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# CHAPTER 1

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## Background

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For Wyoming, like other states with big land areas and low population, government is the largest employment sector. State economists say this sector contributed nearly 65,000 jobs or one fourth of all jobs in 2004. Of these, Wyoming state government has 9,311<sup>1</sup> positions for which it is constantly in the process of hiring, in response to an average annual turnover rate of 13.5 percent (2000-2005).

### **State's ability to hire is critical**

***Experts say effective hiring practices can lead to higher productivity.***

In order to provide services and otherwise meet its responsibilities, Wyoming state government must have a hiring process that enables it to fill vacancies with qualified employees in an effective manner. Experts in public sector human resources have noted that effective hiring practices can lead to higher productivity, increased employee morale, improved teamwork, and reduced turnover – all of which contribute to better organizational performance.

***By 2011, state government faces potential retirement loss of 34 percent.***

State government's ability to hire qualified employees is critical because it will be competing for a smaller pool of available employees in the near future when it may well lose many employees. State records show that 34 percent of state employees will be eligible to retire within 5 years. Of the 29 agencies with 20 or more employees, 23 have at least a fourth of their employees qualifying for retirement within this time period. At the same time, expansion in the state's mineral industry is creating stiff competition for some types of employees needed by the state.

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<sup>1</sup> The number of state employees cited here is higher than the number cited in the July 2006 Market Pay report (7,580 full-time) because it includes X-band, AWEC, and seasonal positions which were excluded in the previous report. Analysis in the Market Pay study was restricted to a single pay system; analysis in this study includes all positions for which HRD handles the vacancy announcements and reviews applications. Neither report includes judicial and legislative branch, Business Council, University of Wyoming, or community college employees.

***Many want the opportunity to get a state job.***

Finally, state hiring processes are important because many people want the opportunity to get a state job. Of the few industries in the state that pay better than state government, most have fewer jobs. Further, government is more likely than other employment sectors in Wyoming to provide health insurance to workers and their dependents, as well as other benefits such as retirement and paid vacation, sick, and holiday leave. Wyoming state government's benefit package amounts to, on average, 44 percent of an individual employee's total compensation.

### **Statutes establish A&I's role in state government hiring**

***HRD responsibility is to initiate recruitment programs that attract suitable and qualified employees.***

At the state level, the Department of Administration and Information (A&I), Human Resources Division (HRD) has responsibility for initiating and administering "recruitment programs designed to attract suitable and qualified employees to the service of the state" (W.S. 9-2-1022(a)(vi); see Appendix A for selected statutes). Statute requires the Division to "maintain a register of applications made by all persons seeking employment with an agency" and rate those applications on the basis of suitability and qualifications without regard to political affiliation, race, color, sex, creed, or age (W.S. 9-2-1022(a)(v)). The Division, working with the A&I Budget Division, also has statutory responsibility to assure that all personnel transactions conform to budget requirements.

### **Statutes essentially unchanged since 1971**

***Existing hiring-related statutes were established when DAFC was created.***

HRD's statutory duties related to hiring have been the same since 1971 when the Legislature created the predecessor agency to A&I, the Department of Administration and Fiscal Control (DAFC). Before then, the state operated with a personnel director and commission appointed by the governor. With DAFC, the Legislature created a department to assist the governor in administering the state, assigning it such responsibilities as improving management techniques, coordinating and consolidating services used by multiple agencies, reviewing agency management to improve it, and establishing uniform standards of administration (W.S. 9-2-1002(b)). Although there have been executive branch and A&I

reorganizations since 1971, the HRD hiring-related statutes have not substantively changed.

***HRD administrator and agency directors share responsibility to apply rules.***

***Agencies can hire only those applicants HRD determines meet minimum qualifications.***

### **State hiring standards are in rules**

A significant state-level role is A&I's authority to promulgate rules that specify uniform standards for state hiring. The HRD administrator and agency directors share responsibility for ensuring that State Personnel Rules are enforced and applied uniformly and fairly within the executive branch. Many of the rules apply to the hiring process, including the following:

- HRD shall administer a centralized recruiting system.
- State position vacancies for which the general public can apply must be open for at least two weeks.
- Vacancies may be made available only to state, agency, division or work unit employees.
- Agencies can hire only those applicants that HRD has determined meet the minimum qualifications for announced positions, except for emergency appointments.

### **Merit-based and nondiscriminatory hiring in government has historic roots**

***Concerns with the spoils system led the federal government to adopt the merit system.***

HRD hiring-related statutes and rules express the two foundation principles, equality and merit, that underlie the United States federal civil service and most public employment situations. The 1883 Pendleton Act created the federal merit system in response to concern over the spoils system. The basis of the merit system was that persons who were the best-qualified based upon their scores on open, competitive examinations secured civil service positions, without regard to political considerations. Through the ensuing years, federal civil service has changed, but the general merit principles prohibiting favoritism and ensuring fair hiring practices remain.

Anti-discrimination protections for ethnicity, age, and gender apply to all employers, public and private, of a certain size. Many of the federal laws that instituted these protections came about in the 1960's, including most prominently Title VII of the

***Wyoming's Fair Employment Act embodies anti-discrimination principles.***

Civil Rights Act of 1964. Wyoming's Fair Employment Act of 1965 (W.S. 27-9-101 – W.S. 27-9-106) embodies these same principles. The Act defines it as a discriminatory and unfair employment practice for an employer to refuse to hire, to discharge, to promote or demote, or to discriminate in matters of compensation or the terms, conditions or privileges of employment against, a qualified disabled person or any person otherwise qualified, because of age, sex, race, creed, color, national origin or ancestry.

## **HRD and agencies share in hiring process**

***HRD hiring functions are those that are to ensure consistency.***

State government has a hybrid hiring system in which HRD and the agencies share tasks and decision-making. HRD considers its functions as those aspects of the state hiring process that are centralized, those that ensure agencies are consistent in their hiring practices, and those that safeguard "civil service procedures." The agencies themselves make the actual hiring decisions from among the applicants that HRD refers to them.

***35 percent of agencies have their own human resources personnel.***

State Personnel Rules require that all agencies designate a contact position for purposes of communicating with HRD. In fact, 19 (35 percent) of all agencies, boards and commissions have human resources (HR) professionals of their own. For the most part, it is state government's largest agencies that have their own HR expertise. For example, the Departments of Transportation, Health, Corrections, Family Services, and Game and Fish have from 3 to 12 HR positions apiece.

***Agencies may decide to hold vacant positions open for awhile.***

### **Agency decisions begin the hiring process**

When vacancies occur, agencies make some initial decisions before trying to fill them. For example, they decide when to fill vacancies and may temporarily hold positions open in order to use salary funds to pay accumulated annual and sick leave owed to those who leave. Agency managers may also determine that positions should be reclassified because needs have changed over time – a process which also takes time.

Further, agency managers decide whether to open vacancies to the public or to offer positions only to internal work unit, division, agency, or state government applicants. Agencies limit

***Agencies can decide to offer positions only to state employees.***

some vacancies to current employees in the belief that certain positions provide opportunities for career development; too, this approach ensures that applicants have experience adequate to fulfill job needs. Agencies also determine what salaries to offer within the market range specified by HRD for vacant positions, according to their classifications, and decide whether to keep vacancy announcements open longer than the required 2 weeks.

***Since 2004, the process has been largely electronic.***

**Posting vacancy announcements is HRD's first step in the hiring process**

HRD performs its recruitment and hiring function by serving as the state's central agent to post all vacancy announcements. The process has changed since 2004 from primarily being a paper process to one that is done online. Now, agency personnel create vacancy announcements through an electronic system developed by HRD to replicate the former all-paper process while speeding it up.

***HRD approves vacancy announcements and posts them online.***

Once HRD personnel approve the job announcements, they post them on the state's web site, <http://statejobs.state.wy.us>, and transmit copies of the announcements to a number of outlets, including Department of Workforce Services Employment Services offices throughout the state. Agencies may also put approved announcements in other media they select, such as newspapers or trade publications, and pay the associated costs.

***Most applicants apply online.***

Most applicants submit their applications directly to HRD online, while others submit them to HRD in the traditional manners: in person or by mail or fax. Applicants can also deliver paper applications to state agencies, which forward them to HRD. However, HRD recommends that applicants apply online.

**HRD minimum qualification review is its primary effort in the hiring process**

***This review is to ensure all those qualified can compete for state positions.***

HRD's major hiring-related function is to screen applications submitted for state positions to determine if they meet the "minimum qualifications" for each position. HRD sees this review as ensuring that all applicants can compete for state positions as long as they are minimally qualified for the positions for which they apply.

**Minimum qualifications are established through the position classification process**

***Minimum qualifications are largely experience-based.***

Generic for all positions within the same classification, minimum qualifications are a combination of educational attainment and work experience, both of which can substitute for the other. For example, a common minimum qualification requirement for a mid-level state position is: any combination of training and experience equivalent to a bachelor's degree in (a specified academic area) or other closely related field plus two/three/four years of professional work experience in (a specified area related to the position). In their vacancy announcements, agencies may add preferences for certain degrees or expertise, but HRD does not screen out candidates who lack those qualifications.

***HRD does not administer examinations, but agencies might.***

HRD typically equates two years of work experience in an area to an associate's degree, and four years to a bachelor's degree. Sometimes minimum qualifications will include state professional certifications, such as Licensed Practical Nurse or admittance to the State Bar, or other certifications such as a commercial driver's license. The Division does not administer examinations to determine applicants' abilities, but agencies might do so in their various selection processes. Some positions require background checks, fingerprinting, or urinalysis testing, but HRD does not arrange for these. Agencies verify applicant credentials and check references once they determine position finalists.

**Within HRD, the SRT section does the hiring-related work**

***Staff members review applications in assigned classifications.***

HRD personnel, grouped in the Selection, Recruitment, and Training (SRT) section of HRD, review applications in assigned classifications. Thus, staff members develop a basis of knowledge that enables them to determine if the qualifications and work experience they see on applications meet minimum qualifications. They can also consult a manual that lists minimum qualifications for the various classifications. As applications are screened, SRT immediately forwards those qualified to the agencies.

***HRD refers all qualified applicants to the agencies.***

Although State Personnel Rules allow HRD to limit the number of applicants referred, either randomly or to those that are relatively more qualified, Division practice is to refer to the agencies all applications screened as being minimally qualified. In the first 8 months of 2006, this practice led HRD to refer to agencies nearly 80 percent of all applications submitted.

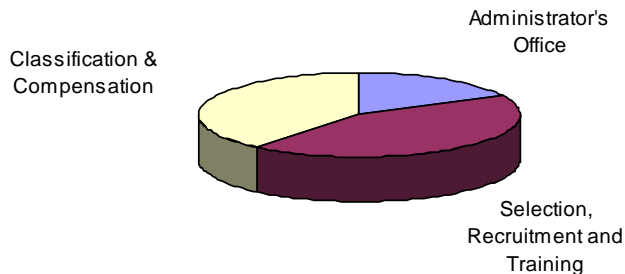
***The 10 employees in the SRT section make up almost half of HRD.***

**SRT section makes up nearly half of HRD**

The Division, not including the section devoted to administration of Employees Group Insurance (EGI), consists of 23 employees including the administrator. The SRT section has 7 employees heavily involved in screening applications plus 3 other positions, one of which currently is vacant. This group also approves payroll transactions and vacancy announcements created by agencies, arranges training sessions and registers participants, and scans paper applications and performance appraisals. The other large grouping of HRD employees (9) works in the Classification and Compensation section, while 4 work in the administrator’s office, including coordinators for grievances and appeals and for workforce planning. The HRD budget for FY ’07-’08 is \$4,974,058, two-thirds of which funds personnel services. In turn, the SRT section accounts for approximately 43 percent of Division personnel costs.

**Figure 1.1  
Allocation of HRD personnel (not including EGI)**

***HRD budget for FY ’07-’08 is approximately \$5 million; most funds personnel.***



Source: LSO compilation of A&I HRD data.

## **Agencies make final hiring decisions from among the applicants HRD refers**

### ***Agencies develop their own hiring procedures.***

Ultimately, agency hiring managers, while following the State Personnel Rules, work separately to develop hiring procedures that assess applicants' merit and suitability for their positions. Most agencies do not use formal examinations, but rely upon the information presented in applications as amplified through personal interviews. Others have developed their own scoring systems to rate application and interview information.

Once agencies make hiring decisions, HRD's final hiring-related task is to ensure that those hired were on official registers and hired into the positions named in the vacancy announcements, and that agencies have sufficient funding for their salaries.

## **Application numbers have increased, but hiring numbers remain consistent**

### ***Online application capability has meant more applications.***

The opportunity for people to apply online for state positions, available since December of 2004, has significantly increased the number of applications received, although the number hired has remained steady (see Figure 1.2, page 9). Between FY '04 and FY '06, the number of applications jumped by 71 percent; since then, application numbers have continued to increase at a more moderate rate. Of the 34,000 applications received between January 1 and August 31, 2006, approximately 29,000 (86 percent) were filed online.

### ***Applicants now tend to apply for multiple jobs.***

HRD is seeing a dramatic increase in application numbers largely because many applicants are applying for multiple jobs.

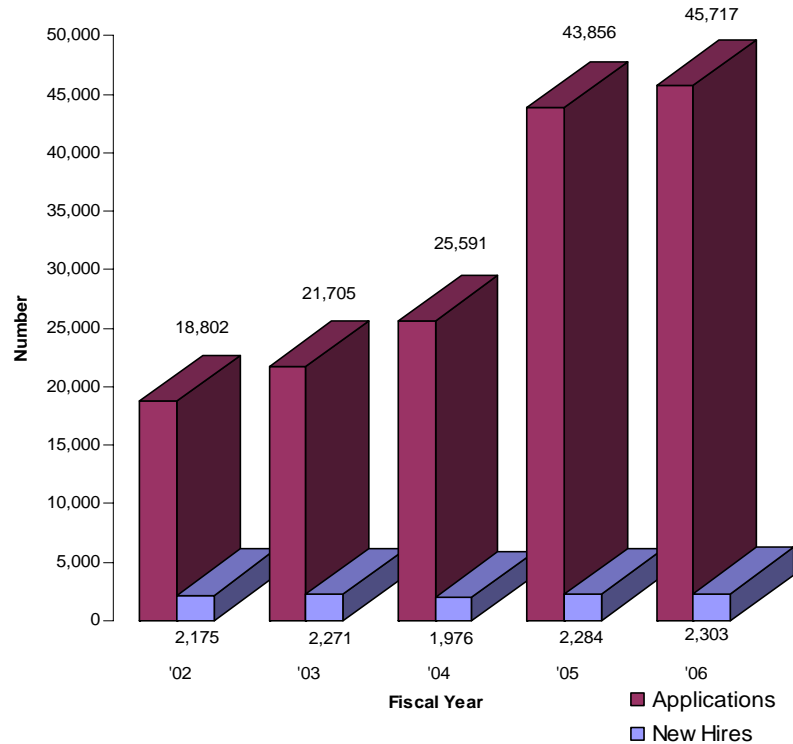
Altogether in FY '06, 11,795 applicants submitted 45,717 applications for state positions, and 1,435 were hired into 224 different classifications. Most applicants (92 percent) submitted between 1 and 10 applications, including 49 percent who submitted only 1. The numbers of multiple applications per individual ranged up to a high of 188.



Figure 1.2

Applications and new hires  
FY '02 - '06

***Application numbers have increased but new hires remain fairly consistent.***



Source: LSO analysis of State Auditor’s Office and A&I data.

## HRD processes are in transition

***The sequence of HRD’s application screen will change.***

As we studied the state-level hiring activities performed by HRD, it was preparing to implement changes that will affect the state hiring process in both the near- and long-term. First, after planning and developing systems to support the change for several years, HRD has begun, on a pilot basis, giving agencies all applications that come in for their job announcements, but without contact or personal information. Agency hiring managers will refer back to SRT only those they find most competitive for the minimum qualification review. This means that eventually, SRT’s effort towards what is currently a primary function, screening applications, will drop to a small portion of its current level.

***Reforms anticipated to fill the impending knowledge gap and attract younger workers.***

**HRD plans to introduce competency-based HR reforms**

Another transition for HRD is its workforce planning initiative to help the state replace the loss of employee knowledge and experience created by impending retirements. HRD believes existing employees can fill this probable skills and knowledge gap by developing their skills, knowledge, abilities, and behaviors, also called “competencies.” Also, HRD believes that providing employees opportunities for professional development will make the state a more attractive employment option to younger workers. Staffed by a coordinator in the HRD administrator’s office, this initiative has the goal of “fostering a cultural change within state government.” Some components of this initiative are:

***Employee goals and performance are to mesh with agency goals.***

- Hiring and evaluating employees based upon the behaviors, knowledge, skills and abilities (competencies) identified for each classification.
- Holding all levels of management accountable for tying the goals and performance of state employees to the strategic goals of the agencies, divisions, or programs.
- Training supervisors to use competencies to develop performance expectations and identify growth and training opportunities for all employees.

***The “human capital” model is currently prominent in the public sector.***

Research for this report indicates that this approach, one of valuing, managing, and developing employees as an organization’s “human capital,” is the current public sector human resources management model. This is largely because the federal government has adopted it as the cornerstone of its Strategic Management of Human Capital Initiative. Under this initiative, federal agencies identify the critical skills employees must have to fulfill agency missions, and then close gaps through strategic hiring and training. Other central tenets of this approach are aligning employee goals and performance with those of the organization, and pay for performance.

***Reform to start with performance appraisals.***

HRD will introduce this approach in Wyoming by changing the state’s performance appraisal process. Pilot agencies will start using a new competency-based performance and development review in 2007.

## **Notwithstanding the transitions, A&I HRD can improve its operations**

***We focused upon what HRD should do to improve its contribution to state government hiring.***

Even as these changes unfold, we believe there are opportunities for A&I HRD to improve its existing operations to help state government attract and hire the highest qualified individuals to meet the needs of state agencies, while ensuring that the state hires in a fair and nondiscriminatory manner. Our research led us to identify the following areas as ones that HRD should address to improve its contribution to state government hiring: recruitment and application strategies; guidance and oversight of agency hiring practices; and use of data resources to inform the process. In the following chapters, we discuss these topics in more detail and offer specific recommendations for HRD to modify its current approaches and, in some cases, redirect its resources.

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