- Grow professionally through career and professional development

The project team recommended that engagement with managers to identify and develop these incentives is a key component in shaping the State's relationship with management going forward.

Accountability

The team also discussed extensively performance evaluations and their role in providing a balance to a project that has a heavy focus on classification and compensation. In essence, if key stakeholders are going to support changes to the management classification and compensation system, , how do we ensure performance accountability by state managers?

The discussions lead to the idea that in order to have a well-rounded project implementation strategy, the accountability needs to be addressed across the enterprise. A standardized performance evaluation system for managers can address a number of issues including consistency of expectations of managers based on common competencies identified by enterprise leaders, common evaluation and scoring criteria and tools, and it could potentially address future pay increases, depending on the evolution of the classification and compensation system and philosophy.

Senate Bill 1567

Senate Bill 1567, introduced by Governor Kitzhaber during the 2014 Legislative Session, limited the period of time that a management service employee can exercise their restoration rights and return to their former classified position. Current law allows management service employees to return to their former classified position at any point in their career. This option is available to the employee if their current position is eliminated, if they are disciplined, demoted or dismissed. This unlimited return right creates problems if the management service employee no longer possesses the current skills relevant to their classified position, their classified position no longer exists, or their former classified position is occupied by another employee, causing the subsequent "bumping" of state employees. During 2013 collective bargaining, the Department of

Administrative Services and SEIU agreed to an approach that would limit restoration rights for employees who leave classified service for management service.

The bill amended statute so that:

- Employees who promote from classified service to management service will continue to have the right to return to their former position if they are removed from trial service.
- Employees with prior classified positions who are in or moved into management service prior to January 1, 2015 can return to their previous position within three years.
- Classified employees who are promoted to a management service position after December 31, 2014 will not have restoration rights to their former classified position beyond their trial service.

Limiting restoration rights of individuals in management service allows agency leadership to keep high performing individuals who are more recently recruited and does not disrupt the workforce with subsequent bumping of positions. The bill allowed for flexibility in workforce management in that personnel decisions at the management service level will not cascade down and disrupt classified employees, groups, departments and divisions.

Moving Forward

Summary: Over the last year, the EMSRP project focused on outlining options for improving the state's relationship with its managers.

Recommendations:

1. It is critical for the project to structure the work in a way that demonstrates progress, collaboration, transparency, oversight and results. The Steering Team is considering options on how best to stage the work that fit within the scheduling parameters of the legislature and the availability of resources. The project team recommends structuring the project components over five years with components of the project broken down by content/subject (Workforce Development, Performance Management, and Classification) and supports (Communication, Technology, Finances).
2. Moving forward, it is imperative that employees be engaged in the project work. Employees, managers and leadership must answer the question of who we need to lead innovation across state government. The project team recommends structuring and empowering an employee-engagement and labor strategy solutions team to ensure that employees be included in the project work in a meaningful and structured way. The work of this team will include planning and implementing change management.
3. The project requires intensive communication planning, strategizing, and means of communication to reach across the enterprise. Communication goals for the project are: no surprises, transparency, education and understanding of project by managers and key stakeholders. To achieve this, the project team recommends a communication strategy team resourced by and for agencies for the duration of the project, and potentially beyond. Communication directly to managers and others who care about managers is not just a project activity. It is a good practice that can be institutionalized as a result of the project moving forward. Communicating and connecting with managers about what is important to managers should be a business-as-usual practice.
4. Managers, employees, legislative leadership, labor leadership and members of the steering team request a clearer vision of what a new relationship or a management performance system will look like.

Appendices

Enterprise Management Solutions Project Charter

Enterprise Management Solutions Project One-Pager

Letter from the Governor

Classification and Compensation Sub-Project One-Pager

Managerial Position Description Questionnaire

Senate Bill 1567 (2014)

Senate Bill 1567 One-Pager

Enterprise Leadership Team
Project Charter

Title	Enterprise Management Solutions Reform Package
Sponsor	Katy Coba, ODA Director, Enterprise Leadership Team Michael Jordan, Chief Operating Officer, DAS Administration
Project Manager & Business Leads	Project Manager: Jeannine Beatrice, Office of the COO, DAS Business/Project Lead:
Problem Statement	In 2010, Oregon developed an ambitious 10-year plan with goals at improving the economic, social and environmental health of the state. The plan calls for higher expectations for performance from a leaner management core. This transformation requires dynamic leadership at all levels. The State of Oregon needs agency directors that exercise transformational leadership, with the vision and skills not only to provide the services Oregonians demand, but also the ability to make fundamental structural changes to improve efficiency and obtain better results. In turn, each state agency director requires a robust leadership team to carry out the challenges ahead. As the state's workforce ages and a significant number of seasoned employees near retirement eligibility, the state's employment system is not set up to keep pace nor support modern employment strategies. At this time, the state faces significant hurdles to recruiting, training, and retaining leadership professionals. Compensation may trail private sector and some local government opportunities, often in higher-level leadership positions, while some positions may be above market. Budget shortfalls have reduced compensation as statutory changes have increased responsibilities. Salary compression and changing compensation plans provide disincentives to serve in management positions and have not been reviewed for twenty five years. The political and media climate have fostered an increasingly negative perception of state government, contributing to difficulties in recruiting talented leaders.
Project Purpose	The purpose of this project is to propose broad solutions that improve the state's ability to recruit, develop, and retain strong leaders.
Scope	The scope of this project includes all management positions, whether supervisory or not, including the Principal Executive/Manager (PEM) series.[1] 1) **Management Philosophy.** Management, by definition, implies a greater level of accountability and responsibility. The state needs to reboot its relationship

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State of Oregon positions in the "management service" as defined by ORS 240.212 and ORS 243.650 (6), (16) or (23) (i.e., "confidential, managerial or supervisory") and
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	with top managers, ensuring flexibility for both performance incentives and accountability for performance outcomes. This project will explore and propose changes to the employment philosophy, status and due process for management service employees. **2) Management Classification and Compensation.** There is a need to establish a clear and transparent classification and compensation system that considers total compensation and provides flexibility. This project will identify where Oregon should be in relation to the market, propose changes to simplify the classification system, address issues of compression, and provide greater choice for agencies and managers. **3) Management Recruitment & Retention.** The ambitious 10-year plan requires an improved statewide recruitment philosophy. This project will evaluate current recruitment approaches and provide recommendations for improving recruitment, increased leadership training and opportunities, creating internships, and enhancing relationships with higher education institutions. The recruitment and retention plan will also develop options for statewide succession planning and early retirement incentives and evaluate and recommend strategies for increasing the diversity of leadership professionals in the state
Project Approach & Duration	This project must be completed in time to deliver a report for the February 2014 Legislative Session. The project includes three sub teams comprised of project managers and subject matter experts from multiple state agencies. These project teams will elicit support from communications strategists, stakeholders, partners and third-party vendors as needed. The project is sponsored by the ELT. The project teams will: 1. Identify current management structures, policies, regulations; 2. Identify problems within current models; 3. Research other public management structures, policies, regulations; 4. Develop proposed scenarios and solutions; 5. Develop action plans to implement solutions; 6. Prepare and report findings and proposals to the 2014 Legislature. August/September 2013: Propose project to Enterprise Leadership Team, assign sponsors, charter sub-projects and build project teams; September-November 2013: Research options and prepare models for November Legislative Days; February 2014: Report back to legislature.
Key Stakeholders	Key stakeholders are supervisory and non supervisory managers in state service, legislators, and the Governor. The project team will build communication plans to keep stakeholders informed and will work with the Enterprise Leadership Team and

	the Steering Team on outreach with key stakeholders. Communication planning will also include Labor and staff members.
Engagement Planning	DAS Leadership and members of the Enterprise Leadership Team will keep members of the Legislature updated on the progress of the project. The Legislature's Joint Ways and Means Subcommittee on General Government will receive updates in the November Legislative days as well as in the February 2014 Legislative Session. The project teams will build staff engagement opportunities into the project plan and will provide regular communication and opportunities for participation on project work groups.
Funding & Resources	As a project sponsored by the Enterprise Leadership Team, this project will be resourced through outreach with the enterprise of state agencies.
Major Project Risks	The political and media climate have fostered an increasingly negative perception of state government. It is also undeniable that the political climate for creating employment incentives for managers is a challenge. Prior attempts to adjust management compensation were met with great push-back from legislators and organized labor, which led to a roll-back of some changes. This project faces the risk of similar reaction from other interested parties. Legislative action, or inaction, on PERS in 2013 or 2014 may impact the legislature's and union's willingness to consider changes to management positions.
Risks of not doing the project	Risks for not doing this project contributes to the continued difficulty with recruitment and retention of highly qualified supervisory-manager talent. The political climate to implement changes to the structure will not become easier. The dynamic leadership qualities needed to continue the fundamental reforms directed by the Governor and the Legislature will continue to trail what is necessary for success and improved service delivery to Oregonians.
Sponsor Approval Signature	Reviewed and approved in 9/10/13 ELT _____ _____ ELT Sponsor Date _____ _____ DAS Administration Sponsor Date

Approved Project Change Requests: *(see Project Change Requests for details)*

Change #	*Date*	*Person*	*Change Description*

OREGON MANAGEMENT SOLUTIONS

Building the team to lead innovation across state government and to tackle complex problems.

The Problem:

State government's relationship with managers is broken and our philosophy as an employer is woefully inadequate. To deliver the improved operations and outcomes Oregonians, the Governor and the Legislature envision, the state must develop, retain and attract leaders with the necessary skills and abilities. To that end, we need to bring our employment system for managers into the modern day.

The Solution:

This project will outline options for greater flexibility in total compensation, improved training and accountability programs that focus on outcomes, as well as better ways to recruit and support the right people, in the right job for the right amount of time.

The Work:

Oregon's Enterprise Leadership Team this fall organized a project team to begin improving the current system by developing a series of recommended legislative and administrative actions for the coming year. The package will define Oregon's management philosophy, our system of classification and compensation, and our recruitment, retention and training practices.

As a primary step, we've engaged professionals who have helped other states successfully update their classification systems, and initiated a comprehensive market comparison to develop a clear and useable classification system and a transparent, competitive and responsible compensation structure.

The Outcomes:

- Oregon has a management team with the skills and abilities to engage diverse stakeholders to solve the complex challenges facing the state.
- Managers have the right tools and training.
- Greater flexibility to hold managers accountable to outcomes.
- Compensation is tied to outcomes and pegged to the market.
- Oregon attracts the best and brightest leaders possible to state service.
- Stronger managers will help foster engaged and empowered employees.
- Oregon's leadership is diverse and reflects the population.

JOHN A. KITZHABER, MD
Governor

January 27, 2014

To: State Agency Managers and Supervisors

Fr: Governor John A. Kitzhaber, M.D.

Re: Supporting and investing in agency managers – 2014 and beyond

During my administration, I have asked state agencies and the Legislature to re-examine our fundamental delivery model for providing critical services to Oregonians. Examples of these efforts include reforming our health care system, redesigning educational programs, and focusing on a systematic approach to early learning; we are pushing resources and decision-making to a regional level and focusing on outcomes. This is hard work and, to be successful, requires a talented and motivated team of state employees.

If the reforms we envision are to succeed, we need a cadre of highly skilled leaders and frontline personnel accomplishing the work every day. I know that the last four to six years have been particularly challenging as the state's economy floundered and budget reductions forced difficult choices which have been borne by all state workers. To accomplish our goals, now and in the future, and to help our dedicated public servants to thrive, we must bring our employment system into the modern day.

To start that important process, I have asked Chief Operating Officer Michael Jordan, and his team, to begin a discussion with the Legislature about how we reform our delivery model, and develop a series of actions focused on our management philosophy, our system of classification and compensation, and our training, recruitment and retention practices. While classified service positions frequently get reviewed during the collective bargaining process, the state has not revisited the classification system for management service in almost 25 years. I have also asked COO Jordan to look at ways to better support, train, retain and recruit a diverse set of high-caliber professionals in leadership positions.

This approach to revamping our employment philosophy is going to take time and involves both administrative and legislative action. I am committed to making the changes necessary to make Oregon state government an employer of choice. I acknowledge and appreciate the challenging role you have in running so many aspects of this state enterprise, and want you to know that you have my full support.

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MANAGER CLASSIFICATION AND COMPENSATION

A Piece of the Enterprise Management Solutions Reform Package

Purpose

Its been nearly two decades since Oregon took a thorough look at the state's classification and compensation system for state management. Consequently, the current system is outdated and creates problems such as compression and compensation that's out of alignment with market. This project offers an opportunity to evaluate and recommend a new compensation philosophy incorporating components of internal and external equity and balance it with the State's ability to compensate managers appropriately.

This project was developed at the request of the Enterprise Leadership Team based on challenges recruiting and retaining managers, as well as compression issues between the compensation of managers and the employees they manage. The ELT and project team are aware of the number of factors that may cause difficulty in implementing a new classification structure and that a project of this nature can be viewed as contentious by the many stakeholders involved in the process. The goal of the project is to have a recommendation proposal ready for the Legislature in February 2014.

Outcomes

This project will propose several recommendations which may:

- Move from multi-tiered job classifications to a system of similar professional categories and groupings, to align specialties, educational qualifications and professional expectations.
- Utilize market data to establish compensation targets, which align with agency strategy and culture as well as provide a consistent price point for like positions within the public and private sectors.
- Establish processes to fix situations in which managers are paid less than some of the employees they supervise.
- Develop a range-based system that focuses on an employee's performance, experience, and workplace contributions.

Cost of Doing Business

At this point, it's too soon to determine the effects any recommendations may have on agency customers. A full position market match and view of costing, soon to be completed, will likely identify financial impact to agencies. We also know there will not be a dollar-to-dollar increase for every agency. This project may result in an increase of costs for some agencies, but there is no guarantee that all agencies will experience an increase. We are committed to work with agency's exisiting rate setting schedules to ease transistions of any increases.

The Classification and Compensation sub-project is part of the Enterprise Management Solutions Reform Project. More information of the overall package can be found at: http://www.oregon.gov/COO/ELT/Pages/projects/emsrp.aspx

Managerial Position Description Questionnaire

Thank you for beginning the Managerial Position Questionnaire.

To aid in the completion of the questionnaire, we have provided a "Save" button at the bottom of the survey to save your progress. After hitting Save, you may shut down your web browser and log back in to the survey using the link in the invitation email. You will have to use the same computer throughout the survey for the Save feature to work since it is cookie based.

At the end of the survey you will have the option to review and print your answers before submitting the survey.

You have to click on the "Finish" button at the end of the survey in order for it to be submitted. If you do not use the "Finish" button, reminders will be sent for you to take the survey.

After you have finished the survey, a copy will be sent to your immediate supervisor for approval and another copy will be sent to the HR Manager for your agency.

The survey is expected to take approximately 60 minutes to complete.

If you have questions about why the survey is being taken, please e-mail: CHRO.CnCManagementProject@das.state.or.us . If you have issues with the survey itself, please contact Gregory Ripp at (503) 373-0207 or Gregory.Ripp@das.state.or.us

Click on "Next" below to start the survey.

Next > Save

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Managerial Position Description Questionnaire

Employee Information

Working Title:

Division Name:

Section Name:

Your Immediate Manager's Name:

Your Immediate Manager's eMail:

Length of time in current position (Years):

Purpose of Position

Why does this position exist?

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Managerial Position Description Questionnaire

1st Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Examples of Accountabilities and Outcomes

Accountability: Lead the development of an enterprise wide vision for the State's technology system, create a strategic plan and oversee the implementation of all information technology services
Expected Outcome: Services provided on time, within budget, to quality and customer service standards

Accountability: Establish and implement a quality assurance program for the Agency
Expected Outcome: Agency services are delivered in accordance to Federal and State performance standards

Accountability 1

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

2nd Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Accountability 2

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

3rd Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Accountability 3

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

4th Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Accountability 4

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

5th Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Accountability 5

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

6th Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Accountability 6

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

7th Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Accountability 7

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

8th Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Accountability 8

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

9th Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Accountability 9

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

10th Accountability

List the 6-10 major accountabilities for the position and the expected outcomes of those accountabilities in order of importance. Indicate the percentage of time on an annualized basis spent on each accountability in the table below.

Accountability 10

Expected Outcomes

	% of Time
Percentage of Time	

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Managerial Position Description Questionnaire

Span of Control

How many employees are directly managed by this position?

List the number of positions and classification titles.

	Number of Positions	Classification Title

Link: Oregon State Classification Listings

How many employees are managed through subordinate managers?

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Managerial Position Description Questionnaire

Budget Authority

List the biennial budget for expenditures which this position is accountable. Do not use $ signs or other alpha characters.

	Operational (Personal Services and Services & Supplies)	Non-Operational (Pass-through, Debt Financing, Capital Outlay)	Total Biennial Budget
Biennial Expenditure Budget			

Other indicators of scope - list below measures other than budget which indicates the scope of this position.

Examples include number and total dollar value of projects managed, dollar amount of physical inventory managed, number of locations managed and amount of revenue generated.

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Managerial Position Description Questionnaire

Decision Making Authority

Decision Making Authority consists of decisions concerning people, resources, program and policy direction, and products and services offered.

Describe the typical decisions made by this position without prior approval.

Describe the typical decisions referred to others and/or controlled by policy and other controlling regulations.

Describe the way in which the work of this position is assigned and reviewed. Identify the type (general, direct, indirect) and frequency of guidance provided by this position's manager.

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Managerial Position Description Questionnaire

Knowledge and Experience

Describe the academic and other knowledge, education, training, experience, and licenses required to perform the job in a *fully competent* manner. Do not describe your personal education, training, and/or job experiences unless they directly relate to the position.

Education: List any academic or technical knowledge required for the position.

Experience: Describe how much and what type of relevant position related experience is required for this position

Other (e.g. licenses, registrations, or certifications required for the position)

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Managerial Position Description Questionnaire

Other Relevant Information

Provide any additional information on the nature and scope of this position.

You are almost done with the Managerial Position Description Questionnaire.

At this stage you may review your responses by clicking on the "Review" button below. Navigate back to this page after the review. Submit the survey by clicking on the "Finish" button below.

If you do not wish to review your responses, you may click on the "Finish" button now.

If you do not submit the survey by using the "Finish" button, reminders will be sent to you to complete the survey.

< Back | Finish | Save | Review

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Enrolled
Senate Bill 1567

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with presession filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor John A. Kitzhaber, M.D.)

CHAPTER .....

AN ACT

Relating to management service employees; amending ORS 240.570 and 756.032.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 240.570 is amended to read:

240.570. (1) Positions in the unclassified, management and exempt services may be filled by classified employees. After an employee is terminated from the unclassified or exempt service or removed from the management service, for reasons other than those specified in ORS 240.555, the state agency that employed the employee before the appointment to the unclassified, exempt or management service may, at the agency's sole discretion, restore the employee to a position held in the agency before the appointment if the employee meets the position requirements. If an employee is restored to a former position, the employee is subject to any applicable agency collective bargaining agreement.

(2) An appointing authority may assign, reassign and transfer management service employees for the good of the service and may remove employees from the management service due to reorganization or lack of work.

(3) A management service employee is subject to a trial service period established pursuant to rules of the Personnel Division under ORS 240.250. Thereafter, the management service employee may be disciplined by reprimand, salary reduction, suspension or demotion or **may be** removed **or dismissed** from the management service if the employee is unable or unwilling to fully and faithfully perform the duties of the position satisfactorily.

(4) [*Employees*] **Management service employees** who are assigned, reassigned, transferred or removed, as provided in subsection (2) of this section, and employees who are disciplined**,** [*or*] removed **or dismissed** from the management service [*for the reasons specified*] **as authorized** in subsection (3) of this section may appeal to the Employment Relations Board in the manner provided by ORS 240.560.

(5)**(a)** Management service employees with immediate prior former regular status in the classified service [*may be dismissed from state service only for reasons specified by ORS 240.555 and pursuant to the appeal procedures provided by ORS 240.560.*] **who are removed from trial service pursuant to ORS 240.410 have a right to be restored to their former positions.**

(b) Except as provided in paragraph (a) of this subsection, management service employees with immediate prior former regular status in the classified service who are appointed to the management service and who have not been dismissed from the management service for a reason specified in ORS 240.555:

(A) Prior to January 1, 2015, have the right to restoration to the classified service for three years from the date of appointment to the management service.

(B) After December 31, 2014, have no right to restoration to the classified service.

SECTION 2. ORS 756.032 is amended to read:

756.032. (1) The Public Utility Commission shall dismiss an employee:

(a) Who fails to file the statement required by ORS 756.028 before the 11th day after the date of employment.

(b) Who fails to file the supplementary statement required by ORS 756.028 before the 11th day after the acquisition of a pecuniary interest.

(c) Who fails to cause divestiture of a pecuniary interest within the time specified in an order issued pursuant to ORS 756.028.

(2) Dismissal of an employee under subsection (1) of this section is subject to the procedure and appeal provided in ORS 240.555**,** [*and*] 240.560 **and 240.570**. An employee so dismissed is eligible for reemployment.

Passed by Senate February 14, 2014

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Robert Taylor, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House February 21, 2014

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Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2014

Approved:

.....M.,....., 2014

.....
John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M.,....., 2014

.....
Kate Brown, Secretary of State

Oregon
John A. Kitzhaber, MD, Governor

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SB 1567 – Management Service Employees Restoration Rights

Summary:

Limits ability of management service employees to return to positions in classified service.

Background:

Current law allows management service employees who held a prior regular status position in classified service to return to their former classified position at any point in their career.

This option is available to the employee if their current position is eliminated or the employee is removed from management service.

This unlimited return right creates problems if the management service employee no longer possesses the current skills relevant to their classified position, their classified position no longer exists, or their former classified position is occupied by another employee, causing the subsequent "bumping" of state employees.

During 2013 collective bargaining, the Department of Administrative Services and SEIU agreed to an approach that would limit restoration rights for employees who leave classified service for management service.

Solution:

SB 1567 limits the period of time that a management service employee can exercise their restoration rights and return to their former classified positions.

- Employees who promote from classified service to management service will continue to have the right to return to their prior position if they are removed from trial service.
- Employees with prior classified positions who are in or move into management service prior to January 1, 2015 can return to their prior classified position as long as they return within three years from the date they entered management service.
- Classified employees who are promoted to a management service position after December 31, 2014 will not have restoration rights to their prior classified position beyond their trial service.