

## ***Organizational Changes: Partnering with Civil Service to meet change***



**by Christopher Deer**  
**Compensation Consultant**

As agency appointing authorities respond to today's fiscal climate, the Department of State Civil Service remains committed to the goal of upholding its constitutional responsibilities, as outlined by Article X, while providing organizations the flexibility to conduct business as efficiently as possible. When an appointing authority deems that organizational changes are necessary, the Department will work closely with agency representatives, striving to design an implementation strategy which allows the agency to streamline with little or no impact on employee status and pay.

In each situation, Civil Service carefully considers its responsibility of maintaining a balance between the goals and initiatives of an agency and the interests of the employees of that agency. That is, to say, the ability of an agency to meet its obligations to the taxpayers of this state while operating under the principles of the merit system. The task of protecting the basic interests of employees while assisting the agency in achieving its goals is cemented in the foundations of the merit system.

Representatives from the Department of State Civil Service recently convened a series of meetings to discuss the use of existing Civil Service Rules in the balancing of these two pillars of state government. This pairing of agency and employee does not always create a perfect balance. Each time an employee is affected or potentially affected adversely (e.g., demoted) by any position classification action made by Civil Service, agency reorganization/funding issue or self-initiated issue, a decision must be made as to the best method available to reach a balanced, fair and effective conclusion for agency and employee.

The Department continues to review all of the methods commonly used to move an employee from one position to another position of a lower level, or to reallocate the same position to a(n) equivalent or lower level, and the reasons for choosing each method. Each method is intended for a particular situation(s) and each offers its own balance between system benefits and employee benefits.

Below is a set of mechanisms agencies may employ as organizational challenges occur. Included with each is a description and brief synopsis of how the mechanism is applied. Please refer to the Civil Service Rules for a complete explanation of the Rules mentioned below.

### **Business Reorganization (Rule 5.6.1)**

Previously referred to as a non-budgetary layoff, a Business Reorganization is defined as the “strategic effort of an appointing authority to structure or redesign the resources of an organizational unit to more efficiently achieve its mission.”

Characteristics of a business reorganization include:

- No reduction in workforce
- Non-budgetary
- Significant number of employees affected
- No extreme changes in affected employees’ duty assignments or pay ranges

Employees whose allocations are negatively affected as a result of a Business Reorganization are downwardly reallocated to the appropriate title. An employee’s rate of pay may not be reduced as a result of a Business Reorganization, and the employee will be placed on the Department Preferred Reemployment List (DPRL) for two years. Employees on the DPRL are given preferential hiring rights in the department or agency affected by the reorganization.

### **Layoff (Rule 17.11-17.21)**

The layoff of employees may be necessary when the agency lacks funds or work. Planning for a layoff requires that the agency select the positions that are to be abolished or vacated. The Department encourages agencies to include the Human Resources Director in any discussions of budget reductions and both the Human Resources Director and DSCS Agency Assistance Coordinator in any discussions of reductions in force. Their expertise combined with knowledge gained in these discussions will help to ensure that the plans and documentation submitted to the Department of State Civil Service will meet the agency’s needs and intended purposes. Employees affected by the layoff are notified through the layoff process which satisfies due process requirements. The employee will be placed on the DPRL for two years. For more information see the Department’s [Layoff Rules White Paper](#).

### **Demotion in Lieu of Layoff (Rule 1.11.1)**

This type of employee movement occurs when Civil Service decides that the duties of an occupied position have changed in such a way that a new position with a lower allocation is declared. On a case by case basis, these must be reviewed by the Director, who will determine if a regular layoff (with a written plan, etc.) will be conducted or if the affected employee will be allowed simply to demote in lieu of layoff to the new position and then be placed on the DPRL. These movements are not financially driven, but stem from classification issues. Civil Service will send a letter to the agency advising of the new position and need to fill according to the Demotion in Lieu of Layoff Rule. If the employee volunteers to accept a demotion in lieu of layoff, he or she is placed on the DPRL for two years and a red circle rate is applied if necessary.

The red circle rate requires no reduction in pay when an employee moves to a job for which his or her current pay exceeds the maximum salary. Both the interests of the employee and those of the agency are protected, with the agency avoiding the administrative burden of a full-scale layoff.

As agencies are met with streamlining initiatives and challenges to operate with greater efficiency, it is likely that many appointing authorities will need to employ one of the above mechanisms. Careful consideration of the situation, a clear understanding of agency goals and objectives, and the involvement of representatives from the Department of State Civil Service during early stages of the process can ensure that reorganizations are carried out as efficiently as possible.

*Christopher Deer has been with the Compensation Division of the Department of State Civil Service since June, 2006. He was involved in reviewing the Department's policies regarding changes to positions and in creating Rule 5.6.1, Business Reorganization. He has been involved in several agency reorganizations and is a Certified Salary Analyst, WorldatWork.*