

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)

STATE OF MAINE

GOVERNOR'S CIVIL SERVICE REVIEW PANEL

Governor's Civil Service Review Panel
Report and Recommendations to the
Governor

December 30, 2015

Executive Summary

By executive order dated February 5, 2015, Hon. Paul R Le Page, Governor of the State of Maine, established this advisory Panel to review the State of Maine civil service system and identify new, best practices that should be propagated and implemented across the executive branch.

As to "best practices" in recruitment, several key concepts quickly emerged from our study. For State government to compete effectively with the private sector and other potential employers, especially in employment of persons with technology skills and specialized knowledge, the recruitment process must be speedy and efficient.

It must also allow for agencies to identify their specific needs to tailor postings and other recruitment tools to fit the job. One of the most frequently expressed concerns about the existing practices was that hiring takes too long. This is consistent with the reforms that we studied in other states. All of them included streamlining the recruitment process and making it more accurate as key features.

Effective recruitment requires being able to offer competitive salaries and benefits. Although qualified people who could likely earn higher wages in the private sector are nonetheless attracted to government service because of the sense of its value and the ability to "make a difference" by serving in the public sector, State salaries must still be competitive.

Whether the State of Maine has the resources to offer competitive salaries and benefits is a political and legislative question, and not a matter of the civil service laws as such. Suffice it to say that without offering competitive salaries and benefits, and opportunities for salary advancement, the State will have fewer applicants interested for the positions it needs to fill, despite the "make a difference" factor in government recruitment.

As to best practices with regard to retention of desirable employees, compensation and benefits are also significant factors, but likely not the most important. Good employees need to have a sense of purposeful work and accomplishment. They need to be trained, reinforced, and corrected honestly and effectively. When a job involves opportunities for advancement, advancement decisions need to be made equitably on merit. These in turn require that managers and supervisors be effective and held accountable. We identified a need to continue and expand upon current management training. Good beginnings have been made by the Bureau and other agencies to train managers, but those efforts need to be expanded. Training needs to be ongoing, not just a onetime thing. Once again, this means a commitment of personnel and resources.

Although we identified barriers to accomplishing these objectives in existing State law and regulations, our overall observation is that the philosophy and principles behind "best practices" are already embodied in many places in existing statutes and rules. The problem is that the philosophy is not always being carried out in reality. There are a number of reasons.

The "culture" of a workplace is important to achieving best employment practices, especially at the Department head and manager level. These leaders need training and support to carry out good management practices. They also need to be held accountable for their performance, including for example adopting and working from stated goals and enjoying rewards or consequences based on achievement. The State needs to commit to its management support for effective employment practices. If managers follow good practices, that makes it easier to hold other employees to the same high standards.

In some cases there is simply a lack of resources to carry out aspirations, be it personnel or funds. Additionally, in many instances the provisions of the civil services rules and regulations are mirrored in collective bargaining agreements. Thus, these collective bargaining agreements can limit the impact of reforming the rules and regulations, because corresponding changes would have to be negotiated with the various collective bargaining representatives.

As to the types of recruitment tools or incentives often seen in private employment, such as hiring bonuses, there are limits in State law on hiring practices such as higher starting pay or hiring incentives, and any nonstandard hiring can give rise to a grievance process.¹

Existing laws should be revised where they require the creation and maintenance of central registers that do not reflect the specific hiring needs of State agencies and departments. Central registers serve a useful purpose if they reflect minimum qualifications across-the-board, but they do not necessarily benefit the agencies and departments that are trying to recruit personnel with specific skills, talents, or qualifications. The laws should be revised so that there is no requirement to interview persons just because they are on a register or list, and no requirement that candidates submit to pointless interviews just to keep their place in line. To the maximum practicable extent, the recruitment process should be delegated to department heads and agencies so that their specific needs are central. The recruitment process should be made as flexible and speedy as possible. Finally, the State should evaluate its commitment to offering competitive salaries and benefits, tempered by the ability of the State to attract good people because of their desire to make a difference in public service.

Current efforts to train managers and supervisors should be supported and expanded. Retention of good employees requires that they have a sense of purpose in their work, and that they feel their supervisors are doing an effective job. Supervisors should be held accountable to

¹ See 5 MRS § 7065; Civil Service Bulletin 5.14 (December 3, 1998).

their responsibilities to supervise, train, and evaluate their subordinates. This makes for more effective decisions about promotion or retention. This will require a commitment of personnel and resources.

As a general model, although it may not be suitable for every department and setting, we found the Maine Management Service rules to embody and provide a useful blueprint for many if not all of the best practices that we identified.

While much of the Panel's focus was on comparing present-day practices in the private sector to those in state government, we also make our recommendations with a view toward the March 2015 Leading Futurists LLC report, MAINE 2025: AN EXPLORATION OF THE FUTURE WORKFORCE REQUIREMENTS FOR THE MAINE STATE GOVERNMENT. That report underscores the need for enhanced flexibility in recruitment and employment practices, for continuous learning, and for arming managers and supervisors with the tools they need to manage an increasingly skilled and varied five-generation workforce.

Key Findings and Recommendations

1. State law for the most part adopts principles that are consistent with the “best practices” we identified, but there are statutes that need to be amended and rules that need to be changed for the State to conform to those practices in full.
2. Effective management of departments and personnel is essential to achieving best employment practices. The State should devote the necessary time and resources to training of department heads, managers and supervisors on effective employment practices and should hold them accountable for following those practices. The State’s ability to achieve competitive best practices may depend more on changes in outlook and culture than on changes in the laws.
3. Present State hiring practices are not flexible or efficient enough and need to be streamlined without sacrificing the merit principle. To the maximum practicable extent, the recruitment process should be delegated to department heads and agencies so that their specific needs are central.
4. State employment practices must respond to the changing character of the work force and the significance of technology in the workplace, including communication systems and remote work systems.
5. The State is a highly diverse employer with many different types of jobs. Some positions are more likely than others to offer a career path for new employees. This should be reflected in the State’s recruitment and employment practices.

I. Introduction

By executive order dated February 5, 2015, Hon. Paul R Le Page, Governor of the State of Maine, established an advisory Panel to review State of Maine civil service system, to be known as The Governor's Civil Service Review Panel (herein "the Panel").² According to the executive order, the task of the Panel was to:

a. Conduct a review and identify new, best practices that should be propagated and implemented across the executive branch; and

b. Issue a report back to the Governor on or before May 1, 2015,³ to include its recommendations as to changes that need to be made to civil service law and rules pursuant to this initiative.

Pursuant to the executive order, the Panel was to consist of nine members appointed by the Governor, including three with management experience in the private, business sector, three with management experience in the public sector, two attorneys who have experience in either management, labor law, or both, and one person affiliated with a labor union. The Governor duly appointed the following persons to the Panel:

William Saufley, Esq., SPHR, SHRM-SCP Residential Mortgage Services, Inc. South Portland, Maine	Edward McKersie President, Pro Search, Inc. Portland, Maine
David C. Pease, SPHR, SHRM-SCP Executive Vice President Chief Resource Officer Androscoggin Bank Lewiston, Maine	Linda McGill, Esq. Bernstein Shur Portland, Maine
Daniel Rose, Esq. Drummond Woodsum Portland, Maine	Bryan M. Dench, Esq. Skelton Taintor & Abbott Auburn, Maine
Paul H. Sighinolfi, Esq. Executive Director/Chair of Workers' Compensation Board Augusta, Maine	Robert W. Bower, Jr., Esq. <i>Member Maine Civil Service Appeals Board</i> Norman, Hanson & DeTroy Portland, Maine
Thomas Feeley, Esq. General Counsel Maine State Employees Association Augusta, Maine	

² The full Executive Order is incorporated in this Report as Appendix 1

³ The Governor kindly extended this deadline

Staff Participants from the Bureau of Human Resources

Joyce A. Oreskovich, Esq.

Director,
Bureau of Human Resources
Department of Administrative & Financial Services
Augusta, Maine

Julie McKinley Armstrong, Esq.

Chief Counsel
Office of Employee Relations
Augusta, Maine

J. Thaddeus Cotnoir

Public Service Manager
Bureau of Human Resources
Augusta, Maine

The Panel conducted eight formal meetings of the full Panel during the course of its work. In addition, part of the time the Panel worked in subgroups, one examining best practices with regard to hiring and recruitment, and another examining best practices with regard to retention and separation of personnel.⁴ The Panel chair also investigated reforms carried out in four other states and interviewed by telephone knowledgeable state officials in those states.⁵

The Panel was greatly assisted by the director of the Bureau of Human Resources, Joyce A. Oreskovich,, and by Thaddeus Cotnoir, a veteran member of her staff, as they performed much of the Panel's research and provided us with a great deal of useful material. Among other things, Mr. Cotnoir prepared documents summarizing the existing law and regulations, and summarizing the application of identified best practices to the existing civil-service structure in the State of Maine. This work was invaluable to the Panel in preparing its analysis in reaching the conclusions set forth in this report.

One thing we learned in the course of our study, and from reform leaders in other states, is the importance of obtaining a broad spectrum of views and information on these important questions, and trying to develop a consensus around any identified changes. The history of civil service in the United States shows that it was designed to prevent politically motivated hiring, firing, and promotion decisions, and instead to embody the principles of merit, fitness, and

⁴ Reports of these subgroups are incorporated in this Report as Appendix 2 and Appendix 3.

⁵ A summary of these interviews is incorporated in this Report as Appendix 4.

fairness. These notions are embodied throughout the existing laws and regulations. In fact, this is expressly required by statute and rule, for example:⁶

5 MRS §783. Appointment, assignment and promotion of personnel

Officials and supervisory employees shall appoint, assign and promote personnel **on the basis of merit and fitness**, without regard to race, color, religious creed, national origin, sex, ancestry, age, physical handicap or mental handicap, unless related to a bona fide occupational qualification. Each appointing authority shall designate an affirmative action officer. The officer must be so placed within the agency's organizational structure that he or she shall have direct access to the appointing authority. Each department or agency shall prepare an affirmative action program for that department or agency in accordance with criteria set forth by the Bureau of Human Resources. [1985, c. 785, Pt. B, §22 (AMD).] (Emphasis added)

5 MRS §7052. Appointments and promotions

Appointments to and promotions in the classified service must be made **according to merit and fitness**, from eligible lists developed by the director pursuant to procedures and policies established by the director. A person may not be appointed, transferred, promoted or reduced as an officer, clerk or employee or laborer in the classified service in any manner or by any means other than those prescribed by law or rule pursuant to this chapter. [1999, c. 668, §16 (AMD).] (Emphasis added)

CMR 18, 389, Chapter 1

1. PURPOSE OF RULES

These rules implement the State Civil Service Law (Title 5 MRSA, Chapters 56, 60, 65, 67, 68, 69, 71 and 372). The rules shall be applied in accordance with the objectives of the Civil Service Law which are interpreted to be:

A. Promoting effective service, and economy in state office and employment.

B. Providing a modern and comprehensive personnel administrative system, in which:

1. Positions essentially alike in content shall receive equal treatment in all personnel processes.

⁶ The Civil Service statutes of Maine can be found in Title 5 of the Maine Revised Statutes, chapters 65, 67, 68, 69, 71 and 372. *See also* Code of Maine Regulations, 18 DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES, 389 BUREAU OF HUMAN RESOURCES, Chapters 1-15.

2. Fair and equal opportunity shall be afforded to all qualified Maine citizens to enter State Service, on the sole basis of merit, as determined through practical competitive examinations. (Emphasis added)

3. The State Service shall be made attractive as a career.

The law and its history need to be studied and considered in light of another very important factor in State employment. Since 1973, Maine law has granted State employees the right “to join labor organizations of their own choosing and to be represented by such organizations in collective bargaining for terms and conditions of employment.”⁷ As a result of this, the large majority of State employees who might otherwise be governed by the civil service laws are members of bargaining units represented by public-sector unions as their exclusive bargaining agents for determining their terms and conditions of employment. Thus, as to those employees, the civil service laws and regulations are relevant, if at all, only when collective bargaining contracts are silent and there is no duty to negotiate with their exclusive bargaining agents.⁸

It could be said that the existence of public employee collective bargaining makes the study of civil-service reforms something of an academic exercise, subject to the discretion of the Legislature to modify the scope of collective bargaining.⁹ However, this is not for the Panel to say. We consider it our responsibility to carry out our mandate from the Governor. Accordingly, we have studied the best practices followed in private and public employment and have, with the help of the Bureau and its leaders, considered whether those practices are embodied in current laws and rules. In this report we will describe our findings and recommendations for the Governor’s consideration and the consideration of others concerned with these important matters.

The following section of this report summarizes the best practices we identified with comments about how these compare to current practices. Existing law and regulations largely embody these best practices as ideals or goals, though we found instances in which those practices were not being carried out because of obstacles in the law or lack of resources and manpower to perform the tasks. The Appendices to this report include “barriers” documents that

⁷ The State Employees Labor Relations Act, 26 MRS Ch. 9-B.

⁸ At present the State bargains collectively with four labor unions and has seven (7) collective bargaining agreements that cover approximately 10,334 state employees. The Legislature has the power modify or limit the scope of collective bargaining by legislative enactment, as is stated in section 979-D (l) (E) (1) of the Act, reading in part, “All matters relating to the relationship between the employer and employees shall be the subject of collective bargaining, except those matters which are prescribed or controlled by public law.” Thus the Legislature can remove any matter from the mandatory subjects of collective bargaining were it to find that necessary to implement any recommendation in this report.

⁹ *Id.*

state those instances in which the current laws or regulations would prevent implementing the identified best practices.¹⁰

¹⁰ See Appendix 5 and Appendix 6.

II. Recruitment

As the Panel began to study "best practices" in recruitment, several key concepts quickly emerged. In order for State government to compete effectively with the private sector and other potential employers, especially in employment of persons with technology skills and specialized knowledge, the recruitment process must achieve certain basic objectives.

First and foremost, it must be flexible and efficient, without sacrificing the merit principle and fairness.

It must also allow for agencies to identify their specific needs so that, as it facilitates the recruitment process, the Bureau can tailor postings and other recruitment tools to the needs of the job. Because the Bureau no longer uses standardized testing, it is very important to identify the knowledge, training, and skills a potential employee must possess when the notification goes out. This helps to avoid people applying for jobs for which they are not qualified, helps to avoid "automatic" or "pro forma" applications from in-house candidates, and makes the job of identifying qualified and desired employees easier.

One of the most frequently expressed concerns about the existing practices was that it takes too long.

This is consistent with concerns motivating the reforms that we studied in other states. All of them included streamlining the recruitment process and making it more accurate as key features.

And, of course, effective recruitment requires being able to offer competitive salaries and benefits. It is clear to the Panel that qualified people, who could likely earn higher wages in the private sector, are nonetheless attracted to government service in many cases because of the sense of its value and the ability to "make a difference" by serving in the public sector.

Whether the State of Maine has the resources to offer competitive salaries and benefits is a political and legislative question, and not a matter of the civil service laws as such. Suffice it to say that without offering competitive salaries and benefits, and opportunities for salary advancement, the State will have fewer applicants interested for the positions it needs to fill, despite the "make a difference" factor in government recruitment.

Practices that are common in private employment, such as higher starting pay, signing bonuses and incentives, relocation expenses, and similar recruitment tools may not be available to the State due to limited resources and legal impediments.¹¹

¹¹ State employees do not become "state employees" for purposes of state collective bargaining law until they have been employed for six months under 26 MRS § 979-A (6) (E). Under current rules, however, the State may not be free to offer salary, benefits, signing bonuses or incentives that it wishes upon hiring. Provisions of current civil service law limit the State's flexibility in this regard by establishing salary ranges and limits on entry level pay, and by providing that an appointing authority must demonstrate "no adverse salary impact on incumbent employees in

Based upon our study, the Panel has identified the following “best practices” and makes the following observations with respect to current State recruitment practices.

RECRUITMENT BEST PRACTICES AND RECOMMENDATIONS

Goals

- ☐ Speed
- ☐ Flexibility
- ☐ Fairness
- ☐ One size does not fit all

Job Descriptions

- ☐ Job descriptions need to be accurate and up to date
- ☐ Job descriptions and postings need to be tailored to the needs of the agency with minimum qualifications and preferred/desirable qualifications
- ☐ The process needs to be flexible regarding required skills (one size does not fit all)

Establish hiring needs

- ☐ The State should delegate this to the Department or agency level
- ☐ The State should provide assistance/training

Advertising/recruiting strategy

- ☐ Must be flexible
- ☐ The manner of advertising/posting should be determined by the job requirements, the appropriate labor market, and meeting agency needs
- ☐ Posting periods (internal/external) should not interfere with recruitment needs and may best be simultaneous (talent may not remain available)
- ☐ The goal should be streamlining recruitment (on-line application; on-line testing)

the classification.” See 5 MRS § 7065 (4), CMR Ch. 5, section (3) (A) (1), and Civil Service Bulletin 5.14 (December 3, 1998).

- ☐ Technology should be used to facilitate and accelerate recruitment and selection¹².

Testing

- ☐ Testing can be time consuming though it may have application to specific positions and specific agencies. Standard civil service exams are not currently part of the civil service hiring process (because applicants self-describe with reference to job posting and job description, subject to Bureau review)
- ☐ Consider individualized assessment of applications, including interview of qualified candidates

Veterans Preference

- ☐ There is important value in maintaining preference
- ☐ There is too much detail in current law/process
- ☐ The current preference may be too broad in its application? (spouse/widow(er)/parents)

Eligibility Lists/Registers

- ☐ There are too many different kinds of lists at present
- ☐ There are too many rules/procedures at present
- ☐ Registers do not necessarily reflect talent currently available

Hiring/Selection

- ☐ Merit-based hiring
- ☐ Limited interviews
- ☐ Cross-team interviews
- ☐ Prepared questions
- ☐ Scoring
- ☐ On-line
- ☐ Delegate decision-making to Department or agency

¹² The State currently has an RFP out for a modern technology platform to manage personnel functions, including recruitment. See the Maine Human Resource Management System RFP to procure an enterprise SaaS solution for payroll and HR system" (project ID: 227318). Outreach efforts should include use of social media.

- ☐ Provide training and assistance to decision-makers

Compensation

- ☐ Minimum step rule (also 5% promotion rule) implications -
 - o pro: aids in administrative feasibility; reduces favoritism
 - o con: inflexible; not merit-based; limits incentives
- ☐ Benchmark classifications within “bands” of salary ranges

Consider expanding a system comparable to existing Maine Management Service Rules

- ☐ No minimum posting requirements
- ☐ No registers or different certification types - candidates may be rank-ordered based strictly on qualifications/merit.
- ☐ Each job description is tailored to position, including necessary/preferred qualifications
- ☐ No minimum step or 5% promotion rule - merit/budget-based decision
- ☐ Maintains requirement for fairness and openness, with the objective of hiring and retaining the best person for the position as quickly as possible.

ACHIEVING THESE BEST PRACTICES

In its study the Panel identified statutory and regulatory provisions/language that hamstringing the State in achieving best practices in recruiting for State service, summarized as follows:

Civil Service Law:

Title 5, Section 7051, Sub-section 6: Temporary and provisional appointment.

This section of statute does not allow for temporary appointments beyond one year. Civil Service Rules allow the Director of BHR to authorize exceptions to the one-year rule (it was a rule before it was a law), but the law trumps the rule.

Also, the statute allows the Director of BHR to authorize a temporary appointment, not an appointing authority or other person. Civil Service Rules (Chapter 8, section 3) authorizes an appointing authority to approve such an appointment.

Title 5, Section 7052: Appointments and promotions

This section governs how appointments are to be made.

Title 5, Section 7054: Veterans' preference

This section is out of date and does not allow for preference to be given to veterans other than in the manner prescribed.

Title 5, Section 7062: Registers of eligibility

This section is also out of date and includes restrictions to removing applicants from registers.

Title 5, Section 7063: Examinations

This section includes restrictions which require, for instance, a separate register for each classification. This section also includes an educational restriction (the appointing authority may not require a degree unless licensing, registration, certification, or federal agency funding source requires the degree).

Title 5, Section 7065: Compensation Plan

This section includes restrictions on salary, recruitment and retention adjustments ("stipends"), starting salary, and salary increases.

Civil Service Rules:

Chapter 5: Compensation Plan

This Chapter includes restrictions on starting salary step, how exceptions are administered, how transfers/demotions/promotions are administered with regard to pay rate (*e.g.*, 5% promotion rule), merit increases, or other incentives.

Chapter 6: Applications and Examinations

This chapter contains requirements and restrictions with regard to how jobs are advertised, the application process, the "examination" or rating process, and the appeals process.

Chapter 7: Eligible Registers

The present register system is rigid and inflexible and not readily adaptable to changing needs and circumstances. Current rules are restrictive regarding how lists of qualified applicants are maintained.

Chapter 8: Certification and Appointment

This chapter contains rules regarding how names on registers are provided to hiring agencies. This includes the "rule of 6," the different types of lists (agency promotional, statewide promotional, open competitive, etc.), how names are removed from registers, how (if)

additional names may or may not be provided, “acting capacity” appointments (temporary employment - see Civil Service Law above). It also includes rules of special appointment and supported employment programs.

III. Retention and Separation of Personnel

Based on our study, we have found the following to be best practices with respect to the retention of employees, and to development and management of personnel. As with the recruitment practices discussed above, to state that these practices are found in private employment and other government employment with good results is not necessarily to state that they can or should all be adopted in Maine.

RETENTION BEST PRACTICES AND RECOMMENDATIONS

Competitive Pay and Benefits / Fair Remuneration

- ☐ Include discretionary pay raises/bonuses
- ☐ Use targeted pay increases on a case-by-case basis based on announced performance standards
- ☐ Be internally consistent
- ☐ Be externally competitive
- ☐ Allow merit-based adjustments
- ☐ Be flexible

Provide purposeful work

- ☐ Ensure each job is designed with a purpose
- ☐ Maintain clear/accurate job descriptions
- ☐ Accomplish ongoing assessment of each job's function and purpose and changes in the job requirements and expectations

Substantive Performance Evaluation

- ☐ Ongoing review of organizational structure and job responsibilities
- ☐ Honest, meaningful feedback
- ☐ Clearly written goals and expectation
- ☐ Train managers and supervisors
- ☐ Place priority on making supervisors and managers accountable

Appreciation and Recognition

- ☐ Honest recognition
- ☐ Create recognition programs (in addition to pay)
- ☐ Ensure management models desired behaviors
- ☐ Provide training
- ☐ Increase discretion of management to reward top performance

Autonomy and authority

- ☐ Delegate authority and autonomy
- ☐ Train managers/supervisors on how/when to delegate
- ☐ Reward independence
- ☐ Increase discretion of management to reward top performance
- ☐ Provide flexibility in accomplishing job duties
- ☐ Provide mechanisms for feedback (forums)

Opportunities for Advancement

- ☐ Establish clear criteria for promotional opportunities and advancement
- ☐ Fair, open, merit-based
- ☐ Avoid favoritism, bias
- ☐ Provide training and opportunities for professional development
- ☐ Centralized vs. decentralized
- ☐ Communication across departments
- ☐ Offer career services

Flexible Work Arrangements

- ☐ Develop policy for providing flexible work options
- ☐ Develop system for receiving, assigning, and determining feasibility of requests
- ☐ Employer right to evaluate, revoke, or deny
- ☐ Consider operational/organizational needs

- ☐ Merit-based
- ☐ Avoid bias, favoritism

Clear Communications regarding work-related issues

- ☐ Frequent
- ☐ Transparent
- ☐ Relevant
- ☐ Two-way
- ☐ Problem resolution process
- ☐ Right to complain
- ☐ Neutral decision maker
- ☐ Quick decisions

THE BEST EMPLOYER is a fair employer, treating similarly situated employees similarly, but not all the same regardless of circumstances.

Under present law and rules, the Panel identified the following barriers to implementation of the best practices identified above.

Compensation (salary limits and stipends)

Civil Service Law - Title 5, Section 7065, sub§2 and 2-D

Sub§ 2 does not allow salary greater than the maximum except as provided through recruitment and retention adjustments under sub-§2-D (*e.g.*, bonuses not allowed).

Sub§2-D is restrictive with regard to recruitment and retention salary adjustments.

Civil Service Rules - Chapter 5, Section 1

5% Promotion Rule (also Transfers and Demotions)

Civil Service Rules - Chapter 5, Section 3

Exceptions are only allowed to the promotion rule, not to demotion or transfer rule. All exception must be approved by BHR.

Special Merit Increases

Civil Service Rules - Chapter 5, Section 3, subsection B (d)

Exceptions (that is, all Special Merit Increases) must be approved by BHR.

Temporary appointments

Civil Service Law - Title 5, §7051, sub-§6

Civil Service Rules - Chapter 8, section 3

Overtime Compensation Policy

Civil Service Rules - Chapter 5, Section 4

IV. CONCLUSIONS

Based upon its research and study, the Panel has determined that current State law and regulations embody, at least philosophically, most if not all of the best employment practices we identified. The challenge is that in some instances those laws themselves are not being fully implemented or present barriers to accomplishing the goals that are stated. Those are identified in detail in our report.

In some instances removing these barriers will require changes in the law. But the Panel concludes that the State can make many positive changes by changing existing rules and, especially, by changing the culture of personnel management through encouragement and training of managers, and by holding them accountable. This goes hand in hand with our recommendations about delegating authority and responsibility to departments and agencies.

Some of the identified best practices turn for their accomplishment on the commitment of the State to provide personnel and resources, which is a political judgment not a legal or regulatory question. Because the large majority of State employees who would otherwise be regulated by the civil service laws and rules are members of collective bargaining units, legal reforms alone will not make it possible to implement all of the best practices. That could also require changes in existing collective bargaining agreements, which is a process that takes time and requires mutuality of commitment.

We wish to thank the Governor for creating this initiative and for calling upon us to be a part of it. We acknowledge again and deeply appreciate the excellent participation and support that we received from the Bureau of Human Resources. It is our hope that this study and report will prove useful and beneficial to the citizens of the State of Maine.

STATE OF MAINE

Governor's Civil Service Review Panel

Governor's Civil Service Review Panel
Report and Recommendations to the
Governor

December 30, 2015

Schedule of Appendices

<u>Appendix Number</u>	<u>Description</u>
1	Executive Order Dated February 5, 2015
2	Best Practices for Recruitment Summary
3	Best Practices for Retention Summary
4	Summary of Civil Service Reforms in Arizona, Colorado, Delaware, and Tennessee
5	Best Practices for Recruitment Summary Comparing Identified Best Practices to Current Civil Service Law (Cotnoir)
6	Best Practices for Retention Summary Comparing Identified Best Practices to Current Civil Service Law (Cotnoir)
7	Maine 2025: An exploration of the future workforce requirements for the Maine State Government (March 2015)
8	<i>Transforming State government from the Inside Out</i> (Alliance to Transform State Government Operations March 28, 2014)
9	<i>Workforce and Succession Planning</i> (NASPE 2014)
10	<i>Performance or Pay? Which Matters More, or Less?</i> (NASPE 2014)
11	<i>NASPE Announces its top 5 issues for 2015</i>



OFFICE OF
THE GOVERNOR

NO. 2015-001
DATE February 5, 2015

AN ORDER ESTABLISHING THE GOVERNOR'S CIVIL SERVICE REVIEW PANEL

WHEREAS, state agencies provide services to the people of Maine and employ those interested in public service;

WHEREAS, state agencies' employment practices are governed by civil service law and rules promulgated pursuant to law;

WHEREAS, civil service law and rules have not been reviewed in decades and have, in some cases, become obsolete;

WHEREAS, it is necessary to undertake a review of the civil service system in order to modernize employment practices to attract and retain talented people interested in providing the best service to the people of Maine;

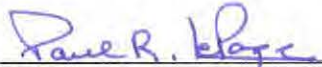
NOW, THEREFORE, I, Paul R. LePage, Governor of the State of Maine, hereby order as follows:

1. The Governor's Civil Service Review Panel is hereby established;
2. The membership of the Review Panel shall consist of nine (9) persons appointed by the Governor including:
 - a. Three (3) persons with management experience in the private, business sector;
 - b. Three (3) persons with management experience in the public sector;
 - c. Two (2) persons attorneys who have experience in either management, labor law, or both; and
 - d. One (1) person affiliated with a labor union.

The Governor shall appoint one member of the Review Panel to serve as Chair. All Review Panel members shall serve at the pleasure of the Governor and all members shall serve without compensation.

3. The Review Panel shall:
 - a. conduct a review and identify new, best practices that should be propagated and implemented across the executive branch; and
 - b. issue a report back to the Governor on or before May 1, 2015, to include its recommendations as to changes that need to be made to civil service law and rules pursuant to this initiative.
4. Pursuant to Title 1, section 402, subsection 2, paragraph F, the meetings of this Review Panel are not "public proceedings" subject to Maine's Freedom of Access Act.

The effective date of this Executive order is February 5, 2015.



Paul R. LePage, Governor

BEST PRACTICES

RECRUITMENT/HIRING

GOALS

- Speed
- Flexibility
- Fairness
- One size does not fit all

Job Descriptions

- accurate
- class-based -or- position specific?
- Minimum Qualifications vs. preferred/desirable qualifications
 - flexibility regarding required skills (one size does not fit all)
- Establish hiring needs
 - delegate to Department-level
 - provide assistance/training

Advertising/recruiting strategy

- flexibility
- let description and meeting needs determine manner of advertising/posting
- all positions should have a minimum posting period (internal/external; simultaneous?)
 - consider time frames and requirements (top talent may not remain available)
- goal of streamlining recruitment (on-line application; on-line testing)

Testing

- time consuming
- consider individualized assessment of application, including interview

Veterans Preference

- important value in maintaining preference
- too much detail in current law/process
- too broad in its application? (spouse/widow(er)/parents)

Eligibility Lists/Registers

- too many different kinds of lists
- too many rules/procedures
- Registers do not necessarily reflect top talent available

Hiring/Selection

- merit-based hiring
- limited interviews
- cross-team interviews
 - prepared questions
 - scoring

- on-line
- delegate decision-making to Department
- provide training and assistance to decision-makers

Compensation

- minimum step rule (also 5% promotion rule?)
 - pro: aids in administrative feasibility; reduces favoritism
 - con: inflexible; not merit-based; limits incentives

Consider MMS Rules

- no minimum posting requirements
- no registers or different certification types - candidates may be rank-ordered based strictly on qualifications/merit.
- job description is tailored to position, including necessary/preferred qualifications
- no minimum step or 5% promotion rule - merit/budget-based decision
- maintains requirement for fairness and openness, with the objective of hiring and retaining the best person for the position as quickly as possible.

BEST PRACTICES

RETENTION

Competitive Pay and Benefits / Fair Remuneration

- Include discretionary pay raises/bonuses
 - targeted pay increases on a case-by-case basis (merit?)
- internally consistent
- externally competitive
- merit-based
- flexibility

Provide purposeful work

- ensure job is designed with a purpose
- clear/accurate job descriptions
- ongoing assessment of job's function and purpose

Substantive Performance Evaluation

- ongoing review of organizational structure and job responsibilities
- honest, meaningful feedback
- clearly written goals and expectation
 - position AND employee
- train managers and supervisors
- place priority on making supervisors and managers accountable

Appreciation and Recognition

- honest recognition
- create recognition programs
- ensure management models behavior
- provide training
- increase discretion of management to reward top performance

Autonomy and authority

- delegate authority and autonomy
 - train managers/supervisors on how/when to delegate
- reward independence
 - increase discretion of management to reward top performance
- provide flexibility in accomplishing job duties
- provide mechanisms for feedback (forums)

Opportunities for Advancement

- establish clear criteria for promotional opportunities and advancement
 - fair, open, merit-based
 - avoid favoritism, bias
- provide training and opportunities for professional development

- centralized vs. decentralized
- communication across departments
- offer career services

Flexible Work Arrangements

- develop policy for providing flexible work options
- develop system for receiving, assigning, and determining feasibility of requests
- employer right to evaluate, revoke, or deny
 - consider operational/organizational needs
 - merit-based
 - avoid bias, favoritism

Clear Communications regarding work-related issues

- frequent
- transparent
- relevant
- two-way
 - problem resolution process
 - ... right to complain
 - ... neutral decision maker
 - ... quick decisions

Consider MMS Rules

- Compensation flexibility
 - authority to grant additional step increases
 - Benchmark classifications within “bands” of salary ranges
 - ... Public Service Manager I (between range 22 and 28)
 - ... Public Service Manager II (between range 29 and 33)
 - ... Agency may (re)allocate positions to any range authorized for Benchmark Classification using job evaluation methodology (currently Hay).
- Training and Professional Development

BEST EMPLOYER - Fair: treating similar employees similarly, but not all the same regardless of circumstances.

STATE OF MAINE
GOVERNOR'S CIVIL SERVICE REVIEW PANEL

MEMORANDUM

TO: Panel Members and BHR team
FROM: Bryan Dench
DATE: Thursday, August 27, 2015
RE: Review of Other State Reforms

The following summaries of civil service reforms undertaken in four other states are based on publicly available resource describing the reforms, a review of enacted legislation and constitutional amendments, and telephone interviews with knowledgeable individuals in those states.

There were common themes in these reform efforts, which in turn reflect national trends, including:

1. Changing the existing civil service and hiring procedures to be faster and more efficient by such measures as
 - a. Eliminating central registries and a system of mandatory often pointless interviews
 - b. Getting job descriptions and hiring needs from agencies so that the hiring offices could solicit applications with more focus, more quickly.
 - c. Eliminating or modifying internal preferences in hiring
 - d. Establishing more flexible pay plans with salary ranges, set to be competitive with the market and allowing leeway in setting entry levels of pay when necessary to get the talent that you want.
2. Better assuring retention, advancement, or promotion is based on performance. Providing protections by internal reviews and appellate tribunals in the context of employment at will.

3. Eliminating or modifying civil service job security rules to allow for a faster process of reviewing personnel actions, with fewer intermediate steps before a final decision.
4. Focusing on technology jobs and other jobs with high levels of required education, training and skill and changing technical demands so that government can compete for people with the right skill sets.
5. Addressing the magnitude of the changes for current personnel by one or more of economic incentives, separate personnel systems operating in parallel, or “stay put” options.
6. Careful study before the implementation of any changes, a process inclusive of all stakeholders that lets people know exactly what to expect, and decisions about compensation based on reliably market data.
7. Exclusions for law enforcement and corrections personnel due to their special training and credentialing requirements, which already provide for a screening process and regulation of future conduct and performance through the authority to disqualify.

Arizona

The Arizona legislature enacted a law reforming the Arizona Personnel System effective September 29, 2012.¹ About one third of the state work force was to become eligible for retirement within the next five years at the time the law was enacted, so Arizona found it expedient and timely to reform its government employment system.² The legislation resulted from an 18 month study conducted by the governor’s office and Arizona Department of Administration in consultation with stakeholders, including the state’s highway patrol union leadership.³

Arizona’s reforms consisted of the following five major areas:

1. Consolidating all personnel systems and laws into one body of rules.

¹ Az. HB 2571 (May 8, 2012).

² Press Release May 10, 2012, office of Governor Jan Brewer.

³ *Id.*

2. Transitioning to an “at will” workforce
3. Improving management of the workforce
4. Restructuring the grievance and appeal process
5. Bringing human resources practices up to date⁴

These changes were aimed at addressing the following needs identified by the study:

1. It took too long to hire people
2. The former system did not provide any ability to reward top performers
3. Discipline and discharge was difficult and time consuming, so much so that managers were often discouraged from managing effectively or correcting inadequate performance.⁵

Under the law Arizona consolidated all personnel systems under the executive branch into one system, replacing six separate personnel offices managing approximately 34,000 state employees, but excluding its department of public safety, which remained separate unto itself.⁶

To effect the transition to an at will workforce, the following categories of employees were required to become “uncovered” as of the effective date, losing their ability to file work related grievances or to appeal to a personnel board:⁷

- New hires
- Supervisors
- Attorneys
- IT positions
- High classification personnel
- Volunteers to change status
- Employees promoted or reassigned voluntarily into uncovered positions.

Law enforcement and corrections employees were excluded from these rules and remained “covered” under the personnel standards that had been applied before.⁸ This was stated as being due to long standing practice, the high level of public trust involved in the job, the stress and dangers involved in the job, the high level of specialized

⁴ The Four Cornerstones of Reform (May 8, 2012)

⁵ *Id.* at 1

⁶ *Id.* at 2.

⁷ *Id.* at 3, 5. Note that dismissal, long suspensions and certain other discipline had to be reviewed by the Arizona Department of Administration before becoming effective.

⁸ *Id.* at 3

training required, and the fact that a separate training and licensing agency qualified them and supervised the performance of their duties.⁹

In moving to at will employment, Arizona found support in the fact other states had become at will workforces in the past.¹⁰ It already had a 26% “uncovered” workforce and anticipates that increasing to 83% after four years.¹¹

Covered employees whose status was changing to uncovered were to receive “retention payments” during fiscal year 2013.¹² These were 5% of base salary for 19 pay periods.¹³

Colorado

The Colorado Legislature enacted what was popularly referred to as the “Talent Agenda” effective September 1, 2012.¹⁴ Its key elements included:

- Increase flexibility in the hiring process
- Change employee compensation by adopting merit pay and by realigning the pay ranges to market midpoint for benchmark jobs
- Employee engagement survey
- Align state work force environment with modern business practices
- Fully funding the state’s contribution of medical and dental insurance for fiscal year 2012-2013 so that no employee would experience an increase in their medical plan premiums.
- Granting a 2% COLA for FY 2013-14 for all employees plus additional merit pay.
- Ending a biweekly pay date shift so that all employees would receive the June earnings in June.
- High quality wellness program for some 10,000 state workers.

The constitutional amendment allowed rulemaking to implement the following additional changes:

- Expanded veterans preference

⁹ Id. at 4. This is similar to how law enforcement and corrections officers are trained and qualified by the Maine Criminal Justice Academy.

¹⁰ Id., listing Georgia, Florida, Indiana, and Texas.

¹¹ Id. at 5.

¹² Id. at 3. I am still researching whether in fact these payments were made.

¹³ Personnel Reform At-A-Glance (October 1, 2012).

¹⁴ Colorado HB 12-1321. See also House Concurrent Resolution 12-01001, referring a companion constitutional amendment to the voters, which passed by a vote of 56% effective January 1, 2013. “Reinvesting in the Workforce,” Colorado Department of Personnel & Administration

- Changes to hiring process with respect to testing, rule of 3,¹⁵ and waiting periods
- Changed residency requirements
- Extended length of temporary employment
- Exempted some positions from the classification system

When I followed up with Km Burgess, the Colorado Statewide Chief Human Resources Officer, she told me that the main objective of the Colorado reforms was to make the recruitment and selection process “more nimble” and more in line with professional recruitment outside government service. Before the reforms, applicants for all positions had to qualify based on exams. That was eliminated.

Approximately 39,000 positions fall within the new “Talent Agenda” system out of approximately 100,000 state employees.

A key element was the “comparative assessment” method of setting professional standards around a job analysis. What competencies does one need for the job? Applicants are then compared to the identified needs to see if they are qualified.

She also said it was “a huge change” when they were able to amend the constitutional provision that embodied the rule of 3, changing it to allow 6 candidates to be considered.

The new system is “working very well” in her estimation. The state expected a lot of scrutiny and resistance but it is not happening, and there has been little pushback. New job descriptions and statement of qualifications have been developed and are in use. The agencies write their position descriptions and set the minimum qualifications, such as bachelor’s degree in a field relevant to the job, and the state hiring office adds whatever other fundamental requirements might be relevant (*e.g.*, no criminal record, driver’s license). She reported that the hiring process is down to an average of thirty days from a former average of 3-4 months.

As to compensation, the goal is to meet or exceed the market rate of pay for every position. The salary system targets the midpoint of the range of market conditions. They are not necessarily aiming to be at the top of every range, but wish to

¹⁵ Under the “Rule of Three,” the hiring agency can select from any of the top three ranks to fill a vacant position. For example, if one position is open, the job offer can go to the persons in Rank 1, Rank 2 or Rank 3. The department has the sole discretion as to who it selects from within these three ranks and they do not have to justify or say why they hired one person over another.

be competitive. They also intend to provide merit increases each year based on the matrix of current job skills and performance evaluation. She did state that currently the entry pay for new hires must be at the minimum of the scale of less special circumstances warrant a higher rate of pay, something she anticipates they will illuminate. For example, they cannot hire IT personnel in some geographic areas in markets without offering higher starting pay. In order to get a waiver, they must demonstrate a "failure to recruit." This slows things down at times and she is hoping to see that changed soon.

She said Colorado has also invested significant effort in training supervisors. They see it as in the state's interest to make the merit system and performance evaluation system work and be fair, and seen as fair, by all concerned. She said they feel they need to train their human resources personnel to "up their game." Performance evaluations can be reviewed by the Statewide Chief Human Resources Officer, but based only on a review of the objective evidence and criteria (data points) without any substitution of the judgment of the immediate supervisors. If the central office considers the evaluation flawed, it can send it back to the agency.

As far as discipline and discharge are concerned, there is a state personnel board that sits in an adjudicatory capacity. Any change in assignment or disciplinary action can be appealed to the board, but not performance assessments. The basis for an appeal can only be failure to follow up the state personnel process and procedures. She felt that in the beginning there were many appeals that lacked merit but this has decreased. The personnel board has adopted the stance that unless the appeal alleges a violation of law or clear violation of state policies and procedures, it will not succeed. She said that the preliminary screening and reviews by administrative law judges are dealing with about 60% of the appeals, and only the remainder actually goes to a hearing. If the employee is not satisfied with the outcome after the board hearing, the employee's recourse is to go to court.

She emphasized that for the reform process to work there must be "transparency." It can take time to accomplish significant reforms. Colorado did not succeed until its fourth attempt, and it does not work if the process is carried out "behind closed doors."

Delaware

The Delaware reform appears to be largely a change in the way the state hire and manages information technology personnel. It enacted a law to establish a Department

of Technology and Information (DTI)¹⁶ to replace the former Office of Information Services (OIS). The key element seems to be the replacement of a civil service structure for the old OIS with an “at will” structure for the personnel in the new DTI, with transition rules in place. The Director of the new DTI was to develop a compensation plan to enable recruitment and retention of skilled IT personnel, to include competency based pay, pay for performance, “and other components necessary to recruit and retain highly qualified information technology professionals to the state.”¹⁷ Limited information on the operation of this system shows the original pay plan has been modified and adapted based on market research to be competitive with industry practices.

I had a telephone interview with Abby Feirstein, who was involved in establishing a new compensation plan and hiring process for the state of Delaware in 2001, resulting in the DTI. The new plan applies to approximately 250 to 280 people. The pay plan establishes bands, with a midpoint based on market conditions.

The goal was to streamline the hiring process and create a central recruitment system for much-needed information technology personnel. It was the result of frustration with the old “merit system.” The old civil service “merit system” provided for a uniform method of posting vacancies and a rigid, inflexible pay plan with variations of only approximately 5% between pay grades. The system also included detailed rules on leaves, grievances, promotion, and demotion.

The new DTI system took recruitment and compensation of technology personnel outside of the old state system and created a new agency for employment of IT personnel. This was facilitated by the absence of collective bargaining rights for state government employees in Delaware. Employees were given flexibility whether or not to accept the reassignment of their jobs to the new agency. Because the compensation would be substantially better there, most were willing to make the change even though it meant loss of traditional civil service employment protections. Generally, older individuals or disgruntled individuals opted to remain outside the new system.

The state researched other state agencies and used salary surveys to determine the going, competitive rates for the people it needed to recruit. It consolidated the hiring practices for technology personnel through a central agency.

¹⁶ Senate Bill 215, 2001, adding Chapter 90C to Title 29 of the Delaware Code.

¹⁷ *Id.* § 9007C.

She recommended that at that agency organization charts be developed as a part of the hiring process, making it clear where the needed positions fit.

The new pay system was also linked to state government pay in other departments. If across-the-board increases are granted in other state operations, the DTI scales are increased by the same amount. They also try to monitor competition in the marketplace, but apparently learn about it for the most part only when people leave. She told me that their turnover is not high.

When people moved into the new DTI system from the old Office of Information Services structure, they tended to make significantly more money. However, if they were concerned about the loss of job security that went along with the new agency, they could stay where they were.

She suggested that any significant reform should be accompanied by good communication with all existing employees and agency heads. It is very important that everyone understand exactly what is coming. People need to be told,

"What must I do?"

"What happens if I do nothing?"

"How will the new system affect me?"

"What are the implications for me of the loss of the merit service system protections?"

The new and the old systems have operated side-by-side. Apparently, the new system has been successful in enabling Delaware to recruit and retain information technology personnel.

Tennessee

The Tennessee Excellence, Accountability and Management (T.E.A.M.) Act of 2012¹⁸ divided personnel into two classes, executive for higher level officials reporting to the governor and "preferred service." Key elements of the reforms include:

- Creation of a new hiring system that requires agency to define the minimum qualifications and specially identify the knowledge, skills, abilities, and competencies required for each position.

¹⁸ SB 2246 / HB 2384

- A minimum probationary period of one year for newly hired employees. After completion of the probationary period, the employee becomes a preferred employee with the right to appeal dismissal or significant discipline.
- The act provided that employees could be disciplined or discharged not only for cause, but also "for the good of the service."
- The process of appealing discipline is streamlined significantly. The law replaced a previous Civil Service Commission with a special, nine-member board of appeals. The appeals process and time limits were shortened. Any final decision by the board of appeals is subject only to judicial review. The law also establishes a mediation system for processing disputes over lower levels of discipline.
- The law provided for a new system of performance evaluations and a compensation plan that included merit pay, to be based on objectively measurable criteria.
- The law provided for an easier system of transfers from one government department to another with the approval of the employees appointing authority and the Commissioner of human resources. A transfer can now be made for any reason the employer considers to be "for the good of the service." Most significantly, transfers would not be subject to the new complaint and appeal procedure.
- The law expanded the range of reasons authorized for reductions in force (RIF). It also shortens the notice. For the effective date of a RIF from 90 days to 60 days, and then reduced further to 30 days.

Interviewed by telephone, Danielle Barnes, the chief personnel officer for the state of Tennessee, told me that their civil service reform had to deal with a system, "upside down on its head." Their former system had a strict scoring process for job applicants and a list (cold of the register) that was so out of date it had dead people on it. Only long time state employees had any hope of rising into the top positions.

Under the reformed system, they have eliminated testing. Instead, their recruiting practices focus on identifying the knowledge and skills of would be employees. She believes that Tennessee has tried to be a "trend setter recruiting center," going out to college fairs job fairs mailing to people on job search lists, and actively reaching out to find qualified individuals. This process is facilitated by having better job descriptions from the agencies for which they are hiring, spelling out the requirements and needed skills and experience in a way that allows the recruiting agency to solicit and evaluate candidates effectively. Under the new system, there are no mandatory interview requirements and no pro forma interviews. Instead, candidates are matched up to the

requirements of jobs developed by the various agencies and only interview where there is at least a realistic possibility they will get the job. She said she is hearing good reports that agencies are now getting the candidates they want and need.

Under the new system, a promotion is based on performance evaluations. There is a one-year probationary period (increased from six months) and the elimination of a point system for promotions.

The personnel appeals process is still in place, but has been streamlined. It used to take five steps to get to a final personnel decision before an administrative law judge and the process could and often did take years. Now there is a special appeals service with a panel that hears cases, deliberates, and issues prompt decisions. First, there is a review of any personal action at the agency level. Next, the commissioner of the Department of Human Resources and Ms. Barnes can review a personnel action if asked to do so. After that process the employee has a right to appeal to a three-member panel, composed of lawyers, business people and HR professionals. In these personnel hearings the burden of proof is on the appealing employee to demonstrate that the personnel action was not well founded or violated some rule, policy, or procedure. She told me that 85% of the cases are resolved within 120 days. Their reform system also put in place a mediation process, which she thought was very important to defuse personnel grievances at a low level. She believed that oftentimes employees felt that they were not being listened to or that their concerns were being ignored, and the mediation system has made significant progress in overcoming that. They have a pool of approximately 30 mediators available and apparently many potential grievances are prevented through the mediation process.

They have developed and will implement in January a new pay-for-performance system.

Part of the reform also included facilitating transfers without requirement of wait lists or bumping rights. They shortened the period of notice for reductions in force from 90 to 30 days, and provided that reductions in force would not be based on seniority unless performance and all other job factors were equal.

The new system excluded the Department of Corrections, because it was considered unnecessary due to the extensive training and regulation of that profession by other agencies.

Tennessee has no public employee collective bargaining. However, she said the process that Tennessee followed was conscientiously aimed at soliciting input from all stakeholders.

BMD

BEST PRACTICES

RECRUITMENT/HIRING

GOALS

➤ Speed

Civil Service Law actually encourages speed as well as the reduction and simplification of procedures and paperwork required:

CSL Title 5-§7031-next-to-last-¶

CSL Title 5-§7033-¶1-G

CSL Title 5-§7064-¶1

CSL Title 5-§7036-¶5

CSL Title 5-§7036-¶6

There are no statutory time restrictions (for example, minimum posting period). Civil Service Rules, however, do provide restrictions (for example, the 10-day rule, which we'll see a little later).

➤ Flexibility

Again, Civil Service Law encourages (and even requires) flexibility (CSL Title 5-§7031-¶5 last sentence; CSL Title 5-§7033-¶1-G). There are some laws, rules, and CBA provisions which restrict the State's flexibility (in the application, selection, and compensation of new employees), but we'll get into those a little later.

➤ Fairness

Fairness is also required in Civil Service Law as well as Rules:

CSL Title 5-§7031-¶2

CSL Title 5-§7051-¶2

CSR Ch. 1-§1-B-2

CSR Ch. 15-§1-2-G

CSR Ch. 15-§6-1

CSR Ch. 15-§6-2-B+E

➤ One size does not fit all

Job Descriptions

- accurate
- class-based -or- position specific?

Civil Service Rules require class specifications, which are summary documents of all positions comprising the classification, including class title, a brief description of the type and level of work performed, examples of KSA's required, minimum qualifications, and other info special to the classification (e.g. licensing/certification requirements). CSR Ch. 4-§4-A.

Civil Service Rules also provide for position-specific descriptions (CSR Ch. 4-§2-B+C; CSR Ch. 4-§3-A; CSR Ch. 4-§4-B), particularly in the recruitment process. CSR Ch. 6-§2-A.

- Minimum Qualifications vs. preferred/desirable qualifications
 - flexibility regarding required skills (one size does not fit all)

Civil Service Rules require minimum qualifications on all class specifications (the summary document of all positions comprising a class - CSR Ch. 4-§4-A-1), but they also allow (require?) job announcements to specify “the experience and training desirable as preparation for performance of the work of the class” (CSR Ch. 6-§2-A-1). This particular rule has always been interpreted to require minimum qualifications on job announcements, but that doesn't seem to be strictly required in the rules. The rules talk about “experience and training desirable” and necessary special qualifications. It could be that all we need is to reinterpret the rule and allow the hiring agencies to set their own qualifications as long as they at least meet the Minimum Qualifications on the class spec. We would also need to refocus on ensuring that the Minimum Qualifications on the class specs are just that: “MINIMUM” qualifications.

- Establish hiring needs
 - delegate to Department-level

Again, Civil Service Law encourages (and requires) the decentralization of testing and hiring to the agencies (CSL Title 5-§7063-¶2; CSL Title 5-§7064-¶1, last sentence)

Civil Service Rules also allow for “non-competitive examinations” - which is commonly referred to as “direct hire” (CSR Ch. 6-§1-D). This is when agencies are delegated the responsibility to conduct recruitment and

examination activities on their own, without the requirement to conform to the centralized rules, policies, and procedures. Once again, it has always been interpreted that “direct hire” procedures must conform to “announcement of examinations” rules (for example, the information and time frames required for job announcements). However, it could be that all we need is a reinterpretation of the rule, or a new procedure adopted by the Director of BHR in order to allow agencies to tailor their job announcements and processes to meet their needs, while at the same time remaining in conformance with the class specifications and requirements for fairness.

- provide assistance/training

Civil Service Law provide encouragement for (and even requirements to) provide training to supervisors and managers:

CSL Title 5-§7031

CSL Title 5-§7034-¶4

CSL Title 5-§7036-¶2

Advertising/recruiting strategy

➤ flexibility

As seen before, flexibility is encouraged and even required in Civil Service Law. The rules also allow for flexibility, particularly in the “direct hire” arena. For “competitive hire” jobs, however, the rules surrounding application, examination, eligible registers, and certification and appointment are significantly less flexible.

CSR Ch. 6

CSR Ch. 7

CSR Ch. 8

➤ let description and meeting needs determine manner of advertising/posting

The “manner” of advertising is not prescribed; some info and time frames are. The information required in advertising is covered in the rules about Job Descriptions (Chapter 6).

➤ all positions should have a minimum posting period (internal/external; simultaneous?)

- consider time frames and requirements (top talent may not remain available)

As I mentioned earlier, Civil Service Rules require a minimum posting period of two weeks - consistently interpreted over the years as meaning 10 working days. CSR Ch. 6-§2-B-1

In addition, most of the collective bargaining agreements require each vacancy to be posted within the applicable department, agency, organizational unit, or unit division for a minimum of 10 workdays.

The Maine Management Service rules, however, do not provide for a minimum posting period. They allow agencies to “develop policies for recruitment and selection that are customized for each recruitment and selection need. Agency policies may allow for multiple approaches to fill vacancies in any given classification or position.” (CSR Ch. 15-§6-3)

➤ goal of streamlining recruitment (on-line application; on-line testing)

Once again, Civil Service Law and rules encourage and require such goals:

CSL Title 5-§7031-next-to-last-¶

CSL Title 5-§7064-¶1

CSR Ch. 15-§1-2-D

CSR Ch. 15-§6-1

Testing

- time consuming

We really don't do any testing, per se. The only tests are evaluations of training and experience, and applicant self-evaluations. For "competitive hire" jobs, these are already done on-line and through automated processes. Direct Hire jobs are handled directly by the hiring agencies, and they have the authority to construct and apply their own evaluation mechanisms.

- consider individualized assessment of application, including interview

In some cases (MMS, other "direct hire" processes), this is already being done.

Veterans Preference

- important value in maintaining preference

CSL Title 5-§7054

- too much detail in current law/process

CSL Title 5-§7054

- too broad in its application? (spouse/widow(er)/parents)

The current rule doesn't really provide any preference at all: CSR Ch. 7-§1-A-3

Eligibility Lists/Registers

- too many different kinds of lists

CSR Ch. 7-§3-A thru E There are at least 5 different types of registers listed in the rules, and the current practices/policies also include such other subcategories as Transfer Register, Demotion Register, and the ever-popular “Special Register,” all of which can be combined with the various certification types available (not in rule or law).

- too many rules/procedures

*CSL Title 5-§7062
CSR Ch. 6
CSR Ch. 7
CSR Ch. 8*

- Registers do not necessarily reflect top talent available

This is often due to the different methods or types of certifications allowable. Only one certification type actually provides the names of candidates based strictly on score. The others give preference to certain types of applicants (agency-promotional; statewide-promotional; transfers and demotions are listed in the order they were placed on the register - no evaluation of actual qualifications is done for these).

*CSR CH. 8-§2-A
Certification types*

Hiring/Selection

- merit-based hiring
- limited interviews
- cross-team interviews
 - prepared questions
 - scoring
 - on-line
- delegate decision-making to Department
- provide training and assistance to decision-makers

Once we get to the hiring/selection point in the process, the laws and rules only require that the decision be based on merit and be free from the forces of favoritism, nepotism and political patronage (CSL Title 5-§7031-second¶)

CSR Ch. 8-§2-I Civil Service Rules do dictate that a selection must be made from the certification, provided it contains at least three qualified, interested, and available persons.

Compensation

- minimum step rule (also 5% promotion rule?)

Civil Service Law provides appointing authorities the ability to hire people above the minimum step, and it requires the Director of BHR to establish a policy to reflect the intent of the law. The established policy (actually in Civil Service Rules) requires the approval of the Director of BHR (or of the agency HR Director, if the authority has been delegated). The appointing authority is required to provide the Director of BHR with a written justification addressing the reason for the exception (either exceptional qualifications, or lack of eligible candidates at the minimum rate). The policy also requires that the exception not adversely impact any similarly qualified incumbent employees in the same classification and agency.

*CSL Title 5-§7065-¶4
CSR Ch. 5-§3-A-1*

There is also a provision in Civil Service Rules allowing an employee to be promoted above the 5% promotion rule. Consider the wording of this rule: CSR Ch. 5-§3-A-2-d. As an aside, neither this rule nor the law allow such exceptions in the cases of demotions or transfers.

- pro: aids in administrative feasibility; reduces favoritism
- con: inflexible; not merit-based; limits incentives

Consider MMS Rules

- no minimum posting requirements

CSR Ch. 15-§6-1

- no registers or different certification types - candidates may be rank-ordered based strictly on qualifications/merit.

CSR Ch. 15-§6-2-B

CSR Ch. 15-§6-3

- job description is tailored to position, including necessary/preferred qualifications

CSR CH. 15-§4-4-A-3

- no minimum step or 5% promotion rule - merit/budget-based decision

CSR Ch. 15-§5-2-C-1

- maintains requirement for fairness and openness, with the objective of hiring and retaining the best person for the position as quickly as possible.

CSR Ch. 15-§6-1

CSR Ch. 15-§6-2-E +F

BEST PRACTICES

RETENTION

Competitive Pay and Benefits / Fair Remuneration

The only thing in Civil Service Law that refers to “competitive pay” is the “Recruitment and retention adjustments” statute (CSL Title 5-§7065, ¶2-D). Civil Service Rules, on the other hand, provide that salary ranges be determined “with due regard to” (among other things) “prevailing rates of pay for similar employment in private businesses in the state and in other governmental jurisdictions” (CSR Ch. 5-§2-A-4). In addition (or contrast), the State Employees Labor Relations Act (SELRA) (Title 26, chapter 9-B, §979-D, 1-E-1 and 1-E-1-A) identifies wages and salary schedules as a subject for bargaining.

➤ Include discretionary pay raises/bonuses

- targeted pay increases on a case-by-case basis (merit?)

Rules governing merit increases (CSR Ch. 5-§3-B-1b and c) allow for what are known as “special merit increases.” Appointing authorities are authorized to propose salary increases of more than one step or more frequently than once every 12 months. These must be in writing and based on “the employee’s exceptional performance or the unusual employment conditions that make such action necessary.” There are no provisions in Civil Service Law or Rules allowing for any additional bonuses or pay raises. Once an employee reaches the maximum step in a salary range, the law does not allow any additional salary (CSL Title 5-§7065-¶2) other than what is provided in the “recruitment and retention adjustments” statute.

Also, since wages and salary schedules are a subject for bargaining, this may limit the State’s ability to provide discretionary pay raises and bonuses for employees covered by collective bargaining.

➤ internally consistent

As mentioned previously, Civil Service Rule does provide that salary ranges be determined “with due regard to: ranges of pay for other classes” (CSR Ch. 5-§2-A-1)

➤ externally competitive

Again, from the same Rule, salary ranges shall be determined with due regard to: the recruiting experience of the state and the availability of employees in particular occupational categories; prevailing rates of pay for similar employment in private businesses in the state and in other governmental jurisdictions; and cost of living factors (CSR Ch 5-§2-A-3, 4, and 5)

➤ merit-based

Civil Service Law requires that salary increases be based on merit (CSL Title 5-§7065-¶3).

➤ flexibility

We've already been over a number of statutes and rules and CBA provisions that limit flexibility. A couple of examples of expanded flexibility currently allowed under Civil Service Rules can be found in the Maine Management Service rules (CSR Ch. 15-§5-2-C-1; CSR Ch. 15-§5-2-C-7-a+c).

Provide purposeful work

- ensure job is designed with a purpose
- clear/accurate job descriptions
- ongoing assessment of job's function and purpose

This harkens back to the Recruitment/Hiring Best Practices and the job descriptions section. Civil Service Rules require maintenance of the classification plan, which includes the ongoing assessment of the functions and purposes of jobs and classifications (CSR Ch. 4-§2-A thru C; CSR Ch. 4-§3-A-3; CSR Ch. 4-§4-B).

Substantive Performance Evaluation

An employee job performance evaluation process is required under Civil Service Law (CSL Title 5-§7036-¶8). The process is described in Civil Service Rule (CSR Ch. 10) and further explained through Civil Service Bulletins. The forms and instructions are provided online to all agencies.

- ongoing review of organizational structure and job responsibilities
- honest, meaningful feedback
- clearly written goals and expectation
 - position AND employee

Civil Service Rules require the establishment of performance standards. The rules seem to focus on the employee as opposed to the position. Does the “Notice” section appear to have a misplaced focus? (CSR Ch. 10-§1-A+B)

train managers and supervisors

Civil Service Law provides encouragement for (and even requirements to) provide training to supervisors and managers:

*CSL Title 5-§7031
CSL Title 5-§7034-¶4
CSL Title 5-§7036-¶2*

- place priority on making supervisors and managers accountable

Civil Service Law does provide for the evaluation of supervisors by employees as a means of improving supervisory skills and management-employee relations (CSL Title 5-§7038-¶1-E). This could be cited as one method of holding supervisors and managers accountable.

Appreciation and Recognition

- honest recognition
- create recognition programs
- ensure management models behavior
- provide training
- increase discretion of management to reward top performance

Autonomy and authority

➤ delegate authority and autonomy

Civil Service Law encourages the decentralization of personnel management among the various departments and agencies of the State (CSL Title 5-§7036-¶23).

▪ train managers/supervisors on how/when to delegate

Once again, Civil Service Law provides encouragement for (and even requirements to) provide training to supervisors and managers:

CSL Title 5-§7031

CSL Title 5-§7034-¶4

CSL Title 5-§7036-¶2

➤ reward independence

▪ increase discretion of management to reward top performance

We've already talked about Special Merit Increases (which require the Director of BHR's review and approval) (CSR Ch. 5-§3-B-1-b+c), as well as the CBA's and whether they and the SELRA may limit the State's ability to reward top performance. Also, there is the "Salary limits" statute (CSL Title 5-§7065-¶2).

➤ provide flexibility in accomplishing job duties

➤ provide mechanisms for feedback (forums)

Opportunities for Advancement

Outside the reclassification process, the primary limitations here would be budgetary and legislative headcount issues. Without authorization from the Legislature for additional positions, agencies are restricted to using their existing positions and headcount to provide promotional opportunities. If there are no vacant positions in the appropriate budgetary accounts, then assigning additional responsibilities to current employees and reclassifying them to higher level classifications is the only mechanism available, and that is dependent on the availability of funds in those accounts.

- establish clear criteria for promotional opportunities and advancement
 - fair, open, merit-based
 - avoid favoritism, bias

- provide training and opportunities for professional development
 - centralized vs. decentralized
 - communication across departments

- offer career services

Flexible Work Arrangements

- develop policy for providing flexible work options
- develop system for receiving, assigning, and determining feasibility of requests
- employer right to evaluate, revoke, or deny
 - consider operational/organizational needs
 - merit-based
 - avoid bias, favoritism

Civil Service Law provides the authorization for developing rules and policies surrounding alternative working hours (CSL Title 5-§903). The State negotiated with the largest collective bargaining agent and developed an Alternate Working Schedules program (HR Memo 2-08).

Clear Communications regarding work-related issues

- frequent
- transparent
- relevant
- two-way
 - problem resolution process
 - ... right to complain
 - ... neutral decision maker
 - ... quick decisions

Civil Service Law currently requires that a communication process between management and subordinate employees be developed and monitored (CSL Title 5-§7038).

Problem resolution is covered by the provisions of the CBA's pursuant to the SELRA (Title 26, chapter 9-B, §979-K), and by the Civil Service Law establishing and governing the Civil Service Appeals Board (CSL Title 5-§7081 thru 7085).

Consider MMS Rules

➤ Compensation flexibility

- authority to grant additional step increases

CSR Ch. 15-§5-2-C-7-c

- Benchmark classifications within “bands” of salary ranges

(CSR Ch. 15-§5-2-B-3)

Agency may allocate or reallocate positions to any range authorized for Benchmark Classification using the job evaluation methodology authorized by the Director (currently Hay).

... Public Service Manager I (between range 22 and 28)

... Public Service Manager II (between range 29 and 33)

... Public Service Manager III (34 and above)

➤ Training and Professional Development

CSR Ch. 15-§7

BEST EMPLOYER - Fair: treating similar employees similarly, but not all the same regardless of circumstances.

MAINE 2025: An exploration of the future workforce requirements for the Maine State Government

By Leading Futurists LLC and Green Consulting Group

March 2015

Preface

Maine's Bureau of Human Resources is seeking to answer critical questions about the future of the state workforce. The Bureau engaged foresight consultancy Leading Futurists LLC, working in collaboration with Green Consulting Group, a consultancy in workforce development, aging workforce and organizational development, to explore those questions and render a report on the Maine State Government Workforce in 2025.

This report is the culmination of that effort, a capstone analysis and presentation of findings of the project which began in August 2014, and was completed in January 2015.

Workforces have to adapt to changing requirements, but the composition of a workforce is slow to change. It requires foresight and a long-term view for an optimal workforce strategy and successful outcomes. It's too easy for a given workforce to be simply what has accumulated and evolved under routine conditions, without intent and planning.

A clear, longer-term view of the directions of change offers the chance for a workforce to be built for current, emerging, and future requirements avoiding gaps and shortages.

Government agencies must build and fine-tune a pipeline of talent through recruitment, training, and managing for current requirements, but also growing and evolving that workforce for future needs.

Acknowledgments

The report and research program's principal investigators, Jennifer Jarratt, Katherine Green, and John B. Mahaffie thank the many Maine state officials and private sector thought leaders who helped us explore the forces and trends shaping Maine's future, the state's future needs in and out of government, and potential solutions to those needs.

The dozens of experts who gave us their time for interviews are listed in the appendix. We would like to specifically and especially thank the Bureau of Human Resources team, led by Sam McKeeman, HR Programs Director- HR Programs Unit, Joyce A. Oreskovich, Director, Bureau of Human Resources for their guidance and support.

We also thank the many Maine government and private sector executives and experts who gave their time for interviews and queries that strengthened and deepened our knowledge of Maine and its government and workforce futures.

Scenario illustrations – Artist and illustrator Simon Adams of Gray, Maine, created the four images accompanying this report's 2025 scenarios. [Simon's website](#).

About the authors

LF Principals Jennifer Jarratt and John B. Mahaffie, foresight consultants since the mid-1980's, deliver to their clients research and analysis, futures exploration workshops, scenarios, keynote presentations, and writing/communications on the future. Each has taught foresight at the university level.

They are experts on the future of work, worklife and the workforce, and have served clients in human resources including Federal agencies, states and municipalities, non-profits, and corporations.

Green Consulting Group principal Katherine Green has 30 years experience in consulting with federal government, industry leaders, and HR professionals, addressing issues of the aging workforce on productivity, workforce management, workforce and succession planning.

The two firms regularly collaborate to explore the future of work, the workforce, and worklife, including a particular focus on the aging workforce.

Leading Futurists LLC

John B. Mahaffie and Jennifer Jarratt, Principals
Washington, DC
www.leadingfuturists.biz
jbmahaffie@leadingfuturists.biz
202-271-0444

Green Consulting Group LLC

Katherine L. Y. Green, PhD, Principal
Bethesda, Maryland
www.katherinegreen.com
kyg@katherinegreen.com
301-529-8219

Contents

PREFACE	III
ACKNOWLEDGMENTS	V
ABOUT THE AUTHORS	VII
CONTENTS	IX
EXECUTIVE SUMMARY	XI
PART 1: INTRODUCTION: A CONTEXT FOR CHANGE	1
BROAD FORCES SHAPING MAINE’S FUTURE	1
PART 2: MAINE STATE GOVERNMENT’S EXTERNAL REALITIES SHAPING ITS FUTURE	3
MAINE’S CHANGING DEMOGRAPHICS.....	3
THE EVOLVING MAINE ECONOMY.....	4
WARS FOR TALENT—PRIVATE SECTOR COMPETITION FOR SKILLED WORKERS	4
ROBOTICS, AUTOMATION, AND ARTIFICIAL INTELLIGENCE	5
TRENDS IN LEGISLATION AND REGULATION	7
PART 3: OUTCOMES FOR THE MAINE STATE GOVERNMENT AND ITS WORK	9
MAINE STATE GOVERNMENT SERVICES EXPECTED	9
RELATIONSHIP BETWEEN THE STATE GOVERNMENT AND THE CITIZENRY	9
MAINE’S GOVERNMENT AND THE DIGITAL CITIZEN.....	10
PART 4: MAINE STATE GOVERNMENT’S WORKFORCE IN 2025: FOUR SCENARIOS	13
SCENARIO 1. THE SENIOR CIVIL SERVICE 2025	14
SCENARIO 2. VIRTUAL MAINE 2025	16
SCENARIO 3. NEW ECONOMY MAINE 2025	18
WHAT THE FIRST THREE SCENARIOS SAY ABOUT THE FUTURE	20
SCENARIO 4. A WORKFORCE LEFT BEHIND 2025	21
PART 5: 2025 WORKFORCE REQUIREMENTS	23
LOOKING OUT TO 2025: OBSTACLES, CHALLENGES, THREATS AND OPPORTUNITIES FOR THE MAINE STATE GOVERNMENT	23
WORKFORCE REQUIREMENTS FOR 2025	23
PART 6: HOW TO GET THERE – WORKFORCE 2025 DEVELOPMENT STRATEGIES	26
WORKFORCE 2025: TRAINING TO MAINTAIN KNOWLEDGE AND SKILLS	26
2025 CURRENT SUCCESSION PLAN AND STRATEGY: KEY COMPONENTS	27
2025 WORKFORCE: KNOWLEDGE, SKILLS, DEGREE REQUIREMENTS.....	29
WORKFORCE 2025: RECRUITMENT STRATEGIES	31
2025 RETENTION STRATEGY: KEY COMPONENTS TO RETAIN AND POSITION CURRENT WORKERS FOR LEADERSHIP	33
APPENDIX A – KNOWLEDGE AND SKILL REQUIREMENTS	35
APPENDIX B: GUIDE TO THE MAINE 2025 REPORT – ORIGINAL RFP TASKS	38

Executive Summary

Ongoing change in business, technologies, aging population, environment and more, demands forward thinking from Maine's government workforce leaders. A clear view of the state's future workforce needs, and a readiness to innovate, will help ensure the Maine State Government plans and builds the organization it must have to attract, develop, and keep talent over the next decade.

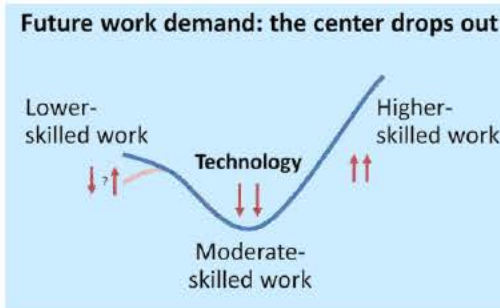
What we can expect by 2025

The 2025 Maine State Government will expand its technological capabilities to serve a digitally-engaged and enabled citizenry. With some exceptions, citizens will anticipate mobile access to their state government, 24/7.

If the state's workforce is to serve more needs with the same or fewer workers, it must leverage technology to achieve its goals. This means every member of the workforce must upgrade his or her technical skills, be customer focused, and work equally well online and in face-to-face interaction. This also implies a strong ongoing learning commitment to innovation and change.

Workforce requirements

Automation, including artificial intelligence and robotics, will allow the state to leverage the skills of workers for greater productivity. Technology will reduce the need for moderately skilled work such as middle management, application processing, and bookkeeping, which can be automated, leaving workforce needs at the low end, such as repair, maintenance, and manual labor, and high-end, such as design, analysis and other knowledge work that must be staffed. The degree of automation replacing lower-end skills is uncertain, in part it will be a choice, and in part it depends upon technology readiness, e.g. in self-driving vehicles. With an older citizenry and workforce, most workers will need to be age competent to ensure productive workplaces and satisfied citizens.



Scenarios for Maine State Government's future

Four 2025 scenarios—stories depicting possible futures for the Maine State Government, explore key areas of change:

Scenario 1. The Senior Civil Service —in which Maine sets an international example for an active and productive older workforce

Scenario 2. Virtual Maine—Maine leaps forward into online government service, embraces technology to build more community, social focus

Scenario 3. New Economy Maine —A technically expert, younger government workforce backs a growing high-tech economy in the state.

And, as a cautionary tale:

Scenario 4. A Workforce Left Behind—With fewer employees, and less change, government workers struggle to serve the state's many and growing needs.

Together, the scenarios show that, under most circumstances, several things are true:



Image: Simon Adams

- Maine has many possible futures that derive from forces shaping the state's economy, its population demographics, its culture, its government service needs, and its citizens' energy and innovation
- The state has options in shaping how these forces play out that will affect the future of people who work for the government and are served by it
- Almost all of the possibilities demand greater investment in work-related education and skills training for government workers as well as the state's citizens
- The government's work, and its services, will use emerging technologies extensively, and in innovative ways
- Like other states, Maine will have to operate in a wider and more interdependent world than it has historically

How to get there

For success in the near and longer-term future, Maine needs to focus inside and outside its government to strengthen the state's ability to recruit, develop, and keep talent. And as it does so, it must recognize ever-changing demands for skills.

Five critical strategic directions can help ensure success:

1. Build for digital government – Invest in technology and people in order to reap its benefits: improved efficiency, fewer people, and ongoing capability to do more work with fewer people. Workers will be able to do more given the changing technology but they will need continual updating, training and education to function well in the evolving technical landscape.

2. Launch an age transition plan – Reshape the workforce over time, in particular focusing on its age composition and a painless demographic transition. The risk is a brain drain as older talent retires, without the counterbalance of sufficient new skilled workers from younger cohorts. This entails recruitment, succession planning, and work on the state government culture, in particular. An age span of 18 to 75+ is the future - Aging workers by design, not default.

3. Make Maine State Government jobs best in class – Improve workplace conditions, compensation, benefits, flexibility, professional development and professional opportunities. The state's ability to draw and keep talent can rise dramatically with programmatic changes that are not only about compensation. This likely includes recalibrating the Maine's Civil Services Rules. The MCSR rules, designed in prior decades, worked best under historical conditions of stability and predictability. Millennials and younger generations want different work experiences, management styles, flexible scheduling and multiple career paths, and they often choose employment options that match these preferences.

4. Nurture the skills pipeline – Promote programs to raise skill and education levels across the state, and instill leadership, thus benefiting private employers as well as the state government

5. Market Maine – Find new ways to sell the state's job and career attractions to a national, and international marketplace of talent. Leverage the state's strong tradition of connections to the land, its heritage and cultural values. Dovetail this approach with the state's ongoing efforts to attract new business and industries to replace its fading traditional industries.

This report explores these outcomes in depth, and offers detailed suggestions for state government human resources, focused on strategy and development for an effective 2025 workforce.



Image: Simon Adams

Part 1: Introduction: A context for change

As it looks into its future, the Maine State Government will reckon with these current and continuing realities for the state:

- 1). Maine is the oldest state in the country, with a median age of 44. That cannot change quickly and will still be a reality in 2025.
- 2). The state operates in national and global economies that are undergoing economic transformations, Maine can no longer depend solely on its traditional mainstays: manufacturing, tourism, fishing and agriculture, and extractive industries to fuel the state economy. New industries and new kinds of businesses will be part of any successful future for the state.
- 3). Maine faces the “new normal” in society and in commerce: the dominance of digital technology, digital processes, and the data-intensive fruits of their application. The state may lead or lag on accommodating this reality. The work of fitting state systems and skill sets to digital realities is open-ended, because the technology is always evolving.

Taken together, these new realities, along with other shaping forces elaborated below, tell us about how Maine and the demands on its government will change. This report brings a focus on the resulting requirements for the state government’s 2025 workforce, and draws implications for state government human resources.

Workforce development will be central to sustaining and advancing the state government’s work. Prospects for a successful state government workforce future are closely entwined with the future of the state economy, and implications in this analysis for the Maine State Government workforce are often implications for the state overall.

Broad forces shaping Maine’s Future

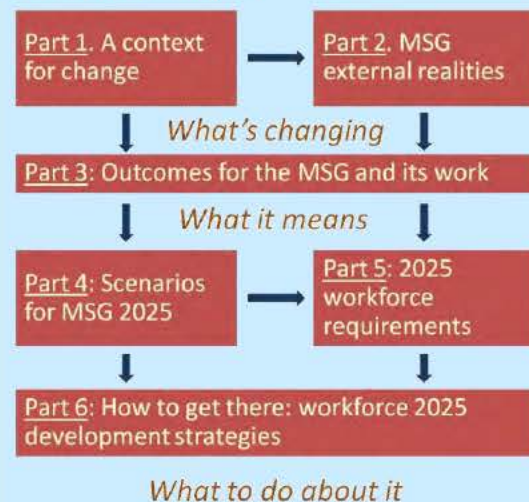
Over the next decade, a set of core trends will further reshape the US and Maine’s economy and society with implications for the State Government and its workforce:

Globalization and a global re-balancing of production—Global production is at once transitioning to a new era of automation and being rearranged across the global landscape. In the next ten years, more production will return to North America, but on a new basis. Goals of greater sustainability, the application of new digital technologies and automation, and new business models will transform it. What will not happen is a return to economies of traditional, high-volume manufacturing that depend on a large cadre of manufacturing workers.

Criticality of trade—Connected to rebalanced production is a reassessment of competitive advantage for any state and any region. How much of a state’s economy can be based on inter-regional and international trade, and in which sectors, needs to be established. Trade, in and out of its region are likely essential to long-term economic health.

Global value chains—trade and production are becoming dependent on connecting raw materials suppliers, component manufacturers, distributors and marketers, in complex, often global, arrangements. Thus, for example, Canada’s Bombardier Aerospace manufactures its aircraft along an

Structure of this report



international value chain including parts of production done in Canada, the US, and Mexico, on the same aircraft. [\[Source\]](#)

Competition for skills, resources—Worldwide, resources may be in short supply. This includes raw materials, limited overall in supply, or constrained by trade, conflict, and environmental regulation. It also includes skilled labor. For example, more foreign-born students who take degrees in the United States are returning to their home countries for professional opportunities, so their skills may be less available in the U.S. Immigration policies will continue to be uncertain. The US may be planning to open the door for more skilled immigrants in 2015-2016, but this will not solve the growing demand for skills.

Return of production on a new basis—The restoration of some manufacturing production to North America reflects multiple realities: its new basis in high-tech coordination and automation, the rising cost of labor in Asian centers of production, environmental pressures to reduce the use of energy to transport goods, and new business models that emphasize the local, the craft, and the custom. The resulting new production businesses will look much different from manufacturers in the past.

Rapid pace of technological change—Across these systems is a swift pace of innovation that keeps the leading edge of technology moving, inserting a permanent flux into commerce, the marketplace, and the systems that sustain them.

Demand for innovation in a start-up oriented culture—In part because of that, there is a strong and growing “start-up” culture that is fueled by the ever-emerging opportunities offered by addressing new technological opportunities and issues. Companies are struggling to be more efficient, more productive, sustainable, and to keep costs down to compete globally. At the same time they recognize tomorrow’s competitive success means being more innovative, and more collaborative, internally and externally.

Workers who learn and adapt to change: expect a new group of “superlearners.” Perhaps 12-15% percent of the future workforce can become “superlearners,” using emerging technologies and new education options to expand their capabilities. These include online learning and benefiting from a vastly expanded stream of information available at the workplace and beyond. Overall there will be changes in how and when people learn—a college degree may be less important, for example when specific applied skills are needed.

Shrunk and weakening middle class—The “American Dream” has paled against the emerging realities of the US economy. The middle class has less income, less wealth, and greater fragility than it had in recent decades. At the core of this are flat or declining incomes, higher costs of housing, education, transportation, and healthcare. With this is a decline of the employment “contract,” with more workers forced to work effectively as freelancers, often underemployed. Evidence emerging now suggests that the millennial generation, born between 1980 and 2000, is worst off, has faced what some analysts have dubbed a “failure to launch.” An improving economy may be easing this somewhat.

Aging society and workforce, with a strong flavor of change embodied in The Millennials and succeeding generations--the U.S. and more so, Maine, must reckon with an aging society, aging workforce and the interplay of values, attitudes and social change that accompany it. At the same time, new technologies and shifts in industries demand new, often more complex skills and a technology focus.

Maine faces these external shaping forces as an economically stable, but slow-growing economy. The state is aging rapidly, and has not yet proved its ability to attract new talent to the state in adequate numbers for either public or private employment.

Part 2: Maine State Government's external realities shaping its future

Among the key themes the Maine Bureau of Human Resources identified for this exploration of the future, six focus on the external social, economic and technological environment shaping demands on the state government workforce. Those were:

- Impact of Maine's changing demographics
- Influence of economic drivers
- Effect of increased private sector competition for skilled workers
- Technology available / influencing citizen-government communications
- Effects of robotics
- Impact of state or federal legislation

Each is explored below.

Maine's changing demographics

What we can expect by 2025

Maine has the oldest population of any US state. Though the state's population is growing more diverse, it started on that path with a predominantly non-Hispanic white population. The arrival in the state of a typically younger cohort of Hispanic and non-White migrants is building a duality in broad terms: young and more diverse, old and mostly non-Hispanic white. These patterns are a part of the sorting of southern, urban Maine and northern, rural Maine.

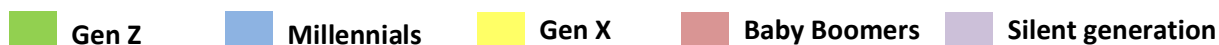
The state is, more than most, senior-dominated, Maine already lives the reality that will be true for the US in 2025, a demographically senior state, serving the needs, especially of an older population, and drawing on an older population to sustain its businesses and state government workforce.

Maine population and population projections by generational cohort

Age \		Age																		Total
Year	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85+		
2015	68	70	74	82	86	74	74	73	79	91	105	108	100	85	60	41	30	32	1.3 m	
2025	68	69	70	74	78	77	79	75	75	74	79	88	99	99	86	67	40	35	1.3 m	

Population in thousands.

Data [source](#).



By 2025, the older two generations, Baby Boomers and "Silents," who are much less diverse, will be out of, or leaving the laborforce. Generation X, a much smaller cohort, will be in workplace and political leadership, with the Millennials close behind. To fill the void left by smaller numbers of Generation X, employers may bring Millennials into higher responsibility, sooner, or keep older workers in jobs longer.

*The Appendix gives a key to where this report addresses each question posed by the Bureau of Human Resources.

By 2025, Generation Z will be rising to adulthood. The younger cohorts, Generation X, The Millennials, and Generation Z, are more ethnically diverse.

Maine's changing demographics — Key implication

Future workforce needs will likely pose even bigger problems as skills needs, technology-capabilities, and education level requirements rise further. That in turn means that employers will have to change their requirements and expectations, and often train and retrain their workforces, or seek talent from elsewhere. Against this, Maine faces a continuing double brain drain: younger, skilled workers, already in short supply, are often drawn to jobs elsewhere, while older talent may take its option to retire.

The evolving Maine economy

What we can expect by 2025

Maine's growth track over the next 10 years is not certain. In traditional forms, manufacturing has declined and largely left Maine. That pattern will not reverse. Likely the state can sustain slow, steady economic growth, but that growth will have to come on a new basis.

However, "post-industrial" manufacturing: production on a different basis and scale from what existed through much of the 20th century, has potential and may be emerging in Maine. It's possible that smaller scale, craft businesses will take up some of the slack, and there are startups and continuing small manufacturers around the state that help drive its economy now.

While the state continues to have a reasonably low unemployment rate, some of its workforce, like that elsewhere, is underemployed, and recent college graduates struggle to find employment. Skilled Mainers will continue to be drawn to jobs out of state. As noted, the middle class is being squeezed throughout US society. And the young adult millennial generation—a workforce cohort in short supply in Maine—is often worst off.



Microbreweries are an example of scaled-down, niche production which may nevertheless find a wider regional, or national market

Image: Stone Coast Brewery, Cliff, via Flickr, cc attribution license

The evolving Maine economy—Key implication

New Maine industries will include more local, craft, and niche production and services. There will likely be an increase in small businesses, and no significant growth in large enterprises in most sectors, possibly excepting healthcare and insurance. Maine's economy will depend on new technologies and the application of technologies in new ways. More of its businesses will be non-traditional, using new business and ownership models. The changes will challenge regulators and safety processes, e.g. drone aircraft and new materials such as nano-composites.

Wars for talent—private sector competition for skilled workers

What we can expect by 2025

Maine's improving economy, new investment, and new industries in the state suggest that competition for skills with the private sector will increase in the coming decade.

The jobs picture for Mainers may be brightening. But in the competition for talent, the private sector and public sectors are likely to fight over a limited talent pool, while lots of other, less-skilled workers, are part-time or unemployed.

Maine could continue to see many with good levels of education and skill look outside the state for opportunities. The state government is contending with local employers competing for skill, as well as employers outside the state.

“For nearly a decade skilled trades and STEM positions are among the top 10 hardest jobs to fill, both globally and in the U.S.”

--[Manpower Group](#)

The Millennials and Gen Z

By 2025, Millennials (born from 1980 to 2000, aged 25 to 44 in 2025) will make up about 75% of the American workforce. While still inclined to leave Maine for opportunities in the 2020s, they will likely remain a vital force in Maine’s start-up culture, responsible for part of the vitality of new business startups, particularly in Portland and some of the innovative farming in the state. Success with younger workers may depend on initiatives to nurture new businesses, draw college students to the state and keep younger Mainers in the state.

Image: Michael Coghlan, via Flickr. CC attribution license.



Wars for talent—private sector competition for skilled workers — Key implication

Broadly, we can project that current and continuing or growing needs for skill in the MSG workforce will emphasize citizen services, technical professions, management, and business and finance. Those are key areas for net job change in forecasts for the State’s workforce overall, so they are areas for contention over workers.

Millennials can see appeal in government service, with interesting work that contributes to their community and society, but they may bring different values to deciding what jobs to pursue, and will balance their interest in the subject matter with strong interest in their work/life balance, income, etc.

Robotics, automation, and artificial intelligence

What we can expect by 2025

While there is logic in saying that smart technologies still need skilled human overseers, and that freeing workers from routinized work will enable them to be turned to new tasks, perhaps ones that enhance organizations and life, we don’t yet know what that will really mean.

Signs are there will be a rapid development now of autonomous and tele-operated machines, i.e. robots and other smart devices, and the artificial intelligence in software and hardware that accompany them. The Google self-driving vehicle experiments, among others, are 1). Proving in concept what is possible, and 2). Ready the public and regulators to grapple with the meaning of these new systems, and, presumably, learn gradually to accept them.

With automation we know the direction of change more clearly than we know the extent of that change. There are not really any inevitable outcomes. There are choices.

Some advances, and the freeing up of human labor that comes with them will drive or enable new kinds of work. For example, just a few years ago we didn’t have the concept of “search engine optimization”. [\[Source\]](#) It’s now a job for, at least for the time being, human experts, assisted, of course, by smart software.

Artificial intelligence (AI) is all around us now, in routine applications of smart software in devices and computing systems. This form is often called "artificial narrow intelligence." That routine application type will continue to expand. The capability of the software may be narrow, but it can be highly sophisticated, e.g. a chess-playing software. We are likely to see a rapid growth of more sophisticated versions. They will more fully mimic human general intelligence, and may someday exceed it. [\[Source\]](#) AI commentators like to point out that as soon as AI is routine in a system, we forget it's AI. Household thermostats, smartphone apps, car air bags, and so on, all involve routine applications of AI.

Software crunches masses of information and transactions, e.g. permit applications, and puts only flawed, disputed, or problematic ones in front of a human for action.

In a Pew survey, 52% of technology experts said that technology advances will not displace more jobs than they create by 2025, while 48% said they will. [\[Source\]](#) Some noted that workplaces are simply not prepared for the changes technology will bring. The results will include demand for new skills, and redefining what jobs are.

What's less certain

Artificial intelligence and advanced automation are emerging in an uncertain social context. The open questions include how far society will tolerate them, particularly in replacing human labor.

There's also uncertainty in whether and for what uses we will allow self-driving vehicles and other autonomous devices. They are nearly certain to find use in contained environments, such as we have already seen in mail delivery and warehouse robots. But their use within ten years in the open, such as on city streets, is far less certain.

Finally, it's not certain how we might find new uses for workers made redundant by technology.

Robotics, automation, and artificial intelligence – Key implications

Job loss and job change are inevitable as technology remakes work and the workplace. This will create change and require response by the state government to the need for new skills, job reassignments, recruitment, among other impacts. It will also add a burden on the State's agencies to respond to changes across the state's industries and workforce: job needs, skill needs, new regulation, worker protection, and so on. And when work is automated to remove redundant, transactional tasks, the human interactions that remain raise the value of communication skills, human contact, and empathy.

If the changes wrought by technology create widespread dislocation, job loss, and underemployment, the State Government may also see pressures for social services, assistance, and job finding and training grow rapidly. A parallel from history may be the Rust Belt, where rapid automation and job loss to overseas producers raised the need for social assistance in the US Midwest.

Skills in demand [\[Source\]](#)

According to a 2014 survey of the National Association of Colleges and Employers, the following are the top 10 skills, in descending order of importance.

1. Ability to work in a team structure
2. Ability to make decisions and solve problems (tie)
3. Ability to communicate verbally with people inside and outside an organization
4. Ability to plan, organize and prioritize work
5. Ability to obtain and process information
6. Ability to analyze quantitative data
7. Technical knowledge related to the job
8. Proficiency with computer software programs
9. Ability to create and/or edit written reports
10. Ability to sell and influence others

Trends in legislation and regulation

What we can expect by 2025

At all levels, government is evolving and shifting its emphases and approaches, and this is reflected in the kinds of legislation and new regulation which are emerging. The leading edge of legal and regulatory change will continue to involve the impacts of technology and its associated social and commercial changes around data security, privacy, health and health impacts, ownership, and so on.

Federal vs. state legal tensions. Contentious areas of policy at the state and Federal levels will continue. The tussle between Federal requirements and state laws and preferences will continue in vital, often costly areas including health care, education, and environment.

Federal government employment continues to decline. Impacts on states may be economic, as states have fewer federal employees. As well, the shrinking of federal government workforces may continue to reduce federal services in-state, leaving state government workforces to take over the load. [\[Source\]](#)

Environment will continue to be a source of new regulation at multiple levels as well. The EPA, for example, is calling for carbon emissions control. It wants states to reduce their emissions 30% below 2005 levels by 2030. Climate change worries are also reflected in bond investors' new questions about potential future environmental risks states face, such as sea-level rise impacts on water & sewer systems. [\[Source\]](#) and [\[Source\]](#)

Energy use. Meanwhile, utilities are resisting "net metering," as more homeowners install solar collectors on their roofs and feed power back into the grid. Utilities say they lose customers, plus they still have to maintain the grid. In many states, utilities may push to take over control of home solar power. Trends imply a long-term restructuring of the electric power supply industry. [\[Source\]](#) This may be mirrored in other areas of resource use where technology and decentralization reshape the economics.

Regulating behavior. There are also more local, city, and state laws and ordinances to promote or prevent specific behavior. For example, Los Angeles has gives tax incentives to owners of empty property that could be used for urban farming. [\[Source\]](#)

Immigration. Changes in Canadian immigration policy that came into effect at the beginning of 2015 could affect neighboring states in the war for talent and young, educated workers. Young workers with job offers will be on the fast track for entry into Canada. The new program is called "Express Entry." Canada is not easing immigration for families at this time.

Transportation. Oil transportation safety continues to be an issue for states (including Maine) where oil is transported across the state by rail. Moving oil by rail also creates transportation shortages for other producers, such as farmers, who have limited time to move their crops. [\[Source\]](#)

New tech, new risk, new demands for regulation

Change in society drives new demands on government. There are drivers of new regulation, new oversight, new monitoring, new permitting, etc., that will raise skill and manpower needs for state agencies. Among those drivers are:

- Risks from new technology, e.g. autonomous vehicles, new materials in commerce, new energy sources
- Growing recognition of sources of risk down to the microscopic and parts per trillion level
- Growing public sense of personal risk
- Rising expectations of safety, wellness
- Growing access to information by everyone
- Climate-change driven weather changes, storm surges, more powerful Noreasters, etc.
- New forms of crime, e.g. cybercrime, hacking, identity theft, in more venues
- Terror threats and fear of terror
- Inadequate public understanding of science and technology
- Skill shortages in science and technical areas
- Changing health tech, therapies
- Use and misuse of consumer data, private information, etc.

Trends affecting employment

HR Policies and Legislation: Legislation at national, state and local level continues, often without clear guidelines, leaving organizations vulnerable to employment law interpretation issues. One outcome may be less clear boundaries between the organization's and individual's privacy, affecting behavior outside work, privacy, wellness program participation, off-duty activities, and the use of social media.

Health care mandates. Health care costs are rising and becoming a larger share of total compensation for state and local government workers. Some of this, 46%, is ascribed to aging workforces, some is ascribed to higher drug costs. The Affordable Health Care Act's role in this is not clear. Higher deductibles and higher co-pays are two ways in which costs are passed on to employees. [\[Source\]](#)

New OSHA rules for reporting went into effect in January 2015: all fatalities on the job must be reported within 8 hours, and other serious injuries within 24 hrs. Small businesses (10 employees or fewer) and low risk industries have exemptions from the OSHA rules.

New federal American Apprenticeship Grant program (\$100 million): grants to encourage apprenticeship programs. Applications will be accepted starting April 2015. [\[Source\]](#). Several towns in Maine have posted apprentice opportunities on this site's interactive map.

Work visas. Maine's non-use of H-1B visas to bring in high tech workers (Maine is 41st among states in making H-1B applications) reflects fewer high tech jobs in the state, and lower wages. If H-1B quotas are increased by Congress, there may be more opportunities to lure a high tech workforce. [\[Source\]](#) Applications for H1-B visas in 2015 were already oversubscribed in January, 2015.

Anti-union campaigns in states that do not have "right-to-work" laws at state and local levels are the first stage in changing labor laws and other laws not considered business-friendly by interest groups, including American Legislative Exchange Council, the Heritage Foundation and a newly formed nonprofit called Protect My Check. This approach is currently changing laws in Kentucky. [\[Source\]](#)

Trends in legislation and regulation – Key implications

Changes at the Federal level continue to shift more public services onto state and local governments. Meanwhile, pressures also continue to reduce or at least contain the cost of government, adding pressures on state and local government, and guiding more automation, digitization, and other efficiency strategies. To contain or reduce long-term costs, governments are also doing more outsourcing.

Part 3: Outcomes for the Maine State Government and its work

Taken together, the foregoing creates new demands and expectations of the state government. Though the trend has been to a shrinking government workforce, new demands could reverse that pattern, at least in some departments. At the core are demands for new services from MSG. Meanwhile, these trends and a wave of emerging technology align to drive evolving relationships between the State Government and the Maine citizenry as many more people embrace digital life and as the state invests in digital technology to streamline and reduce costs.

Maine State Government services expected

Broadly, the state's evolving economy and population will raise demand for services in key areas:

- Supporting business and economic development
- Serving an older population
- Addressing the needs of new Mainers, including a more diverse population
- Aligning services and regulation, permitting, taxation, and enforcement with the rise and growth of new kinds of businesses and industries.
- Raising the digital competence of the State Government, and serving the citizenry with a cost efficient, effective suite of digitally-based services.

Relationship between the State Government and the citizenry

Constituencies the state government serves will demand to interact 24 hours a day, 7 days a week, by multiple contact options. Many will be mobile/digital citizens, and prefer to use mobile apps, self-service, automated systems. Others will continue to want legacy systems where they can contact human staffers in the government, or visit centers for government services. The State Government will find itself, at times, choosing which services it can support with technology, or with human staff.

Private sector, customer service experiences flavor the expectations citizens bring to interacting with government. They expect best of class approaches learned from top-notch customer service. And for the convenience of digital interaction, 24/7, they may overlook compromises such as not being able to talk to a human, or giving out their personal information into a digital system.

App use drives new citizen habits and expectations

App-driven services like Uber teach citizens to expect 24/7, mobile convenience. They are changing expectations, redefining services, demonstrating potential automation, and so on. The next wave of mobile apps are likely to be more powerful, with greater, more seamless coordination of functions, so that the user needn't navigate into one app then out to another, to get things done.

Image: simulation of a state government app.



Consider what might happen in the state government:

- The only human drivers are those dispatched to fix autonomous vehicles which have stalled or failed
- Most state services that can be provided digitally rely on intelligent software with occasional system fixes by outsource software technicians in India
- Dozens or more state workers pilot drones from their home workspaces or offices

Maine's government and the digital citizen

We have already seen the emergence of a digital, mobile-enabled citizenry, and it will shape expectations of citizens of their government.

Governments will be compared by their citizens with the 24/7, convenient, app-driven, socially-connected, crowd-sourced, etc. aspects of these businesses. Citizens as customers or consumers will have their expectations shaped by the best, latest, most convenient, services they experience.

By 2025, technology should be available to routinely communicate, if desired, with two-way, high-quality video, and sometimes with the capability for immersive, multi-sensory experiences. For government-citizen communications there will be at least a good enough level of tele-presence. It may be simple, but be high-quality, two-way video. It will probably be used by most citizens, on mobile devices and will depend on their mobile networks, i.e. not desktop to desktop.

Likely interactions between citizens and human government workers in the future will be the exceptions, the problems, the more difficult cases, much in the way that an airline ticket counter agent today is mainly serving people with special concerns and issues, while most other travelers use self-service kiosks, or manage their flight details at home or on a mobile device.

In all this, however, there will be pressure to maintain the old, legacy systems for citizens who don't have or don't want the latest technologies.

Citizens will continue to grow their mobile app habit—they will frequently interact, not human-to-human, but human-to-intelligent system, using voice, text, touch, and possibly gesture interfaces. Some interactions by 2025 could be between a citizen's avatar or agent and a government intelligent system, and involve no humans whatsoever, though the interaction would be shaped by the citizen's choices.

The citizen dashboard

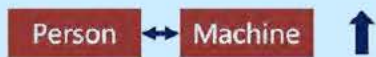
The citizen dashboard of 2025 will likely be a set of app-driven capabilities which a citizen can customize for regular use, or navigate among for their occasional, ad hoc needs. There may need to be a central, state or state-agency web place, with a dashboard interface, but more likely, the balance of use will be through descendants of today's apps, whether those are used on a tablet, smart mobile device, or future home screen or other interface. Apps will, as is emerging now, become platform agnostic, and a citizen's needs, data, and specifications will be contained in the cloud, rather than in a specific device. Individuals will be able to access any interface, and find their information there.

Broadening digital exchange in government

Where there is potential for change, and /or pressure to further harness technology



Technology leveraged to reduce need for human staff interaction with citizenry. Remaining needs for interaction will often be the tougher problems, requiring higher-level human skills. Legacy needs will continue, e.g. communicating with citizens who cannot or will not use digital tools



More often, citizens will use "self-serve" processes via dashboard or app, to interaction with state government. AI-driven government software will automatically interact, as needed, with citizens



Far more systems will communicate with other systems, with only rare human intervention. There will be gains in the effective use of data, and artificial intelligence tools for bridging between systems

Source: Leading Futurists LLC

Maine faces further waves of technological change in the coming decade as it works to catch some agencies up with current demands. There will always be a leading edge of change demanding ongoing technological strategy making. These will usually be accompanied by a need to adjust to social changes created by uses of and expectations for the new technologies. As people's behavior is re-shaped today by their use of mobile phones everywhere they go, future technological options will alter behavioral and social responses in new ways.

Among the emerging and ongoing areas of technology are:

Mobile, cloud-based services—Keeping up with the habits and expectations of the citizenry and harnessing the efficiencies of digital technology means moving more functions and processes online and onto the cloud. Thus a citizen's 2025 relationship with their state government is likely to be substantially app driven.

High-bandwidth, 2-way video communication—To extend services to more Mainers, to reach more citizens in remote places or without requiring extensive state employee travel, and leveraging new technological capabilities, the state will see demand for, and capabilities in, 2-way, high-bandwidth communications for serving its citizenry. Even with areas of bandwidth inadequacy, more services can embrace video or 2-way chat communications, including for mobile device users.

Robotics—Robots that operate with total or near autonomy in contained situations, such as delivering mail inside office buildings, and fetching products from warehouses, are in successful application. We are now seeing the rise of more outdoor and mobile robots that can make more complex decisions and implement their missions under changing conditions. The home-vacuum robot Roomba is an early example, and suggests how agricultural, maintenance, and other robots may emerge. New robots will take over repetitive physical tasks from human workers.

Artificial intelligence—Behind all of these smart systems, and in applications which are purely computer- or network-resident, AI is expanding its capabilities to interpret data, make decisions, and act. Diverse occupations can be performed, at least in part, by AI systems. Potential applications include speech recognition, image analysis, data mining, decision-making, permit approval, and surveillance. By 2025, this area will advance, putting more technology in place which will enhance and leverage the work of some human workers over more work volume, or replace human labor outright.

Exoskeletons—A parallel area of development is in exoskeletons, some of which, in the future, could be semi-robotic, with on-board intelligence that help a user with motion and strength they otherwise don't have. Exoskeletons could assist older workers or any workers with doing physical tasks they otherwise could not. The US military has exoskeletons in development for soldiers' use. [\[Source\]](#) Anticipated spin-offs in civilian work could lead to much higher productivity as well. Exoskeletons could possibly extend working lives of blue collar workers whose jobs are physically demanding—while a bit pricey, competition could lower the price to make it affordable for municipal governments, especially for mission critical jobs

What's less certain

Drones—The fast emergence of drones—they were even a plausible, affordable holiday gift at the end of 2014—exemplifies the potential uncharted territory that robotics and automation in society represent. There have been immediately issues with drone use, drone misuse, unexpected problems and issues, and un-considered outcomes. Government will be dealing with these issues going forward, perhaps on an accelerating basis. Commercial, non-military drones represent a front edge of, and particularly difficult manifestation of, machines with their own decision-making capability and autonomy.



NASA exoskeleton designed for assisting astronauts.

Image: NASA.gov

Self-driving vehicles—Google has tested self-driving cars repeatedly, and proven the technology works well and safely, at least in limited real-world tests. Others are developing such technology as well, and it's likely to be in use within a decade, in delivery vehicles, public transit, and perhaps taxi services. Whether and how far these vehicles spread in the State Government is uncertain, but self-driving vehicles could serve in: long-haul trucking and delivery, road maintenance (e.g. mowers), passenger vehicles and public transit, among other areas.

Immersive virtual reality—Full, high-quality, virtual reality, and similarly, augmented reality are ideal for training, simulation, and could drive safe, remote-operation of emergency response vehicles and robots, among other capabilities. The technology is available now, but requires a level of bandwidth which may make it impractical in widespread use.



Emerging capabilities in virtual reality could transform work and communication

[Image source](#)

Tele-presence—similarly to virtual reality, multi-sensory telepresence can enable remote inspection, diagnosis, monitoring and other functions, but works best with high bandwidth communications. Its application is likely in security, law enforcement and other areas of public safety, but less certain in more routine state government applications.

Will the Maine State Government workforce grow or shrink?

Over the next decade, the Maine State Government workforce will likely continue its trend to smaller numbers. Beyond policy changes driving workforce reductions, technology will enable more productivity from fewer workers. It is not likely to be accurate to try to predict the outcomes in total workforce of adding technology and instituting other changes. Too much is uncertain. But other things being equal, including the size of the state's economy and population, numbers are likely to decline further.

However, if there is significant growth in the state economy, particularly in new industries based in new technology and with new business models, there will be demand for more workers in certain departments such as for experts in regulatory work, taxation, and economic development. That increased demand could offset further workforce shrinkage in other departments of government.

Model: Leading Futurists LLC.

Future work demand: the center drops out

Low-skilled work in:

- Maintenance
- Manual labor
- Personal services
- Health care

Available in-state supply, frequently filled by recent immigrants

Technology

Moderate-skilled work in:

- Management
- Analysis
- Training
- Editing
- Administration
- Customer service (live)
- Driving/logistics
- Construction
- Data processing

Loss of jobs creates long-term un- and underemployment

High-skilled work in:

- Subject matter expertise
- Communications
- Teaching/training
- Human interaction
- Design and creative
- Leadership
- Management

Short supply, hard to recruit, competed for

Part 4 draws together the many elements of change described here into scenarios of 2025 different 2025 outcomes for the Maine State Government's future.

Part 4: Maine State Government's Workforce in 2025: Four Scenarios

These four scenarios of possible conditions existing in the Maine of 2025 offer pictures of different futures in which the state government's workforce could be required to operate and serve the citizens. These stories explore "what if?" ideas about the future. They should not be taken as forecasts or predictions.

The four scenarios:

Scenario 1. The Senior Civil Service 2025—Setting an international example for an active and productive older workforce

Scenario 2. Virtual Maine 2025—Maine leaps forward into online government service, embraces technology to build more community, social focus

Scenario 3. New Economy Maine 2025—A technically expert, younger government workforce backs a growing high-tech economy in the state, and

A CAUTIONARY TALE

Scenario 4. A Workforce Left Behind 2025—With fewer employees, government workers struggle to serve the state's many and growing needs

About scenarios

Scenarios are a tool for exploring future possibilities, and communicating ideas about the future that are worth thinking about. The stories each describe a potential future that might be shaped by trends and changes occurring today. Strategic planners in the private and public sectors often use scenarios as preparation and input for their work.

Highlights:

- Maine has many possible futures that derive from forces shaping the state's economy, its population demographics, its culture, its government service needs, and its citizens' energy and innovation
- The state has options in shaping how these forces play out that will affect the future of people who work for the government and are served by it
- Almost all of the possibilities demand greater investment in education and skills training for its citizens and government workers
- The government's work, and its services, will use emerging technologies extensively, and in innovative ways
- Like other states, Maine will have to operate in a wider and more interdependent world than it has historically

Caveat: Like almost all government workforces, Maine state government's workforce must operate within structures that can be more restrictive and less subject to change than those of private sector workforces.

Scenario 1. The Senior Civil Service 2025

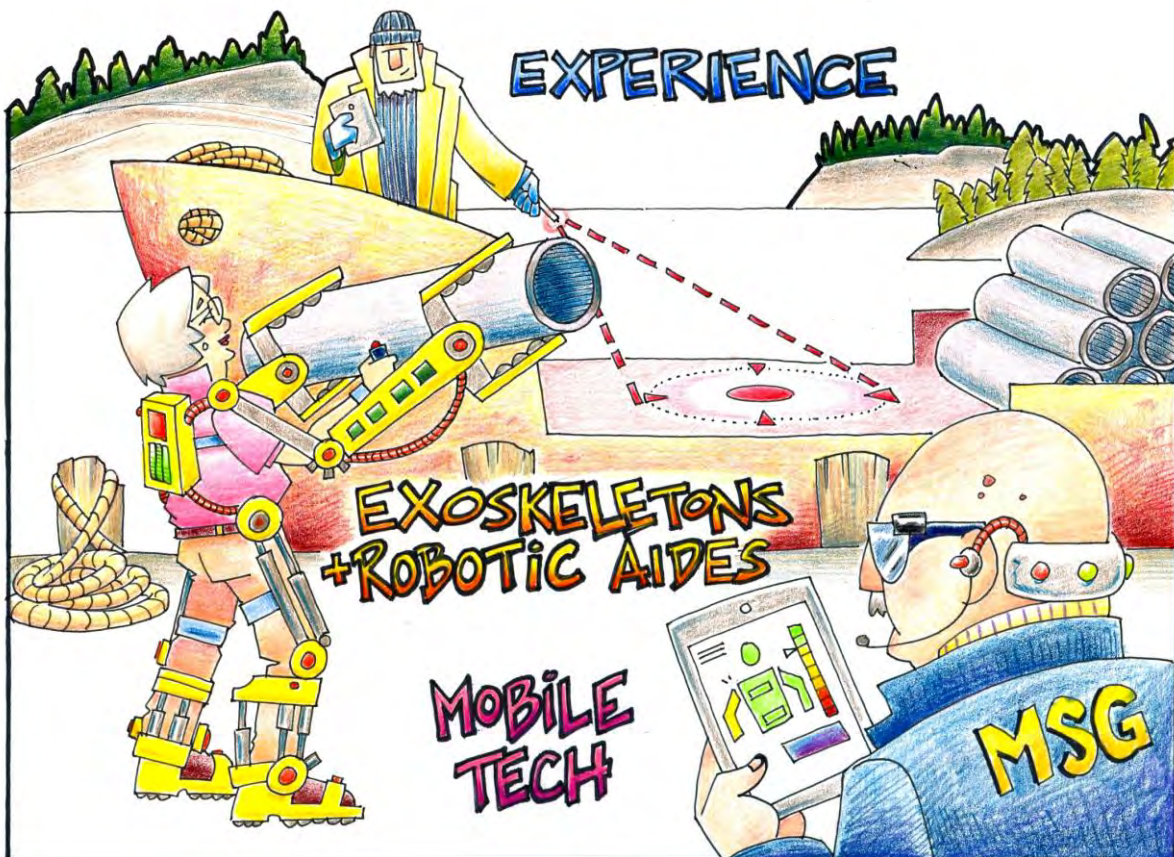


Image: Simon Adams

Setting an international example for an active and productive older workforce.

Assumptions about 2025:

- The state continues its demographic trajectory to an aging workforce and an aging population
- For the most part, Maine's aging citizens are assumed to be healthy, active, and economically productive
- No large influx of immigrants (usually assumed to be younger than the existing population) arrives
- No large influx of young people moves to, or creates new businesses in, the state
- Maine increases its attractiveness to retirees, especially among the 50+ population of the US and overseas.
- The state government has embraced its older workforce, and made it an internationally-recognized model of productivity and effectiveness

What happens by 2025:

Captured from a livestream presentation at the National Governors Association Annual Workforce Performance Awards dinner, remarks by the Director, Department of Administrative and Financial Services, Maine State Government

“Our 7,000 Maine state government workers who tirelessly contribute their talents to our state’s work are an example of an active and productive older workforce. A typical state worker in Maine may stay on staff until his or her 80s if he or she feels good, and enjoys the work. We actively recruit 50+ state government veterans and experienced business professionals from other states to benefit from their experience and knowledge. New-career-seeking seniors come and see us in action. Human resources executives from private industry and government visit to learn about our practices. We are very proud of our training, retraining, education and funding programs for the 50+. Maine is recognized nationally as one of the best places to start mature careers and new businesses.

To adjust and enhance the work experience we’ve redesigned the work and work settings. Of great benefit for many of our more physical jobs are the devices we make available, such as exoskeletons, autonomous vehicles, and robotic aides. State government workers provide round the clock service so our citizens do not have to leave the comfort of their homes to contact or interact with their state government. Wherever possible, the state’s programs are self-serve, with our cheerful staff online and on-call if their help is needed. Citizens can use its services at any time, through Internet and mobile technologies, many of which have been adapted for greater ease of use. Most of our workers have flexible hours, can work from home in or outside of Maine, and frequently share jobs with colleagues to ensure full 24/7 coverage.

Our dedicated Senior Corps unit is committed to managing programs and services for the other face of aging, the so-called “vulnerable minority.” The Senior Corps sets industry standards, recognized and adopted by other states, for stay-at-home-care, and DOL staff collaborates with UME educators to establish training certification requirements for in-home-care workers. The in-home-care program relies on advanced remote technologies; many of the hand-held telemedicine devices used by program graduates are the result of joint MSG and private sector Technology Challenge Grants.

As you might expect, much of our focus in supporting higher education and medical research is aimed at ensuring greater longevity and active health for our citizens. MSG workers are among the many older students at Maine’s institutions of higher education and its technical training institutes. Senior Corps workers teach advanced courses, especially in applied geriatrics, where new developments in service technologies and delivery migrate into Maine’s workplace programs. Our own in-state industrial program leads in technologies for enhancing aging life and work, including robotics, assistive devices, and in illness and injury prevention programs aimed at extending productive lifestyles. Maine was a finalist in the 2024 “Third Age Innovation Awards” for DHHS’ mobile device app that triangulates health care, transportation and insurance management for critical care situations.

On behalf of our citizens and our hard-working staff, we thank everyone for your support and this award as recognition of our workforce initiatives. It’s truly earned!”

Key implication of this scenario: The Senior Civil Service 2025

For the greatest possible success with an aging state government workforce, Maine will need to learn how to maintain the productivity and engagement of older workers, not by “accommodating” them, but by embracing their value, productivity, knowledge, etc. and by creating ergonomically sound work.

Sources, references:

Florida’s experience is reviewed [here](#)

Scenario 2. Virtual Maine 2025

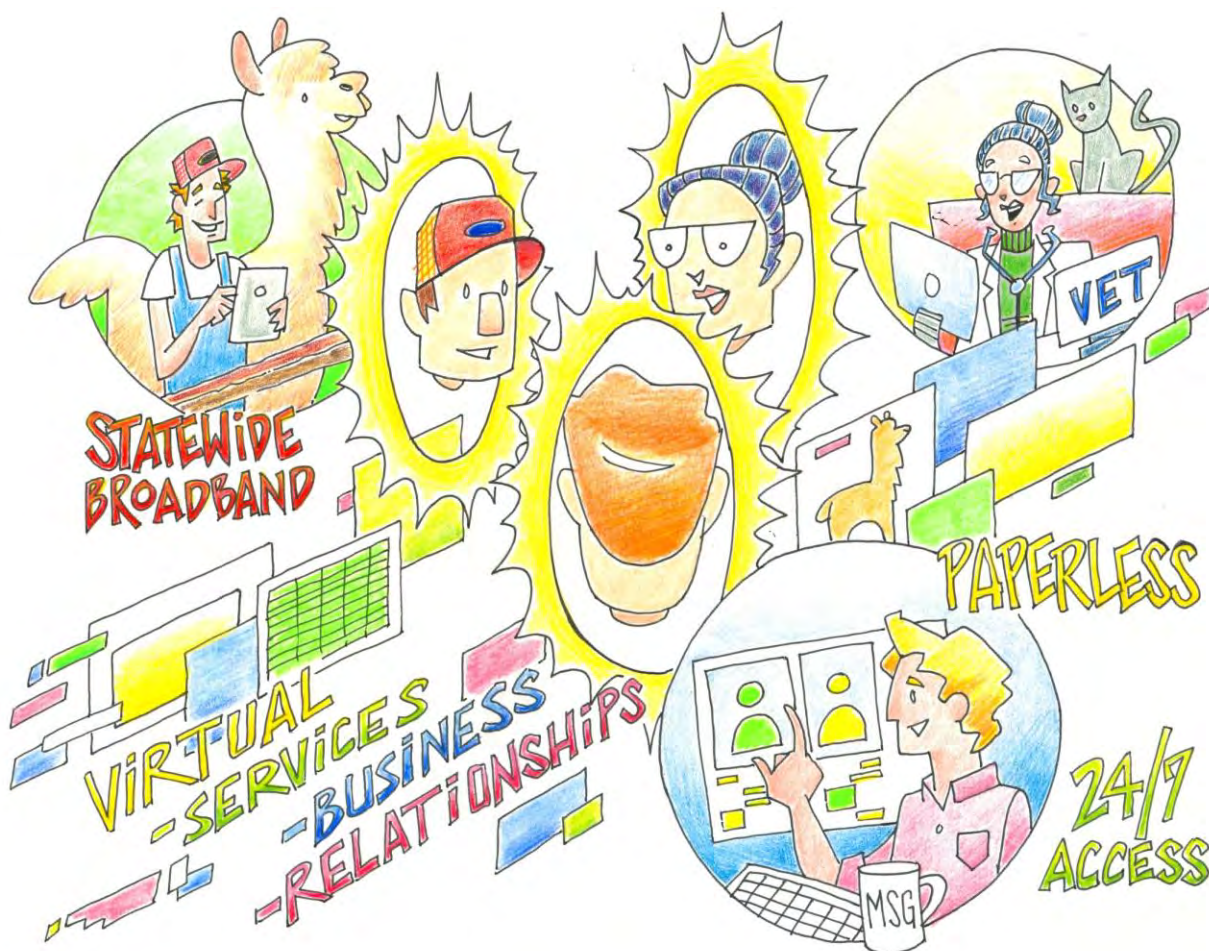


Image: Simon Adams

Maine leaps forward into online government service, embraces technology to build more community, social focus

Assumptions about 2025:

- Digital technology has continued to spread in all aspects of work, commerce, and daily life
- Emerging mobile communications technologies enable and enhance connections among people and governments
- A televideo connection is available 24/7 with people in critical state government departments
- Every citizen has their own personal ID and password to communicate with government, and their choice of how much is private and how much is shared.
- Taxes, permits, licenses, requests for service, etc., are filed online, 97% of the time. State systems are 80% paper-free
- Online data handling software has improved to the point where the state can use it to anticipate and predict fluctuations in the need for services, and in many other aspects of government work

What happens by 2025:

John Standish: Reflections on My Year in Maine, posted on social media account(s)

“As an intern in the state’s social network program in the Economic Development department I was physically actually there. The outdoor time I spent was magnificent and I met some great people. I’m still working for the state designing user apps for citizens to advertise, and find others with similar needs or interests. With fewer geographic limits on work these days you have more choice of where to live, so I’m back in Ohio, at least for now. But I digress, as my father used to say, so here are a few highlights:

Maine is the first state to have all-virtual government services. That’s why I wanted to do the internship after I graduated from UME. All services that can be are delivered online. Even when I was in Maine, I’d meet with colleagues by video. Any citizen can meet and with the Governor’s virtual self, 24/7, and it will report back your concerns to her staff, the relevant department, or to her. Hardly any 3 AM conversations are needed. Everyone knows they have a listening ear in government. For the first few months in 2022 the system was overwhelmed. People had a lot of topics to take up with the Governor.

Some Mainers just won’t or can’t use the technology, and you have to be ready to serve them the old-fashioned way, with a call, an email, a visit. But most people will go online so we can get a lot done. The intelligent systems we use line up the “tough cases” for human action, as needed, and usually deliver a screen on the essential information you need to solve that citizen’s problem or answer their question. Those non-cyber citizens are not invisible—the system knows who they are and what they’re about.

The Governor isn’t the only one with a “persona” in virtual government. Every Mainer can have his or her own virtual person acting for him or herself in the Maine State government’s easy-access system “MyMainer.” Health care, jobs, online-training, education, licensing, aid, policing, tourism, etc., are all included in the resources to be accessed.

More informally, the statewide social network that I got involved with, “MeetMainers” helps people find others with similar interests, ideas, projects, businesses or abilities to solve problems. I helped develop training for all ages to become comfortable using their MyMainer and MeetMainers access. We’re currently piloting the use of selective advertising in some government apps as a revenue stream.

I applaud the state government for recognizing that in the digital world, new business needs excellent digital, virtual, infrastructure and support. Maine is the “start-up state” for many new businesses, especially those with a sharing and joint-use philosophy. An app I developed helped owners of alpaca farms share expensive shearing equipment. Sharing these mobile shearing stations reduces overhead and is a source for sharing knowledge about alpaca breeding, care and industry updates.

Regulation of this shared economy is still contentious even today because it implies overturning a lot of established business practices. I think that because Maine has a strongly community-based culture it has been more friendly to shared spaces and services than other states might be.

The work I really liked doing for the state was in making these virtual government systems friendly, more human, and more satisfying. I think people were worried when we started that the technology might be convenient to use, but distant and uncaring. Not true at all. Using today’s capabilities in emotional computing, most of your experiences with government can be as pleasant as you want them to be—providing they are legal, of course!”

Key implication of this scenario: Virtual Maine 2025

The state has to develop a technology-based service strategy, and bring its workforce and citizens up to speed as communications and data-handling technologies evolve.

Sources, references:

Estonia, with a population the same size as Maine’s, has embraced the paperless, online society in government and society and has pioneered in virtual, online IDs. [\[Source\]](#)

Scenario 3. New Economy Maine 2025



Image: Simon Adams

A technically expert, younger government workforce backs a growing high-tech economy in the state

Assumptions about 2025:

- Global market opportunities available in a changing world support new industries
- Maine develops 'open for business to the world mentality' by welcoming cultural diversity in business and population
- Entrepreneurs and investors in new high tech and service start ups, new agriculture, and alternative energy—wind, solar, and waste-to-energy—move to the state
- Experts in new and advanced technologies and industries (medical, food, aquaponics, biotech) are recruited into state government
- Infrastructure investments are seen to be necessary for logistical support, typically in shipping, improving ports, highways, railroads, and high speed broadband
- Small-scale pilot projects help local citizens grasp and build on the business opportunities
- The state's higher education system supports R&D for new industries and business start-ups
- Alliances between government, industry and higher ed share the cost and benefits of innovation
- Sustainability goals (for the new industries) benefit the state economy through higher efficiencies, fewer maintenance problems, less negative impact on natural resources and by attracting knowledge workers and young workers to the state

What happens by 2025:

Government Workforce Report: 10 years of economic growth!

Over the last decade, Maine's revolution in small-scale smart farming has been the leading edge of a new economy in Maine. Seeing an opportunity, the state's economic development initiative acted as a tech transfer intermediary between new (mostly young) farmers and the state's emerging bio-research facilities. In 2024, Maine, New England's leader in total annual food production, leapt ahead of Delaware, Hawaii, and New Jersey (USDA).

The annual "greenest Maine communities" contest run by the Dept. of the Environment is in its 6th year, with 25 communities competing, half of them in the contest for the first time

Following this successful example, the state's support of new high-tech ventures in Maine has engineered a comeback in manufacturing and exporting, largely led by younger entrepreneurs. In this new model of government/private partnership, a cadre of state experts acts as ambassadors, seeking out global markets, conducting virtual and in-person trade missions, and finding global talent for the state's high tech businesses. A great example is the Maine On-demand Marketplace™, where companies collaborate to produce products to order for a regional customer base. Maine has sixty of these small-scale manufactories. Many have moved into the old mill structures in towns such as Bucksport and Fairfield. Maine's CONNECTMe authority signed off in 2020 on its responsibility for bringing highspeed Internet access throughout the state, which makes many smaller towns more attractive for start-ups. The new businesses are in biotech pharmaceuticals, nanotechnologies, new medical devices, advanced bio-based materials like smart paper, and soft robotics, etc., not old-style assembly line production.

Sustainability is important to our new industries. This fits our culture and values. Maine's beautiful heritage encourages us to lead in efficiency, in carbon-reducing practices, and as a showcase for alternative energies. Our self-reliant communities welcome sustainable, no-waste industries, urban agriculture, fish management, etc. Ecological modernization needs investment and new ideas. We believe we are well on our way!

Coastal development has enhanced the new economy, with more shipping, cruises, transportation, containers to southern ports, joint ventures with other countries, such as Iceland, etc. Tourism benefits as well, with the building of new facilities.

This reversed young Mainers' exodus. And they don't all settle in Portland, either. With the new vitality of coastal Maine and with tech jobs available, educated young Mainers want to stay. Funds from the Workforce Innovation and Opportunity Act (reauthorized in 2015 and extended through the decade) aided Maine in training technically-adept young workers. Also, the ReMain(e), Return, Relocate effort by BHR seems to be paying dividends. More young Mainers than ever remain here to work and start businesses. Further, the return incentives are bringing back Mainers with their families just as the relocation incentives have enticed hundreds of people from other states and countries who are now thriving in Maine.

What does this mean for the state government's workforce? Designing policies and programs to remake the state's economy has required innovative approaches. One model is to allocate people to tasks in new ways. Like new manufacturing, much of the state's work is "on-demand." A young state worker may have many "jobs," that are done on-demand, and use the skills he or she has. This approach to staffing enables the state to use its smaller workforce more efficiently, with less downtime and make-work. Younger workers prefer this style of working; it offers job variety, develops more and different skills and enlarges their social and professional networks across MSG. This approach to 'on-demand' work is highly desirable since social capital is now an evaluated competency.

Key implication of this scenario: New Economy Maine 2025

Encouraging new industries and new people to come to the state, as well as fostering international business growth, will be critical, as well as undertaking monitoring, regulation, and licensing as entirely new forms of business and production emerge.

Sources, references: Germany's experiences with 4 decades of green economic transformation are [here](#). Maine entries in the Database of State Incentives for Renewables and Efficiency are [here](#).

What the first three scenarios say about the future

The scenarios described here are all aspects of potential futures for the state's government workforce, and its work, with considerable overlap, particularly in technologies, in their stories of 2025.

Three primary factors distinguish the scenarios. In Scenario 1 it is demography: the state has embraced an older government workforce and learned how to maintain excellence in its services as that workforce ages. Robotics and remote online services are brought into play to improve life and work for all.

In Scenario 2 it is technology: Mobile technology use drives almost 80% of MSG services. As a result the state can work with smaller staffs with higher coverage and productivity, and more choice of work hours and places. Each citizen has a personal identity and place in the state's virtual communities.

In Scenario 3 it is enterprise: the state encourages and backs start-ups and new models of high-tech and sustainable industries, at least partly as a strategy to bring younger, skilled workers to the state. Moving the state to a more technically-based economy also implies a relatively rapid generational transition in its own workforce.

A less desirable alternative future

Scenario 4, which follows, is a cautionary tale of what might happen if few changes are made, either in the state government's workforce and delivery of services, or in the state's economic conditions. It's not intended as a plausible future, just a gloomy one. Being old is the norm in this Maine, with possible industries such as health care being a primary economic engine.

Scenario 4. A Workforce Left Behind 2025

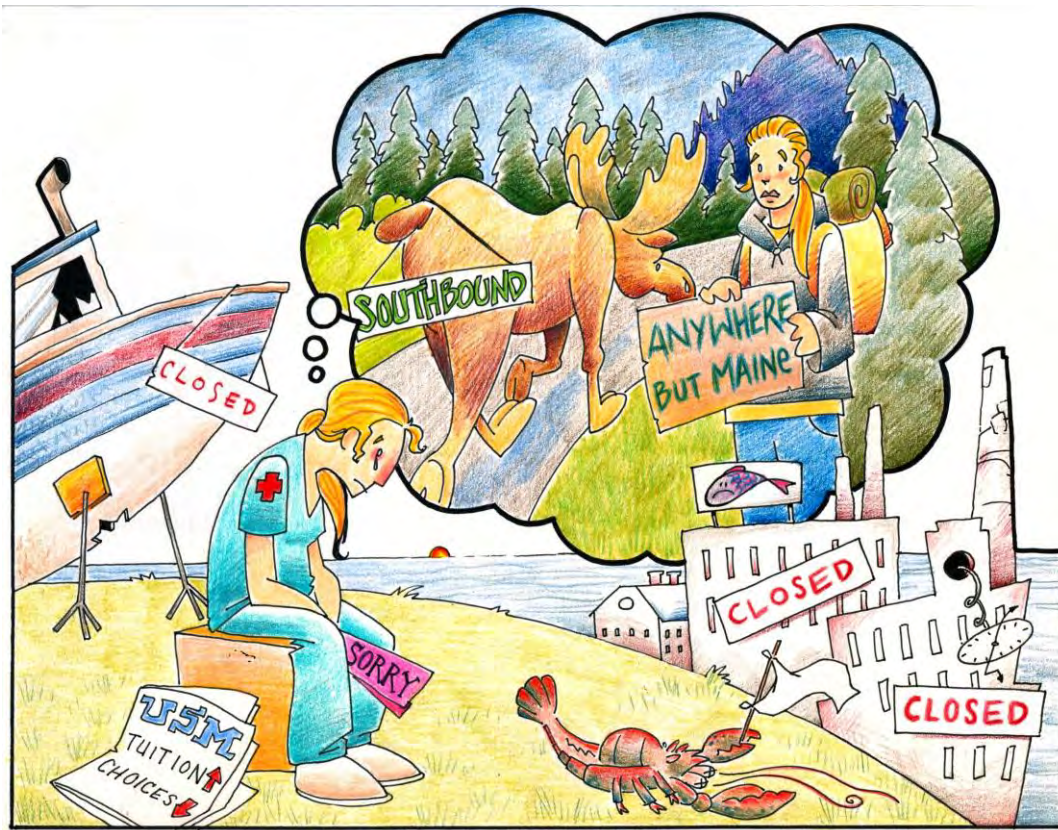


Image: Simon Adams

With fewer employees, government workers struggle to serve the state's many and growing needs.

Assumptions about 2025:

- Resistance to change is high in industry, the environment, taxes, education, state government
- Only limited investment in the state's economic development has taken place
- The exodus of young people from the state increases, especially as higher education budgets are trimmed every few years
- Century-old Maine businesses often associated with the state, have moved out of state
- Un- and under-employment numbers persist at high, after the mini-recovery in 2014-2016, partly due to loss of Maine's traditional industries. Fishing is a declining industry, and possibly signals the end of an era.
- Healthcare is the only sector that continues to grow
- Efforts to increase jobs, promote start-ups, and develop local industry have only some success
- The state's aging increases more rapidly as retirees flee Florida's storm surges and move to Maine
- Investment in infrastructure, education and alternative energy is less as a growing share of state revenue supports assistance programs
- Increases in needs for and demands of social services from the state's low-income population

What happens by 2025:

Are we Forgetting our Young People? by Hilda Stewart (op ed e-Portland Herald, Oct 15, 2025)

We have to give kudos to our state government's workers for improving and maintaining services to our older population. The 5,000 people in the state's employ last year all have capabilities in geriatrics. Any of them can recognize and deal with the problems of elderly citizens as they arise in their departments. People continue to retire to Maine and enjoy its favorable tax structure and its friendly environment. They bring income to the state. And during their productive years they fill important tourism jobs, along with the temporary workers from Eastern Europe. They also start and run small businesses.

But let me introduce you to Annie. Annie is a member of the state workforce but is also one of our increasingly forgotten young minority. She's 24, lives in Aroostook County. She freelances as a visiting nurse for the state, has graduated from a two-year medical e-degree program at U. of M, and gets her assignments from her online portal most days. Her caseload consists primarily of the elderly, performing services virtually and in-person through the KeepMeHome program. She lives with her mother and grandmother. Eats dinner with her family at home every night. Most of her friends have left for jobs away, so she doesn't have much social life. Her clients are fond of her, but even knowing that, some days she feels isolated and depressed.

If you haven't been upstate lately, you may not realize that beyond our coastal areas, poverty is high. Most communities are finding it difficult to provide services for their aging and their poor populations. They look to the already-pressured state workforce for help, but beyond a few internships and summer programs, it has little to offer young people like Annie. Of necessity, the state has had to outsource much of its work that doesn't depend on being in-state, which further reduces options for young people like Annie, who doesn't want to leave her family.

Annie could possibly get a job on a cruise ship for part of the year, if she and her mother didn't have to share care duties. If they can find alternative care, the state will enable her to participate in a work exchange program try to give her a few months free to work elsewhere. The idea of a working vacation on a cruise ship appeals to Annie.

Annie's isolation, though typical for many young people upstate, isn't her only problem. Tourist work is often seasonal and without benefits. The cost of maintaining the beauty of many of the state's attractions is rising, mostly due to the effects of climate change. There are also fewer students in the State's higher education system, with student loans more difficult to get, and the choice of degrees shrinking. A shrinking education base is one reason why businesses are reluctant to come to Maine, for lack of an educated and skilled workforce. Those younger farmers who migrated to the state in the last decade to start 'locavore' agriculture projects, for example, now find it difficult to sell their food to restaurants and stores in Portland and elsewhere. Most now aim their trade at Boston and New York.

As one of the smallest state workforces in the US, much of the government's work has been farmed out to the private sector or contracted to out-of-state contractors and services when particular skills are missing in-state. Most government workers have other jobs that they turn to for part of their income, with a consequent loss of initiative and innovation in many departments.

Like many other young potential future contributors to the state's vitality, Annie's options are limited, either as a government worker, or as a citizen. We need to do more for Annie and her like so Maine becomes a place where young people want to stay.

Key implication of this scenario: A Workforce Left Behind 2025

If present trends continue without new initiatives and policies the state may become an aging backwater with few, if any, opportunities for work or enterprise

Sources, references: Rapid aging in the state: current estimates [here](#)

Part 5: 2025 workforce requirements

Many of the HR recommendations we make are already in place to some degree. However, these approaches to talent acquisition and management can be updated or improved using new technologies and information channels, such as apps on mobile devices, social networking and YouTube videos. The opportunity, going forward, is to seek out and encourage innovations that will reshape HR practices for building the best-in-class workforce of 2025.

Looking out to 2025: Obstacles, challenges, threats and opportunities for the Maine State Government

A view of Maine's future suggests plenty of challenges, but also opportunities for Maine and its state government to advance its workforce.

Obstacles, challenges, and threats

- Twin brain drains: loss of younger talent to other states, loss of older talent to retirement
- Continued war for talent with other regions and the private sector
- Hard-to-find skills in new and critical areas, e.g. data analysis, emerging technology
- Limited capacity of the state education system to prepare workers for 2025 demands

Opportunities

- Make the state a “haven” for desired talent, based, e.g. on specific needs and preferences rooted in values, life stage, etc.
- Harness leading edge technology for government, achieving much greater efficiency and creating a powerful draw in recruitment
- Innovate in government structure, staffing, and leadership to embrace trends, relax rigidities and redefine state government work to enhance mission and employee satisfaction
- Make the state “best in class” as a government employer, to enhance talent recruitment
- Offer returning Mainer incentives
- Build excellence in harnessing the talents of an older workforce

Workforce requirements for 2025

The first four parts of this report describes trends and scenario stories shaping the possible future work of Maine state government. The following describes 2025 outcomes implied for that future workforce, in more detail.

Workforce requirements 2025

- **Lean / effective.** 2025 state government workers' capabilities portfolios include: multi-disciplinary knowledge, inter- and intra-personal skills, creativity and innovation, problem solving, self-directedness, and technological competence. These workers functional well in fluid settings with continually changing work priorities and goals, moving into and out of stable, ad-hoc and virtual teams. Workers often transition into and out of leadership roles, as defined by the task or assignment. The annual 'Organizational Effectiveness Survey' measures citizen

satisfaction, operational efficiency, goals achieved, and progress towards sustainability. The survey's results are included on the MSG dashboard.

- **Digital workers / data analysis.** Workers use technology seamlessly to interact with citizens, mastering devices connecting and engaging with the digital world. Workers retrieve, analyze and use data to solve complex problems, and rely on interpretation of data to predict and anticipate services' design and needs. Some workers design apps and/or systems, others manage or maintain the technology; still others teach other MSG workers about technology's leading edge products and services and how they are adapted for use within state government.

Workforce requirements summary

- Lean and effective workforce
- Digital workers/data analysis
- Age diverse work plan
- Continuous learning and development
- Intelligent innovation and change
- Employment relationships
- Cultural fluency and global competencies

- **Age diverse work plan.** An age audit, completed in 2015, revealed an imbalance of workers' ages with a significant skewing of workers beyond age 50+. A rebalancing plan has extended employment of retirement eligible and older workers long enough to build a replacement workforce of younger workers.

The plan encourages workers 50+ to remain on the job by adjusting work, and work settings to maintain productivity and efficiency. Educational programs shift attitudes and practices to support aging workers. Older workers lead and manage MSG legacy operations providing the time needed for HR to recruit, develop and position the next wave of younger workers. Additionally, the plan redefines primary working ages from 24-54 to 24-75+ creating an age-positive culture now enjoyed by the 50+ workforce.

- **Continuous learning and development.** Workers continually update technical and work knowledge, skills and certifications to keep up with evolving expectations and needs. Learning is offered, accessed, gained and evaluated in a 24/7 environment with instant feedback on learning mastery. Learning, at the individual, team and organizational level is captured, stored and available for the government workforce through enterprise-wide knowledge management systems. The speed and mastery of learning influences workers' access to future assignments, job opportunities and salary increases.
- **Intelligent innovation and change.** Workers are responsible for using innovation to work smarter and better as shifting challenges reset priorities, resources and time. The flow of work is more fluid, and change is anticipated and planned for in managing work. Project management rests on multi-dimensional work efforts utilizing rapid prototyping, simultaneous solutions, crowdsourcing and when necessary, the outsourcing of innovation to solve irregular or sustained problems. The pace of change is marked by continual, daily adaptations involving incremental changes, accompanied by irregular bursts of substantial transformations in work and workflow. Collaboration is required as more work involves others, within and outside of government, as they engage in innovating and problem solving.
- **Employment relationship.** Employment categories within the 2025 state government range from full-time that includes essential, core, operational to part-time that includes temporary, ad-hoc, situational and seasonal. Regardless of employment category, MSG talent recruitment efforts find and evaluate candidates for the right fit, often placing greater emphasis on the 'potential to perform' rather than actual past performance. This is most relevant for new employees aspiring to longer-term employment, as more workers rotate between departments as workloads shift and priorities change.
- **Career path.** Workers self-direct and self-manage their own career paths. Multiple options exist for career growth. Some paths lead to the leadership pipeline, other career options entail varied

work experiences and opportunities designed to keep workers engaged rather than upwardly mobile. The organization provides development options that align workers' interests with the organization's work goals, thereby maximizing worker efforts that support meeting goals and mission.

- **Cultural fluency and global competence.** Workers are aware of global current events and demonstrate specific cultural competence in countries that Maine considers its trading partners. Of particular importance are Maine's northern neighbors in Canada and Iceland. Within the US, Hispanic language and culture is a larger force in many aspects of the US economy.

Workforce requirements 2025 – Key implication

The workforce of 2025 will span five generations – 18 to 75+ – by design, not by default. Workers will be expected to value learning, and be held responsible, and accountable, for using that learning to enhance and innovate. Technology will be both a means for getting work done, and a familiar presence at work. Workers comfort with, and inclination to use, technology will make it a valuable co-worker. Workers' relationship with state government will be characterized by relationship status and less by where, how and when work is done. Careers choices and mobility will be guided by the individual but aligned with the organization's needs and openings. Maine will influence, and be influenced by, a global economy that operates across borders and time zones, thus requiring knowledge of other people and cultures.

Part 6: How to get there – workforce 2025 development strategies

This section lays out the “what to do about it” conclusions and implications for this report, giving potential strategies and actions around training to maintain skills, succession, knowledge/skill/degree requirements, recruitment, and retention.

Workforce 2025: training to maintain knowledge and skills

A successful 2025 State Government Workforce would need ongoing training to maintain knowledge and skills. Areas of focus would include:

MSG training	Maintain knowledge and skill
Current and emerging technology, data analysis	Technology and digital literacy, including awareness of new/emerging technology. Maintain competence in the use of technology for performing work, citizen interaction; ability to manipulate data for decision making; design and use of metrics and measures to assess performance, effectiveness of people and work systems
Human relations, cultural diversity, global competence, intergenerational awareness	Work effectively with diverse people/different age cohorts; customer service, collaborate in-person and virtually; group problem-solving, decision-making
Public relations, public education and outreach	Ability to communicate, solve problems, build relations with individual citizens and communities; Ability to educate, train and inform the public about public policy, regulations and decisions; Ability to use virtual, social media, print and verbal communications effectively
Talent management practices and us and international labor law	Perform people management practices across the talent management cycle; maintain familiarity with and competency in employment laws and requirements for domestic, international workers; engagement and management best practices
Federal and state legislation	Understanding of current and emerging laws and regulations relevant to department and professional focus. Fluency in Federal and state regulatory software and systems
Human performance across the lifespan	Updated and current knowledge about maximizing human performance and health across the lifespan

Workforce 2025 – training to maintain knowledge and skills - Key implication

Workforce readiness in 2025 assumes a cluster of important attributes: learner, interpreter, communicator, connector. Workers will need to: learn about emerging changes that affect their work, interpret the implications of the change for a wide audience, communicate the relevance and importance of that change, and connect with appropriate social networks impacted by the change. Workers will be savvy operators within the regulatory, legal and programmatic context of their work.

2025 current succession plan and strategy: key components

Getting to a ready and able 2025 workforce suggests changes to current practices in workforce selection, development and utilization. The following sections discuss ways to strengthen existing HR practices, and develop a more suitable and different workplace that appeals to younger generations' preferences and expectations of work.

Succession planning: reduced risk and cost savings

Succession planning for the Maine State Government is critical – by reducing risk, and essential – by saving money. Leaders within the state government workforce should reduce risk by ensuring that no one person, who retires or exits the organization, can effectively impair government operations from meeting its goals. Since MSG has a substantial number of retirement-eligible employees, at least some departments are at significant risk of underperforming unless a pipeline of talent is ready and able to assume permanent positions. In some cases, temporary or interim leaders may assume the duties until a permanent successor is found.

To reduce that risk, MSG needs to identify 'organizational critical' or 'core employees', across departments, whose work is essential to the department's functioning, then identify and develop successors in preparation for the eventual departure of the key talent. Succession planning is for leaders and non-managerial positions deemed vital to operations as well.

Replacing workers comes with many costs. It is more cost effective to plan for a replacement than to hire in a crisis. It starts with time (salary) of all those involved in the hiring process from HR through line management, and includes lost productivity of the person as they prepare to leave, and the reduced productivity as a new hire becomes fully competent. There are indirect costs as well, often involving outlays for recruitment, covering for people involved in the hiring process and added work burdens of co-workers picking up the slack till the newly hired is fully functioning.

However, hiring in a crisis can be even more costly. It can result in paying more for an immediate replacement, or paying for temporary help while seeking a permanent hire. Or worse, making a quick but poor hiring decision that ultimately results in lost productivity, wasted time or results in incalculable costs of lost trust or expensive, wrong solutions. Succession planning is insurance against unforeseen departures of 'core employees' so that even when it does happen, the talent pipeline channels a skilled, ready and motivated replacement.

Succession planning process not only insures against critical MSG work slowdowns or interruptions, but it serves as a strong recruitment and retention tool. Development opportunities and advancement are important career aspirations for younger generations, and clear upwardly mobile career paths are strong motivators for middle-aged workers to stay and invest in their future.

Succession planning strategy for 2025 workforce

Succession planning is the process of identifying and developing successors for key positions. It is a combination of replacement planning and development planning, intended to create a pool of prepared leaders who can assume greater job responsibilities when the time comes. Movement out of leadership ranks can be anticipated (retirement) or unplanned (termination). Either way, succession planning creates a pool of developed talent that can fill part, or all, of the leader's job requirements until a successor is found. Sometimes the successor is temporary, and part of a gap plan to find a permanent

replacement. Other times the successor is promoted based on prior development and demonstrated ability to function in a higher position.

MSG's strategy for creating and implementing a succession plan involves six steps:

1. **Identify future workforce needs** on at least a ten-year horizon, including changing skill sets, and future work requirements for the MSG workforce.
2. **Understand MSG context**, identify what is unique or different about Maine's work culture today, and in the long-term, that influences how a succession plan is designed and implemented.
3. **Identify 'core' or 'critical' positions** within each department, engaging senior management and leadership in analyzing what work or positions would seriously undermine, or prevent, departmental work from meeting its goals today and over the next ten years.
4. **Create successor plans** for each 'core' position. Successor plans describe the strategy needed to develop at least one, preferably more, successors. The plan likely will recognize changing requirements over a multi-year time horizon for the jobs. Choosing the best successor strategy is often influenced by time and money. In some instances, the successor is needed immediately so one is recruited (*buying*) often from the outside since internal candidates are not likely available. In other instances, there is adequate time to develop (*build*) a successor through developmental programs. Sometimes a successor is needed but for a shorter term, in which case the talent can be hired on contract (*borrow*) without long-term investment in salary and benefits. As the replacement timeline lengthens, successor plans need to be agile, flexible to allow for changing requirements as new needs emerge.
5. **Engage all the stakeholders in the development process.** In order for the (build) strategy to succeed, all stakeholders - candidates, HR, line managers and senior management - need to support the development process. Candidates in the development program need both extra time and reduced workloads while engaged in learning, plus additional time back on the job to apply the learning, and participate in coaching and mentoring. Some positions involve a longer development horizon, perhaps 2-5 years, due to the complexity of knowledge and experience needed.
6. **Monitor and collect outcomes and performance metrics.** Individual candidate data needs to be collected on: learning effectiveness, readiness for increased responsibilities and performance of applied learning back on the job. Collection of program evaluation data is important to discern the ROI of development programs, impact on talent retention, and adverse impacts of leadership and SME vacant positions on organizational performance. Recognize in monitoring outcomes that there will be further emerging and changing needs, these needs should inform future decisions about the use of workforce planning resources to build a robust, competent 2025 workforce.

Succession plan strategy - elements

1. Identify future workforce needs
2. Understand MSG context
3. Identify core positions
4. Develop successor plans (Buy, Build, Borrow)
5. Engage stakeholders in development
6. Collect outcomes and performance metrics

Succession planning components for 2025 workforce

Key succession plan components essential for preparing the 2025 workforce.

- MSG's 2025 succession plan needs to be **formal**, with clear and consistent mechanisms for candidate selection. The planning process involves a shared responsibility and

Succession plan components summary

- Formal and transparent process
- Wide and deep reach into the organization
- Robust development program for knowledge and skills
- Competency based leadership model

accountability with clear roles and expectations for everyone involved: the program candidates, HR, line managers and senior management. A clear process for success is also a draw in worker recruitment and a point of appeal in retention.

- The 2025 plan needs to **impact workers far and wide** inside MSG. It should cover key management positions across state government, as well as reaching deeply into the organization to the frontline, supervisory levels. In some instances, subject matter experts (SME's) with industry specific knowledge and skills may need a separate development track. A parallel track may emphasize people and teaming skills, but not focus on leadership competencies necessary at the enterprise-wide level. Where and when new areas of focus or succession tracks emerge, based on changing requirements, the state should be ready to build and augment the succession pipeline.
- The development part of the succession plan should be comprehensive and include **essential development elements**: formal training, assessments, timely feedback on learning mastery and performance, and ample opportunities for on-the-job assignments, and access to mentoring and coaching. The learning methods will likely involve face-to-face, virtual and web based formats, emphasizing collaborative learning and problem solving. New technologies will likely improve the development process through more rapid learning, faster problem solving or greater collaboration – all efforts to improve the speed and efficiency of the learning curve.
- Finally, the succession plan has to be based on **shared views of a 2025 competency model**. MSG leadership and HR need to agree on what constitutes effective leadership now and over the next ten years, and how leadership is and will be identified, evaluated and developed. Leadership competencies, or models, describe what is expected of leaders currently and in the future.

Workforce 2025 – succession plan, strategy, components - Key implication

Succession planning is insurance against unforeseen changes in 'mission critical' functions. It is the process of anticipating, and preparing for, open vacancies without undermining operations. Advance planning mitigates risk and reduces the cost of filling vacancies quickly or poorly. A succession strategy is wise use of talent management monies and resources to create a broad, deep pool of qualified talent in sync with the organization's mission and values. A succession plan is a transparent process of identifying, developing and preparing candidates for future work.

2025 workforce: knowledge, skills, degree requirements

Workforce learning qualifications in 2025 will be less about earning degrees, and more about gaining more and diverse knowledge, demonstrating competence, taking risks, experimentation, collaborating with larger social and professional connections. Many of these work activities will center on finding people and information, solving problems or building social networks.

The avenues for learning are changing and will continue to evolve as well. Currently, many two-year and certificate programs are replacing traditional four-year plus degree programs. Some institutions, outside of higher education, are offering competing, and alternative, programs for professionals such as for-profit educational organizations and professional membership groups. Additionally, there are more ways to learn such as online courses, self-taught options, workplace training and development, experiential learning for credit, and lifelong learning programs. MSG workers should be able to use appropriate options.

Baseline abilities for all workers

- *Technical fluency* with mobile and digital devices
- *Technical literacy* in using varied types of data, gaming, simulation, automation, AI, social media, cloud computing
- *Age competent* in establishing respectful intergenerational relations conducive to productive workplaces and satisfied citizens
- *Learning* as an intentional effort to actively engage in new learning, apply and share knowledge, contribute to shared knowledge base
- *Innovation and quality* responsibility to innovate in work and work systems to improve quality, reduce cost or solve problems
- *Data use / analysis* to obtain, interpret, evaluate and use different types of data to understand and solve problems.

Key knowledge areas: Aging, technology, business development, continuous learning and innovation, management and leadership, talent strategy and organizational stewards

Aging – an aging citizen base and workforce implies knowledge of lifespan aging issues, trends and needs. Aging citizens require services and programs that address their physical, mental health, safety, and housing needs. Maine’s 2025 population will have a larger than average share of the ‘vulnerable minority living in continuum of care facilities or aging-in-place. The continued growth of an aging workforce includes new and different attention to conventional practices of management, ergonomics, workplace learning, knowledge management, health and safety and performance evaluation.

Technology--A view out to 2025 shows that the waves of technological change will continue at a fast pace. State government workers need ongoing training and certification in the use of technology for citizens as well as the workforce. Beyond knowledge of conventional hardware and software systems, more mobile technologies and devices will be used and must be understood. Apps for these devices will be increasingly customized and widely available. Ability to protect personal and organizational information may lag developments in technology.

Business Development – potential growth over the next decade in businesses and entrepreneurship in Maine involves encouraging and supporting business development, including start-ups, connecting employers to a ready, skilled workforce, and providing timely and convenient access to state services involved in the business lifecycle. Economic growth also entails extensive outreach, education and ongoing relationships with the economic community.

Continuous Learning/Innovation – To meet current, emerging, and future requirements, given the pace of change in technology and other areas, all state government workers will likely need to be engaged in ongoing professional development for job content, technology and interpersonal skills, and held accountable for applying learning to solve problems, innovate and improve performance.

Management and Leadership – most 2025 workers will be expected to lead and manage initiatives, projects, teams or employees in a full-time or ad hoc capacity. The 2025 workforce will include workers who are geographically dispersed, living in different time zones, working virtually or onsite. Leaders will need to be masterful communicators, conversant with wide ranging communication forms and cultural habits of a diverse, possibly international, workforce.

Organizational Stewards--the state government and its work will be continually evolving, requiring staff with expertise in large systems redesign and development. Staff will match people and process, and look to maximize people and work systems efficiencies and effectiveness.

[See Appendix for further descriptions of Key Knowledge areas and associated learning and degree requirements]

Workforce 2025 —knowledge, skills, degree requirements - Key implication

The 2025 worker, regardless of job title, will be expected to demonstrate a baseline competence in: technology, interpersonal skills, communications, learning, change, innovation, data use and analysis. Expertise, by person or department, will be needed to set policy, implement programming or support citizens' needs in diverse fields such as: aging, business development, technology, innovation, talent management and organization redesign and development. These fields exist today but their best practices will be adjusted to a new and different context in 2025.

Workforce 2025: recruitment strategies

Recruitment efforts within MSG should focus on strategies to attract and hire the right talent to build for the requirements of state government. While competition for talent is likely, the state government is in a position to offer more than just salary and benefits to those interested in public service careers.

Specifically, public service employment in 2025 can offer: an opportunity to obtain broad exposure to various types of work, more upward mobility options due to the eventual retirement of its older workforce, and greater opportunity for knowledge sharing and mentoring as experienced workers engage in knowledge transfer activities. Equally, given the right work and workplace conditions, the state itself offers appeal to skilled workers.

Recruitment methods will evolve to leverage technology's ease and speed of recruiting with employer's desire to find the right fit with potential candidates. For time and efficiency reasons, recruitment screening will likely migrate more online, and involve more in-depth assessments across multiple forms of intelligence. The recruitment process will seek to match candidates whose values align with MSG. Particular importance will be given to candidates' interest in and willingness to learn, learning style, work motivations and teaming type.

The following strategies will improve recruitment outcomes for obtaining talent in 2025:

"Best in Class" state workforce

- Maine seeks to build and promote a "best in class" state government from the point of view of workers and potential hires by offering more flexible working options, a broader array of benefits and better professional development opportunities.
- Build MSG work competitive advantages--distinguishing work for the State overall and for specific groups: Millennials, older workers, women, returning Mainers, professionals with special work interests.

Recruitment strategy summary

- Build and promote "Best in Class" state workforce
- Outreach programs
- Technical-discipline specific training
- Recruitment Incentives
- Alignment of public service values "Government Matters"

Outreach programs

- Make better use of employment and social networks to broaden recruitment efforts; leverage social media, apps to facilitate recruitment process for younger workers; refine public relations toolkit (online) and print to include benefits and values of government employment; continue recruiting in professional journals, professional conferences, higher education institutions for older workers still vested in traditional forms of employment searches.

- Refine outreach programs that attract early talent by personalizing the experience (job-for-a-day, ride alongs) and offering immediate feedback to prospective students (post-experience debriefing, interview); offer meet-and-greet sessions following public speaking engagements at community events and job fairs that connect participants with industry professionals to discuss careers and career paths within government; create opportunities for higher educational students to access professionals within MSG for mentoring or assistance with work assignments.
- Identify alternative funding sources with shared interests in government programs or work; build alliances with private sector, philanthropic or business to solve problems, share resources or assist in technology transfer programs; exchange workers to promote innovation and knowledge sharing.

Technical – discipline specific training programs

- Design and offer paid technical training programs for interns and apprentices to prepare candidates for technical vacancies in jobs requiring less academic knowledge than a bachelor's degree (especially useful in trade positions).
- Offer trainee programs, with pay, that convert to full-time after set period (e.g. 800 hours) with salary increase upon satisfactory completion of work (and certification if appropriate)
- Give technical talent the chance to build innovative, leading edge systems they would not be given the chance to work on or take the lead on elsewhere

Recruitment incentives

- Develop recruitment incentives for full-time employees such as paid educational expenses, professional development opportunities, loan repayment programs, hiring bonus, paid relocation expenses, flexible work schedules, additional paid leave upon hiring
- Develop recruitment incentives for contractors and non-Mainers engaged in part-time or project-based work who may transition into the MSG workforce at a later time.
- Institute an online freelance opportunity portal for quickly filling needs for short-term or temporary workers; use a third party vendor to advertise work, screen and recruit workers, and manage salary (and benefits) accrued during the work period

Alignment of values – marketing and recruitment material

- Emphasize “Government Matters” campaign, emphasize core values of government work that aligns with multi-generational desire that work has meaning, purpose and social value; opportunity for positive impact on culture, natural resources

Workforce 2025 – recruitment strategies to attract the ‘right’ workers - Key implication

Competition for skilled workers in 2025 is anticipated to be brisk, with many more workers available but likely missing the preferred skill(s) or job experience. The situation implies either competing harder for the ‘right talent’ through bigger compensation packages, or using development to create the customized workforce. Either way, smart recruiting will rest on personalizing and customizing recruitment efforts and using a streamlined, transparent recruitment process. Leveraging the brands of ‘Maine’s Lifestyle and Natural Resources’ and ‘Public service is good, does good’ will appeal to tech savvy, values driven workers under age 40. Many recruitment strategies have the dual benefit of attracting and keeping workers.

2025 retention strategy: Key components to retain and position current workers for leadership

The key components of a retention strategy for 2025 include multiple opportunities for professional development, strong management, endorsement of high performing work cultures and maintaining healthy and safe working conditions. The tools of effective recruitment and retention greatly overlap, with such clear promises as valuable professional development, workplace flexibility and agreeable work as key incentives.

Onboarding program to orient and acculturate new hires, and increase retention during first year

- Orientation program to familiarize new hires with work expectations, work culture and job requirements, frequent and early feedback during probationary period, participation in 'Followership Training Programs' that foster appropriate participation in various team settings, job coaching to help with transition into new work setting, social and recreational opportunities with other MSG staff as part of work experience.

Retention strategy summary

- Onboarding program
- Professional development (ongoing)
- Leadership development programs
- High performing / accountable culture
- Financial education / retirement support

Professional development options in 2025 should provide continuous learning for job enhancement, or entry into the leadership pipeline for senior management positions in the future

- Ongoing opportunities for skill enhancement or job advancement, refresher courses, upgrading and expanding discipline-specific knowledge and skills, rotational job assignments, sabbaticals, volunteer options
- Individual development plans that align personal and professional goals. These can be designed with apps that are unique to each individual and can have daily, yearly, and lifetime options with regular feedback on progress
- Access to a variety of leadership programs, coaching and mentoring with executives, rotational leadership assignments, opportunities for project work in the private sector

Leadership development programs, seminars, online classes and development opportunities designed, monitored and evaluated by a personal development committee consisting of peers, management, retirees and outside professionals

- Orientation program for new leaders to help transition from individual to leader in various ad-hoc, short-term or permanent assignments
- Personal development committee to oversee implementation and success of development plan
- Formal structured and experiential learning opportunities, inside and outside MSG, to gain knowledge, apply skills
- Virtual training, web-based learning and interactive programs with management experts (e.g. Harvard Manage mentor and Harvard Business Publishing's Leadership Direct)
- Leadership opportunities to engage in and manage projects with alliance members from private, foundation sectors

High performing and accountable work cultures imply optimal working conditions and management that supports and measures excellence and competence

- Maintaining the technology infrastructure that enables workers to leverage social networking and mobile devices for getting work done, adjusting HR policies and practice in line with social networking practices of younger generations

- Piloting and experimenting with flatter organizational structures, reducing management levels, increasing access to information and pushing decision-making lower into the organization
- Ensuring managers from front line to executive levels are well trained, knowledgeable about HR practices and laws; effective in motivating and engaging individuals across the age-span; competent in managing others across various media, and in different sized groups from small teams to large communities of practice; competent in assessing and measuring performance across key indicators and providing follow-up development to close performance gap
- Keeping ergonomically appropriate and safe working conditions, with attention to lighting, noise, impact of technology on health, ergonomic work fixtures, temperatures, safety and wellness practices; expanded responsibility for 'healthy and safe workplaces' as more telecommuting, work from home options increase; use Universal Design principles in building any new work spaces
- Training workers to effectively manage virtual teams and virtual workspaces through different systems of individual and team accountability, performance management and rewards for outcomes of both work goals and teaming experience, cost and labor efficiencies; making workflex options available to enable workers to choose how, when and where they work
- Access to, participation in, knowledge management programs that connect people with SME's, decision-making outcomes, new initiatives
- Straightforward, open, information systems including those on mobile devices and on workplace video screens
- Frequent visual acknowledgement of individual contributions and creative ideas (Use video), varied rewards for performance customized to the individual's preferences

Financial education and retirement support

- Providing educational programs about money management, savings and retirement; offering multiple vehicles to save for retirement (IRA's, Defined Contribution Plans)
- Offering varied phased-down retirement options; modification of barriers to re-employment for former MSG workers
- "Opt out" should be the default choice for any program or system designed to benefit workers in the long term

Workforce 2025 – retention components: retain current and position future leaders – Key implication

Keeping workers is an ongoing two-pronged strategy: engagement and performance management. Engagement starts the first day of employment by explaining what, how, when, where and why. It continues with frequent, useful feedback about an individual's performance, guidance about development options, plus appreciation and respect for the worker's contribution. Every manager should be using these strategies regularly. Leadership development is about creating an abundance of talent, enlivening those with aspirations to lead, and selecting the best fit when the need arises.

APPENDIX A – Knowledge and skill requirements

The following presents core knowledge and skill needs over the next decade for the Maine State Government workforce in key focus areas for state government services.

Aging – an aging citizen base and workforce implies knowledge of lifespan aging issues, trends and needs. Aging citizens require services and programs that address their physical, mental health, safety, and housing needs. Maine’s 2025 population will have a larger than average share of the ‘vulnerable minority living in continuum of care facilities or aging-in-place. The continued growth of an aging workforce includes new and different attention to conventional practices of management, ergonomics, workplace learning, knowledge management, health and safety and performance evaluation.

Knowledge and skills	Learning and degree requirements
Aging: health, wellness, physical, mental, safety, life long learning, leisure, end-of-life issues and practices	Gerontology, geriatrics, adult development, adult learning, knowledge management, public health and healthcare policy
Program management: service delivery, program evaluation, telemedicine, technology	Project management, program evaluation, telemedicine
Public health: issues, trends, programs, education, disaster, infectious diseases	Public health leadership, management, crises and emergency management
Civic engagement, volunteer management	Volunteer management

Technology—A view out to 2025 shows that the waves of technological change will continue at a fast pace. State government workers need ongoing training and certification in the use of technology for citizens as well as the workforce. Beyond knowledge of conventional hardware and software systems, more mobile technologies and devices will be used and must be understood. Apps for these devices will be increasingly customized and widely available. Ability to protect personal and organizational information may lag developments in technology.

Knowledge and skills	Learning and degree requirements
Technology: Use of increasingly more, complex and interconnected technology, maintenance	Technology, hand-held devices, robotics, drones
Software/apps: software and apps design, cybersecurity, artificial intelligence	IT, software engineer, data management
Technology education: user interface, user education and training, interpersonal skills, change management, crowd and open source solutions	Technology trainer, educational technologist, change management
Data retrieval, analysis and decision-making to anticipate and solve problems	Data analytics, statistics, computer science

Business development – potential growth over the next decade in businesses and entrepreneurship in Maine involves encouraging and supporting business development, including start-ups, connecting employers to a ready, skilled workforce, and providing timely and convenient access to state services involved in the business lifecycle. Economic growth also entails extensive outreach, education and ongoing relationships with the economic community.

Knowledge and skills	Learning and degree requirements
Industry expertise: energy (conventional and alternative), marine, farming/livestock, manufacturing, infrastructure and transportation	Energy, aquaculture and land agriculture, business incubation, technology transfer
Public and global trade policy, regulations	Law, tax law and accounting, commerce, economics, international trade and economics, diplomacy
Public relations, public education and outreach	Public relations, education, communications
Employment Law - domestic, international	Talent acquisition, immigration and H1-B laws and regulations

Continuous Learning/Innovation – To meet current, emerging, and future requirements, given the pace of change in technology and other areas, all state government workers will likely need to be engaged in ongoing professional development for job content, technology and interpersonal skills, and held accountable for applying learning to solve problems, innovate and improve performance.

Knowledge and skills	Learning and degree requirements
Agile learning: ability to be cross-disciplinary, multiple intelligences, interpersonal skills, conceptual and applied learning	Aptitude for learning or demonstration of applied learning
Creativity and innovation, problem solving methods, decision-making systems and methods	Design, design thinking, creative problem solving
Knowledge management systems and roles: create and share knowledge, apply knowledge, subject matter expert, communities of knowledge	Knowledge management, organizational learning

Management and Leadership – most 2025 workers will be expected to lead and manage initiatives, projects, teams or employees in a full-time or ad hoc capacity. The 2025 workforce will include workers who are geographically dispersed, living in different time zones, working virtually or onsite. Leaders will need to be masterful communicators, conversant with wide ranging communication forms and cultural habits of a diverse, possibly international, workforce.

Knowledge and skills	Learning and degree requirements
Manage diversity, cultural competence, social intelligence	Management, business management, sociology and human development
Media savvy: communication skills, social media, public relations	Oral, written, and visual presentation and communications, social media skills

Knowledge and skills	Learning and degree requirements
Social capital and alliance building	Collaboration, management, leadership
Foresight	Future studies, technological forecasting
Managing teams virtually and globally	Inter-cultural management and collaboration, foreign languages

Organizational Stewards--the state government and its work will be continually evolving, requiring staff with expertise in large systems redesign and development. Staff will match people and process, and look to maximize people and work systems efficiencies and effectiveness.

Knowledge and skills	Learning and degree requirements
Large scale systems: design, redesign	Organizational effectiveness, organization development, change management, organizational studies
Talent strategy: acquisition, management, development, alignment	Talent development and management
Relationship management: build relationships with diverse group of workers (full-time, part-time, temporary, seasonal, contractors)	Technology trainer, educational technologist, change management
Workforce sustainability: manage the growth, use and reallocation of workforce	Talent development, workforce planning and strategy

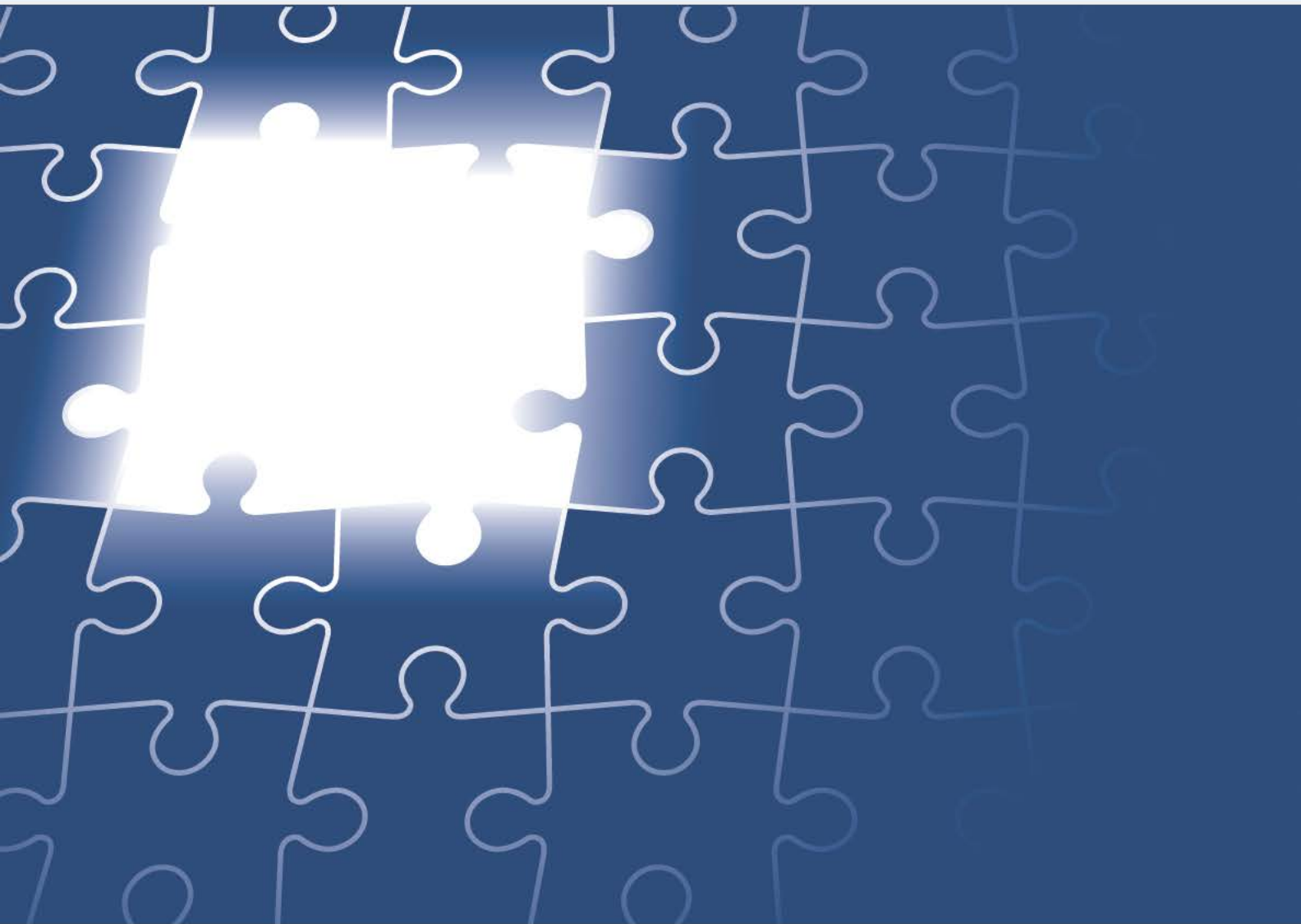
APPENDIX B – Guide to the Maine 2025 Report – Original RFP tasks

RFP Tasks	Section	Page
1. Identify with specificity what services will likely be expected to be delivered by Maine State Government (MSG) in 2025.	Maine State Government services expected	9
2. Identify what the likely relationship will be between MSG and Maine citizens in 2025.	Relationship between the State Government and the citizenry	9
3. Identify the pace of change in what MSG's work will be and workforce requirements will be in 2025.	Workforce requirements for 2025	23
4. Identify the likely technologies that will be in use within MSG in 2025.	Robotics, automation, and artificial intelligence	5
5. Identify the likely economic drivers of the economy and how they will influence MSG in 2025.	The evolving Maine economy	4
6. Identify the likely capabilities of technology available to people in Maine in 2025 and how that technology will influence citizen-government communication, expectations of service delivery, and solving governance problems.	Maine's government and the digital citizen	10
7. Identify what MSG training should be provided to maintain needed knowledge and skills with the workforce of 2025.	Workforce 2025: training to maintain knowledge and skills	26
8. Identify the key components of a current succession plan/strategy to best prepare for the needs of 2025.	2025 current succession plan and strategy: key components	27
9. Identify the knowledge, skills and likely college degree requirements needed by the workforce of 2025 in order to provide efficient and effective services to those served by state government.	2025 workforce: knowledge, skills, degree requirements	29
10. Identify the most effective recruitment strategies that will attract people with the knowledge and skills required of the workforce of 2025.	Workforce 2025: recruitment strategies	31
11. Identify the key components of a retention strategy that would retain current talent and position them to assume leadership positions within the workforce of 2025.	2025 retention strategy: Key components to retain and position current workers for leadership	33
12. Identify the likely effect on MSG in 2025 of increased private sector competition for skilled workers.	Wars for talent—private sector competition for skilled workers — Key implication	4
13. Identify what if any affects robotics will have on MSG in 2025.	Robotics, automation, and artificial intelligence	5
14. Identify the likely impact of Maine's changing demographics on MSG in 2025.	Maine's changing demographics	3
15. Identify how the increased use of mobile technologies might influence the delivery of MSG services in 2025, increasing a citizen-centric model of government service delivery.	Maine's government and the digital citizen	10
16. Identify what type of information will likely be on a publicly-accessed MSG dashboard in 2025.	Maine's government and the digital citizen	10
17. Identify what anticipated state or federal legislation might have a dramatic impact on the effectiveness and efficiency of MSG service delivery by 2025.	Trends in legislation and regulation	7

Alliance to Transform State Government Operations

Transforming State Government from the Inside Out

2014 Summit Report | March 28, 2014



Alliance to Transform State Government Operations

The Alliance to Transform State Government Operations (Alliance) seeks to engage a broad-cross section of operational professionals in identifying pathways to transforming government.

The Alliance is comprised of state officials responsible for the technology, financial management, services and human resources required to manage the government itself.

These functional areas (and the supporting systems) are the lifeblood of governments and, collectively, are the engine of government performance.

The Alliance is proud to recognize our sponsors:

Founding Sponsor



Primary Sponsor



Supporting Sponsors



About the Alliance Members

AGA

AGA is *the* member organization for financial professionals in government. We lead and encourage change that benefits our field and all citizens. Our networking events, professional certification, publications and ongoing education help members build their skills and advance their careers.

National Association of State Auditors Comptrollers & Treasurers (NASACT)

NASACT is an organization for the elected or appointed state officials tasked with the financial management of state governments. Our principal members are the state auditor, comptroller and treasurer in the 50 states, D.C. and the U.S. territories. www.nasact.org.

National Association of State Budget Officers (NASBO)

For over 60 years, NASBO has been the professional membership organization for state budget and finance officers. As the chief financial advisors to our

nation's governors, NASBO members are influential decision makers in state government. NASBO is an independent, nonpartisan, nonprofit research and educational organization located in Washington, DC.

National Association of State Chief Administrators (NASCA)

NASCA represents state chief administrators - public officials in charge of departments that provide support services to other state agencies. NASCA provides a forum to exchange information and learn new ideas from each other and private partners.

National Association of State Chief Information Officers (NASCIO)

NASCIO represents state chief information officers and information technology executives from the states, territories, and the District of Columbia. NASCIO fosters government excellence through quality business practices, information management, and technology policy.

National Association of State Personnel Executives (NASPE)

NASPE provides a national leadership forum to advance state government human resources through the exchange of best practices, strategies and solutions. Primary members of the association are the states' chief human resource management executive in the 50 state governments.

National Association of State Procurement Officials (NASPO)

NASPO is a non-profit association dedicated to strengthening the procurement community through education, research, and communication. It is made up of the directors of the central purchasing offices in each of the 50 states, the District of Columbia and the territories of the United States.

Executive Summary 4

Summit to Transform State Government Operations 6

Human Capital/Workforce of the Future 8

 Key Drivers 8

 Barriers/Challenges. 8

 Enablers/Opportunities 9

 Framework for Solutions 10

Data Analytics and Predictive Analysis 11

 Key Drivers 11

 Barriers/Challenges. 11

 Enablers/Opportunities 12

 Framework for Solutions 12

Consolidation/Optimization/Rationalization. 13

 Key Drivers 13

 Barriers/Challenges. 13

 Enablers/Opportunities 14

 Framework for Solutions 14

Enterprise Management 16

 Key Drivers 16

 Barriers/Challenges. 16

 Enablers/Opportunities 17

 Framework for Solutions 18

Appendix 19

Endnotes 23

Executive Summary

Introduction

A number of factors have a significant impact on the ability of state governments to deliver services over the next decade and beyond, including:

- long-term fiscal pressure on state governments;
- declining degree of trust in government;
- growing expectations of citizens;
- multifaceted impacts of technology; and
- changing demographics of both the citizenry and the state workforce.

In recognition of these factors, seven organizations representing state government created the Alliance to Transform State Government Operations (Alliance). This Alliance—which conducted a one-day summit in March 2014 to address these challenges—is comprised of the following associations:

- AGA
- National Association of State Auditors, Comptrollers & Treasurers
- National Association of State Budget Officers

- National Association of State Chief Administrators
- National Association of State Chief Information Officers
- National Association of State Personnel Executives
- National Association of State Procurement Officials

Sixty-two individuals from 34 states representing the aforementioned organizations participated in the summit.

The Alliance selected the following four issue areas as the focus of the summit:

- Human Capital/Workforce of the Future;
- Consolidation/Optimization/Rationalization;
- Enterprise Management; and
- Business/Data Analytics and Predictive Analysis.

Each of these issue areas were examined using the following format:

- brief presentations that established context;
- identification of key drivers that necessitate transformation;
- barriers and challenges were described and documented;
- enablers and opportunities for

transformation were similarly described and documented; and

- a framework was developed by participant to better enable states to address the issue area.

Key Findings

Strategies identified by participants that states should consider when pursuing transformation in **Human Capital** include:

- Multiple career tracks should be developed to reflect a greater diversity of needs and expectations for the workforce of the future.
- It is important to maintain flexible compensation system to reflect these various career tracks—as well as the ever-changing needs and demands of specific agencies.
- Opportunities for a team-based approach to decision-making should be provided.

Strategies identified by participants that states should consider when pursuing transformation in **Data Analytics** include:

- The support of executive leadership, governors and directors of agencies is

essential for greater use and effectiveness for data analytics.

- Legislative leadership buy-in should be gained so efforts undertaken by the executive branch have the necessary support.
- Information technology should be the facilitator of data analytics, not the driver.

Strategies identified by participants that states should consider when pursuing transformation in **Consolidation/Optimization/Rationalization** include:

- Sustained leadership by governors with the state legislators' support is an important component of success.
- The 'carrot' approach is recommended for most consolidation efforts, especially when consolidation efforts involve local governments.
- Gainsharing for consolidations involving state agencies is recommended, so efforts reflect the need for greater effectiveness and efficiency.

Strategies identified by participants that states should consider when pursuing transformation in **Enterprise Management** include:

- Chief operating officer positions as well as GovStat performance management systems; and
- Active engagement of the legislature.

In conclusion

Participants, on behalf of their respective associations, expressed eagerness to continue to work together as an Alliance on these issues. They want to make sure the results of the Summit are broadly shared with members of their respective associations—at annual meetings and via other activities such as webinars and special events.

Summit to Transform State Government Operations

The desire to transform state government operations recently brought seven national organizations into an alliance that has an ambitious agenda.

The goal of the alliance was not to merely tinker around the edges of state government operations to improve efficiency. It wasn't just to identify areas ripe for reform or innovation. The 62 individuals from 34 states that participated in the Summit to Transform State Government from the Inside Out (Summit) in Arlington, Virginia in March 2014 sought to determine how state government operations could be transformed. The difference between reform and transform is not just semantics; they are fundamentally different. Charles Garfield in his book *Second to None: How Our Smartest Companies Put People First*, compares them thus:

"[Transformation is an] ongoing process that permeates the entire organization, and represents a sharp break with the past. This break is a major difference between transformation and simple reform. While reform is an attempt to go down the same path more efficiently, transformation involves the development or discovery of entirely new paths."

The Summit was organized by the Alliance to Transform State Government Operations

(Alliance), which was organized in November 2013 by seven national associations (see **Figure 1**). Driving forces behind the Alliance and the Summit include:

- **The Big (Fiscal) Squeeze.** Demographic shifts expected over the coming decades will put pressure on health care spending and will impact tax collections—not only at the federal level, but also among states. All levels of government will have to address complex issues related to spending priorities with present and future needs.
- **High Expectations.** As the world moves at a faster pace due to technological advances, governments must too. Technology enables us to speed up processes and manage large amounts of data. We have information at our fingertips on almost any subject, can shop and pay our bills online. With innovation in our personal lives, people expect government to similarly keep up with the enhancements and efficiencies that technology brings.
- **The Silver Tsunami.** Dire warnings of an impending surge in retirements were issued a decade ago. The Great Recession probably delayed many of those retirements. But the first

FIGURE 1: ALLIANCE MEMBERS

Sixty-two individuals from 34 states participated in the Summit organized by the seven members of the Alliance to Transform State Government Operations:

- AGA
- National Association of State Auditors, Comptrollers & Treasurers
- National Association of State Budget Officers
- National Association of State Chief Administrators
- National Association of State Chief Information Officers
- National Association of State Personnel Executives
- National Association of State Procurement Officials

wave of the silver tsunami has arrived. This presents both challenges and opportunities for state governments. There is the challenge to train and promote early- and mid-career

employees into management and leadership positions. But, the biggest challenge may be recruiting and retaining the ‘best and brightest’ to state government. Although the workplace of the last several decades seemed to have worked well for Baby Boomers, a similar work environment may be less attractive to Gen X-ers and Millennials. Creating and maintaining productive and vibrant work environments will be critical to attracting and keeping the best workforce.

■ **Technology.** Technology influences how we interact with the world; this includes state governments — from how citizens engage with their state government to how state government delivers services to citizens. Technology is critical to achieving greater effectiveness and efficiency in the provision of services. Given the fast-paced changes in both hardware and software, it will be challenging for states to manage their investment in tools and technology to provide the best outcome for citizens.

■ **Organizational Structures.** All of the drivers mentioned will require workgroups, agencies and departments to be more flexible and creative, in the next few decades of the 21st

Century. In the past century governments were organized to put a premium on command, control, and compliance, rather than on results. The resulting organizational structure tends to make today’s government slow moving and hard to change. State governments must be able to adapt their organization in response to changing demands and needs, along with new and emerging technologies, while attracting and retaining a strong workforce to deliver important services.

The challenge for the Alliance was to identify entirely new paths for state operations.

Four areas for potential transformation were identified by the Alliance prior to the one-day meeting:

1. Human Capital/Workforce of the Future
2. Consolidation/Optimization/Rationalization
3. Enterprise Management
4. Business/Data Analytics and Predictive Analysis

After an overview of each focus area, facilitated discussions revolved around various ‘enablers’ for transformation — that is, factors that could be leveraged to help transformation to occur — as well as ‘barriers.’ Each section

concluded with a broad framework of actions that could be taken to create transformation. Real-time polling of the participants was conducted throughout the Summit to get immediate feedback on the relative importance of the transformation in each of the four focus areas, as well as on other issues. The questions asked, along with the participants’ responses, are contained in the **Appendix**.

The expectation was that department heads and other senior officials in state government could use the framework post-Summit as a starting point for specific transformation efforts in their respective states. The Alliance believed this information would be useful for newly-elected governors to consider, in order to ‘hit the ground running.’

The group also believed this report would be a good starting point for newly-elected governors to consider in order to hit the ground running when their terms officially begin.

Human Capital/Workforce of the Future

It's about people.

When compared to the other three focus areas, participants rated issues related to human capital the highest in importance for state governments to address over the next five years (67 percent of participants rated it among the top three of all issues; 100 percent rated it within the top 10).²

- There was significantly more variation in participants' views as to *which specific area* within human capital was most in need of transformation. Although civil service rules, procedures and processes was the factor cited most in need of transformation; only 17 percent singled out civil service alone.
- Forty-one percent of participants indicated a *combination* of civil service rules, funding, legislative factors and unions contribute to the challenge that state governments confront when creating a workforce for the future.

To what end? What would be the greatest single benefit from addressing the human capital issue?

- Nearly half (49 percent) of participants indicated the single greatest benefit would be improvement in the quality of service due to attracting strong

talent with new human resource models.

- Productivity gains was a distant second, with 14 percent of participants indicating improved productivity would be the greatest single benefit from human capital transformation.
- Approximately one quarter (26 percent) elected not to name a sole benefit from transformation; rather, they indicated the positive impacts achieved by a new human resource model would be spread out among talent recruitment and retention, gains in productivity/lowering costs, and upholding policies and mission.

Key Drivers

What drives the need for transformation in how state governments address human capital needs? In short, dollars and demographics.

- **State budgets.** With changing budget pressures due to retiring Baby Boomers, state agencies and offices will continue to be asked to do more with less. This will require state governments to continually find ways to meet the public's growing expectations and needs, while working with modest budgets. This will make it difficult for

states that continue to perform functions in much the same way, using the roughly the same number of employees with roughly the same skill sets and roughly the same (or higher) cost.

- **Demographics at the front- and back-end of workforce.** Participants indicated their states are experiencing the first wave of the silver tsunami. A relatively large number of employees will need to be replaced as they retire — although replacements are not likely to equal the same number as those retiring. The second aspect of demographics is not only identifying high-quality employees, but also transforming the workplace so those employees want to work in state government.

Barriers/Challenges

The Alliance engaged in a robust discussion of the barriers to transforming human capital in state governments, including:

- **Time to process applications.** Many participants lamented the length of time it takes to process applicants before hiring supervisors can even review applications. One participant cited three months as typical for hiring supervisors.

- **Structured for the gold-watch generation.** Many noted civil service systems have been structured around the presumption that most employees will stay with state government for 30 or more years, then retire with a gold watch. This type of structure is a barrier for the vast majority of Gen X-ers and Millennials, who are more attached to their social and other informal networks than to particular employers or other institutions. Many of these individuals seek to work for an employer for a few years, then move on. Slow hiring practices, strict hierarchies, difficulty moving among state agencies and non-portable pension systems characteristic of many state governments were identified as barriers to developing the 21st Century workforce (although exceptions within agencies were noted by a few participants).
- **Mission.** Another common theme: there is little public discussion of mission and/or the value of public service. There is much to suggest that Gen X-ers and Millennials have a strong predisposition for mission, but government isn't tapping into it.
- **Opportunities for advancement.** Gen X-ers and Millennials

need to see advancement opportunities — in pay, influence and making an impact; and state governments need to make clear the path to promotion. Waiting for their turn to 'move up' is not in their generational-DNA. Hence, many chafe at the hierarchy of state government because they are eager to make a difference now, not in 10 years.

- **Training.** The need for education, training and professional development of current and future employees also was cited as a barrier. During the Great Recession, these opportunities were often first to go—and last to return.
- **Job security — not.** The general consensus has been that government employment offered job security and a decent retirement—even if pay often was somewhat lower. But, given changes made in the past decade, that consensus has crumbled. In fact, some participants shared that there is a palpable fear from potential and current employees that government will 'pull the rug out from under them.'
- **Short-term nature of appointed political leadership.** Although not appreciably different from previous decades, the short-term nature of appointed

leadership was cited as another barrier to human capital development transformation.

- **The broader employment climate.** The broader employment climate contains potential challenges for state government, including:
 - *Fluid careers.* Throughout their time in the workplace (private, non-profit and public sectors), individuals will have many employers and, often, several careers. Individuals no longer work for one or two employers during their career, but rather for an average of ten.
 - *Flexibility in days/hours.* Work hours of 8 a.m. to 5 p.m. are increasingly rare. So is a Monday–Friday work schedule. Competition for talent in the redefined work-world means time-off for family, or to engage in other activities. Alternative schedules include, four 10-hour days, telecommuting, working on weekends and 24/7 connectedness.

Enablers/Opportunities

Although the list of enablers is noticeably shorter than that of the barriers, there was a sense of broad possibility in the enablers set forth.

The enablers often crosswalk directly to the barriers and challenges:

- **Wide recognition of the need for change.** The fact that participation in the Summit was high is significant. These individuals and the thousands of other government leaders they represent indicate that the desire to transform government operations to meet future needs and demands is high. Participation from these seven associations further indicates a willingness to work cooperatively to transform state government operations.
- **Mission.** The new and emerging talent pool often is energized by mission. By nature of the public sector, appeals to mission will resonate with potential employees. Clear communication of mission will be important when overcoming most, if not all, of the barriers previously identified.
- **Silver tsunami creates opportunity.** The old system locked in many individuals to their current employer for most of their careers; now these individuals will be leaving the state workforce in the next few years. This creates opportunity within state governments to respond to the challenges of the 21st Century, and implement changes.
- **Opportunity to create a new set of strategies.** With the challenges state governments face — in light of changing demographics, retirement of seasoned staff and high public expectations — comes the opportunity to do something different.
- **Multiple career tracks.** States should create several types of clearly delineated career tracks that meet the ever-changing needs of states and future employees. These multiple tracks should be attractive to a wide array of future employees. Career tracks for short-termers — those who want to work two or three years in state government, then move on—should be developed. Other career tracks might involve employees working in one agency for two or three years, then moving to another state agency for another period of time; this not only serves to provide a career ladder for employees, but also serves to encourage cross-agency collaboration. Opportunities to rotate with and among state agencies should be encouraged.
- **Flexible compensation system(s).** Compensation systems are based primarily on inputs (typically education and years of experience in state government). These policies should be re-examined and considered for reformation or transformation. Some participants noted experiments where a small number of state agencies had broad authority to set employee salaries, coupled with broad ‘hire and fire’ authority.
- **Team-based decision-making.** Opportunities for early- and mid-career employees to collaborate with experienced employees for joint input and decision-making should be encouraged. But states should do more than just encourage collaboration. In doing so, states should also train leaders, managers, supervisors and front-line employees on the skills, behaviors and attitudes necessary for team-based decision-making.

- **Interaction between high-level officials and entry-level employees.** Agencies should be mindful to create opportunities for entry-level employees to interact with senior officials. Although senior officials’ time will be in limited supply, the strategic interaction will benefit the state government workforce, and provide senior officials with invaluable input on both policy and management.
- **Leverage social media and technology skills.** Early-career employees’ interest and skills in these areas often eclipse those of mid-level and senior managers. These skills can also enhance team-based decision-making and interactions between senior officials and entry-level employees (see previous).
- **Vocational apprenticeships.** The state workforce includes more than college-educated professionals. Apprenticeships that combine education, training and real-world experience should be expanded or created. Apprenticeships akin to those in Germany were specifically mentioned. Apprenticeships would link high schools, community colleges and state agencies in preparing career-ready workers for state government—serving the needs and interests of all involved.
- **Rebranding government.** This is a tall order, and one that would take years; but, a number of non-profit groups have been formed in recent years to do just that: rebrand government. Participants indicated the need to rebrand government—that is, the need to improve potential employees’ perceptions of the value and importance of working in service to their fellow citizens—is essential.

Framework for Solutions

A number of strategies—some very broad, some quite specific — collectively constitute a framework for transforming human capital.

Data Analytics and Predictive Analysis

Data analytics was considered the second-most important of the four focus areas. It was rated very or extremely valuable by 86 percent of participants. But this perceived value comes with some misgivings, as 66 percent of participants viewed analytics as very or extremely difficult to implement.

One facilitator noted there has been an explosion of data during our lifetime. Since the beginning of human civilization through 1960, five exobytes of data (10^{18}) were produced. In striking contrast, five exobytes of data are now produced *every two days*.

However, the essence of data analytics is not found in reams of data; it is as much about the velocity and quality of data. It also is about finding individuals with the appropriate knowledge and skill set — to review the data, ask the right questions and arrive at findings — and the intra-/inter-organizational acumen combined with the support of leadership to prompt action.

Key Drivers

Visibility and momentum drive the potential for data analytics to transform state government.

In the last few years, the Big Data movement has gone from a niche concept to mainstream, as

indicated when Big Data serves as the foundation of the highly profitable movie “Moneyball.”

Participants conveyed a sense that, within the next few years, the hype associated with Big Data will be replaced by its routine use.

Barriers/Challenges

The group engaged in a robust discussion of the barriers to use of data analytics to transform state governments, including:

- **Silos.** Because state agencies often operate in organizational silos, there is a challenge in figuring out how to overcome the fragmentation of data, as well as who ‘owns’ and maintains data sets. And, much of the promise of data analytics involves mashing data from a wide array of sources.
- **Data quality and structure.** Variation exists among the quality and reliability within and across agencies; data standards and definitions; and the structure of databases. Most data gets stale quickly. For all of these reasons, overall trust in the quality, reliability and usability of data is important.
- **Capacity.** As an emerging field, most state governments don’t yet have the capacity to undertake analytics in any comprehensive manner. And, if states did develop in-house talent for using Big Data, there is fear that the talent would be ‘scooped up’ by the private sector, which also seeks to increase capacity in data analytics.
- **Funding.** How might states fund efforts to undertake data analytics? Whether done in-house or accomplished through contracting, data analytics will cost money up front — even if it has the potential to yield greater efficiency and cost-savings down the road.
- **External data.** Data analytics may require that data be housed outside of government. Funding this and the ability to mash internal databases with external ones present challenges.
- **Who’s in charge?** What agency should lead data analytics efforts? Should it be information technology (IT), which is best equipped to address data structure and software issues? Is it the state office of management and budget — a key office that interacts with every other state agency and has a representative of the governors’ administration to steer the effort, giving it political capital? Should a separate office be established? Should states consider creating a Chief Data Officer?

- **Confidentiality of data.** One concern about data analytics affects both the private and public sector: protecting confidential data or data that is not public. Reputational damage can occur if there is a breach, and public trust can be lost. Existing safeguards of confidentiality need to be reviewed to ensure they meet current privacy laws. After the review is conducted, the results should be communicated to staff in state government. Thus, a number of challenges will need to be addressed for states to fully avail themselves of data analytics in the future.

Enablers/Opportunities

- **Million-dollar blocks.** Nothing succeeds like success; successful examples often prove to be the most persuasive enabler. One example comes from New York, NY. Whereas most crime data focuses on the location of the incidence of specific crimes, the ‘million-dollar blocks’ initiative takes another, complementary approach. Big Data was used to identify the specific residence of individuals connected to the criminal justice system. Finding that the residences of perpetrators of crime often cluster in specific locations, such as New York City. Using this approach found that there are often single city blocks that cost the criminal justice systems of local and state governments more than one million dollars per year. Identifying these blocks and targeting a combination of cross-cutting activities — from police to social services — can help reduce crime in other

parts of New York City. This is just one example in which data analytics can make government more effective and save taxpayer dollars. This is also one of many examples of the power data analytics to solve vexing governmental problems — from traffic management to code enforcement.

- **Enabling technologies.** There has been a profusion of enabling technologies in the last few years. It’s far more than just speed cameras and license-plate readers. Others abound; among them are geospatial technologies and RFID tags — which are revolutionizing certain operations of the private sector and hold much promise for the public sector.
- **Data is an infinitely renewable resource.** A tremendous amount of data already exists and new data is constantly being generated. While data is an infinitely renewable resource, raw data may be of little use until it is analyzed in a meaningful way.

Framework for Solutions

- **Executive leadership.** Although pockets of data analytics will undoubtedly occur in state agencies, it will take the visibility and leverage of governors to make data analytics happen across and among state agencies. Disruption in current practices usually requires the intervention of the executive — in this case, governors. Data analytics is a disruptive practice. As such, it then requires capable managers (for example, a person designated as the chief data analytics officer)

to carry out and manage the intended ‘disruption.’ Executive leadership coupled with competent management is part of the basic framework for data analytics to flow down to specific agencies as well as across state government as a whole.

- **IT as facilitator.** IT should be the facilitator of efforts to practice data analytics, but it shouldn’t be the driver. In most instances, the driver should be the governor and whomever she/he appoints as the chief data analytics officer (see previous, “Executive leadership”).
- **Privacy and ‘consent to use.’** Privacy statutes often provide a fair degree of flexibility for state agencies to use subsets of data. However, current ‘consent to use’ laws should be reviewed — and, in some cases, revised — to permit broader use data subsets while still protecting individual confidentiality.
- **Intergovernmental dimension.** Consult frequently and work closely with federal and local government partners for the sharing of data as well as data-analytics capacity.

Consolidation/Optimization/ Rationalization

Did you know that there are more governments in the U.S. than Starbucks and McDonald's restaurants combined? McDonald's has approximately 14,000 restaurants and Starbucks has 18,000 establishments in the U.S. The number of governments is nearly triple those combined numbers: 89,055.³

Notwithstanding the fact that majority of those are small local governments, can you imagine the number of HR, IT, procurement and other support-services departments must exist? It certainly seems that there would be ample opportunity to consolidate many aspects of these functions between and among state agencies and local governments.

It should come as no surprise then that participants also saw consolidation/optimization as a key area of focus for state government transformation.

Participants were polled on the value of optimization/consolidation as a strategy for transforming state governments, lowering costs, improving performance and gaining public trust. Ninety percent of participants responded either extremely valuable or very valuable.

Participants were then asked to designate the one area offered the most opportunity for transformation. Forty-two percent of

participants indicated procurement offered the single, best opportunity. IT followed at 32 percent. Both personnel and administration were the only other single options that polled in double-digits — at 11 percent for each.

Key Drivers

There are two key drivers that were identified as promoting consolidation and optimization:

- **The state budget situation.** As is the case with the other focus areas, the state fiscal situation is a key driver. Necessity and survival are strong motivators. The need to save money drives many consolidation efforts and some entities may have to consolidate to survive.
- **Consolidated platforms are ubiquitous.** Citizens and businesses have rapidly grown accustomed to single platforms. For example, what is Amazon.com but a combined platform for procurement — that is, the platform for consumers to procure a wide-array of products. The same is true for the Apple Store as it applies to music, movies and e-books. Other examples, like OpenTable, Expedia and Hotels.com are now commonplace.

Barriers/Challenges

- **Benefits of consolidation are long-term, while the costs are short-term.** As with almost any change in policy or management, the potential losers of consolidation usually identify themselves up front; but the winners are not known until later. A corollary is that short-term losers in these efforts usually are known and vocal (for example, well-entrenched firms that will now face greater competition in procurement) whereas the beneficiaries are not yet known (for example, new businesses that may spring up with greater competition).
- **"But these are my servers."** State agencies—like other organizations — simply don't want to give up the comfort of the known for a potential unknown or unquantified benefit. One participant indicated their state maintains 14 different networks. An attempt to consolidate them was met with the following utterance: "But these are *my* servers."
- **'Folklaw'** Similar to folklore, 'folklaw' consists of ideas that are not true but that have taken on the appearance of truth as they are repeated over time.

‘Folklaw’ is based on stories that originate with a kernel of truth, then morph beyond the original truth. ‘Folklaw’ can obstruct the path of consolidation and optimization. Agencies often believe statutes or regulations preclude them from consolidating or engaging in other optimization actions. When statutes are actually consulted, however, it is not unusual to find that no such restrictions exist. ‘Folklaws’ can have the same effect as statutes.

- **‘Been there, done that.’** Previous failed attempts at consolidation often are held up as reasons for not pursuing it now. It would be wise to determine if this is true—or just another variant of folklaw. To the extent it is true, one needs to find out what elements worked, what didn’t and how the result can be different next time. Sometimes the difference is in technology; other times, it might be, simply, the individuals involved in pursuing (or blocking) that previous effort.

Enablers/Opportunities

- **Potential for a very ‘big lift.’** Consolidation in procurement offers the potential for a ‘very big lift’ in terms of efficiency, competition, cost-containment and customer service. Procurement touches virtually every element of government. This is also true for IT, human resources and other internal support services.
- **Mitigation of risk.** No IT director survives a major data breach; and, few survive the failed roll out of a new public platform. Consolidating operations can serve to spread (and reduce)

the risks across the entire enterprise of state government.

- **Success of early-adopters.** Successful implementation of consolidation in one of the internal support service areas begets momentum for consolidation in others. Consolidation efforts are moving forward in a number of states.
- **New employees.** As the silver tsunami leads to more retirements in the near future, their successors may very well have a different set of skills, base of knowledge and experiences that lead to more successful efforts at consolidation and optimization.

Framework for Solutions

- **Sustained leadership.** As with all efforts for reform and transformation, consistent political and civil-service leadership are required to make long-lasting change possible.
- **Carrots, not sticks.** Although some states hold tight control over certain aspects of local government, most local governments have a fairly wide range of autonomy. Consequently, several participants noted that incentives afford far greater motivation for consolidation and optimization than do mandates. Financial incentives for regionalizing services or even statewide consolidation of specific elements of services should be built into an array of policy and management tools. Mandates and other coercive tools simply create heated (and unproductive) political debates.
- **Gain-sharing.** If consolidation saves agencies money while

improving efficiency and enhancing effectiveness, let state agencies (and local governments) retain some of the savings. This is another aspect of the ‘carrots, not sticks’ approach.

- **Recognize the importance of performance auditors.** If you have an office of performance audits, fully fund it. And, if you don’t have one, create one. Auditors typically save far more money than they cost. Also, consider greater independence in personnel rules for performance auditors — private-sector firms often seek to hire highly-qualified individuals from these offices. Some participants from states that have offices of performance audits indicated these offices had little or no restrictions on hire/fire authority or on compensation.
- **Audit for the ‘good stuff.’** A common perception is that persnickety auditors seek to uncover what agencies or local governments did wrong and punish them for it. Several participants suggested their states have had positive results by ‘turning auditing on its head.’ Focus on identifying the practices that result in more effective and/or efficient services. Then, make sure those effective practices are shared with other agencies and among local governments. And, follow up to technical assistance to ensure that those effective practices are broadly implemented. What agency or local government wouldn’t want to be cited for its effective practices? This turns the psychology of auditing on its head. As the adage goes, “honey catches more flies than vinegar.”

■ **Offer procurement schedules to locals for free.** This is a practice that already is gaining popularity. State and local governments gain from this as volume often reduces prices. But this also can help small businesses as well. If they only have to develop bids and price lists for one centralized purchaser (rather than hundreds throughout a state), this can give a leg up on businesses with the resources to respond to bids and develop price lists for local governments all across a state.

■ **“Don’t pave a cow path.”** Consolidation and optimization doesn’t simply mean that one can take a manual, paper-based process and put it on the web and consider the work to be done. That is no different from paving a cow path and

expecting it to perform like a superhighway. E-versions of almost anything — from training to procurement — require a complete redesign of the underlying process as well.

■ **Budget for optimization and consolidation.** Agency budgets should include the cost of support services explicitly within them — otherwise there are no incentives to conserve, reconfigure, reform or transform. If office space is not included in the budget for an agency, then why wouldn’t that agency fight to keep every square foot of its existing footprint? What holds true for facilities also holds true for procurement, IT, human resources and other support services. And, when agencies are armed with this information,

it creates another opportunity to combine efforts with other agencies.

■ **Focus on achieving small wins, first.** Identify areas where there is fairly broad agreement on the need consolidation/optimization — even if these opportunities appear to be small-bore; pursue and achieve those first. They key is to build momentum for larger ‘wins’ down the line.

Enterprise Management

Participants indicated that, of the four focus areas, enterprise management was least important for transformation. When asked about the criticality of transformation in enterprise management during the next five years, only one in four participants (27 percent) rated it among the top three issues. But for one in five (21 percent) it did not rise above a top-20 issue.

Which begs the question, what is ‘enterprise management?’ A fundamental characteristic of enterprise management is the ability of an organization—in this case, state government—to work effectively and efficiently across and within departments. In short, it is about breaking down silos, or at least building many bridges across and among them. Although smaller organizations have attempted this — with varying degrees of success — there was a sense among participants that this would be quite a challenge for state governments. Other areas for transformation should be tackled first before moving to the broad and complex issue of enterprise management.

But the take-away from the discussion was not that agencies and departments should not work across boundaries. Quite the contrary: some participants indicated that this should occur, but that efforts should be based on specific needs and specific times. Others conveyed that, in

a networked world, this is what state government should be doing anyway — even if it isn’t formalized or characterized as a major governmental initiative. In many cases, it is being done — albeit on a smaller, less formal scale.

Key Drivers

- **The ‘incremental revolution’ has begun.** Although the Weberian model of strict hierarchies combined with strict organizational boundaries with prescriptive rules and procedures is still with us, there has been substantial erosion in the model in the past several decades. Even huge bureaucracies are now working together to address complex problems. For example, the U.S. Department of Veterans Affairs and the U.S. Department of Housing and Urban Development are working together towards a joint goal of ending veteran homelessness. Other examples — both formal and informal — exist across many other public organizations at the state, local and federal levels. The perception may be that it is happening too slowly or too haphazardly, but it is happening. The ‘incremental revolution’ is upon us.
- **Fiscal pressures.** As with all of the other focus areas, the fiscal pressures on states will continue to reinforce pressure

to improve effectiveness and efficiency. Enterprise-wide approaches often offer opportunities to accomplish just that.

Barriers/Challenges

- **Budget processes.** With only a few exceptions, budgets for most organizations — both public and private — are developed and approved at the departmental level. As a consequence, the focus for financial accountability remains at the departmental level. Budgets are organized around the inputs of dollars rather than the outcomes of citizens or clients. Although recognition of the role of performance measurement in government has gained great momentum in the last 25 years, ‘budgeting for outcomes’ or ‘legislating for results’ largely remains in its infancy. Enterprise-wide approaches to addressing issues happen in spite of, rather than because of, budgeting processes.
- **Budget politics.** Closely intertwined with budget processes, budget politics creates a challenge for enterprise-wide planning and management. As several participants noted, budget drives policy (not vice-versa). Legislative committees and subcommittees are usually

organized around budgets. Enterprise-wide approaches would not only require government employees to structure work differently, but would also require state legislatures to do the same. The same is true for organized interest groups. Although some noted that the “iron triangle” of committees, agencies and interest groups may have weakened in recent decades, the “iron triangle” remains a real challenge for enterprise-wide approaches to issues.

- **Transformation is “too big or too global.”** A number of participants indicated transformation in enterprise management is “too big or too global” for states—particularly when power and influence is dispersed among governors, legislators, interest groups, voters and the media. Unlike corporations, state governments are not generally organized in a manner that concentrates power or decision-making authority.
- **Inconsistent terminology.** Efforts for enterprise management often suffer from an abundance of (and lack of clarity around) terms. No single term or phrase has arisen to really capture the essence of enterprise management — including the phrase “enterprise management,” itself. A plethora

of terms requisite to support the transformation of enterprise management abound that further complicate the ability to structure conversations around the issue (i.e., performance measurement, performance management, budgeting for results, legislating for outcomes, balanced scorecards,⁴ GovStat).⁵

Enablers/Opportunities

- **Helping Management View the Enterprise.** An increased number of states have developed some sort of GovStat initiative. But, to be useful as a mechanism for enterprise management, these efforts must go far beyond basic efforts to share data on a website regarding the activities of state government. They must bring together — at the same time, in the same location — the governor, department heads and other appropriate staff to discuss and address policy and management issues from an outcome perspective and from an enterprise-wide vantage point. This GovStat phenomenon is beginning to happen in a few states (including Maryland, Tennessee and Virginia) and will almost certainly spread. In instances where this happens, the format and structure of GovStat then percolates down
- to lower levels throughout the organization. This practice is an integral feature of enterprise management. Although states (such as Texas with its Legislating for Results programs) have had performance measurement efforts run out of the office of the state auditor, these typically do not provide the structure to focus on enterprise management — as management is inherently an executive function.
- **The emergence of the chief operating officer in the office of the governor.** Governors have always had chiefs of staff, whose primary focus was coordinating policy and political issues. Operational management was only a secondary feature at most. Tennessee was noted as one state that has created position of chief operating officer (COO). The COO’s focus is solely on management. Like GovStat, a COO is a critically important component of enterprise management. Cross-agency goals and strategies with SMART (specific, measureable, action-oriented, results-based and time-bound) characteristics should be coordinated by the COO.
- **Initiatives led by governors.** The greatest enabler is the state’s chief executive — the governor.

The extent to which an increasing number of governors are leading efforts like GovStat or are creating positions like COO is key to the emergence of enterprise management.

Framework for Solutions

- **Create GovStat and a COO position.** By definition, enterprise management is about management; and, creating mechanisms for managing the entire enterprise of state government is essential. A true GovStat system — not just a website, but an integrated system — is one key element. The GovStat system has at its foundation solid evidence (data) — but it is essential that the data be combined with measureable goals, targets and structured interactions where a cross-section of department heads, other staff and the governor consider integrated strategies for addressing enterprise-wide challenges — with regular follow up built into the system. A COO can then ensure that decisions affecting agencies are implemented.

- **Engage legislature.** Although management is an executive function, members of the legislature can have significant influence on the ability of the executive to manage. As previously indicated, attempts to address issues across departments can have unintended consequences on the committees and power structures within legislatures — and between legislative and executive branches. The engagement of legislature — particularly legislative leadership — is very important.

In Conclusion

The positive energy and enthusiasm conveyed by participants was palpable as the Summit drew to a close. They achieved what they came to do; for each of the four focus areas, participants identified: key areas of state operations ripe for transformation, the relative priority, barriers and opportunities to address, and a framework of actions necessary to enhance the likelihood of transformation.

Participants, on behalf of their respective associations, expressed eagerness to continue working together as an alliance on these issues. They wanted to make sure the results of their work at the Summit are shared with the members of their respective associations more broadly — starting with annual meetings and continuing with other activities such as webinars and special events.

Appendix: Summary for 15 Polls

Workforce

How critical do you believe addressing the Human Capital workforce issue is for government in the next 5 years?

Answers	Responses	Percent
Top three issues it needs to address	29	67.4%
Top 10 issues it needs to address	14	32.6%
Top 20 issues it needs to address	0	0.0%
Below the top 20 issues it needs to address	0	0.0%
Total	43	

What do you feel will be the greatest barriers in addressing this issue?

Answers	Responses	Percent
Lack of funding	3	7.3%
Legislative	3	7.3%
Civil Service	7	17.1%
Unions	3	7.3%
All of the above	17	41.5%
None of the above	8	19.5%
Total	41	

Where do you perceive will be the greatest impact/value achieved from addressing this issue?

Answers	Responses	Percent
Lower cost more efficient	1	2.3%
Quality of Service/Staff due to attracting talent with new HR models	21	48.8%
Productivity	6	14.0%
Upholding policies and mission	2	4.7%
All of the above are equal	11	25.6%
None of the above	2	4.7%
Total	43	

What do you think are the critical changes within workforce of the future states need to make?

Summary	Count
Total	0
Unique participants	0
Approved responses	(Poll not moderated)

Consolidation, optimization, rationalization

Which of the following functional areas offers the greatest opportunity for gains in efficiency and effectiveness through consolidation, optimization, rationalization across agencies/jurisdictions?

Answers	Responses	Percent
Budget	1	2.6%
Accounting	0	0.0%
Personnel	4	10.5%
Procurement	16	42.1%
Audit	1	2.6%
Finance (debt management etc.)	0	0.0%
Treasury	0	0.0%
Administration	4	10.5%
Information / Technology	12	31.6%
Total	38	

Consolidation, optimization, rationalization of which of the following resources offers the greatest opportunity for gains in efficiency and effectiveness?

Answers	Responses	Percent
Technology common platform, shared ownership	8	20.5%
Processes common business processes, training	23	59.0%
People common or shared staff	2	5.1%
Budget common funding	6	15.4%
Total	39	

How valuable is consolidation, optimization, rationalization as a strategy for transforming state governments, lowering costs, improving performance and gaining public trust?

Answers	Responses	Percent
Extremely valuable	21	51.2%
Very valuable	16	39.0%
Somewhat valuable	4	9.8%
Not valuable	0	0.0%
Total	41	

Enterprise Management

How critical do you believe transforming how states address Enterprise Management is for government in the next 5 years?

Answers	Responses	Percent
Top three issues it needs to address	9	26.5%
Top ten issues it needs to address	18	52.9%
Top 20 issues it needs to address	6	17.6%
Below the top 20 issues it needs to address	1	2.9%
Total	34	

Where do you perceive the greatest impact/value that will be achieved from addressing this issue?

Answers	Responses	Percent
Project outcomes result in ROI and lower cost	0	0.0%
Projects on-time and budget	0	0.0%
Cross training of staff	0	0.0%
Staff retention	0	0.0%
All of the above are equal	0	0.0%
None of the above	0	0.0%
Total	0	(Poll not moderated)

What do you feel will be the greatest barriers in addressing this issue?

Answers	Responses	Percent
Inability to pool funds/cost allocation	0	0.0%
Lack of adequate governance	0	0.0%
Lack of Executive sponsorship	0	0.0%
Lack of skills/capacity	0	0.0%
All of the above	0	0.0%
None of the above	0	0.0%
Total	0	(Poll not moderated)

Business Intelligence/Analytics and Predictive Analysis

How do you perceive the value of Business Intelligence/Analytics and Predictive Analysis?

Answers	Responses	Percent
Extremely valuable	10	28.6%
Very valuable	20	57.1%
Somewhat valuable	5	14.3%
Not valuable	0	0.0%
Total	35	

How do you perceive the feasibility (ease or difficulty) of moving forward with Business Intelligence/Analytics and Predictive Analysis?

Answers	Responses	Percent
Extremely difficult	11	28.9%
Very difficult	14	36.8%
Somewhat difficult	12	31.6%
Not difficult	1	2.6%
Total	38	

Endnotes

1. Charles Garfield, *Second to None: How Our Smartest Companies Put People First* (McGraw-Hill, New York, NY, 1992), 50.
2. Census of Governments, 2012.
3. United States Interagency Council on Homelessness website, June 2, 2014.
4. The balanced scorecard is one of a wide variety of frameworks for managing organizational performance. At its essence, it is a mechanism for identifying, measuring and balancing four areas of organizational performance: financial, customer service, internal business practices and learning.
5. GovStat is a generic and informal term for one of a variety of frameworks for managing organizational performance of governments. With its CompStat program in the 1990s, the police department is usually cited as the beginning of the 'GovStat' movement. A key aspect of GovStat is the rigorous discussion of data by a wide cross-section of governmental leaders in terms of identifying how services can be improved or what policies may need to be changed.



WORKFORCE AND SUCCESSION PLANNING

During its 2014 Mid-Year Meeting, the NASPE membership identified Workforce Planning in general and Succession Planning in particular as the primary issue facing State Government Human Resources leadership today. The description includes that “Without proper planning and development for employees who will remain after these retirees leave within the next few years, there could be a shortage of institutional knowledge and capable leaders.” The research performed for this brief suggests a yet more troubling potential: **without comprehensive workforce and succession efforts intertwined with well-executed full spectrum talent management, States are at risk of being unable to deliver critical services.**

This brief analyzes the status of Succession and Workforce Planning in state government and strives to provide plausible recommendations towards the implementation of these necessary programs. Given current trends in the talent marketplace, an analysis of the status of those programs in local government as well as private industry are provided as useful context within which to make those recommendations.

To that end, a survey was conducted with the NASPE membership along with HR directors and managers from the International Personnel Management Association (IPMA-HR). The survey was designed to assess current maturity level and future implementation plans for Succession and Workforce Planning across State and Local organizations. Additionally, study was made of recent whitepapers, research briefs and surveys by HR industry analysts whose focus tends more towards commercial organizations in order to glean insights relevant to government HR as well as to compare and contrast the results.

The NASPE survey results indicate that there is still much work for states to do in order to address the reality of the ‘silver tsunami’, with one third or more of the workforce retirement-eligible over the next five years. While local agencies are not substantially ahead or behind, broader studies show that commercial enterprises have sophisticated programs in place served by effective collaboration, processes and automation.

Please note that all works cited here are listed in the bibliography available on the NASPE website member pages.

FACTORS IMPACTING IMPLEMENTATION

Building and maintaining an effective Succession Planning and Workforce Planning program is no simple matter. Part of the complexity is inherent in the fact that the two should be considered inextricably linked parts of comprehensive talent management. If they aren't treated as such, critical benefits and efficiencies are lost, making such programs tactical shells of their true strategic potential.

Visier's State of Workforce Analytics and Planning 2014 Survey and other industry analyses discuss typical concerns around implementation of such programs, and NASPE's 2007 whitepaper *Guide to Developing Your Agency's Succession Plan* identified public-sector-specific challenges to implementing succession planning and offered guidance on overcoming them. While detailed reiteration of those isn't part of this brief, one in particular bears repeating and the paper itself certainly warrants re-reading.

Perhaps the biggest difference between commercial and State succession planning lies in government's need to work within civil service or merit systems, which require equal opportunity for all when identifying leaders. Many States have passed legislation reforming these systems in recent years, but the bulk of them will continue to operate under those constraints for the foreseeable future. NASPE's 2007 guidance in this area is quite as valuable and relevant today as it was then.

An additional point to consider is that the open records laws of some states make all identified successors part of the public record. Besides increasing scrutiny around fairness, this could potentially put successors at risk of unsavory conduct on the part of competitors or those who support them.

Another factor is that many of the highest executive positions are appointed by elected officials. This means that states a) can't plan for their replacements, and b) must work with whoever is placed regardless of their qualifications. This sharpens the need for qualified management under those appointees to ensure the support of experienced, competent teams – and underscores that succession planning needs to happen for all levels of leadership, as retirees aren't just in the executive ranks.

Per the NASPE membership, another of the top five issues facing state government HR today is the need to fill a large amount of vacancies. With institutional knowledge leaving government and a lack of qualified staff to fill the gaps, modern competitive recruiting must be an integral part of succession planning.

To that end, States need to be able to attract and retain younger workers to strengthen their succession bench. This requires engaging candidates and workers who have different employment expectations of than States are used to fulfilling. Those expectations are very different than in the past. Jason Shueh's article posted in *Government Technology*, *Top 5 Things Millennials Consider in Job Searches* highlights some critical items 1) the products and services and organization provides, 2) a company culture of rewarding creativity and efficiency, 3) dedication to causes and making a positive impact, 4) a positive office environment blending work/social lives, and 5) diversity and recognition for contributions.

In addition, millennials want promotions much faster than traditional employees. They are well educated but they have a lot of student loans to pay off and are looking for more money, faster. They will jump ship for higher pay if other expectations aren't being met, and they also want more flexibility in their work schedules. Finally, millennials have known technology and social media their entire lives and expect to be able to use any device through a variety of media to accomplish their jobs.

States know that the retirement wave is upon us, and that theirs is a much higher percentage of retirement ready workers than in commercial industry. Nor are Succession and Workforce Planning new concepts to State HR leaders. Lee-Ann Easton, Administrator, Nevada Division of Human Resources summed it up in this way: "States know what needs to be done, we just are not sure how to get there. We can't just appoint or even groom someone into our classified positions; we have to perform comprehensive recruitments so all employees have an opportunity to apply. What we need are ideas on how to perform succession planning effectively."

CURRENT STATE PRACTICES

Our survey results present an aggregate picture of how States are faring in Workforce and Succession Planning. State-specific narratives are offered below to illustrate differing maturity levels and plans.

The Michigan Civil Service Commission (MCSC), among those highlighted in the 2007 NASPE paper, leverages its Performance Management Program to align individual career strategies with departments' leadership needs. An update from the State is that some of the departmental executive leaders have elected not to (or don't have time to) identify key leadership positions. An important new element incorporated into the planning process by MCSC is the provision of annual reports showing employees enrolled in the state's Defined Benefit pension program who are eligible for retirement in one, three and five years. This allows better prioritization of positions upon which management should focus. Additionally, MCSC now offers a broad array of supervisory and soft skills training for those interested in leadership.

Florida is just beginning to address statewide Talent Management. The State began by changing the performance management system to incorporate SMART expectations at operating agencies, and is currently developing business requirements for Succession and Workforce Planning to include in an Invitation to Negotiate for the state's HR Information System (HRIS). Currently, there aren't additional plans for the implementation of succession and workforce planning statewide beyond securing these modules as part of the new HRIS, though individual operating agencies may have initiatives in place.

The State of Nevada has just begun working on succession planning efforts and getting agencies to think about who could step up and fill higher level vacancies. Workforce statistics show that 24% of the State's higher level workforce will be eligible to retire within the next 4 years; 44% within the next eight. In an effort deal with this proactively, the State created its first ever Mid-level Manager's Academy which kicked off in February 2014. It is a six-month blended learning program that includes classroom time, webinars and on-line trainings. The goal is to teach participants how to lead, run an agency, and how to treat employees and empower them to do their jobs while creating a positive working environment. Specific criteria have been developed for admittance, and candidates must be in a mid-level position and be recommended by their boss/director as having the potential to become a leader for tomorrow.

The Commonwealth of PA has deep statistics on workforce trends, the generational makeup of its workforce, retirement projections and much more.

The Commonwealth of Pennsylvania's fairly comprehensive program is detailed in a presentation on the NASPE member site. Pennsylvania has deep statistics on workforce trends, the generational makeup of its workforce, retirement projections and much more. This includes a Retirement Projection Tool that depicts retirement eligibility by agency, organization, and job classification over a four-year period that helps workforce planners predict future workforce shortfalls, identify succession planning and knowledge transfer goals and implement

proactive workforce management practices. The presentation includes valuable innovations and insights into future plans, and should be considered requisite reading for any public agency building succession planning and workforce planning programs.

HIGHLIGHTS AND RECOMMENDATIONS FROM WORKFORCE/ SUCCESSION PLANNING SURVEY OF NASPE AND IPMA

In a nutshell, survey respondents were asked to rate the maturity of their Succession and Workforce Planning programs across three areas – collaboration, automation, and process - on a 5 point scale. The most relevant factors are summarized below; complete content and more comprehensive results are beyond the scope of an issue brief and are included for reference on the NASPE membership website. Please note that IPMA responses are labeled local, as most were from local governments.

I. SUCCESSION PLANNING

a. COLLABORATION

- i. 33% of states and 36% of local agencies reported that communication and coordination is poor and/or ad hoc at best.
- ii. 38% of the states and 43% of local agencies reported that communication is managed and includes some decision-making.
- iii. 19% of the states but only 1% of local agencies reported an extremely high level of maturity based on their ability to creatively adapt to their internal and external environment.

Spot Recommendation: States that haven't yet done so should establish a governance structure around Succession Planning programs to clarify shared decision making and accountability.

Succession Planning					
		NASPE		Local	
		#	%	#	%
Area of Focus: Collaboration					
	Phase I	7	33.33%	56	35.67%
	Phase II	8	38.10%	67	42.68%
	Phase III	1	4.76%	28	17.83%
	Phase IV	1	4.76%	4	2.55%
	Phase V	4	19.05%	2	1.27%
a.	total	21		157	

Succession Planning					
		NASPE		Local	
		#	%	#	%
Area of Focus: Automation					
Phase I		8	47.06%	81	53.29%
Phase II		8	47.06%	44	28.95%
Phase III		1	5.88%	22	14.47%
Phase IV		0	0.00%	4	2.63%
Phase V		0	0.00%	1	0.66%
total		17		152	

b. AUTOMATION

- i. 47% of states and 53% of local governments have not automated their SP process.
- ii. 47% of the states and 29% of local agencies report siloed automation with no central infrastructure.
- iii. Only 6% of the states, but 14% of local governments responding to this survey report having central automated processes.

Spot Recommendation: With continuous budget and staffing attrition in State government, automation is perhaps the single most effective tool for remaining effective, given that communication and processes are also attended to. Succession planning is an area that begs both line agency and centralized visibility. The overwhelming majority of survey respondents in both groups who have not automated their succession planning process, should begin vendor conversations to understand what is possible, then move to requirements definition to identify the best way(s) to bring automation to your succession planning efforts. Agreeing on a standardized process would be a good first step.

c. PROCESS

- i. 50% of the state agencies and 35% of local agencies surveyed report unpredictable, or uncontrolled, or reactive processes.
- ii. 31% of the states and 43% of locals describe their SP process as managed but not standardized.
- iii. 19% of the states and 18% of the local agencies responding to this survey have standardized their succession planning process state-wide.
- iv. Though a small number of local agencies did so, the total organizations that identified high levels of process maturity is disturbingly low.

Spot Recommendation: This area of the survey identifies a high risk for States. A concerted effort to standardize succession planning processes across your state agencies should be made to help ensure multi-level visibility into workforce gaps and facilitate decision making. For the few of those that have standardized processes, they should seek now to create visibility and predictability for their succession planning process and performance through improved communication and automation.

Succession Planning				
	NASPE		Local	
	#	%	#	%
Area of Focus: Process				
Phase I	8	50.00%	54	34.84%
Phase II	5	31.25%	67	43.23%
Phase III	3	18.75%	28	18.06%
Phase IV	0	0.00%	5	3.23%
Phase V	0	0.00%	1	0.65%
total	16		155	

c.

II. WORKFORCE PLANNING

a. COLLABORATION

- i. 50% of states and 22% of local governments reported that communication and coordination is poor and or ad hoc at best.
- ii. 8% of the states and 44% of local agencies reported that communication is managed and includes some decision-making.
- iii. 8% of the states and only 2% of locals reported an extremely high level of maturity based on their ability to creatively adapt to their internal and external environment.

Spot Recommendation: This area shows the largest disparity between State and Local governments, which may represent an opportunity to learn from the larger locals in your State. In any case, States need to establish a governance structure regarding workforce planning to clarify shared decision making and accountability. For those states that have done so already, they should continue to move toward more shared decision making and accountability in collaborating across the state enterprise.

WorkForce Planning					
		NASPE		Local	
		#	%	#	%
		Area of Focus: Collaboration			
Phase I		6	50.00%	38	21.59%
Phase II		1	8.00%	77	43.75%
Phase III		2	16.00%	42	23.86%
Phase IV		2	16.00%	14	7.85%
Phase V		1	8.00%	5	2.40%
total		12		176	

a.

b. AUTOMATION

- i. 47% of states and 37% of locals have not automated their WFP process.
- ii. 32% of the states and the same percentage of local agencies report siloed automation with no central infrastructure.
- iii. 21% of the states and 25% of local agencies responding to this survey report having central automated processes.

Spot Recommendation: Without automation, understanding the workforce and making decisions at the organizational level will be impossible. States should plan and begin to identify the best way(s) to automate their workforce planning processes. Again, agreeing on a standardized process first would be a good first step.

WorkForce Planning					
	NASPE		Local		
	#	%	#	#	
Area of Focus: Automation					
Phase I	9	47.37%	61	36.53%	
Phase II	6	31.58%	54	32.34%	
Phase III	4	21.05%	41	24.55%	
Phase IV	0	0.00%	9	5.39%	
Phase V	0	0.00%	2	1.20%	
total	19		167		

WorkForce Planning					
	NASPE		Local		
	#	%	#	#	
Area of Focus: Process					
Phase I	7	35.00%	34	19.88%	
Phase II	7	35.00%	76	44.44%	
Phase III	6	30.00%	44	25.73%	
Phase IV	0	0.00%	14	8.18%	
Phase V	0	0.00%	3	1.75%	
total	20		171		

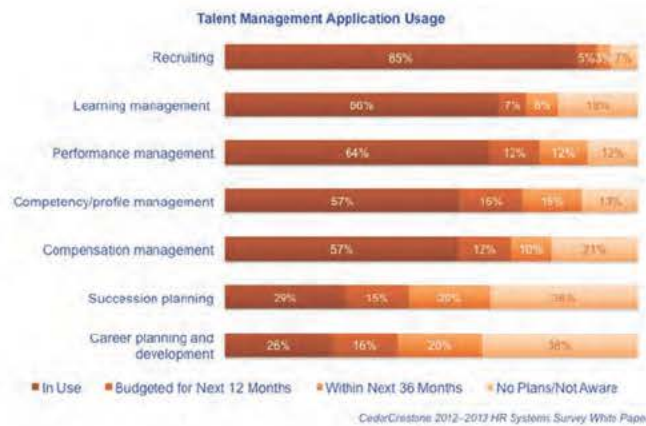
c. PROCESS

- i. 35% of the states and 20% of local agencies surveyed report unpredictable, or uncontrolled, or reactive processes.
- ii. 35% of the states and 44% of the local governments describe their WFP process as managed but not standardized.
- iii. 30% of the states and 18% of locals responding to this survey have standardized their workforce planning process state-wide.
- iv. No States, but a small number of local governments indicate a high level of maturity in the workforce planning processes.

Spot Recommendation: Stable business processes are the foundation upon which effective programs must be built. Standardization is necessary to ensure clear understanding across the enterprise. To this end, States who have not done so should initiate concerted efforts to build standardized WFP processes across state agencies. For the few of those that have standardized processes, seek now to create visibility and predictability on your workforce planning process and performance through communication and automation.

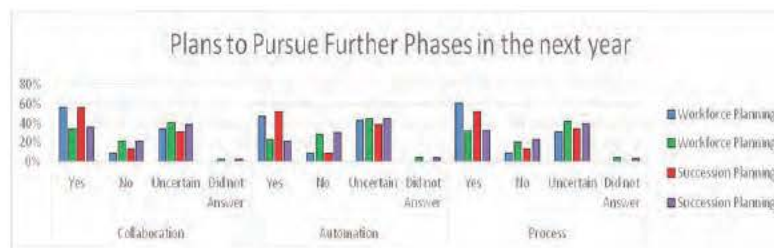
COMPARISON WITH COMMERCIAL INDUSTRY

While there is not a mirror image of the NASPE/IPMA-HR survey conducted amongst commercial entities, there are many related analyses and papers. From a very broad view, commercial enterprises as a whole do appear to be years ahead of State government in terms of their current programs.



Further, indications are that the private sector is more focused on moving to the next level, based on the stated intent to adopt automation.

As shown above, 44% of the CedarCrestone respondents either have succession planning technology in place or have it budgeted for last year (this metric was not found in this year's survey), whereas only 6% of States have automation today (as reported earlier) and approximately 50% 'plan to pursue further phases' with regard to automation. Typical State procurement processes put budgeting and acquisition a minimum of two to three years into the future.



CedarCrestone's 2013-2014 HR Systems Survey Whitepaper shows the adoption rate for Talent Management technology (of which Succession Planning is considered part) in Public Administration to be 11% below the average. There is some small consolation in the fact that it also shows governments to be in parity with the average for Workforce Analytics and Planning. Also specific to Workforce Planning, Visier's report shows that 52% of their respondents (only 5% of which self-identified as government) plan to increase investment in workforce planning over the next 12 months.

In Aberdeen's HCM (Human Capital Management) Trends 2014, a reference shows that for best-in-class organizations, 73% of key roles have one or more ready and willing successor. We believe it is safe to extrapolate that State governments in general are far behind in this regard.

Why are these comparisons important? The CedarCrestone whitepaper sums it up nicely:

“Simply put, Top Performers have more HR technologies in place today than others, and more are planning to increase spending ... in the coming year. Our research shows that having more technologies in place is correlated with improvement in HR cost efficiency, which in turn correlates with increased alignment between HR and business goals. Invest in more HR technologies to not be left behind!”

The crux of the matter is that, like always, States will be competing with local governments and commercial industry for talent. Today the pool of available talent, much less skilled talent, is rapidly shrinking. With the dichotomy between government and commercial pay scales, states must find ways to leverage technology and trends for more level competition.

Without qualified managers succeeding, the quality of management will suffer. This in turn impacts employee engagement, exacerbating voluntary termination and turnover. Considering the time to select, onboard and train new hires to the point of productivity, poor talent management puts organizations at risk for being unable to deliver critical services.

SUMMARY AND RECOMMENDATIONS

A reduction in the workforce compounds the problem for those who are left behind. Now is the time to act before citizen services begin to suffer the consequences. States that haven't already done so should consider creating executive level committees to analyze and address the issues as a whole. The committees should be empowered to examine and redefine current processes to meet today's demands and should carefully determine how technology can assist with workforce and succession planning.

The issue brief team has provided spot recommendations along these lines in the survey analysis above, and offers additional suggestions at the end of this section. In addition, the commercially focused papers referenced herein include insights and recommendations that are meaningful for states. A selection of those is provided here, and the full content of these analyses are provided via links in the bibliography.

From Aberdeen: “Increasingly, organizations turn to strategies that involve developing business leaders as talent leaders, making them the critical connective tissue between talent strategy and business execution.” And “... the two most commonly cited strategies [are]: aligning HCM strategy with the business and identifying gaps in the workforce. When the people with the greatest visibility ... front-line leaders – are empowered as talent leaders, they can help solve both of these problems ... If one thing is clear about the challenges that [HR] executives face in 2014, it's that they can't do it by themselves.”

From CedarCrestone: “On average, 64% of employees at Top Performers are directly accessing HR technologies, compared to just 55% at other companies. Even more importantly, managers are more likely to have direct access to the workforce data they need for decision making, in real time with integrated data from multiple sources. At Top Performers, 28% of managers have direct access to HR data through business intelligence tools vs. 18% at other companies.”

Visier identifies the lack of perceived value for workforce planning as the primary barrier to successful implementation, stating “... a need for HR to educate the business on the value of workforce planning.”

This last is a common theme that should resonate with government: educating the business on the necessity for succession and workforce planning, and collaborating with them to ensure their engagement in the development of processes and the selection, deployment, and usage of Talent Management automation.

Part of the answer to funding these programs lies in spreading the workload to existing leaders, managers and employees, which will require an early investment in education and communication. Beyond this, funding sources will vary from state to state, and the best resource is probably your peers, including those in large nearby local governments. However, the first step has to be identifying what needs to be done and developing accurate estimates for what the costs should be.

This should be contrasted with the costs of an ineffective program which are highlighted by the American Society for Public Administration article *Workforce and Succession Planning in Government*. The article provides some statistics to consider on the costs of bad hires, inadequate training or inappropriate placements.

One major issue identified earlier is retooling the current culture to be better prepared for the new millennial work force. So what does this mean for state HR? It means that definition and development of your workforce and succession plans must first account for the latest information on the workforce entering the market.

Fortunately, there are things States can do to attract and retain millennials: Implement new and creative processes to ensure government success in recruiting and retaining staff. *7 Surprising Ways to Motivate Millennial Workers* suggests considering adding in-between steps or even titles for quicker promotions, and allowing workers to perform community service on company time. Adopt flexible work schedules (if you haven't already) and enable work on different devices (not just on the computer in the office). Other advice includes providing professional development and regular candidate and employee communication regarding the benefits you offer over potentially higher-paying jobs. Finally, provide regular feedback and recognition which can be facilitated by adopting corporate social networking.

CedarCrestone (2014) underscores the last point: "Social- and mobile-enabled processes get employees and managers using the technologies at higher adoption levels ... [which] results in improved employee engagement, which yields value to the employees and the organization."

The millennial-attraction strategy of prioritizing community service can be a problem for governments who often can't utilize public funds for charity. However, this is a potentially powerful tool for states: positioning the employee as part of the solution. Per Forbes, explain the vision and mission of the organization, and help them understand the importance of their role in improving state government.

HR leaders must do something now before the problem becomes catastrophic. Leaders in state government must rethink and develop new creative processes to recruit and retain the new workforce. These things cannot be done by one HR director or even by the entire HR team on its own. It is critical to get an executive leadership team, even the Governor and legislators, on board to help promote the new way of managing talent from recruitment to performance evaluation and development. The plan must also consider how to adapt the existing culture to the new multi-generational workforce. Make sure existing staff and new employees benefit from the changes, and train existing staff to understand why the changes are essential to the state's success finding and keeping scarce, skilled employees.

The final recommendation of this issue brief is the creation of a NASPE-wide communication mechanism, which could be as simple as a monthly or quarterly conference call to share best practices, current challenges, funding approaches and the like.

BIBLIOGRAPHY

A Guide to Developing your Agency's Succession Plan. Whitepaper, NASPE 2001

Top 5 Things Millennials Consider in Job Searches. Aurvey released in June by the Achieve research firm and posted in Government Technology: (<http://www.govtech.com/local/Top-5-Things-Millennials-Consider-in-Job-Searches.html>)

HCM Trends 2014, Developing a Critical Eye for Talent. <http://aberdeen.com/Aberdeen-Library/8785/RA-Human-Capital-Management.aspx>, Aberdeen Group.

CedarCrestone 2013-2014 HR Systems Survey Whitepaper. <http://survey.constantcontact.com/survey/a07e8h5gntmhnnfstnv/a0283chxjimb89/questions>, CedarCrestone

The State of Workforce Analytics and Planning 2014 Survey Report. <http://www.visier.com/lp/2014-survey-report-the-state-of-workforce-analytics-and-planning/>, Visier

7 Surprising Ways to Motivate Millennial Workers. <http://www.forbes.com/sites/jennagoudreau/2013/03/07/7-surprising-ways-to-motivate-millennial-workers/>, Forbes.

Workforce and Succession Planning in Government. (<http://patimes.org/workforce-succession-planning-government/>), American Society for Public Administration article.

Contributors:

Project Leader: Troy Wintersteen, Oracle

Sherrie Southern, Oracle

Jeff Hoyer, CPS HR Consulting

Marian Deadwiley, Florida

Lee-Ann Easton, Nevada

Jim Honchar, Pennsylvania

PERFORMANCE OR PAY? WHICH MATTERS MORE, OR LESS?

ABSTRACT

Public sector organizations continue to face human resources challenges. These well-documented issues include imminent retirements, competing for and attracting new employees in a multi-generational workforce, motivating and retaining talent, and perceptions of an out-of-balance compensation and benefits system. Public sector organizations are also held to high standards for achievement and are expected to always meet their goals. States in particular, with their large, diverse, and often decentralized workforces, have used a number of business tools to help encourage their staffs. This paper will explore the extent to which a presumably key motivational tool has been used, is currently used, and if it even should be used in the future.

INTRODUCTION

“Pay for Performance” is commonly understood as a system for organizations to motivate their people to do their best. Foundationally, it links (or should link) positive outcomes to some kind of reward; it measures against achieving established goals, and usually delivers a financial payout. Yet, it is defined and applied differently depending who you ask. It has been a regular topic of discussion among NASPE members as States develop ways to address their human resources challenges. Because there are so many different definitions and approaches, the Corporate Council, upon a suggestion from NASPE members, commissioned this research paper to help understand how Performance and Pay can work together in State government. What do the words mean, and how do the words link together to define a reward system for employees in State service.

We set out with a hypothesis that Pay for Performance is a good business practice, and together with Performance Management systems, can help set goals and measure against them. Again, there are many varieties of these systems, however we thought there may be a connection to how States in particular use these tools to support their goals and objectives. We also realized there are many stakeholders involved, political and non-political, and there are many impacts to the organization’s cultures and technologies depending on how “pay” and “performance” systems are designed and used. How is “performance” defined? Are the “rewards” associated with the system financial in nature or non-financial? Are there penalties for poor performance? Does the system have internal support from leadership, managers, and employees? Was the system designed with broader objectives in mind?

To gather information for our study, we asked NASPE members to participate in a qualitative survey of their existing performance management systems, describe their State’s cultures and stakeholders, and tell us how, if any, differentiated programs are in place to recognize and reward employees’ performance (financially, or non-financially through training and development programs and other types of recognition). That is, what does, “Rewarding for Performance” mean? Is it a trend in State government that bears watching? Is pay and performance treated collectively or singly? Does it matter, or has it run its course as a system?

Response was strong; we received contributions from the following 21 States:

Alaska	Maine	Ohio	Utah
Colorado	Montana	Oklahoma	Washington
Delaware	New Jersey	Pennsylvania	West Virginia
Georgia	New Mexico	South Carolina	Wyoming
Louisiana	North Carolina	South Dakota	
	North Dakota	Tennessee	

CULTURE

Broadly speaking, an organization's culture is its behaviors, its approach to addressing and resolving problems, and its way of working both with each other and with its stakeholders. A majority of survey participants from the responding States recognized that the systems currently in place for recognizing and rewarding performance (good or bad), are driven and supported by their State's culture. They mostly agreed that recognizing positive results was a good idea, either monetarily or non-monetarily (what we term generally as "reward"), and that if any changes were to be made in the recognition, performance management, and/or pay system(s), the culture would also need to change. Support from the Governor for culture and reward changes was viewed as critical; three responding States identified they had this level of commitment.

Some respondents link "Pay" and "Performance" together very tightly, so it really defines the culture of what's valued and what's paid for. Indeed, for one "...rewarding means merit increases..." and for another, "...the code enables it...so a mid-acceptable or higher rating ←on an employee's annual review→ gets a merit increase." Elsewhere, one respondent noted that more research is necessary to develop objective criteria that could be used to set goals, measure against them, and match up suitable rewards. We have found in our research that these tight linkages in turn create a culture of expectancy, where the "reward" translates directly to an annual pay raise (if the defined level is met). If there isn't a good attitude present where better performance, or any performance, will result in any meaningful changes in anything (the work, the money, etc.), then it's likely that change just won't happen. Of course, the absence of funding for many respondents means that any performance management system tied to rewards matters little to employees; this too affects the attitude and culture.

Decentralization and union environments also have an effect on an organization's behaviors. One respondent pointed out that without a centralized approach to measuring against broader goals, and with each agency running their own system, the unevenness can discourage high levels of performance. Hard-fought negotiations on other important issues not related to job performance (e.g., benefits, working conditions) can also create an attitude where meeting high goals, or any goals, is not as valued, therefore not as strongly pursued.

Technology and systems also play a part in how employees react to and work in their environment. One respondent said, "...there's no tracking for reviews" and "...managers aren't accountable." This combined with lack of funding for any meaningful increase in pay makes it hard to change attitudes and for the organization to show its commitment. On the other hand, another State is blending tailored competencies and clear job goals into ratings and regular reviews that feed salary calculations. The opinion is that applying "serious money" to salary increases is encouraging employees to go above and beyond formal job requirements (that is, they apply discretionary effort) and they stay committed to the organization. This appears to be a reaction to a monetary reward; the literature is rich with instances of how we behave when money is at stake.

This is not to say that the absence of any performance management and/or pay system creates bad attitudes, bad cultures, or low-performing organizations. Or that the promise of money creates positive

attitudes or positive outcomes. To support our hypothesis, though, we were looking for some correlations between recognition and reward that can create a healthy, sustainable environment to help address States' current human resource challenges and working through encouragement and reinforcement, show employees that the culture of the organization truly values them for what they do. What we found is that the organizations' behaviors have a profound effect on the attitudes, performance, and engagement of the workforce.

FINANCIAL REWARDS

We believed that performance management and linking reward to performance are good business practices. Recognizing and rewarding performance can be appropriate through monetary compensation as a means to encourage and reinforce meeting or exceeding agreed upon performance expectations. The reward should be commensurate with performance and those who perform better than expectations should receive higher levels of reward and recognition. However, experience shows that the "reward" or "pay" part of pay for performance has been and continues to be the challenge. The responses from survey participants showed three main groupings of thought and experience regarding a financial reward for performance:

Group 1: States that don't deliver a financial reward and is unlikely to be implemented in the known future. The main reasons were a strong union presence, the lack of a sound performance management process, and a sense of "we haven't had money for employee compensation for years," so there was some expression of "why bother." This ties to the cultural aspects of organizations discussed above.

Group 2: States where linking a financial reward to performance is a priority of leadership, it has their commitment, and the implementation of this commitment is in its formative stages. Wisely, a number of these States are focusing on getting the performance management element of "pay for performance" working effectively before creating the link to pay. Also in this category are States that are delivering a financial reward for strong performance, but seek to have a greater differentiation between the level of performance and the reward. For example, in a State that has three levels of performance, when less than 1% of performance ratings is in the "needs improvement" rating category and the amount of pay for performance is the same for the other two ratings, they are assessing the value of this financial reward on motivation, attraction, and retention. That is, is this truly "pay for performance?"

Group 3: States that have successfully implemented pay for performance and deliver differentiated levels of financial reward, taking into account both the quality of performance and the current pay of the employee relative to market.

If this third grouping is an example of how to successfully link financial reward and performance, what are some characteristics of the design of their pay for performance programs that make them successful? Will it work everywhere? Survey responses supplemented by research shows that these programs have the following characteristics:

- The link between financial reward and performance is included as a clear statement in the State's compensation philosophy.
- Executive branch leadership works hard at educating Legislative branch leadership on the importance of funding compensation on a dollar basis, not on a percentage basis to enable true differentiation of rewards by performance level. One State said, "We needed to move away from percents as soon as it was known that the legislature had appropriated 3% for employee compensation; all employees had an expectation they would get a 3% increase."
- The performance management process continued to be used effectively, even in the "down" years when there was no appropriation for employee compensation.

- There are tools and support in place so the system is used.

To ensure that salary increase dollars recognize performance against standards, relativity of the employee's pay to the market, and provides for true differentiation, one State designed a pay delivery matrix. Here's how it works: an employee who demonstrates a high level of performance and is paid in lower quartiles than the expected market value for their job (or the "market policy position"), would receive a higher raise than an employee who didn't perform as well. This approach marries the market value of the job to the performance of the individual; it's an important connection that strongly supports a culture of engagement and monetary reward. It's also a flexible system: the percentages in the matrix can be varied each year depending on available funding, and the managers have discretion on the amount of award within a range. An example of such a matrix in current use is below.

	Overall Salary Increase (sum)				
Incumbent's Pay Relative to Policy (range midpoint)	Basic Salary Increase*	plus	If "Meets Standards"	or	If "Exceeds Standards"
Over Policy	0%		+2.0%		+4.0%
2nd quartile	0.0% - 1.0%				
1st quartile	1.0% - 2.0%				

*Note : all increases contingent on "Meets Standards" performance level

NON FINANCIAL REWARDS

We acknowledge that non-financial rewards are not without cost, but they differ from monetary rewards in that they are intended to motivate employees to achieve higher performance through a non-cash method, such as personal recognition, awards, training and career advancement opportunities, and related forms of public and private recognition.

There is an abundance of literature with diverse and opposing opinions on what works best – monetary, non-monetary, both or neither – and what comprises the best mix for a total rewards approach and supports positive employee motivation. For non-financial awards specifically, the question may be whether an approach which can be tailored to address the motivational differences among a multi-generational workforce is an effective contributor to the total rewards package.

To identify whether, and to what extent, non-financial awards are being used in State government, the survey group was asked (i) what they were doing today to differentiate and reward performance; and (ii) whether they were using non-financial rewards (development, job design, promotions, non-financial recognition, etc.).

A majority of the survey respondents reported some form of non-financial reward system within some of their agencies across the State (one is under development); to break it down even further, the responses were categorized based on whether the non-financial reward system involved recognition and/or career development.

- The recognition programs centered on the use of awards, peer-recognition, manager-recognition, dinners, events, plaques, and certificates.
- The career development programs centered on job design, special project assignments, job growth, stretch assignments, training and promotional opportunities.

Survey findings indicated a fairly even split among the group in terms of the type of program offered, with two agencies offering both recognition and career development programs. Some programs were somewhat informal, and others were more structured. There were a small number of responder comments on the costs associated with non-financial rewards, with one agency stating that some

organizations may be hesitant to use them for that reason. In those agencies reporting career development rewards, there is an underlying theme with respect to job growth and promotions for strong performers, with one agency commenting that “it is difficult to consider other types of non-financial rewards in the current anti-public employee culture.”

In both program areas, there was an absence of responder comments on any barriers linked to implementation of these programs within a union environment; one agency commented that their recently implemented advancement tool was “a very new cultural idea for unions and some of the legislature.” This may signal a trend that may be related to shared challenges in these environments (i.e., attraction and retention).

Finally, in both program areas, there were multiple comments that agencies were doing a good job in being creative and making these types of rewards work in an environment where limited funds are available to acknowledge performance. This may suggest that State governments with these types of non-financial reward programs are effectively adapting them to meet the needs of agencies with diverse operations and services.

ENABLERS AND DISABLERS OF EFFECTIVE SYSTEMS

Even if we all agree that recognizing and rewarding positive performance is a good business practice that supports employee motivation and organization culture, it can still be challenging to implement and use. While many enablers and disablers of effective pay for performance have already been mentioned, following is a summary of what we heard from the States that participated in the survey and what percentage mentioned each:

Enablers	%	Disablers	%
1. Supportive executive and legislative branches	58%	1. No linkage between performance and reward	58%
2. Technology supporting Performance Management	53%	2. Unsupportive work culture	53%
3. Training/education for all	32%	3. Lack of funding	47%
4. Holding supervisors/managers accountable for Performance Management	26%	4. Lower priority than other initiatives	11%
5. Effective Performance Management process in place	21%		
6. Ability to tailor approach by agency	16%		
7. Utilize both cash/non-cash rewards	16%		

While the opposite of each enabler and disabler could also be listed, the table shows how the States categorized their responses as either one or the other.

Even though general comments ranged from, “Pay for performance is a bad idea,” to, “Rewarding performance is viewed as an investment in the future,” most were on the former’s side of the spectrum. So, the near-term challenge is getting the appropriate support and in the long-term it’s sustaining that support.

There have always been two views relative to what motivates employees:

1. One is external, where employee motivation is driven by rewards and fear and is focused on money
2. The other is internal or intrinsic, where employees strive to do the best they can since their job provides them a sense of purpose

The best solution, as in many situations like this, depends on the culture of the organization and may lie somewhere in between quantitative rewards and intrinsic motivation. Everyone knows of high-performing employees in the non-profit sector that rarely get merit increases, much less incentive payouts. What drives them to perform? It's certainly not cash compensation, but may very well be recognition and/or career advancement. On the other hand, the culture of an investment bank tends to be all about the money and if employees don't understand that they won't be there long. This is not a public/non-profit sector phenomenon – many segments of the private sector have struggled mightily with the notion of pay for performance, even today.

This we know, both from the States' responses and from anecdotal experiences: Some enablers and disablers are more critical than others. If a State does not have a culture that is supportive of pay for performance, executive and legislative leadership that support performance-based differentiation of (cash and/or non-cash) rewards, and managers that will be held accountable for making tough performance decisions, then they won't have an effective pay for performance program.

Interestingly, while lack of funding was pretty high on the list of disablers, we have seen State governments time after time find money in their budgets for initiatives they consider worthwhile. This speaks volumes about the importance of executive and legislative support to any kind of program like this. Even though the lack of linkage between performance and reward was equally high as a disabler vs. executive and legislative support as an enabler, lack of linkage is more of a by-product of an unsupportive culture, executives and legislature than a true driver of the initiative.

SUMMARY

We found that most States have expanded their definition of the word "pay" to mean "reward." And not just financial reward, but non-cash based recognition programs that at once show the employee that their contribution is valued and that the organization is committed to acknowledging this good work because of its (changing) supportive culture. In the face of a transitioning workforce, with shifting demographics and continued strong challenges from stakeholders, some States are finding ways to encourage and then recognize their employees. We found that there is broader recognition that performance-based reward programs can help achieve goals, and we found that the enablers of such programs can outweigh the disablers. On the other hand, if an organization is not willing to garner the commitment of executive and legislative leadership to support this – and to start changing the culture where needed – it will likely be a huge waste of time, effort and money. If that commitment is secured though, the organization can achieve some remarkable things.

Contributors:

Ron Keimach, Hay Group
Neville Kenning, Kenning Consulting
Deborah Owen, CPS
Bill Reigel, Hay Group
 Alaska-Nancy Sutch
 Maine-Sam McKeeman
 Ohio-Stephanie Loucka
 Utah-John Mathews
 Montana-Randy Morris

Oklahoma-Natasha Riley
 Washington-Mark Sullivan
 Colorado-Kim Burgess
 New Jersey-Grace Kelly
 Pennsylvania-James Honchar
 West Virginia-Sara Walker
 Delaware-Amy Bonner
 New Mexico-Justin Najaka
 South Carolina-Sam Wilkins

Wyoming-Erin Williams
 Georgia-Candy Sarvis
 North Carolina-Paula Kukulinski
 South Dakota-Kevin Forsch
 Louisiana-Byron Decoteau
 North Dakota-Ken Purdy
 Tennessee-Danielle Barnes



NASPE announces its top 5 issues for 2015

NASPE members identified the top 5 issues for the year at its recent Mid-Year Meeting in Washington, DC. Programming for the year, including issue briefs, webinars and the Annual Meeting will feature these topics.

- 1. Workforce of the Future**

What are the future workforce trends and how will jobs change? Which occupational areas will change most and how do you prepare for that? As an example, in Information Technology, will states be looking for more contract managers than application developers? If states move to more cloud-based or compute-on-demand structures, what will the new workforce look like? What skill sets will be most important to employers, particularly in the public sector, over the next 10 years?

- 2. Implementing progressive HR policies in a unionized environment**

How do you go about implementing non-traditional HR programs (i.e., pay for performance, promotion based on merit, quality circle, employee development, etc.) in a unionized environment which relies on seniority as the predominant factor in selection, promotion and advancement?

- 3. Flexible compensation**

How can a public employer put more flexibility into compensation offerings to attract and retain the workforce? Items include flexibility in paid time off, cafeteria-style benefit programs, providing extra compensation for employees who decline health care benefits, telework, alternative work schedules, tuition reimbursement and others. A challenge for public-sector employers is the potential negative perception on the part of the taxpayer if state employees are granted some of these flexibilities as well as being able to work within constraints of state policies and laws.

- 4. Performance Management**

How do you properly roll out a performance management program to get buy in from employees and supervisors to implement an effective performance management program? In addition, what tools (primarily technology) are the most effective to utilize?

- 5. Defining Strategic HR**

How do you define strategic HR and move professionals from operational to strategic roles? It's important to define and understand the difference between and HR operational role and a strategic role and then get staff HR professionals to think more strategically than operationally.

For more information, contact Leslie Scott at lscott@csg.org.