

**NASPE Eugene H. Rooney, Jr., Awards Nomination  
Innovative State Human Resource Management Program**



**Colorado**  
Department of Personnel  
& Administration

Program Title: The Talent Agenda  
State: Colorado  
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**Program Summary:**

In 2011, the Department of Personnel & Administration (DPA) proposed an ambitious plan to ensure the State of Colorado was best positioned to recruit, retain and reward top talent. "The Talent Agenda," as it was called, was in response to the fact that a full third of the State's workforce is currently retirement eligible and the State had a 92-year-old personnel system that had not been updated to meet the needs of recruitment and selection in the 21<sup>st</sup> century. DPA drafted significant legislation focused on increasing flexibility in hiring processes, making changes to employee compensation and aligning the State workforce environment with modern business practices.

DPA worked with the Governor's Office, State Legislature, employee organizations/unions and State HR professionals to introduce a statewide ballot initiative for a Constitutional amendment (Amendment S), which was required in order to increase flexibility in State hiring processes. Despite five failed previous attempts at similar legislation, the amendment passed with 56% of the statewide vote.

As part of the Talent Agenda, DPA drafted and passed legislation that phases out the disruptive practice known as "bumping," in which employees who lose their job are permitted to displace less senior employees in the State Personnel System. This practice was bad for both the organization and employees, leading to non-optimal staffing assignments that were ineffective and often resulted in turnover. Instead of bumping rights, employees who are separated from service due to lack of work, lack of funds or reorganization will be eligible to receive severance pay/post employment compensation or other benefits. In conjunction with this change, DPA rewrote the personnel rules to ensure seniority and performance continue to be key considerations as a part of any layoff plan.

The Talent Agenda also included legislation to create a merit pay system. It improved upon a previous pay for performance plan that was never fully funded by allowing for reversions from specified line items at the close of each fiscal year will provide for funding in addition to any monies appropriated for merit pay by the General Assembly. Available monies will be distributed to one or more priority groups of employees as determined by the State Personnel Director, with the intent of moving the lowest paid employees toward the mid-range of base salaries.

Remarkably, the ambitious initiative was proposed and fully implemented in just one year.

***1. Provide a brief description of this program.***

In 2011, the Department of Personnel & Administration (DPA) proposed an ambitious plan to ensure the State of Colorado was best positioned to recruit, retain and reward top talent. “The Talent Agenda,” as it was called, required changes to not only the State Personnel Rules, but also to Statute and the Constitution. DPA drafted a number of pieces of legislation focused on increasing flexibility in hiring processes, making changes to employee compensation and aligning the State workforce environment with modern business practices.

DPA worked with the Governor’s Office, State Legislature, employee unions and State HR professionals to introduce a statewide ballot initiative for a Constitutional amendment (Amendment S), which was required in order to increase flexibility in State hiring processes. Its components included:

**Applicant Selection – Testing And Eligibility List (“Rule Of Three”)**

Amendment S helps the State hire the best candidate for the job. Historically, the State Personnel System had required applicants to submit to a competitive test. Amendment S allows for an objective comparative analysis of desired qualifications defined by the hiring authority, which could include criteria such as judgment, demeanor and other factors that are difficult to assess through a written test. State Personnel Rules also previously only allowed hiring managers to consider the top three highest scoring applicants for a job. Amendment S allows twice as many applicants (a total of six) to be considered.

**Exempt Positions**

Amendment S exempts Senior Executive Service (SES), deputy directors, chief financial officers, public information officers, human resources directors, executive assistants and legislative liaisons from the classified workforce or State Personnel System. The total number of exemptions cannot exceed 1% of the total classified workforce. Those currently in these select positions will be grandfathered in through rulemaking to ensure they retain their classified status as long as they remain in their current positions.

**Residency Requirement**

State Personnel Rules previously required that departments seek waivers if they want to hire a non-Colorado resident. Amendment S allows individuals who hold positions within 30 miles of the state border to be exempt from the State’s residency requirement.

**State Personnel Board**

Amendment S changes State Personnel Board members’ term limits from 5- to 3-year terms and creates a two-term limit. This change limits the ability for board members to serve in perpetuity. It also designates that two of the Governor’s three appointments to the Board serve at the pleasure of the Governor, within the set term limits.

**Temporary Employment**

Previously, temporary employment with the State has been limited to six months. Amendment S expands temporary employment to nine months in any 12-month period with a four-month waiting period in between. It also prohibits the replacement of full-time permanent positions with temporary positions.

## **Veterans Preference**

The previous system restricts veterans' use of preference points in their application for State employment. Amendment S allows veterans unlimited use of their preference points in the hiring process. The proposal restricts the use of preference points for any promotional opportunities.

DPA leadership traveled throughout the State and met with more than 6,000 state employees in person to explain the proposed changes. The employee support garnered as a result significantly contributed to the amendment's passage with 56% of the statewide vote. This is the first significant change to the State's personnel system in more than 40 years, and three previous attempts to pass similar legislation failed. The Constitutional amendment passed Nov. 4, 2012, and was fully implemented Jan. 1, 2013, through an extensive emergency and permanent rulemaking process, which included revisions to more than half of the existing personnel rules. DPA's involvement of employee organizations/unions and stakeholders in the rulemaking process led to no testimony opposing the rules at the public hearing, which was attended by more than 300 people. In addition, DPA updated technical guidance to HR community on how to implement the new rules, and held multiple meetings to ensure the HR community had all of their questions answered.

As part of the Talent Agenda, DPA drafted and introduced legislation that phases out the disruptive practice known as "bumping," in which employees who lose their job are permitted to displace less senior employees in the State Personnel System. This practice is bad for both the organization and employees, leading to non-optimal staffing assignments that are ineffective and often result in turnover. Bumping rights will no longer be available to any employee whose age and years of service do not equal 75 as of January 1, 2013. Instead, employees who are separated from service due to lack of work, lack of funds or reorganization will be eligible to receive severance pay/post employment compensation or other benefits (such as health benefits, tuition or educational training vouchers, placement on a reemployment list or a hiring preference). In conjunction with this change, DPA rewrote the personnel rules to ensure seniority and performance continue to be key considerations as a part of any layoff plan.

The Talent Agenda also included legislation to create a merit pay system. It improved upon a previous pay for performance plan that was never fully funded by allowing for reversions from specified line items at the close of each fiscal year will provide for funding in addition to any monies appropriated for merit pay by the legislature. Available monies will be distributed to one or more priority groups of employees as determined by the State Personnel Director, with the intent of moving the lowest paid employees toward the mid-range of base salaries.

### ***2. How long has this program been operational (month and year)?***

The first legislation related to the Talent Agenda was proposed in March 2012. Remarkably, the ambitious initiative was proposed and fully implemented in just one year.

### ***3. Why was the program created? What problem(s) or issues does it address?***

A full third of the State of Colorado's workforce is retirement eligible. Knowing that as much as 33% of our employees could potentially retire at any given time, the State Personnel Director identified the need to ensure we could quickly recruit new talent to backfill those positions vacated by retirees, as well as retain and reward our existing staff. However, the State's 92-year-old personnel system had not been updated to meet the needs of recruitment and selection in the 21<sup>st</sup> century. State leadership and the HR

community reported hiring processes that took in excess of 6 months, overly restrictive practices that didn't produce the best qualified candidates and a lack of incentive for long-time employees to want to stay with the State beyond their eligibility for retirement, particularly after years of having gone without raises and a pay for performance plan that was never fully funded. DPA drafted significant legislation focused on increasing flexibility in hiring processes, making changes to employee compensation and aligning the State workforce environment with modern business practices.

***4. Why is this program a new and creative method?***

Rather than making minor adjustments over time to address issues in the State's recruitment, selection and compensation processes, DPA took a holistic view of the system and packaged a number of reforms together in a comprehensive reform strategy. Additionally, DPA worked closely with stakeholders and employee organizations/unions to ensure their partnership and support, and the department engaged in significant direct outreach to employees to ensure they understood the proposed changes. Putting together a comprehensive package of reforms and ensuring stakeholder support were keys to passing legislation that had failed at the ballot three times before.

***5. What was the program's start up costs? (Provide detailed information about specific purchases for this program, staffing needs and other expenditures, as well as existing materials, technology and staff already in place.)***

DPA staff time was the primary cost. The Director, Deputy Director, Chief Human Resources Officer, Legislative Liaison, Policy & Communications Director, Budget Director and a host of other support throughout the department was required.

***6. What are the program's operational costs?***

The Talent Agenda is one of three department goals, and significant staff time has gone into envisioning, developing and implementing the plan. Outside of staff time, there has been no direct cost to the Department. The State's only cost is for the dollars that will be appropriated by the legislature to fund merit pay, some of which will be covered by reversions.

***7. How is this program funded?***

The merit pay portion of the Talent Agenda is funded primarily by any monies appropriated by the legislature each year, and also by reversions in certain budget lines at the end of each fiscal year. These departmental savings are then passed on to the employees through merit pay.

***8. Did this program originate in your state?***

Yes. The Talent Agenda was an initiative developed by DPA in collaboration with the Governor's Office.

***9. Are you aware of other similar programs in other states? If yes, how does this program differ?***

We are not aware of any similar programs elsewhere. Colorado is one of only four states with comprehensive personnel rules in the State Constitution, thus requiring an amendment to make changes. Other personnel reforms have been much more narrowly focused and are typically done through rule changes or small statutory changes, rather than comprehensive Constitutional reform.

***10. How do you measure the success of this program?***

The passage of Amendment S with 56% of the vote in Colorado was a tremendous measure of this

program's success. Three previous attempts at similar reforms failed by large margins. We also measured our success by the support of our stakeholders, the HR community and our employees. More than half of the personnel rules were rewritten, and the support and trust DPA garnered throughout the process led to no opposition in comments during the rulemaking hearing (despite an audience of several hundred people), which is really unheard of. We have measured our success in educating the HR community and providing them the tools they need to implement these significant changes by the relative ease with which they have been able to do so in a very short period of time. A recent evaluation of our new streamlined selection process anticipates the time to fill a position under the new process will be roughly 30 days instead of 6 months. Only time will tell how quickly we are able to recruit new talent to fill vacancies as Baby Boomers retire, but we are confident we have the tools to help us be as efficient, effective and elegant as possible.

***11. How has the program grown and/or changed since its inception?***

Yes. The Talent Agenda morphed throughout its development and implementation in response to the needs of the State and the feedback of our stakeholders. We made changes to the merit pay structure, allowing for base-building increases in more areas. We grandfathered a number of currently classified personnel in positions that the amendment exempted from the classified system. We created a "Rule of 75" (years of service plus age = 75) to allow people with significant tenure with the state who were close to retirement to keep their bumping rights. We also changed the time in between temporary positions from three to four months to ensure the higher education community that academic jobs would not be filled with temps. We worked collaboratively with employee organizations/unions, the HR community, employees, executive leadership, the legislature and the public to ensure the proposed changes addressed all of our personnel needs and valued everyone's input. In the end, we believe this collaborative process resulted in both its passage and a better product.