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## **Transparency and Efficiency in Government Operations: New Orleans Civil Service Reform**

**Kevin Wm. Wildes, S.J.**

It may strike some students of history as ironic, if not contradictory, to talk about civil service reform. The civil service movement was the reform.<sup>1</sup> Some of that skepticism was apparent in the response we received from many city employees when we began exploring the idea of reforming the city's civil service in post-Katrina New Orleans, and it was understandable. The city employees we talked with expressed fear that we would be returning to the colorful days of Governor Huey Long, when political patronage was based on who you knew and not what you knew. They assumed there were only two options: the civil service system they were operating under and the spoils system that existed under Huey Long. Their reaction was further complicated by fear of change. Another important background element was the trauma of Katrina and post-Katrina New Orleans. People in New Orleans had experienced change on almost every level of their lives. Now, for civil servants, there was another change coming, and it seemed to threaten their jobs and their pensions.

### **Understanding Reform: *Ecclesia semper reformanda est***

With rare exceptions, change is not easy for most human beings and it is even more challenging for systems and groups of people.<sup>2</sup> While many people may see problems in their present circumstances (individually or as part of an organization), it is often easier to live with what you have and what you know rather than to try to make serious changes. Holding onto the current situation, though pathological, may seem safer than moving into the unknown by accepting change.

We certainly encountered resistance to change when we began the effort to reform civil service after Katrina. The US civil service system began its evolution in the late nineteenth and early twentieth centuries when progressive Republicans such as Theodore Roosevelt sought to reform the old spoils systems. The Louisiana patronage system is a great example of how things were done in government before civil service.<sup>3</sup> But people forget that societies, like the human beings who make them up, are dynamic and changing. That means that the systems that serve society ought to change and adjust just as society does. One of the brilliant insights of the authors of the US Constitution is that the document they created can change and evolve to meet the changing needs of the nation.

### **The Need for Change: Evaluating the Civil Service System**

One characteristic of New Orleans is that the past is always present. Many of its citizens, dramatically affected by Katrina, had rarely, if ever, left the city. The exodus of a large portion of

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the population to other US cities after Katrina, however, helped longtime residents see that there are different ways of running a school system and operating local government. Many people had not noticed that there had been significant developments in the legal and regulatory protections around workers. Between the influence of the past (e.g., Huey Long) and the lack of change in any social system, the aftermath of Katrina was devastating to the psyche of New Orleans city employees.

The effort to understand and evaluate the New Orleans civil service system began with some extensive work that involved looking at other systems and listening to those using the system in New Orleans.<sup>4</sup> In evaluating the civil service system, as it existed, we found from a survey of city employees conducted in 2012 that only 18 percent of employees agreed “that the current city civil service system [was] effective”; 58 percent disagreed. When asked whether the system was “efficient,” 17 percent agreed, while almost 60 percent disagreed. The hiring process received even lower marks, and only 29 percent agreed that “poor performance [was] dealt with effectively on [their] team.”

Managers and supervisors were equally harsh in their judgments about the system as it existed. Only 16 percent agreed that hiring “occurs quickly enough to meet the needs of [their] department/office”; 5 percent said they were “able to hire the best candidates at the appropriate salary to support the needs” of their department or office; and 15 percent said they were “able to promote qualified employees” when needed. Thirteen percent agreed that the system “gives [managers] the flexibility to create positions of the type and number [they] need,” while 23 percent felt that it “allows [managers] to hire the best candidates for the position.”

In addition to the survey, there were interviews with more than seventy-five city employees, managers, and stakeholders, four focus groups (including one with almost all department heads and executive leadership), and half a dozen meetings with top civil service staff. Along the way, the city heard predominantly troubling stories. Under the “rule of three,” hiring managers had to choose one of three candidates rated most qualified by the Civil Service Department, based on test scores (if a test is done for that position) and work experience but never on interviews or reference checks. Not surprisingly, after interviews and reference checks, managers often found those top three candidates unsuitable. As one manager explained, “I have been forced to choose between bad, worse, and worst.”

Qualifications written by the Civil Service Department were often so rigid that managers could not hire those candidates they considered best suited because, though they may have exactly the experience the manager needs, they do not have the degree or credentials predetermined by civil service staff. The qualifications for web developers, for instance, favor those with the most certifications. But as most people in the IT field know, the best web developers often do not have time to take courses and accumulate certifications; they are too busy learning cutting-edge technology in real time and responding to the high demand for their services.

Another relic of the civil service system was that managers were forced to pay new employees at the bottom of their pay range. One department lost about a quarter of the candidates to whom it made job offers in a span of two years because of this problem. On the survey, a staggering 80 percent of managers agreed that the current system “allows [managers] to set the pay for new hires equal to their knowledge, skills and ability to perform the job well.”

Managers were constantly concerned about losing good employees because they could not raise their pay or promote them. Under the system, promotions were based on employees’ years of service and roster of training courses taken, most of which employees judged to be irrelevant and not on managers’ assessments of their performance. In the survey, less than a quarter of

employees agreed with the statement, “Supervisors, managers, and department heads have the ability to promote employees who exhibit outstanding performance.” One department had a management analyst with a track record of high performance (as well as a law degree) but could not promote him to the next classification in the job series because people who had taken seven irrelevant training classes trumped him on the list.

In the civil service system as it existed, hiring could take six months or longer, and everything was done on paper. Managers found the written tests for many positions outdated and irrelevant. Paper-and-pencil tests may have made sense for most positions when many government employees were clerks, but those measures have been studied by the US Office of Personnel Management and found to have low correlation with future job performance.

Finally, the employee evaluation system was a waste of time according to virtually everyone we asked. Few managers rated employees honestly because doing so had no upside and multiple downsides, including employee anger, low morale, and time-consuming grievances or appeals. A 2010 study by the George Bush School of Government and Public Service at Texas A&M reported that only 1 out of every 250 employees in New Orleans had been rated unfavorably in the previous seven years. In the 2012 survey, only 12 percent of supervisors claimed to regularly rate employees “unsatisfactory” or “needs improvement.”<sup>5</sup>

Both the Bush School report and a more in-depth report by the Bureau of Government Research (BGR) in 2004 recommended fundamental changes in the civil service system. The BGR report summed it up this way:

Predictably, New Orleans’ human resources system suffers from the flaws inherent in a rule-bound and bureaucracy laden system. It is simply too complex and cumbersome, and often too slow, to meet the challenges of hiring and retaining an effective government work force. The system is beset with problems and inefficiencies at every level. In many cases, bureaucratic steps created in the name of merit ultimately worked against the production of the most qualified work force. In addition, efforts to hire and reward high performers are handicapped by a number of failings and systemic problems, including a lack of flexibility in hiring and compensating employees and a meaningless evaluation system.<sup>6</sup>

Problems like these are typical of traditional civil service systems, which were created for industrial-era bureaucracies filled with simple, rote jobs. Many governments have therefore reformed their systems over the past twenty-five years. Half of federal employees, for instance, have been removed from the federal civil service system, and several states have phased out their systems altogether. Many cities have long functioned without civil service systems. Moreover, other cities and states have modernized their rules, eliminating the rule of three, using fewer written tests, giving managers more flexibility to set pay and promote high performers, and creating pay-for-performance systems.

Civil service systems were created for a good reason, and they have largely accomplished their purpose. In our society, many rules and laws have developed in the past fifty years to protect all workers in their place of employment. During that time, however, the civil service system in New Orleans did not reinvent itself. Thus, it contributed to a lowering of employee morale and impeded the implementation of a merit-based system. Rather than evolving with the changing times, New Orleans’s civil service system developed and adapted by adding more and more rules that functioned as straitjackets for both employees and their managers. In return for making patronage and political manipulation of employees difficult, the system made good management almost impossible. Managers found it difficult to hire those they wanted, to promote and reward those who performed best, and to fire those who failed to perform. Without these essential tools,

public organizations had trouble responding to citizens' needs, and when they did respond, service was often ponderously slow and performance was mediocre at best. Nevertheless, after Hurricane Katrina, despite the lack of rewards inherent in the system, dedicated civil servants performed their duties to the best of their abilities.

## **The Evolution and Development of a System: The Great Place to Work Initiative**

In April 2014, Mayor Mitch Landrieu launched the Great Place to Work Initiative. Acknowledging that the New Orleans personnel system had for decades been in need of modernizing, the mayor announced that the Civil Service Commission had approved a series of reforms that would move "the City of New Orleans into the twenty-first century." Those reforms included an increase in the city employee minimum wage to \$10.10 an hour. "Since taking office," the mayor said, "we committed to delivering New Orleans residents a more effective government that responds to their needs." Through the Great Place to Work Initiative reforms, the mayor promised that the city would be "a more attractive place for employees, and our managers will be able to choose the most meritorious and fit candidates from a larger field of qualified candidates."<sup>7</sup>

The Great Place to Work Initiative rule changes offered the following:

### *Process Improvements*

- Leaves in place the same Civil Service protections against hiring candidates who do not possess the knowledge, skill and ability to perform the work the job requires.
- Gives more decision making to the managers who know the work requirements best.
- Allows managers to hire the most meritorious candidate who took the competitive examination and was determined qualified by the Department of Civil Service.
- Increase Civil Service's ability to [post] existing job classifications to speed hiring and sets meaningful performance goals for the personnel function of City government.
- Gives all employees the right to take at least one training per month, regardless of intent to take a promotional exam.
- Evaluate the performance of new employees before their job becomes permanent.

### *Pay Improvements*

- Increases the minimum wage for all City employees to \$10.10 per hour.
- Allows department directors to give pay increases within the already-approved pay range for special assignments without prior approval from Civil Service.
- Gives all departments an equal percentage of 2% of their approved budget for performance based pay increases to employees each year. Employees who successfully achieve their objective goals will receive a 1.25% increase and employees who meet their goals and perform excellently will be eligible to receive a 3.75% increase.
- Allows managers use the full approved salary range for jobs with recruitment challenges or candidates with exceptional qualifications. This requires objective justification and oversight.<sup>8</sup>

After the reforms were announced, in my capacity as chair of the New Orleans Civil Service Commission, I announced that the commission was "committed to ensuring merit-based decisions regarding the recruitment, selection, training, evaluation, management and retention of skilled and capable individuals who provide excellent service to the citizens of New Orleans."<sup>9</sup> I felt confident

that once the reforms took effect, the city's Civil Service Commission would be more efficient and more supportive of its employees.

Erika McConduit-Diggs, president and CEO of the Urban League of Greater New Orleans, praised the commission for implementing the reforms, expressing the league's strong support for their efforts to "bring about greater diversity within all ranks and city departments." LaTanja Silvester, president of the SEIU Local 21LA, pointed out that the vote signaled that the Landrieu administration "understands that raising the minimum wage so that it can keep up with rising prices on the basic necessities of life is not only a plus for the workers, but also a huge step in the right direction for our great city."<sup>10</sup>

For employees, the changes approved in 2014 allow for merit-based pay increases to those who perform well, higher entrance salaries when necessary to make the city competitive with other cities, more opportunities for relevant and transferable training, and a fairer and more objective approach to evaluations. The rule changes did nothing to weaken the rights employees have to appeal disciplinary actions.

For managers, these improvements allow them far more ability to hire, retain, promote, and reward high performers, to motivate their employees, and to give actionable performance improvement plans to low performers.

For the public, in the coming years these reforms should result in better service, a higher quality of life, and a city personnel system that is a model public service organization.

For the city's elected officials, these reforms should produce a city workforce with higher morale, higher performance, and greater adaptability to change that should in turn yield a public that is more satisfied with their city's government structures.

Changing the rules and processes of civil service in New Orleans was only a first step. The older set of rules and ways of proceeding had created a culture that was stuck in the past and it will take time, with the implementation of the new rules and procedures, for a new culture to emerge and evolve. The staff of the Civil Service Department was inordinately attached to the way things had always been done and they harbored a suspicion of change. Their cooperation will be important to the implementation of the new rules and the development of a new culture. In a broader context, New Orleans is a city in love with the past, whether it was good or bad. In life after Katrina, New Orleans has embraced a new vision of itself to become a city better than it was before the storm. My hope is that that same spirit will be part of the transformation of civil service.

## Notes

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<sup>1</sup> Matthew Schott, "Huey Long: Progressive Backlash," *Louisiana History* 27, no. 2 (Spring 1986): 133–145.

<sup>2</sup> The phrase *Ecclesia semper reformanda est* (The Church must always be reformed) comes to mind here. It refers to the conviction of certain Protestant theologians that the church must continually re-examine itself in order to maintain its purity of doctrine and practice. This view was important to our reform efforts in New Orleans because, since the era of Governor Huey Long, many people had seen the Civil Service system as in need of reform.

<sup>3</sup> H. Eliot Kaplan, "Accomplishments of the Civil Service Reform Movement," *Annals of the American Academy of Political and Social Science* 189 (1937): 142–147.

<sup>4</sup> The research work done by the Bush School at Texas A&M University was supported by the Business Council of New Orleans and the River Region.

<sup>5</sup> "Moving Forward: Charting the Future of Civil Service in New Orleans," paper prepared for the Bush School of Government & Public Service, Texas A&M University (Arnold Vedlitz, project advisor), May 2010.

<sup>6</sup> Bureau of Governmental Research, *System Upgrade: Retooling New Orleans' Civil Service* (New Orleans: Bureau of Government Research, August 2004).

<sup>7</sup> “Civil Service Commission Approves Mayor Landrieu’s ‘Great Place to Work Initiative’ and Increases City Employee Minimum Wage to \$10.10,” New Orleans, Mayor’s Office, August 25, 2014, <https://www.nola.gov/mayor/press-releases/2014/20140824-great-place-to-work-initiative-approved/>.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.