Florida’s HR Reforms: Service First, Service Worst, or Something in Between?

By Elsie B. Crowell, PhD, and Mary E. Guy, PhD

Despite the original intent of civil service reform as set forth in the Pendleton Act of 1883, some states have implemented reforms that drastically alter the HR function as envisioned by early policymakers. The State of Florida offers an example of such reforms. This paper reports a study of how selected state employees perceive and interpret the outcome of Florida’s 2001 civil service reform and privatized HR administrative processes. Respondents give mixed reports on the civil service reform but uniformly report that it has become more difficult to manage the HR function since it was outsourced.

"Florida is a high growth state. One thousand people are moving here each day and services must be provided for them. The question is who will be the provider of these services?" This question, posed by State Senator Al Lawson, Vice Chair of the Senate Committee on Governmental Oversight and Productivity captures the question that many ponder. If Florida state workers are concerned about the future of their employment, they have every reason to be. Florida instituted two major reforms this decade: civil service reform and privatization of the HR function to Convergys. Many questions linger about the effectiveness of these reforms. Enough time has now passed to afford a retrospective look at the changes. That is the purpose of this paper.

Perhaps Walters said it best after previous civil service reform efforts in Florida: “Florida’s hard-learned lesson: If you try for a revolution, you could end up with an oversold, uncoordinated, misdirected and ultimately fumbled drive at reform. Something else to keep in mind: Big-splash civil service reform efforts don’t save money. They cost money.” Could it be that if Walters were rewriting his article today, he would say the same thing in 2010? Walters is referring to the recommendations of the Florida Civil Service Reform Commission, which was set up in 1991. The commission made almost 100 recommendations in 10 general areas of personnel management. While many of these changes had long been recommended, the plan for implementation proved unrealistic and uncoordinated.

The move by Congress to pass the Pendleton Civil Service Reform Act of 1883 was motivated by lessons learned from the underbelly of patronage, whereby civil servants
were expected to contribute time and money to political campaigns in order to receive and retain government jobs. Subsequent reforms at the federal level called for uniform hiring procedures, salaries and other fine-tuning efforts, and merit systems flourished across the country during most of the 20th century.³ Civil service reformers of the late nineteenth century did not show a keen interest in measuring the output of the public sector; rather, they showed a strong distrust of elected public officials, based on the premise that elected public officials "could use their control of the political process to entrench themselves (or their party) in office, thereby subverting the electoral process." This was a key factor in the introduction of civil service systems.⁴ Norwithstanding the original intent of the civil service, states have begun to push for reforms that may drastically alter the role of public service as envisioned by early policymakers. The effort to reform civil service became a top priority across the U.S. as states sought to reinvent government, improve performance, and achieve a business-like environment.⁵

In Florida's case, efforts to improve and reinvent government are not limited to reforming the career service system. They also include outsourcing government services as a means of increasing efficiency and modernization. The purpose of this paper is to report a qualitative study of how state employees and managers perceive and interpret the results of these initiatives.

**Historical Context**

Florida adopted a civil service system in 1967, called the Career Service System. Two additional categories were created later: the Senior Management System (SMS) in 1980, and the Selected Exempt Service (SES) in 1985 (sections 110.201-110.235; 110.401-110.409; 110.205, Florida Statutes, History s.20 Chapter 79-190.). The SMS and SES are "at-will" categories of employment and were in place when Jeb Bush became Governor in 1998 and advocated change.

Disdain for state workers makes for good campaign fodder in Florida. Previous Governors Bob Martinez (R) and Lawton Chiles (D) both criticized state workers. Martinez called them "lard bricks" and Chiles asked, "What are we about here? Are we just providing jobs for people?"⁶ A timeline shows ten different attempts between 1986 and 1999 to reform the Career Service.⁷

Charles E. Hobbs, Jr., chairman of the Florida Council of 100, said that, "one of the primary reasons for the public's mistrust lies in the antiquated and cumbersome personnel system for most of Florida state employees called Career Service."⁸ The Council argued that civil service protections were outdated and that they impeded government's ability to perform. Their report listed four reasons why career service employment practices are harmful to productivity: terms of employment constrain hiring and firing, seniority is used as the principle retention criterion, the compensation system does not differentiate employees by performance, and tight control of daily activities inhibits responsiveness and problem solving⁹. State Representative Mario Diaz-Balart (R-Miami) sponsored the reform legislation, calling the career service system a "dinosaur."¹⁰
In fact, Florida was ranked 47th in its ratio of state employees to total population, and the costs to each taxpayer were approximately $53 a year, lower than any other state in 1999 and the state became even more 'efficient' in 2002 when it moved from 47th to 49th. One of the most common reasons given for reform in Florida was the need to discipline and/or fire state employees, yet a study of the civil service appeal process concluded that under the existing rules prior to Service First, supervisors' discipline was rarely altered, and appeals were resolved quickly and cheaply.

Regardless of the facts, rhetoric about 'lardbricks' state workers fits the political culture of the state. Bolstered by groups advocating change and reminded of his frustrations while Secretary of Commerce in 1987, Gov. Jeb Bush was eager to reform Florida's state government. His goal was to "make every state employee—'at will'—subject to being hired and fired as easily as a waitress in a Tallahassee waffle shop." He believed his policy initiatives could best be achieved by having a cadre of state employees who were beholden to their boss—not their tenure—for employment. In presenting his proposal, nicknamed 'Service First,' to the 2001 Florida Legislature, Bush framed it as a system where 'hard work, performance and achievement' would be recognized (See Appendix A – Gov. Bush's letter to state employees).

Service First was marketed to state employees and the public as change that would reward performance, provide additional benefits and choices, increase accountability, streamline the human resources program and continue protections against patronage and discrimination (Senate Bill 466, 2001). The original language passed by the Florida House of Representatives eliminated the Career Service System and made all employees "at-will." However, the Florida Senate did not agree, and the subsequent goal of the Bush administration was to move as many career service positions as possible to the Selected Exempt Services (SES). Governor Bush signed Service First into law May 14, 2001 and it became effective July 1, 2001. The final language in the compromise bill transferred 16,901 positions to "at-will" status. Although this change received the highest level of attention, other revisions to the Career Service System were also significant. Examples include the elimination of seniority for selected state workers, the redefining of grievance procedures and "just cause" for firing, and the extension of employee probationary periods from six months to twelve. Furthermore, the bill created two civil service systems by exempting certain classifications, such as law enforcement, firefighters and professional health care workers, from its provisions. This group represented 25 percent of the career service employees at the time of its passage (Summary of Senate Bill 466, 2001). See Appendix E for a comparison of the current differentiation between Career Service, Selected Exempt, and Senior Management employees.

In conjunction with the implementation of Service First and the goal of reducing the workforce through privatization, the State signed a seven-year, $278.6-million contract with Convergys Customer Management Group, Inc. (Convergys), an Ohio corporation headquartered in Cincinnati, to provide an enterprise-wide suite of services to manage the state's human capital. The contracted functions include the administration of payroll, benefits, and staffing through an interactive Web-based system, called People First. The Convergys outsourcing contract was touted as saving
the state as much as $173.1 million over the initial seven-year term. The Convergys contract was amended six times through July 21, 2004; the term was then extended to nine years with the contract totaling $349.9 million.\textsuperscript{14} In December 2009 the contract was extended through August 2016.

The implementation of this contract resulted in a 50 percent reduction (949 positions, 480 of which were vacant) in all state agency human resource offices.\textsuperscript{15} As a result, employees with the knowledge, expertise and training to handle personnel and payroll transactions for their agencies were no longer available to provide services to managers, employees and retirees. The remaining staff are barely adequate to perform existing services and are ill-equipped to intervene or troubleshoot any inquiries about Convergys' contractual services. Because of costly boondoggles associated with the Convergys contract, Senate Bill 1146, enacted by the Legislature and presented to Bush on June 21, 2005, reinforced the need for greater accountability in privatized state services.\textsuperscript{16}

What can be learned from the Florida experience? What advice do stakeholders offer other states considering civil service reform or contracted HR services? It is to these questions that we turn.

\textbf{What We Know Now}

Most previous research has focused on describing civil service reforms and analyzing their potential impact on public employees and the state as service provider. A survey of Florida state employees by Bowman, \textit{et al.}\textsuperscript{17} found that fifty percent disagreed with the statement that Service First caused employees to be more responsive to the goals and priorities of their agencies. Sixty-one percent disputed the claim that employees without job protection worked harder than those with it, and more than 61 percent said that a Service First objective was to downsize government. However, Bowman's survey was limited to those employees who were transferred from the Career Service System to Selected Exempt Service.

Kellough and Nigro's\textsuperscript{18} survey of selected state workers in Georgia following its 1996 reforms found similar widespread dissatisfaction. One of the key criticisms was that Georgia did not deliver on its promises in areas such as internal and external pay equities nor did respondents believe that performance appraisals were administered fairly.

Hays and Sowa\textsuperscript{19} addressed broader reforms by looking at human resource management changes across the country. They identified such key issues as employment at-will, due process, and the role of several governors advocating major changes in the civil service system. Their findings reveal a pervasive activism and passion among state leaders to transform their civil service systems from a protected class to at-will status.

An additional dimension to civil service changes is the actual outsourcing of the HR function, an initiative unique to Florida. Several literature sources provide guidance on successful privatization and contracting.\textsuperscript{20} Other studies of contracting and outsourcing are more likely to examine specific services such as refuse collection,
transportation, fire services, and other public safety services that are relatively visible to
the public. The majority of these are contracted at the local government level. Human
resource functions, on the other hand, are generally viewed as an “inside function”
affecting only state workers, state retirees, and their families, rather than the average
citizen. Nonetheless, this is a very important service requiring the skills of competent,
knowledgeable and well-trained employees.

Study Protocol

Research Questions
The investigation was guided by two major questions: How do state employees
describe the implementation of the Service First legislation? How do state employees
describe their experience with the privatization of human resource services? A
summary of the questionnaire guide is in Appendix B and responses are included in
Appendices C and D.

Method
The focus of the research is the impact of civil service reform on the primary units of
analysis, the employee and the manager. Other scholars have already conducted
surveys and rendered findings about the attitudes and perceptions of workers’
reactions to reforms. However, Likert scales preclude participants from fully expressing
their thoughts and opinions. Utilizing a grounded theory approach, this study uses face
to face interviews to probe workers’ experience. Often referred to as triangulation,
this procedure provides different sources of data to support a coherent theme. To
formulate emerging themes, the researcher must engage in note-taking, constant
comparison (comparing data in each interview), coding to identify significant
categories, memoing (writing notes), and adding to one’s sample as necessitated by
emerging themes and information. Data sources included the following:

Semi-Structured Interviews – Sample
1. Utilizing a general outline of questions, 16 interviews were conducted from
January to June 2005. Among these was one union representative, three
legislators, and two legislative aides. The interviews were approximately 45-60
minutes in length. The interviewer was able to secure interviews with
participants based on her personal knowledge of government officials and
their trust in her as a former colleague. Interviewees were selected in an effort
to gain insight from different perspectives among all state agencies. Key factors
in the selection process were their firsthand knowledge of State of Florida
employment practices and rules, their experience of the implementation of
Service First legislation, and the contracting of human resource services to
Convergys. In addition, the goal was to select individuals representing a cross-
section of agencies, both those under the governor’s control as well as those
directed by an independently elected official (called cabinet agency). Gaining
access was also an important consideration. Long-term employees (those closer to retirement) were more willing to participate and to discuss their views than employees with fewer years of service. It was also important to select individuals who supervised and were in a position to discuss not only their own views, but also those of others in their agencies. All were willing to participate as long as confidentiality was guaranteed. Their years of public service represent more than 200 years of experience in state agencies. Interviews were conducted in homes, offices, coffee shops, bookstores and restaurants.

The selection of legislators and aides was determined by their constituency base of state employees. For example, North Florida counties represent over 50% (53,747) of all state employees. Through news reports, these legislators indicated that their offices were forced to assume the human resource responsibilities previously handled by agency personnel offices. Each participant was informed of the purpose of the research and given the opportunity to ask questions. Legislators and legislative staff were willing to participate and did not expect confidentiality.

2. Analysis of Documents – A number of documents and reports, both in print and electronic format were collected and analyzed. These documents included, but were not limited to, reports by the Department of Management Services, the American Federation of State County and Municipal Employees (AFSCME), the Legislature, the State Auditor General, and the Office of Program, Policy Analysis and Government Accountability (OPPAGA). Also included were newspaper articles, e-mails, and written correspondence.

3. Participant Observation – As an employee, the interviewer had participated in meetings and received information from many sources on the status of Service First and the contracting of human resource services. This occurred from 2001 to 2004.

**Role of the Interviewer**

Because qualitative research is interpretive, the interviewer must share her background and experience relative to this process. Her views about Florida’s career service system were shaped by 35 years as an employee of the governor’s and cabinet level agencies as well as the state university system. Approximately half of this experience was in human resource management. As executive staff director and division director, she supervised large numbers of employees statewide, conferred with supervisors and other administrators daily, and played an integral role in the hiring and firing of employees. As a state employee and supervisor in 2001, she attended briefings on Service First, including transitional changes such as broadbanding, pay titles and ranges, the movement of certain career service positions to Selected Exempt Service, and the privatizing of human resource services. She was also the recipient of Governor Bush’s
e-mail of January 31, 2001, outlining Service First for state workers and calling for suggestions to improve the way government services are rendered in Florida (See Appendix A).

Given this experience, she was in a position to have access to individuals who possessed intimate knowledge of the topic at hand and its implications. Furthermore, these individuals were in a position to observe others in similar settings. Due to the fear of retribution expressed by Florida state employees at the time she conducted the interviews, she agreed to withhold the identification of some participants and to discuss their perspectives in broad themes.

Definitions
Respondents frequently used the words privatization, outsourcing, and contracting interchangeably. The word privatization was used most frequently when describing the contracting of human resource services to Convergys. Therefore, for purposes of this paper, privatization is used to mean the outsourcing or contracting of human resource services functions. The nickname used by the State for this is “People First.” In this context, it is emphasized that the human resource functions have not been privatized in the purest definition of the term, that is, private ownership. The State of Florida maintains jurisdiction over the services, terms and conditions of the contract, and the quality of services provided. In contrast, “Service First” is the title of the legislation passed in 2001, to reform the civil service and reduce the number of employees who retain job protections.

Data Analysis Procedures
Data from the interviews and documents were classified and coded using as many categories as necessary. From these classifications, patterns and themes that were articulated by participants emerged. While each theme is interrelated, the categories were first identified through initial coding and subsequently consolidated to better define the broader subjects.

Methods for Verification
To verify emerging themes, data sources included testimony before the Senate Committee on Governmental Oversight and Productivity, reports from the State Auditor General and the Office of Program Policy Analysis and Governmental Accountability (OPPAGA), the text of Senate Bills 466 and 1146, newspaper articles, and copies of contractual services.

PERCEPTIONS OF FLORIDA'S CIVIL SERVICE REFORM
The findings of this study will be reported in two parts: (1) Perceptions of Service First Legislation and (2) privatization of the human resource function to Convergys.

A positive aspect of Service First for some managers was the ability to dismiss employees without lengthy delays. They estimated that previously a termination had taken six months; under Service First the time was reduced to approximately thirty
days. This change allowed agencies to remove "deadwood" expeditiously. In addition, some believed that eliminating bumping rights\textsuperscript{25} based on seniority was an improvement as it reduced the confusion relative to counting points, transferring positions to other parts of the state and determining who would retain a job. Most respondents did not highlight these positives, due largely to the immediate challenges of implementing the contractual provisions of Service First. Other factors were more prominent in their minds, and the following themes emerged as they discussed their views of Service First: a) performance incentives, b) recruitment and selection, c) broadbanding, d) patronage hiring, and e) employee morale.

**Performance Incentives.** All interview sources were consistent in their views regarding performance incentives, sometimes referred to as the "Bonus Program." The respondents were of the opinion that the goal to reward good performance has not been achieved under Service First. Chief legislative aide to then-Representative Loranne Ausley summarized the so-called rewards system as one in which bonuses are either given across the board, or it is perceived by employees that favored individuals are receiving them without sound basis or evaluation. The original allocation in the 2001 Service First legislation offered dollars to reward 35 percent of the employees. One respondent said:

"The Bonus Program is a lose-lose proposition. It makes 35 percent of the employees unhappy—they receive so little that it is insulting and 65 percent very unhappy because they do not receive anything."

The inherent weakness in the program is its faulty premise that supervisors would conduct fair and objective evaluations. A third respondent said:

"The bonus money for high performance is not working. Previously, nominations were made to a team of employees (peers) to receive and make recommendations to higher authorities about who should receive the bonus. Now, some supervisors determine who gets the bonus and the remainder of the department employees do not know who gets the bonus. We have been told not to share that information so the persons selected are not known."

This approach is in conflict with the purpose of a bonus program as described in Florida Statutes 110, which encourages employees to see their peers as models to emulate. These viewpoints also track similar findings in the GeorgiaGain Program in which more than 70 percent of respondents disagreed to some extent that "the pay for performance system set up by GeorgiaGain was a good way to motivate employees."\textsuperscript{26} The Bowman, \textit{et al.}\textsuperscript{27} study of Florida's Service First does not directly query pay for performance; however, their findings show that 72 percent of Selected Exempt Service employees believed that money was not available to reward good performers. Similar
studies conclude that pay incentives for performance have not worked due largely to the lack of adequate funding and a distrust of the performance appraisal system.\textsuperscript{28} Funds have been appropriated for lump-sum nonrecurring performance bonuses each year since Service First was implemented, with the exception of fiscal year 2005-06. The Governor did not request bonus dollars for that current year; instead he requested a 2.5 percent pay increase for all state employees. However, the legislature approved a 3.6 percent pay increase for all state employees.\textsuperscript{29} Appropriations for bonuses are based on 0.25 percent of the agency’s approved salary rate. During fiscal year 2004-2005, $1,000 bonuses were appropriated for each eligible employee, in lieu of a pay raise (Fl General Appropriations Act). With the exception of the $1,000 bonus across the board, bonus amounts for agencies may vary from a low of $200 to $1,200.\textsuperscript{30} The average bonus amount in 2002 was $484.53.\textsuperscript{31}

**Recruitment and Selection.** The changes in this area resulted in a combination of positive and negative reviews. A private company, Convergys, created a software program called “People First” to handle the outsourced human resource services. All applications for state vacancies are submitted online directly to the company. Consequently, some state agencies have experienced a significant decrease in paperwork for job vacancies and the responsibility of speaking with job applicants. Only when there are problems will agency staff get involved. Furthermore, agencies are no longer required to retain hiring data to justify their selections. Some see this as a real improvement while others are not comfortable with this change and continue to maintain such records.

Some respondents believed that qualifications and experience are no longer relevant, and that while they can fill vacancies much more quickly, the merit system is no longer evident in state government. One respondent said, “Service First allows for flexibility to fill vacant positions without advertising. Qualifications and other standards previously adhered to are no longer necessary. This means that you can hire anyone you please.” These statements violate two merit principles advanced by Ingraham\textsuperscript{32} that emphasize the selection of a diversified workforce, and giving all individuals an equal opportunity in all aspects of personnel management without regard to status.

**Broadbanding.** Broadbanding has been promoted as a way to offer greater pay increases for workers who perform exceptionally well. It is also an alternative to promoting workers to give them a pay increase, as has been the case when there are strict job classification titles and pay ranges. The passage of Service First reduced more than 4,500 worker classification categories to 280. Pay bands were reduced from 475 to 25.\textsuperscript{33} However, managers are frustrated with the results. The earlier intent was to run both systems on a parallel basis for one year to ensure a smooth and accurate transition. Agencies were still working with both systems three years later. Interviewees said that one of the main problems with broadbanding is the very low minimum salary range. The new ranges are less than the previous ones, which means that agencies are funded at the lower level when positions become vacant. For example, if a previous class title reflected a minimum annual salary of $24,000, the new broadbanding

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**Public Personnel Management** Volume 39 No. 1 Spring 2010

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provides funding at the minimum level of $21,000. In sum, salaries for new and/or vacant positions may be funded differently given their class title. Therefore pay grades of 19 and 23 may have the same minimum salary.

**Patronage Hiring.** There was a mixture of responses to the question of patronage hiring. Some were emphatic that they had observed patronage hiring at the highest levels. Participants perceived that young, inexperienced individuals were being hired for positions requiring a higher level of expertise and experience than they possessed. Respondents further perceived that such hires negatively affected other operational units within the departments. Other respondents indicated that there was probably no more patronage hiring than there had been before the implementation of Service First. Five respondents below stated:

> “I have seen positions changed to a status that allows for hiring without regard to qualifications or experience. Supervisors have taken advantage and made what I consider some “suspicious hires.”

> “Lots of political appointments were made and for the most part these individuals possessed little if any experience or knowledge in the position they occupied. They did not treat people with any kind of respect or dignity. We felt that people were brought in to carry out a specific mission and the intent was to replace people who occupied positions of significant authority and that they had the support from leaders at the highest levels.”

> “They were implementing changes that were in conflict with the laws they were hired to administer and appeared to have no knowledge that the laws exist. The new leaders did not seem interested in the written law nor showed any willingness to become familiar with it.”

> “I had great feelings of disgust about the leadership staff, their knowledge and poor treatment of employees.”

> “Patronage will always be there. Our agency has not seen that much.”

**Employee Morale.** “Low morale” is an understatement when describing the current status of state workers. The provisions of Service First, which makes seniority an asset of the past, coupled with the privatization of many government services, have created an atmosphere of fear about the loss of job security through easy termination or privatization. Even legislators and their staff acknowledge the fear among state workers when contacting their office. Most were reluctant to give their names, making it difficult to return a call, or emphasizing that their names should not be publicized. When legislators were asked, “What are the top three reasons state workers contact your office?” the most frequent response was job protection and security. Employees are worried about the possibility of future employment with the state. All of the rule
changes have resulted in a negative benefit for workers; the overall atmosphere is perceived as a way to get rid of them. Senator Lawson observed that “as state government has been downsized, state employees are increasingly performing several jobs, they are overworked, and there is no incentive to reward their performance.”

Alma Gonzalez, Special Counsel to the American Federation of State, County, and Municipal Employees (AFSCME-AFL-CIO), a union for state employees, called these changes the “Great Shell Game.” “The governor’s plan has always been to eliminate government as much as possible. However, government has not been reduced; there has been no change in mission and responsibility, nor any reduction or elimination of legislative mandates. The role of government is contracted to the private sector or nonprofit entities.” See Also Appendix D—Alma Gonzalez—AFSCME.

A concern that arose immediately after the transfer of positions to Selected Exempt Status (SES) was that of helping employees understand why their positions were selected when other positions at higher levels were exempted from the Service First provisions and the at-will status. Those exempted maintained the layoff rights, grievance procedures and job protection previously afforded all Career Service employees. However, some employees were positive about being transferred to the SES due to the additional benefits because it resulted in an indirect salary increase. Others did not feel that the loss of job protection was worth the benefits, especially if their spouses were employed by the state. (See Appendix E – Comparison of Benefits for Career Service, Selected Exempt and Senior Management Service).

“After observing what happened in our agencies, people are really afraid, full of anxiety and will no longer express an opinion about anything. They think Service First will come again and their position will be next. Some people are more worried about it than others and it does affect the quality of their work.”

“State employees who have worked for years are afraid to accept a promotion because they fear job loss. A 20-year employee who is promoted goes on probation. They could actually lose all of their years of service during probation in the new class wherein the previous law allowed an opportunity to be placed in a position if things did not work out during probation.”

- Chief Legislative Aide to Rep. Loranne Ausley

“Morale is not good; there is no job protection for state employees. State employees are “scared to death”—they don’t even talk anymore. People close to retirement want to just leave as soon as possible. Everybody that can get out is getting out.”

- Rep. Curtis Richardson

The findings in GeorgiaGain also revealed some distrust with the system, particularly in the fairness of the performance appraisal system. The authors are of the
opinion that workers who believe that a personnel system “is driven by—“politics”—and favoritism are more likely to become alienated, less than fully productive, and at best grudgingly responsive to agency leadership.”38

That morale is poor among state employees may be a well-kept secret in much of the state, but it’s old news here. Employees quietly express their fears of getting fired, demoted or blackballed if they complain or become in any way a squeaky wheel in their divisions. And in recent years, many have simply left government service, taking with them enormous institutional knowledge that in turn shows up in poor consumer service that the governor decried.

-Tallahassee Democrat – December 9, 2004

Privatization of the Human Resource Function to Convergys

The case for reform is usually argued as follows: “The government needs a strong core, but it does not need to produce all of its goods and services itself. That work ought to be done by whoever can do the job best—the federal government, state and local governments, private companies, or nonprofit organizations.”39 Florida’s reforms are consistent with this notion.40 Former Secretary of the Florida Department of Transportation, Jose Abreu, appointed by Governor Bush in 2003, emphasized the success of his agency as it approached the completion of a five-year outsourcing and organizational efficiency plan. He reported that outsourcing and privatizing resulted in a workforce reduction of about 27 percent as the agency workload steadily increased.41 Privatizing and outsourcing are shifting the workload but they are not reducing the size of government. Table 1 shows that the proportion of the budget that was spent on privatized service delivery increased disproportionately after 2000. The table also shows that as privatization increases, the number of state employees decreases as their jobs are moved to contractors.

Contracting to Convergys: Respondents were unanimous in the belief that the Convergys contract had made it more difficult to handle personnel functions. “Nightmare” was the term used to describe one individual’s experience. A consistent statement was that human resource personnel were excluded from the process. With the exception of one source, who identified saving call time and reducing the flow of job applications as a benefit; no respondent could think of a significant value provided by the Convergys contract. In fact, all were adamant that the privatization of this service had resulted in decreased productivity, increased workload, and depreciation in the already sagging morale of state employees. The following themes are summarized below:

Planning and Preparation. Some of the most common problems encountered in the outsourcing of human resource services included: an unrealistic timeframe to
Table 1: State of Florida, Comparison of Budget, Outsourcing Costs and Number of Employees

<table>
<thead>
<tr>
<th>Fiscal Years (July-June)</th>
<th>Budget* (Billions)</th>
<th>Contracted Dollars (Billions)</th>
<th>% of Budget</th>
<th>Career Service**</th>
<th>Selected Exempt Service*</th>
<th>Senior Management Service*</th>
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<tr>
<td>1995-96</td>
<td>$38.9</td>
<td>$11,508,686,704</td>
<td>30</td>
<td>119,933</td>
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<td>1996-97</td>
<td>39.8</td>
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<td>27</td>
<td>120,652</td>
<td>3,502</td>
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<td>1997-98</td>
<td>42.4</td>
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<td>28</td>
<td>121,650</td>
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<td>1998-99</td>
<td>45.3</td>
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<td>27</td>
<td>120,855</td>
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<td>94,676</td>
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<td>27,714,386,894</td>
<td>44</td>
<td>Not available</td>
<td>Not available</td>
<td>Not available</td>
</tr>
</tbody>
</table>

*State personnel positions are Calendar Years 1995-2004.

Sources:
Florida Legislature, General Appropriations Act: Budget Summary, (2005-06), Tallahassee, FL.
Special Study, Special categories. (July 28, 2005) Ten-Year Comparison, Legislative Appropriations System Planning And Budgeting Subsystem (LAS/PBS), Tallahassee, FL

initiate the project; the lack of knowledgeable, experienced and trained staff to handled human resource services; and the lack of sophisticated technology to handle complex and varied personnel requirements. Adding to these difficulties was an unfriendly, cumbersome, and time-consuming system that was not designed to process the complex human capital needs of the State. The question was and remains whether Convergys is even capable of providing the necessary services, let alone providing any cost savings.

The next concern was that of trust, with regard to turning over private, personal data to a contractor of whom most state employees knew little. These fears increased as news broke that one worker employed by Convergys used a state employee’s social security number to commit identity theft.\(^2\) Currently, both Convergys and the Department of Management Services (DMS) run background checks of job applicants as a result of the identity theft. This defeats the purpose of outsourcing the services since the state must run a parallel program to ensure a satisfactory level of service, notwithstanding the excessive cost to taxpayers. Respondents had the following to say about planning and preparation as the switch to Convergys was made:
"They assumed that all state employees were sitting at a desk with a computer or had ready access to one. There was no consideration that some people work out of offices in parks and remote locations."

"They did not plan for a 24-hour operation or disasters such as hurricanes in Florida. The operation of this State is not limited to Monday through Friday, 8 to 5 pm. Packaged software will not work in this system."

"Many issues were overlooked and/or ignored. People with 20+ years of experience attempted to indicate what issues needed to be taken into consideration. Convergys people were always optimistic no matter what was said; they would say 'we'll take care of it.'"

"People were told that it must be done regardless of the time factor. There simply was not enough time to carefully put together the concept and consider the best vendor to do the job."

"Our personnel office tried to get a delay but was told that we must go forward regardless."

"Convergys was not ready—our pleas were ignored and they disregarded our concerns about the timing of making these changes."

"There seems to be no emphasis on the cost of this project; this is a significant cost to the Taxpayers."

**Expertise/Resources.** Poor planning and preparation contributed to other problems, such as a lack of sophisticated technology to handle the workload and knowledgeable staff to respond to inquiries for assistance. Lengthy delays of up to one hour were common in transactions with Convergys. Training was insufficient for both Convergys staff and state employees. Training was conducted for state workers and managers so they could enter data into the system. However, the training was "canned," with no coverage of how to handle exceptions. Trainers from Convergys simply scrolled through panels of screens stating what was apparent. The trainers were not trained or prepared to assist state workers with questions or to clarify important steps in personnel/payroll transactions.

"People were disappointed that they were not able to talk with anyone about the problems they were having."

"The Convergys system is not user-friendly. Previously you handled everything in one transaction. Now, if you have mixed leave usage, it takes three steps for each of those transactions."
“It seems that Convergys people are clerical with no HR background. Several people I know have complained about the long wait on the phone, the lack of in-depth knowledge concerning HR and little compassion for people with weak computer skills.”

“Convergys did some training earlier to help people understand the system. It was not effective nor did it allow for the unique needs of state agencies. State agencies do not operate alike.”

“Convergys experienced high turnover so what works one time when you call does not work the next time. A good bit of time is spent trying to get personnel issues corrected.”

“The personnel staff in the agency has taken a “hands off” approach—their staff has been cut from about 60 to 30. None of them transferred to Convergys.”

**Payroll and Personnel Actions.** Payroll problems are also linked to time and attendance records. Health insurance and other benefits are sometimes mistakenly cancelled. There are over-and-under charges as well as other unauthorized charges in payroll deductions. Legislators continue to work with employees and Convergys’ staff to rectify processing errors. Human resource managers in the state university system face unique challenges, given nine-month faculty salaries and other variable pay issues; they selected a spokesperson to articulate their concerns before the Senate Governmental Oversight and Productivity Committee.

The following are examples from respondents discussing some of the challenges faced by managers who were not trained to handle personnel matters.

“The attendance and leave is a real problem. What was previously done in a few seconds is now extending to 30+ minutes with long waits on the phone. For example in COPES, (Cooperative Personnel Employment Subsystem—Florida’s previous computerized personnel system) it took eight seconds to enter data to appoint someone to a position. With People First you must go to 25 different screens to get a person appointed. The attendance and leave is completely dysfunctional. If someone was trying to create a bad system, they could not have done it any better. It is the worse thing that ever happened to us.”

“DMS (Department of Management Services) talks about how many millions of dollars we are saving. How can they live with themselves, talking about savings? The COPES worked—People First does not!”

“The human factor was perhaps the most drastic change. People were required to go on line to do personnel actions with little if any training to
acquire information. Many glitches occurred in the processing of personnel actions. Employees felt a sense of discomfort and a lack of trust with what Convergys was doing. This was particularly so as employees experienced problems in obtaining information, getting answers to their questions, and expressing concerns about the accuracy of the data they received."

“One of my employees experienced an injury to her hand in the elevator this past Thursday afternoon. We went to the personnel office and they gave us a number to call Convergys. It was quite some time before we could get advice about whether she should go to the emergency room or a walk-in clinic. In the meantime while they tried to determine what kind of citation number she should get, she sat in my office bleeding. Our Personnel office would have promptly handled this. We now spend a lot of time on the phone trying to get assistance. There are no specialists at Convergys; they all tend to be generalists and are unable to answer more than the basic type questions.”

In his presentation before the Senate Governmental Oversight and Productivity Committee, Doug Darling, Director of Accounting and Audit, Department of Financial Services shared a litany of payroll problems with Convergys’ People First system. The number of Electronic Fund Transfer (EFT) cancellations is now four times higher since Convergys began handling payroll. Prior to the Convergys contract, the state averaged 200-300 cancellations per pay cycle; with Convergys, the cancellations peaked at 2,282 in October 2004, and although those numbers have decreased, Convergys still averages 1,300 cancellations per pay cycle. This means that a payment must be reissued for each cancellation. The number of on-demand payroll records averaged 2,000 with the state; with Convergys, the numbers peaked at 6,659 in October 2004, stayed in the range of 4,000—plus and were at 3,055 as of February 2005. On-demand payrolls must be worked outside the system as an error that has occurred in payroll processing. These are workloads that must be continued by state workers even though the functions have been outsourced. In addition, an increasingly large number of payrolls must be handled by personal computer, which previously was not the case.43

**Outsourced HR Services.** In *Exploring the Limits of Privatization*, Moe stresses that in order for government to avoid being “captured” by contractors, it is critical to attract and retain employees with sufficient knowledge and training to satisfactorily monitor, evaluate, and use products from the private sector. Moe’s principle becomes ever more salient in light of the report of Florida’s program evaluation agency. The Office of Program Policy Analysis and Government Accountability (OPPAGA), an office of the Florida Legislature and the State Auditor General, routinely conducts audits of private contracts. Deficiencies in the Convergys’ contract are outlined in the
Department of Management Services' People First Operational Audit, Report No. 2005-047, October 2004. The problems are summarized as planning, evaluations and negotiations, contract provisions, deliverables, financial compliance, conflicts of interest and restrictions on executive lobbyists, and contract administration. Seventeen deficiencies are documented in the report, which highlights numerous internal weaknesses with contract negotiators and in some cases a total disregard for the integrity of taxpayers' dollars. OPPAGA issued recommendations to the Department of Management Services outlining the features of a strong outsourcing contract to strengthen privatization effort (Report No. 01-33—July 2001; Report No. 04-02—January 2004).

As a result of the problems with the multimillion dollar contract, Senate Bill 1146 was passed during the 2005 legislative session to strengthen procurement contracts. It identified a gatekeeping process for any service costing more than $10 million, established a Center for Efficient Government, and outlined standards for establishing business cases, contract terms, amendments, renewals and extensions. Senator Nancy Argenziano, (R-Crystal River and chair of the state Senate's Committee on Governmental Oversight and Productivity), said in an April 2005 press release, that Senate Bill 1146 addressed documented examples of poor contract management, cronyism and favoritism in bid awards, questionable official behavior, and wasted use of time and money on failed projects.46

Representative Ausley was also a champion of strengthening outsourcing contracts. "I have been an outspoken critic of the privatization and outsourcing efforts that continue to take place across state government without appropriate safeguards and protections," she wrote in a May 6, 2005 email. "I am pleased that the legislature finally passed a government accountability bill that is on its way to the Governor's desk for signature. Unfortunately, we cannot undo the misfortunes that so many of you have experienced through—"People First"—but at least we can ensure that this never happens again."47

All participants agreed that Convergys has worked to resolve many of the issues outlined by human resource managers and other public officials, and that progress is continuing. In a letter to then-Senator Argenziano dated March 22, 2005, Christopher Emerick, Convergys' Vice President of Operations, Public Sector, reported that the calls to the service center were dropping, showing a 48 percent decrease from January 2005 to March 2005 and a 31 percent decrease from February 2005 to March 2005.48 Follow up calls to legislators' offices and respondents in July 2005 revealed that calls were still coming in from state employees on pay issues, particularly with respect to broadbanding, insurance premiums, health insurance cancellations, attendance and leave conflicts, and payroll errors. Accurate payroll processing for law enforcement were specifically mentioned. What is difficult to quantify or qualify is the time and effort spent by state workers "off the books," to ensure that Convergys delivers a minimal level of service to state workers. These are the same services state workers successfully delivered four years ago.
Overall Respondent Conclusions:

What advice do respondents offer to states considering similar reforms? They said:

“Look at a business model more applicable to government. Some parts of business might work—others will not.”

“Take the necessary time to do complex changes; this was too fast.”

“Get your best and most experienced people involved in the process from the very beginning. Then listen to them. They have done this for years and know what some of the challenges will be.”

“Rather than privatize, have a company create the software then train existing employees.”

“In HR some needs are unique and require person-to-person communication.”

“A complete examination of the cost factors without regard to politics must be completed before doing anything.”

“This type of system will eventually crumble because of the lack of preparation and planning. The states must consider the real premise, mission and purpose for making the changes.”

“I do not think the concept was a bad idea. I thought there was some merit in centralizing HR functions. However, the approach Florida took created some unnecessary problems. It was too quick—people were told that it must be done regardless of the time factor. There was no solid strategy to get this done.”

Conclusion

This study of the Florida civil service reform legislation is important for several reasons. First, the findings contribute to a better understanding of how the reforms affect the attitudes and work-life of employees. Second, it expands the existing literature to include employees' experience with contracted human resource services. Third, it provides a guidepost for other states contemplating civil service reforms and contracting human resource services.

Pressures to modernize and reform the civil service are influenced by economic, political, and social conditions. Declining budgets and cutback management have altered the face of federal and state governments. Other factors include public pressure on government to become more responsive to consumers, the notion that good
management should be imported from the private sector, and the growing sense that technology will improve the efficiency and effectiveness of public service operations. The political process also increases pressure to act. Peters terms the pressures "conviction politics," a new prism through which government and its activities are viewed. He noted President Ronald Reagan's slogan for the new view: "Government is not the solution to the problem; government is the problem."

Of all the major reforms discussed, privatization has been a consistent theme. The movement of previously public functions and services into private hands appears relatively straightforward, but as Lundqvist notes, efforts to operationalize the concept for measurement or comparative purposes are problematic. The issues raised by lack of accountability in a heavily privatized or "contracted out" system are significant.

This paper describes how state employees perceived the benefits of civil service reform, both Service First and the privatization of the HR function. Findings revealed that some respondents believe Service First achieved its goals. Respondents representing independent cabinet level agencies were less troubled by the impact of at will employment, while those representing agencies under the auspices of the governor expressed a more negative and fearful reaction to the overall intent of the legislation. Further, sagging morale and fear were more evident in the latter agencies. All respondents believe that the privatization of the human resource function was a mistake and that these functions are now more difficult to perform.

State workers continue to hope for an incentive program that rewards good performance, a broadbanding concept that is practical and effective in recruiting and retaining workers, and a human resource program that is efficient and provides quality services to its customers. State workers also expect a sense of fairness, trust, and integrity. However, the push to reform Florida's civil service has resulted in a double standard with 25 percent of the career service employees exempted from the provisions of Service First (Senate Bill 466). Therefore, in effect, Florida now has a two-tiered career service system: one, which is perceived to be punitive, and the traditional system, which is reserved for certain favored classes, seems to be positive.

These findings warrant a glance back to 1992, when Walters stated, "If you try for a revolution, you could end up with an oversold, uncoordinated, misdirected and ultimately fumbled drive at reform." Based on the interviews and other supporting data, this, in fact, has come to pass in Florida.

In conclusion, the most striking outcome of this study is that the lowered morale, fear of retribution, atmosphere of helplessness, and the lack of shared ideas and innovations, give rise to a single question frequently asked of supervisors, "Will my job be next on the list for privatizing?" It may be that with the "one-two punch" of Service First and privatization, state workers are more concerned about whether they will have a job tomorrow.
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Convergys Corporation (March 30, 2005). State of Florida People First program status. Senate Committee on Governmental Oversight and Productivity, Tallahassee, FL.


Darling, D. (2005, March). Convergys/People First update. Presentation before the Florida Senate Governmental Oversight and Productivity Committee, Tallahassee, FL.


Florida Department of Transportation. (April 2005). “Interview with Florida Transportation Secretary Jose Abreu.” Florida Transportation Monthly, Tallahassee, FL.


Florida Office of Program Policy Analysis and Government Accountability (OPPAGA)(2001, July). DMS adopts OPPAGA's workforce recommendations; However, a strong outsourcing contract is imperative, (Report NO. 01-33, pp. 1-4, Tallahassee, FL.

Florida Statutes (2004), sec. 110.105, 110.201, 110.402, s.20. Chapter 79-190.


Senate Bill 1146. Senator Argenziano, April 17, 2005.

Senate Governmental Oversight and Productivity Committee. (2005 March 22), Accountability and integrity in contracted services.


Notes

1 personal communication, June 15, 2005


4 See Frantz, 1993, p. 994.

5 Hays & Sowa, 2005.

6 Walters, 1992, p. 30

7 Florida Council of 100, 2000, Appendix Exhibit- 4; Florida Tax Watch, 2001

8 Florida Council of 100, 2000, p.1.

9 Florida Council of 100, 2000, Chapter 1

10 AR 2001, p. 1

11 See *FL DMS Workforce Report, 1999* and Walters, 2003


15 FL Auditor General Report No. 2005-047


17 See Bowman, et al. (2003)

18 Kellough and Nigro (2002)

19 Hays and Sowa (2005)


23 Florida is unique among states in that it has a governor and cabinet, all independently and constitutionally elected. Effective, January 7, 2003, the newly formed cabinet was reduced from six to three members, all supervising their respective agencies: the Attorney General, Department of Legal Affairs, the Chief Financial Officer, Department of Financial Services, and the Commissioner of Agriculture, Department of Agriculture & Consumer Services.

24 *FL DMS Workforce Report, 2003*.

25 Bumping rights gave priority job assignments to senior employees during layoff or workforce reductions.


29 Florida’s E-Budget – 2005-06; Fl. General Appropriations Act, 2005-06
30 Interview & FL DMS Workforce Report, 2003
32 Ingraham (1995)
33 FL DMS Report 2002
35 (Senator Al Lawson, personal communication, June 15, 2005; See Appendix C – Summary of legislators’ response to three questions).
36 A. Gonzalez, personal communication, May 17, 2005
37 Prior to Service First, employees gained permanent status in the Career Service System based on satisfactory completion of a probationary period. If they accepted a promotion and did not perform satisfactorily in a different position, the employee was afforded the opportunity to return to the lower paid position, with permanent status.
38 A. Gonzalez, personal communication, May 17, 2005
41 FL Dept. of Transportation, 2005.
42 Cotterell, 2005.
43 Darling, 2005.
44 Moe (1987)
45 As referenced in footnote 1, Senate Bill 1146 was vetoed by Gov. Bush, June 27, 2005.
46 Argenziano, 2005.
47 L. Ausley, personal communication, May 6, 2005.
48 Convergys; Emerick, C., Personal communication, March 22, 2005
50 Peters (1988)
51 Lundqvist (1988)
52 A formal interview was not conducted with Sen. Argenziano. Her staff aide responded to Question three only.
53 State Budget Figures are based on Step Three of the budget process. The legislature reviews the governor’s recommendations, then passes a budget bill known as the General Appropriations Act (GAA) and submits it to the Governor.
54 Career Service employees are those who have traditional civil service job protection.
55 Transfer of Approximately 16,000 Career Service Positions to Selected Exempt Service (SES) – Service First.
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Dr. Mary E. Guy is professor of public administration and MPA director at the School of Public Affairs, University of Colorado Denver. She has published widely on the subject of human resources in public service organizations. She is a fellow of the National Academy of Public Administration and past president of the American Society for Public Administration.
Appendix A

Governor's Original Letter to State Employees Via E-mail
January 31, 2001

Dear Colleague:

As Governor, I have always considered it an honor and a privilege to lead such a hardworking group of men and women in providing services to our citizens. The talents, dedication and commitment our state employees show on a daily basis continue to leave me both humbled and proud. As public employees, in many ways, you have helped to make Florida a model state, and I believe we should build on your accomplishments by continuing to find ways to better serve Floridians.

When I announced my budget recommendations earlier this month, I stated that the old way of doing something is not necessarily the best way to go about our business. Recently, the Council of 100, a bipartisan cross section of key business leaders from around the state, issued a report encouraging state government to revisit and modernize its state personnel system. In response to some of their ideas, I am encouraging key policymakers to review and make reform suggestions for our career service and state personnel system. I want to take this opportunity to share with you my own vision of this reform, and more importantly, to ask for your assistance and input.

First, I hope that any reform effort foremost places a priority on merit. That was the original intent of the career service system. Like the rest of Florida's not for profit organizations and private sector businesses, demonstration of your initiative and ability should count for something in determining compensation, pay raises, and promotions. Today, however, much of our effort to recognize employees is done "across the board" with little means for singling out hard work and accomplishment. Reform should lead to a system where the achievement of performance criteria translates into special bonuses and incentives.

Second, I believe in giving employees greater choices. State government, through the various forms of leave and benefits offered, should allow you the flexibility to manage your resources. One reform idea for consideration is the option of being allowed to cash out on your unused leave balance at the end of each cycle rather than having it continue to roll over year after year.

Third, employees, especially employees who perform well, should be better compensated. Agency managers and supervisors should be given more freedom to direct unused salary to good employees. Our state budget recommendations for fiscal year 2001/2002 provide for a $158 million increase in pay over last year, including bonuses for performance. If the Legislature embraces these recommendations, many employees will see their annual paycheck increase by as much as five percent or more. As well, building on the concept of the Davis Productivity Awards, there should be greater financial incentives for employees who generate ideas that result in a savings to the taxpayers of Florida.
Fourth, reforms should continue to protect workers against discrimination and patronage. Career service workers should not be concerned about their political party affiliation or their age, race or gender. These are all basic rights that should not be abridged.

Fifth, I believe in a state personnel system where employment is objectively based on sustained performance and fitness for public service, instead of arbitrarily based on tenure and seniority. No one should be given an unfair advantage over another, especially without regard to performance.

And finally, our processes and practices need to be streamlined in order to more efficiently respond to taxpayers and the needs of the state. Classification systems should be simplified, hiring processes should give agencies the ability to act within a reasonable period of time, and grievance resolution processes should provide for fair and efficient due process.

In short, a vision for reform should be one that provides a dynamic career service system where hard work, performance and achievement are recognized; where employees still have basic protections; and where merit, not time served, is the final arbiter of success.

There is much to be done, and I would like your thoughts and suggestions on career service reform. Are there particular areas of the state employment system where we should be focused? Do you have any personal experiences that would be helpful in developing reforms? How should bonuses be allocated within an agency to ensure we are rewarding performance? I have asked our Secretary of the Department of Management Services, Cynthia Henderson and Secretary of the Department of the Lottery, David Griffin to work with the Legislature to develop a reform initiative. In addition, in early February, our agency heads will be setting up informal employee outreach sessions to solicit your input and feedback on the career service system and state personnel system.

Best wishes in this New Year, and I look forward to hearing from you.

Sincerely,

Jeb Bush
APPENDIX B

Civil Service Reform Questionnaire and Summary of Responses

(Questionnaire Guide used for Interviews)

<table>
<thead>
<tr>
<th>Questions</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part I - Service First (SF)</strong></td>
<td>All but one respondent was an at-will employee and did not feel personally affected. Three respondents stated their employees were concerned at first but their attitudes later changed.</td>
</tr>
<tr>
<td>1. How have you been affected by Service First Changes:</td>
<td>Mixed responses; half were pleased to get the benefits. One felt the benefits were not worth it; two upset that certain classes were exempt from S.F. and two were pleased with the ease of firing workers.</td>
</tr>
<tr>
<td>a) As an employee</td>
<td></td>
</tr>
<tr>
<td>b) As a Supervisor</td>
<td></td>
</tr>
<tr>
<td>2. Please share how you believe others have been affected by SF both</td>
<td></td>
</tr>
<tr>
<td>positively and negatively.</td>
<td></td>
</tr>
<tr>
<td>3. Do you believe that the implementation of Service First has brought</td>
<td>Six responded yes; four responded no, or No more than usual.</td>
</tr>
<tr>
<td>patronage to job hiring?</td>
<td></td>
</tr>
<tr>
<td>4. Have you seen patronage hiring in your department? If so, in what</td>
<td>Same as above. Hiring people with little Experience in positions affecting other Units; Hiring of people to under-mine the Operation and statutory provisions.</td>
</tr>
<tr>
<td>way.</td>
<td></td>
</tr>
<tr>
<td>5. What is your view on broadbanding? (follow up)</td>
<td>All responses were negative. (Not working)</td>
</tr>
<tr>
<td>Overall, do you believe SF achieved its goals? (follow up)</td>
<td>Eight, No. (no tangible efficiencies achieved); Two, Yes. (ease of firing)</td>
</tr>
</tbody>
</table>
## APPENDIX B cont.

### Civil Service Reform Questionnaire and Summary of Responses

(Questionnaire Guide used for Interviews)

<table>
<thead>
<tr>
<th>Questions</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part II – Privatization –Convergys/People First</strong></td>
<td></td>
</tr>
<tr>
<td>6. Tell me about your experience with the transition.</td>
<td>All respondents replied negatively.</td>
</tr>
<tr>
<td>7. What is the relationship between Convergys staff and your agency?</td>
<td>All respondents replied that the relationship is congenial.</td>
</tr>
<tr>
<td>8. Is it easier to manage human resources functions since the change to Convergys? If so, in what way(s)?</td>
<td>All respondents Replied &quot;NO&quot;</td>
</tr>
<tr>
<td>9. Is it more difficult to manage human resources functions since the change to Convergys? If so, in what ways?</td>
<td>All Respondents Replied “Yes” (See themes in body of paper)</td>
</tr>
<tr>
<td>10. Has your agency human resource staff been affected by the switch to Convergys?</td>
<td>All respondents replied “Yes” a 50% reduction in staff.</td>
</tr>
<tr>
<td>11. If the change resulted in a reduction in staff, do any of them work for Convergys?</td>
<td>All Respondents replied “No” One worked three months.</td>
</tr>
<tr>
<td>12. Many states are watching Florida to see if they should adopt similar human resource reforms. What would you tell them?</td>
<td>A few include: Look at business model that is more applicable to government; involve trained people. Take the time needed to make complex changes; consider costs.</td>
</tr>
</tbody>
</table>
APPENDIX C

Civil Service Reform Guide Summary of Responses from Legislators

(Legislators - with three main questions – Only Question #3 was asked of Sen. Argenziano’s office)

1. Service First is now four years old, what is your assessment of its outcomes.

   Sen. Al Lawson (D-Tallahassee)
   • “Service First has not worked; we are not saving any money. It is costing us more. We were told it would save between $90-100 million annually; this has not happened. The jury is still out on Service First.”

   Rep. Richardson (D-Tallahassee)
   • “Service First has been a colossal disaster. It has been a complete failure. Morale is not good; there is no job protection for state employees. State employees are not rewarded for their performance. There have not been any efficiencies from Service First or privatization.”

   Chief Legislative Aide to Rep. Lorraine Ausley (D-Tallahassee) (Leisa Wiseman)
   • “Service First was based on a faulty premise that the system would be improved. The so-called rewards have not materialized. The bonus system is not working. State employees are afraid to accept a promotion because they fear job loss. The grievance process is not a good one for state employees.”

2. What is your assessment of the privatization of human resource services with Convergys? Is government smaller as a result of privatization?

   Sen. Lawson
   • “Government is not smaller; it’s growing. Privatization has not worked. One clear example is the prison system. The private sector is paying lower salaries and offering fewer benefits. We will always have some privatization but we need built-in controls for accountability and checks and balances.”

   Rep. Richardson
   • “Not a single one of the private contracts has proved to increase efficiency and/or effectiveness. The prison contracts are a good example. Although my office turned in to a human resource office by default, it is unlikely that Convergys will lose the contract. People are just trying to live with it and not complain out of fear.”

   Rep. Ausley (Represented by Chief Legislative Aide Leisa Wiseman)
   • “Human resource services are difficult to privatize. The attempt to use a shelf product was not conducive to addressing the complexity of Florida’s human resource system. Rep. Ausley is working on a bill to address accountability in privatization. She has filed this bill for the past two years in an effort to address these concerns. Her new bill will define and address some of the existing problems.”

3. In general, what are the top three reasons state workers contact your office?

<table>
<thead>
<tr>
<th>Lawson</th>
<th>Richardson</th>
<th>Ausley</th>
<th>Argenziano*²</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Job Protection</td>
<td>+ Job Protection</td>
<td>+ Job Protection</td>
<td>+ Compensation/Pay</td>
</tr>
<tr>
<td>+ Compensation</td>
<td>+ Compensation</td>
<td>+ Broadbanding/Pay</td>
<td>+ Health Insurance</td>
</tr>
<tr>
<td>(Pay Increases)</td>
<td>(Pay Increases)</td>
<td>+ Insurance Premiums</td>
<td>+ Job Protection</td>
</tr>
<tr>
<td>+ Insurance Premiums</td>
<td>+ Insurance Premiums</td>
<td>Tied with retirement</td>
<td>+ Convergys issue</td>
</tr>
</tbody>
</table>

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APPENDIX D

Civil Service Reform Questionnaire with (AFSCME-AFL-CIO)

Summary of Responses by Alma Gonzalez – Special Counsel

1. Please give your views on two issues affecting Florida state employees: Service First and the Privatization or outsourcing of human resource services with Convergys

Service First

• Rewrite of the definition of "just cause"—the administrative forum under "just cause" has been redefined.
• Lack of a uniform Code of Conduct—each agency sets its own standards.
• The new rules introduced a lot more subjectivity.
• Florida is now 25 different employers.
• Agencies no longer concentrate on labor and employment. They no longer have an individual designated to work on employment and/or grievance issues.
• The central agency, Department of Management Services, does not have the expertise because of the varied standards among agencies.
• The government has become destabilized—democracy is threatened. We are moving from a democracy to a regime.
• The Governor’s plan has always been to eliminate government as much as possible but government is growing. There has been no reduction in government.
• Public Employees Relation Commission (PERC) is no longer able to mitigate; they have no power.
• Firing without recourse is what we have.

Privatization of Services

• Private vendors are doing a poor job and are receiving even more contracts regardless of their performance.
• State employees are offered positions with private vendors which require them to give up their tenure and benefits with the state and work at a lower salary.
### APPENDIX E

Comparison of Benefits for Career Service (CS), Selected Exempt Service (SES), and Senior Management Services (SMS)

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Career Service (CS)</th>
<th>Selected Exempt Services (SES)</th>
<th>Senior Management Services (SMS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Leave</td>
<td>-8.667 to 13 hours monthly based on length of service. -Eligible for leave payment up to 240 hours after one year.</td>
<td>-176 hours on appointment date &amp; each anniversary date. -Eligible for 480 hours payment upon termination of service.</td>
<td>-176 hours on appointment date &amp; each anniversary date. -Eligible for 480 hours payment upon termination of service. Leave Reduced by 2 days: 7/1/2001.</td>
</tr>
<tr>
<td>Sick Leave</td>
<td>-8.667 hours per month. (104 hrs annually). -Eligible for sick leave payment after 10 years of service. (Certain provisions apply)</td>
<td>-104 hours upon appointment &amp; each anniversary date. -Eligible for sick leave payment after 10 years. (Certain provisions apply)</td>
<td>-104 hours upon appointment &amp; each anniversary date. -Eligible for sick leave payment after 10 years. (Certain provisions apply) Leave Reduced by 2 days: 7/1/2001</td>
</tr>
<tr>
<td>Retirement</td>
<td>-Regular Class: Six years vesting; Normal retirement at age 62 or 30 years at any age. -Special Risk: Six years vesting; Normal retirement at age 55 or 25 years at any age. -FRS Investment Plan: one year vesting.</td>
<td>Same as Career Service</td>
<td>Same as Career Service with exception noted below: -SMS Optional Annuity Plan: Immediate Vesting</td>
</tr>
</tbody>
</table>
APPENDIX E cont.

Comparison of Benefits for Career Service (CS), Selected Exempt Service (SES), and Senior Management Services (SMS)

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Career Service (CS)</th>
<th>Selected Exempt Services (SES)</th>
<th>Senior Management Services (SMS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>Group Health: Employee Pay $48.68 monthly premium for Individual coverage; $175.14 for Family coverage. State pays $288.68 and $590.34 respectively.</td>
<td>-State pays 100% of premium.</td>
<td>-State pays 100% of premium.</td>
</tr>
<tr>
<td></td>
<td>Life Insurance: Coverage ranges from 150% of salary. Employee pays 20%; State pays 80%.</td>
<td>Life Insurance: Coverage is 200% of annual salary. State pays 100% of premium.</td>
<td>Life Insurance: Coverage is 200% of annual salary. State pays 100% of premium.</td>
</tr>
<tr>
<td>Holidays</td>
<td>Nine Paid Holidays each calendar year. One paid personal holiday each fiscal year (July 1-June 30)</td>
<td>Same as Career Service</td>
<td>Same as Career Service</td>
</tr>
<tr>
<td>Job Security</td>
<td>Dismissal for &quot;cause&quot; &quot;Just Cause&quot; redefined 7/1/2001</td>
<td>Serve at the Pleasure of</td>
<td>Serve at the Pleasure of</td>
</tr>
</tbody>
</table>

Sources: Chapters 110 and 121, Florida Statutes and the General Appropriations Act. Florida Department of Management Services: http://state.fl.us/dms/hrm/benefits/compare.htm (Extracted Selected Data) Revised June 2005