
PERSONNEL MANAGEMENT FOR LOCAL GOVERNMENTS



TECHNICAL ASSISTANCE

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INTRODUCTION

This document is intended to provide an outline for personnel management systems and procedures in Colorado local governments. While every aspect of this is important, a particular jurisdiction may want to concentrate on only part of the system at a time.

All local governments in Colorado should have personnel policies. A small town or all-volunteer fire protection district may have very simple policies and rules, but those policies and rules are necessary for elected officials, administrators and employees to all understand what is expected of each of them. The chief administrative officer in such a small community or county (clerk/treasurer, board director or commissioner) may have to administer these policies in addition to all his/her other duties, so simplicity is a key goal. Policies in each area should anticipate problems which might occur so that a poor decision is not made because of no policy. Policies must meet certain state and federal standards, without which costly litigation can result. Throughout this discussion the term “administrator” will be substituted for “employer”, since an administrator of the plan is necessary, even though the local government and its governing body is technically the employer in the traditional sense.

The term “employee” in this document refers to any position, whether paid or volunteer, which has certain responsibilities and from which an “employer” has certain expectations. The local government has no more or less responsibility to provide quality service whether a position is paid or volunteer, therefore a distinction between compensated and uncompensated positions is only made in pay scales and not in classification or job descriptions.

It should be kept in mind that what follows is a discussion of all of the major areas in personnel administration and may not be appropriate for smaller local government operations. A small district, for example, may only need to adopt policies on pay and selection, and may not have the need for a complete classification plan. By becoming familiar with the entire spectrum of personnel issues, however, a governing body can make intelligent decisions about those aspects of personnel management on which they should concentrate.

Counties, cities, towns and special districts may have slightly different statutory personnel requirements under Colorado law, but also have some things in common. This examination of personnel issues will address the following areas:

Policies/Rules/Regulations	Special Districts	Benefits
Counties	Classification Plan	Employee Selection
Municipalities	Pay Structure	Training/Motivation/Evaluation

For more information or for more DOLA technical assistance publications see the department's web site at www.dola.colorado.gov and click on Data, Information and Publications.

CLASSIFICATION PLAN

A classification plan is a list of positions in the personnel system, grouped by similarity of job duties. The definition of duties and responsibilities, or "job description," of every job in a personnel system provides the basis for a classification plan. A classification plan also usually defines how these jobs may relate to each other, such as a supervisory hierarchy within a "job family." It is a technical but crucial part of any personnel system because it affects nearly every aspect of employer-employee relations.

It is sometimes necessary to hire an outside consultant who is a specialist in personnel matters to prepare a classification plan. The principle of "equal pay for equal work" is the overall objective of the plan, and familiarity with the universe of jobs and qualifications is necessary to prepare a sound plan and avoid possible litigation. Rules are a necessary part of any personnel system, and are used, among other things, to implement a classification plan. An appeals procedure is also necessary to protect the integrity of the plan, and each employee must be provided the opportunity to appeal an allocation or personnel decision.

Uses of the Classification Plan

For the administrator, the classification plan

- forms the basis of an objective selection process
- may be used in defining organizational structure, clarifying lines of authority and fixing responsibility
- provides the basis for the pay structure to assure equal pay for equal work
- provides the basis for objective performance evaluation, training, promotions and discharge

For the employee, the plan

- describes the position objectively and makes comparison to other positions easier
- assures that political or other improper considerations have not been used as the basis for classification

- provides motivation for advancement and training in focusing on duties and responsibilities

Establishing a Plan

The most realistic way to classify existing positions is to have the employee in a position outline the duties of the job. This is usually done by means of a questionnaire. The supervisor or administrator should complete part of the questionnaire indicating agreement or disagreement with the employee's description of the position and minimum qualifications (education, training, special skills, etc.) needed to fill the position. In the creation of a new position, the administrator and supervisor obviously must develop the duties, responsibilities and qualifications themselves.

Job audits may be necessary to classify certain positions, especially those where:

- duties vary considerably, such as secretarial or clerical
- wide differences are found in responsibility, such as supervisory or administrative positions
- the information on the questionnaire is incomplete or confusing
- a position is on the borderline between two classes
- supervisors differ with their subordinates on their understanding of the duties performed
- the employee requests an audit

Many classifiers feel that at least one employee in each class of positions should be interviewed, with at least 25% of the total positions being audited.

After the duties of each position have been analyzed, the positions are grouped into occupational divisions which may cut across department lines so that similar positions in different departments may be classified together. Then the classifier must decide whether it may be advantageous to group positions into a few broad classes (Account Clerk I, II, III) or several narrow classes (Tax Clerk, Payroll Clerk, Water Bill Clerk, etc.). If the main purpose of the plan is to justify salary differences, then the narrow classification is preferable; if it is to aid in the recruitment of competent people with broad basic skills who are to be trained on the job, then the broad categories may be better. Broad categories give management more flexibility in assigning duties and give the employee more opportunity for various experiences.

Class Specifications

Once classes have been determined, specifications for each class must be written which should include:

- Class Title, a descriptive term and rank or level, such as Clerk-Typist I, Equipment Operator II . Firefighter III

- Definition, a brief statement of the basic purpose of the jobs, its relative level of difficulty/responsibility and the supervision given and received
- Examples of Duties
- Qualifications, including knowledge/skills/abilities, education/training, and experience, clearly stating whether a qualification is “minimum” or “desirable”
- Necessary Special Requirements, such as driver's license, certification of a firefighter or sewage treatment plant operator, etc.

After class specifications have been completed, each position is allocated to its proper class. The specifications and allocations should be available for review by everyone in the local government. Department heads and supervisors should in all cases review specifications for those positions under their responsibility before adoption by the governing body. In this way the final product will be achieved by cooperation, and will have the maximum possible support.

Presentation and Adoption

The classification plan, including a list of class specifications for each class and allocation of positions to each classes is then presented to the governing body or the local government for adoption by ordinance or resolution. This should be done before the development of the pay plan for three primary reasons:

- 1) It would require too long a session to explain and adopt both plans at once,
- 2) Levels of duties and responsibilities should be considered apart from pay levels, because proper pay levels cannot be decided until the duties of the position are agreed upon, and
- 3) Changes may have to be made to the classification plan which will affect the pay plan.

Following adoption, copies should be furnished to the administrator, supervisors, employees and governing body. Formal written notice of his/her allocated class should be delivered to each employee. An appeal process should be set up whereby employees must notify the administrator by a certain date of his/her dissatisfaction with the classification plan. A review panel (3 to 5 staff, managers and elected officials) should hear the appeal and make a decision as to its merit.

Maintaining the Classification Plan

The administrator should be assigned the maintenance of the plan so that it is continuously reviewed and appraised when

- a vacancy occurs in which changes in duties may be made
- duties are added or removed from a position
- changes are made in work methods (e.g. installing a computer)
- a department or division is reorganized

- class specifications need to be updated because of changes in professional requirements, legislative mandates court decisions etc.
- there is a change in personnel requirements

PAY STRUCTURE

A pay plan is a listing of all the position classes in the local government, together with the ranges of pay rates assigned to each class. A well-constructed pay plan has a number of objectives:

- To make salaries equitable relative to the responsibility of the work performed
- To preclude discrimination against any employee because of anything unrelated to the duties performed
- To be competitive in the employment market, thereby attracting and retaining competent employees
- To provide data necessary for budgeting and payroll administration
- To make information on pay rates and practices available to employees and interested citizens
- To motivate and reward excellent performance
- To provide an orderly program of salary policy and control

The person responsible for developing the pay plan, whether a hired personnel consultant or employee of the local government, must have a thorough understanding of the classification plan.

A typical pay plan provides a series of different pay ranges for each class, with each range including a minimum entry-level rate, a maximum rate, and several intermediate steps that provide the basis for seniority and/or merit raises. The ranges must be realistic in relation to other similar jobs in the community/region, the type and cost of fringe benefits provided and the ability of the local government to finance additional pay and fringe benefits.

A study should be conducted, either by formally gathering data from other local governments, or informally polling selected individuals and publications to determine comparable rates of pay. Policies must be developed by the governing body, department heads and supervisors as to what the pay plan is expected to accomplish and how the study will be conducted. A basic policy to be decided early is whether the employer wants to be a “pay leader” or “follower”; that is, do they want to attract top talent, or can they afford it? The study, or survey, begins with gathering data on existing pay ranges and fringe benefits; the current pay plan if one is in place, or some comparable local governments if one is being developed for the first time. Related data must be taken into consideration, such as regular work hours, overtime practices and value of fringe benefits (vacations, holidays, sick leave, overtime, uniform allowances, retirement plans, and health and other insurance). The survey can be in the form of a questionnaire and should be distributed to other local governments, business and industry in the area. Other surveys can be used for comparison, but care

must be taken that the position classifications are comparable. The Colorado Municipal League, other national associations and some major regional associations regularly conduct such surveys which may be of particular value.

After assigning each position class a salary range, the impact on the local government's budget must be determined. Cost will determine how the pay plan is implemented.

Following adoption of the pay plan, formal rules must be adopted which will reflect the basic policies of the governing body. Matters covered by rules and regulations include:

- Recognition for outstanding service
- Overtime rates
- Education/incentive pay
- Part-time, seasonal and temporary rates

Some pay plans fail because they are not kept up-to-date. Inflation, competitive wage rates, scope of jobs and market demands all should be reflected in regular changes in the pay plan. Personnel experts recommend a complete review every five years, with annual updates. An appeal process can be set up, similar to an appeal of the classification (p.4), but this can be cumbersome and is fairly rare.

Benefits

Benefits are considered by employees and, in some areas by the employing government, part of the pay structure. They can be classified into some basic categories:

Protection benefits help make employees more productive by freeing them from worry about possible mishaps:

- Sick leave and other paid leave
- Life and medical insurance
- Retirement pensions
- Worker's compensation

Income supplement benefits usually help to attract applicants or to provide incentive for maintaining employee morale:

- Longevity pay
- Standby pay
- Paid time for wash-up
- Overtime premiums
- Paid time for reporting in

Quality of life benefits generally improve employee morale and health, and are considered to improve productivity. They include vacations, holidays, compensatory time, rest breaks and recreational programs.

Tax Break benefits, which have been a part of many pay plans are effectively eliminated by the 1986 Federal Tax Reform Act.

Fair Labor Standards Act

The 1985 U.S. Supreme Court decision in the case of Garcia vs. San Antonio made sweeping interpretations with regard to the Fair Labor Standards Act which affect nearly every local government which has employees. Some federal legislation has passed to solve some of the problems which this ruling has created, but it may be worth your while to investigate the effects of this case in the areas of compensatory time, volunteers, mutual aid agreements, trading shifts, special detail work, dual employment vs. overtime, and antidiscrimination. FLSA exempt employees are a particularly important aspect of a local government's classification and pay plans. The FLSA has been summarized in numerous publications. For more information on this subject, contact the Department of Local Affairs.

EMPLOYEE SELECTION

Hiring employees may be the single most important element of a local government's personnel system, perhaps equal only to keeping good employees. Hiring can generally be divided into the areas of recruitment and selection.

Recruitment

The most important issue in recruitment is that the process is open and fair to all applicants. Failure to be both could result in charges of discrimination and costly litigation.

- Define the dimensions of the search, including media to be used
- Make a public announcement of the job title, a description of duties, salary range, minimum qualifications, method of applying and application deadline

Should the search be limited to current employees? Members of the community? Professional and technical positions may require a broader search, so should we pay interview and moving expenses? The wider the parameters of the search, obviously the greater chance of finding the "perfect" applicant. Local, regional, statewide and national searches, however, are each progressively more expensive, so a search budget can be one of the deciding factors on the dimensions of the search. Professional journals as well as newspapers of general circulation can be used to effectively disseminate information on the position. It can take several months to solicit applications, so planning the search is also a key consideration.

Selection

Standardized criteria must be used in selecting the person to hire. Failure to use objective standards has, in some cases, resulted in discrimination suits which have cost local governments both time and money. Discrimination on account of age, sex, race and handicaps should be avoided at all costs.

Written tests may be necessary to determine the most qualified persons, and can take any one of a variety of forms. Usually three or five finalists who received the highest scores are then scheduled for interviews, when some subjectivity may be used to choose the “best” applicant.

Interviews and tests should always be designed so as to treat applicants in a fair and uniform fashion. Some make use of predetermined questions, others use a less structured approach, and a combination of both is possible. Hypothetical problem-solving exercises can be useful to test the analytical and decision-making skills of the applicant.

A probationary period, usually three to twelve months, is often used to make a final test of the applicant’s aptitude and job performance. Written ratings and performance reports are usually used to evaluate the employee’s performance, at least during the probationary period. It is important to bear in mind that during a probationary period an employee is being evaluated as to whether or not he/she should remain in that position. It is much easier to terminate employment before the probationary period expires than afterwards.

Training/Motivation/Evaluation

Training, or career development, does not need to be complex or expensive. The first step is to evaluate the needs of the employee in terms of meeting their personal and professional needs as well as helping to meet the mission and goals of the organization.

Policies must be adopted regarding

- How long will training take place?
- On or off the job?
- Will leaves of absences for training be granted?
- Does training relate to promotions and salary increases?
- Optional or compulsory?
- Should we develop tuition-refund or education-incentive programs?

Training resources within the community should first be examined. Universities, community colleges and local professional groups can often be used for free or low-cost training. Statewide professional and local government associations often plan many training opportunities. In-house training programs in which employees help train their fellow employees are often used.

Training, a well-structured pay plan and incentive and recognition plans can provide employee motivation. Whatever the method, motivation is usually considered a key issue in effective personnel management. Supervisors and administrators should develop methods for motivating employees which may not always be uniform from employee to employee. Some employees may thrive on indirect supervision in which they are “turned loose” to develop solutions and programs on their own, while others may do better working closely with an administrator. Still others say “graduate” from one method to another, so flexibility is a key concern. Awareness of the importance of motivation is crucial for the administrator. Such awareness will lead an administrator to develop his or her own methods of motivating employees.

Evaluation of employees is also important: employees and supervisors alike need to know what is expected of them and how they are meeting those expectations. Some progressive organizations have programs in place whereby employees evaluate their supervisors, giving the supervisors valuable feedback on their performance.

A probationary period for new employees (above) is only a small part of a performance evaluation system. Regular evaluations should be performed in order to determine how effectively the employee’s performing his/her assigned duties. Most employees want to know how their performance is perceived and how they can improve it.

Performance evaluation should be tied to promotion and discipline. Inadequate performance should always receive constructive criticism, and improvement should always be recognized and encouraged. If disciplinary actions are necessary, they should be fair, well-documented and consistent with the law.

Performance evaluation forms can range from the simple to the complex, but generally the less time an evaluation takes, the more subjective it is. The goal of an evaluation system is to rate employees fairly on standard criteria; therefore objectivity in the system is usually desirable, even though it can create complexity. Multiple-choice is desirable, even though it can create complexity. Multiple-choice formats take little time and are easy to score, but these often lead to misunderstandings as to what is being evaluated, and allow personality traits to be rated differently by each rater. A narrative type of system takes longer, but provides a sound basis for counseling and personnel actions. A system using performance standards is perhaps the most complex in that it sets goals and objectives for the organization and asks for an evaluation of the employee's performance in relation to them.

The existence of a performance evaluation system does not guarantee its effectiveness. Many are criticized as being unfair, impossible, even useless. Consistency is essential in evaluating employees and employee participation is critical. Regular review of performance should be insisted upon. Three basic questions should be answered in every performance evaluation:

- What is the employee doing effectively in the job?
- What, if anything, is being done ineffectively?
- What can the employee do to be more effective?

The value of a performance evaluation system can rely upon the training of supervisors to do a consistent, objective job. Done properly, such a system can result in effective training, improved morale, superior services and productivity, reduced turnover and improved supervision.

Grievances

A formal grievance procedure should be adopted as part of the personnel system to clarify and interpret personnel policies and practices. Employee participation in the grievance procedure is essential. Most such procedures consist of between three to five steps, including review by a first-line supervisor, division head, department head, and some central agency. Some procedures provide for arbitration of disputes, and many include committees made up of employees, management and/or private citizens.

Policies/Rules/Regulations

All of the policies adopted by a governing body should be codified into operating rules or regulations. This allows everyone to understand exactly what the rules are, and makes modification much easier.

Policies do not have to be adopted in each of the above areas but the better defined the ground rules of personnel are, the fewer surprises and disappointments result. A thoughtful policy regarding the reimbursement of expenses to a volunteer firefighter, for example, may result in much more effective use of that volunteer resource and could easily head off the potential political problem of a dissatisfied constituent.

Developing sound policies cannot be done in a vacuum; reliance on what others have learned can save a great deal of time and help avoid pitfalls and omissions. Many counties, cities, towns and districts have submitted copies of their policies and personnel plans to the Division of Local Government where they are available for review.

Each type of Colorado local government has certain restrictions and responsibilities placed upon it by statute. Following are the major such requirements for each type:

Counties

Commissioners, Sheriffs, Treasurers, Assessors, Clerks and Coroners have salaries which are prescribed by 30-2-102, C.R.S. Counties are categorized into classes for the purpose of salaries; therefore a sheriff, for example, in one county may receive a higher salary than in another. All of those elected officials, in turn, basically have the authority to set salaries for employees with the approval of the Board of County Commissioners. An exception to this is social services

employees who are county employees but are hired, managed and fired under the rules of the State Merit System.

A classification and compensation plan for county employees (except social services employees) may be adopted by the Board of County Commissioners. The individual elected officials in the county may accept the plan, otherwise the plan is not binding on their department.

The plan must include

- Pay and benefits
- Classification and pay grade for employees
- Length of workweek (not less than 40 hours)
- Overtime pay of compensatory time

Counties may provide life, health or accident insurance, as well as retirement plans. Military leave must be granted without loss of seniority (28-3-601 and 603, C.R.S.), and Colorado labor must be used for 80% of any public works project (8-17-101, C.R.S.).

Municipalities

All Colorado municipalities (cities and towns) must comply with constitutional constraints such as nondiscrimination. Beyond that, however, two types of municipalities are regulated in personnel matters by their charter: territorial charter cities and home rule municipalities. (One exception to this is that cities under 5,000 population operating under a territorial charter may not compensate their mayor or members of the governing body without electoral approval.) Towns and cities, on the other hand, have certain statutory limits imposed upon them.

Compensation of the governing body, mayor and officers of a town or city is left to the discretion of the board or council. Raises for the governing body, however, do not become effective until the current term of office has expired.

Statutory cities and towns may establish a Civil Service Commission, which can have broad rule-making powers conferred upon it. The governing body of any statutory city or town may provide for a classification and pay plan for police, fire and public works personnel by ordinance. Having adopted such a system, however, the governing body may not withdraw the departments from the system without first having held an election for approval of such an action.

Statutory towns must appoint officers (clerk, treasurer, marshal, town attorney, and any others it deems necessary) by ordinance, and the ordinance must include their duties and compensation. A majority vote, after written notice and hearing, can remove any such appointed officer. This effectively removes these positions from any personnel procedures on grievances and removal.

Statutory cities can have either of two management forms: mayor/council or city manager. In both cases all elected and appointed offices have their compensation and classification set by ordinance. A city manager form of statutory city may adopt an “administrative plan”, which defines the administrative organization of the city.

Special Districts

Directors elected to the board of a special district may receive compensation of up to \$50 per regular or special meeting of the board not to exceed \$950 per year. Special district law gives the board the power to “adopt, amend, and enforce bylaws and rules and regulations”, which, presumably, can include personnel matters. Fire protection districts have special civil service provisions under Section 32-1-1002, CRS.

CONCLUSION

As stated above, all of these aspects of personnel management are important. Some may be of more importance than others in a particular local government's situation, and will require relatively more attention than other areas.

One aspect of personnel management which is not explored in this document is in the area of Union negotiation. Adopting policies in this area can be complicated and requires the latest information regarding litigation, etc. More information on this subject can be made available upon request.

The Department of Local Affairs has staff available to assist local governments in the development of sound personnel policies.