

Bringing Business Best Practices to Government: Merit System Reform

September 7, 2018

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Office of Administration
State of Missouri



What is Merit Reform?

- The Merit Reform law simplifies overall State requirements for personnel management and provides opportunities for improvements across all talent management
 - SB 1007 was passed by the General Assembly on May 17, 2018
 - Signed into law by Governor on June 1, 2018
 - Went into effect August 28, 2018



History of Merit System

- 1945 — Missouri Constitution adopted containing a requirement for a “merit system”
- 1946 — “State Merit System Law” (Chapter 36) passed which created the Personnel Advisory Board and Division of Personnel. The merit system included 3 key elements:
- (1) Standard classification of jobs
 - (2) Objective measures of qualifications
 - (3) Protections from arbitrary discipline for employees
- 1979 — Chapter 36 became the “State Personnel Law” making revisions to the merit system which made it less rigid and more flexible
- 1990 — Uniform Classification and Pay provisions were passed which extended job classification and compensation to additional state agencies
- 1996 — Legislation passed which streamlined the personnel systems
- 2010 — Legislation passed transferring the jurisdiction of employee appeals of disciplinary actions from the Personnel Advisory Board to the Administrative Hearing Commission



Merit System Reform

Old Merit System

New Approach

Recruitment	Based upon exams and have to rank in the top 15%; not competitive; slow process; rote learning of exams	Agencies can directly hire without using a register; no exam or ranking required; more competitive
Flexibility	Difficult to reach best qualified candidates; impossible to move staff from one position to another when priorities change	Eliminates merit register for most classes; allows agencies to easily hire best candidate; can easily move staff to other positions as priorities change
Discipline	Discipline is for cause and there are levels of appeals; very little accountability; long process	Managers have discretion to discipline and be more accountable; appeals are eliminated for most employees
Separation for Cause	Dismissal must be “required in the interest of efficient administration” and be “for the good of the service”	Most employees are at will and may be dismissed for no reason or any reason not prohibited by law



Important Numbers

90

130

31,252

54,997

87,024



What the law enables?

- Greater flexibility in management
- Selection of the best-qualified applicants (i.e. eliminates the “15% rule”)
- Most employees are “at will” (exceptions described on following page)
- Use of open, stepless pay ranges
- Expanded use of broad banded job classifications
- Most agencies able to hire without using a register
- Whistle-blower and other statutory protections for all employees will remain in place



Whom does the law affect?

New Non-merit:

Administration
Corrections (part)
Health & Senior Services (part)
Mental Health (part)
Natural Resources
Public Safety(part)
Social Services (part)

Previous NON-Merit:

Agriculture
Conservation
Economic Development (part)
Elementary & Secondary
Education
Higher Education
Insurance, Financial Institutions,
& Professional Registration
Labor & Industrial Relations
Public Safety (part)
Revenue
Transportation



Big picture: Talent management transformation

Recruiting - expanding our pool of applicants

- Developing an applicant-friendly system
- Implementing LinkedIn Pilot Project

Professional development and annual review - more consistent and frequent communication with emphasis on professional development

- Implementing ENGAGE (monthly professional development dialogues)

Training and skills building - training to make work easier, with better quality and more impact

- Implementing The Missouri Way program
- In process of hiring Director of Operational Excellence
- Developing lean training and train the trainers programs

Leadership development - training emerging leaders

- Initiated first class of Leadership Academy
- Developed Leadership Library

Rewards and recognition - developing new methods of recognizing excellence

- Developing “Rewards for Performance” reforms

Discipline

- Developing OA model disciplinary proposal



Why does the new law matter?

- Getting the right people with the right skills in the right positions is critical to serving our fellow citizens, building a good team work environment, promoting individual development, and improving our departments' performance.
- The State of Missouri is committed to investing in our people – from initial recruitment to leadership development.
- Merit Reform is an important part of this overall effort. It gives us greater flexibility in how we recruit and hire the best-qualified talent, how we manage our teams, and how we can recognize and reward superior performance.

