

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1876

H. P. 1688

House of Representatives, June 10, 1977

Reported by a Minority from the Committee on State Government and printed under Joint Rules No. 2.

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT to Improve the Administration of the State's Merit System.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. Merit rating required. The Commissioner of Personnel is directed to require merit ratings on each employee on a form which he shall prescribe. Department and other agency heads shall assure that the merit ratings are performed and documented carefully. The commissioner shall institute administrative procedures ensuring equitable distribution of increases among pay ranges within each agency or other appropriate administrative units. These procedures shall also ensure that an equitable distribution shall be provided regardless of the date of eligibility for merit increases throughout the fiscal year. The commissioner shall, as expeditiously as possible, develop and implement:

A. An appropriate training program for supervisory personnel, which shall ensure that all evaluators charged with the responsibility of doing employee merit ratings shall do so fairly and equitably; and

B. Any other management tools necessary to accomplish the purpose of this Act. Department and other agency heads shall assist the commissioner to the extent necessary to accomplish the purposes of this Act.

It is the intent of the Legislature that merit increases shall be awarded only where they are warranted, and subject to this Act. A merit increase shall be awarded only for job performance that is meritorious, that is work quantity and quality that is far above that which is required. The State Budget Officer shall instruct department and other agency heads to prepare their work programs for fiscal years 1977-78 and 1978-79 so that those employees who have

not yet reached their job grade maximum shall be eligible for a merit increase and, thereafter, each of the increments within the 7 steps provided for in the compensation plan shall be awarded on the basis of merit without regard to longevity, according to the following schedule:

1. July 1, 1977, through October 30, 1977, not to exceed 60% of such employees eligible; and

2. November 1, 1977, through June 30, 1979, unless otherwise provided pursuant to Title 26, chapter 9-B, not to exceed 70% of such employees eligible. It is the intent of the Legislature that after June 30, 1979, percentage restrictions on granting merit increases shall be gradually removed.

Sec. 2. Miscellaneous provisions. This Act shall apply to all unclassified employees whether their wage rates are subject to determination by the Governor or by another appointing authority.

Merit increases awarded to employees in departments and agencies supported by the Highway Fund, Special Revenue Funds or other funds shall not be paid out of moneys provided for the General Fund, but shall be provided from funds available to the department and agency from own sources.

Personal services allocations of the State Lottery Commission, the Bureau of Alcoholic Beverages and the State Liquor Commission shall be adjusted by the State Budget Officer with the approval of the Governor to specifically cover merit increases pursuant to this Act.

Sec. 3. Appropriation. There is appropriated from the General Fund the sum of \$183,343 for the fiscal year ending June 30, 1978, and the sum of \$287,500 for the fiscal year ending June 30, 1979. The breakdown shall be as follows:

	1977-78	1978-79
STATE EMPLOYEES FUND		
Personal Services	\$183,343	\$287,500

STATEMENT OF FACT

The purpose of this new draft is to continue the system of merit increases for state employees, with several changes.

1. The number of merit increases which may be awarded to eligible employees is raised from 60% of those employees eligible to 70%, effective November 1, 1977. The amendment provides that the 70% merit system may be replaced by the provisions of a collective bargaining agreement.

2. A clearer and stronger requirement is placed upon the Commissioner of Personnel and department and agency heads to develop and apply the tools and procedures necessary to more effectively implement the merit system. To

the extent that such development and application impose an additional cost, the cost will have to be absorbed for the short run; in the longer run, the benefits from better management will more than offset the costs. Since these benefits will accrue to the line departments and agencies, they are directed to, and are expected to, provide assistance to the Commissioner of Personnel to accomplish the purposes of the Act.

3. Appropriations and other authorizations are included to fund the increase from 60% to 70% from November 1, 1977, to the end of fiscal year 1977-78 and for all of fiscal year 1978-79.

Amounts appropriated and authorized by fund are:

	1977-78	1978-79
General Fund	\$183,343	\$287,500
Highway Fund	112,506	175,000
Other special revenue funds	104,172	162,500
Alcoholic beverages	7,500	12,500
Lottery	1,333	2,250
All Other	7,000	10,750
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Total	\$415,854	\$650,500

The base amount, that is, the first 60%, is already included in the Governor's budget. Continuation of the 60% program through October will permit completion of a one year cycle under that system, consistent with the one year evaluation cycle for employees, and will avoid the administrative impossibility of applying the 70% system retroactively, which would require reevaluation of all employees eligible since November 1, 1976.

The assumptions and arguments for the 70% merit system contemplated in this new draft are:

1. This is a bill to continue a merit increase system, that is, a system to increase salaries in recognition for meritorious service. Meritorious service is above that which is required to retain a job. "Meritorious" means a big, extra effort by an employee.

The issue of merit increase is separate from the issues of cost-of-living allowances and increases for longevity. The 107th Legislature established a merit system. The question before the 108th Legislature concerns a merit system.

2. A merit increase system is in the interest of the state and its employees because such a system provides incentives to employees to perform well and rewards those who do; provides incentives to supervisors to be aware of subordinates performance, to set out what is expected and to make the hard, public judgments about an individual's performance that a supervisor is paid to make; and permits continued employment, without demotion, for employees who are unable to, or do not wish to, perform more than adequately. In other words, employees are paid to perform adequately, rewarded to perform meritoriously.

3. A merit increase system is consistent with other features of the personnel system which base reward, or lack of reward, upon performance, such as probationary appointment and promotion.

4. In respect to the precise percentage of eligible employees to reward, that is, 60%, 70% or some other percent, it is quite reasonable for the Legislature to set a limit on such amounts, as it does on the number of employees, the salary schedule and other parts of the personnel system. It is unreasonable to think that 100% of employees of the State, or of any employer, performs meritoriously. No evidence has been presented to support the contention that any specific percentage of employees perform meritoriously. Selection of 70% represents a judgment of the Legislature as to the proportion of employees who may be rewarded for performing meritoriously.

5. The problems with the 60% system have been in large part administrative, lack of time; need to develop forms, position description and training; and perhaps most significantly, lack of experience by supervisors and employees in operating under a merit system.

Considerable progress has been made in improving the administration of the merit system: Forms and a new training program have been developed; progress has been made toward preparing position descriptions; supervisors and employees have had 8-months experience with the system.

To be sure, the administrative support for the system needs further work, and employee resistance is considerable. This does not negate the idea of a merit system or its feasibility. It is a reasonable, workable system, which will benefit the State through better management and more efficient provision of services; provide an incentive for and reward employees who perform meritoriously; and protect those who perform only adequately.