



December 2008  
PE 08-16-440

## Departmental Review

# Department of Administration WEST VIRGINIA DIVISION OF PERSONNEL

## AUDIT OVERVIEW

The State of West Virginia Lacks a  
Comprehensive Workforce Plan



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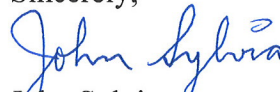
Dear Chairs:

Pursuant to the West Virginia Performance Review Act, we are transmitting a Departmental Review of the *West Virginia Department of Administration-Division of Personnel*, which will be presented to the Joint Committee on Government Operations and Joint Committee on Government Organization on Tuesday, December 9, 2008. The issue covered herein is "*The State of West Virginia Lacks a Comprehensive Workforce Plan.*"

We transmitted a draft copy of the report to the West Virginia Department of Administration on November 14, 2008. The agency opted not to have an exit conference. We received the agency response from the Department of Administration on November 24, 2008 and the response from the Division of Personnel on November 25, 2008.

Let me know if you have any questions.

Sincerely,

  
John Sylvia

JS/tlc



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## EXECUTIVE SUMMARY

The WV Consolidated Public Retirement Board estimates that 31 percent of the State’s workforce (those who are under PERS) will become eligible to retire during the next five years. Of the 7,169 employees who will become eligible for retirement, it is estimated that nearly one-third of them are employed within the Division of Highways and the Department of Health and Human Resources. When those eligible employees retire, the importance and need for a statewide workforce plan with aggressive recruitment and retention strategies will become more evident. The State’s situation with impending retirements is compounded by high numbers of vacancies. As of July 2008, the State’s overall vacancy rate was at 9.2 percent. That roughly translates into 1 out of every 11 positions within state government is vacant. Mass retirements and high numbers of vacancies can hinder performance by an agency. While many state agencies’ human resource staffs are concerned about the future workforce, most agencies are not voluntarily engaging in any formal human capital management that includes an effective workforce plan to address those concerns.

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*The WV Consolidated Public Retirement Board estimates that 31% of the State’s workforce (those who are under PERS) will become eligible to retire during the next five years.*

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The Division of Personnel’s current workforce planning goals are limited in that they do not establish objectives for state agencies, an implementation plan, or a system for measuring the progress of the plan. The Legislative Auditor contends that the Division of Personnel is the organization best suited to address workforce planning by developing a partnership with state agencies and establishing a statewide workforce planning policy. The United States Government Accountability Office (GAO) has designated human capital management as a high risk area across government and developed a workforce planning model as a guide for developing an effective workforce planning initiative. The GAO identifies the following steps for workforce planning: 1) Set strategic direction; 2) Analyze workforce and identify skills gap; 3) Develop action plan; 4) Implement action plan; and 5) Monitor, evaluate, and revise the workforce plan. Several human resource organizations including the U.S. Office of Personnel Management have also developed similar workforce planning models. In addition, the state of Virginia’s approach to workforce planning is a practical example of what West Virginia should strive to incorporate into its human resource practices.

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*When those eligible employees retire, the importance and need for a statewide workforce plan with aggressive recruitment and retention strategies will become more evident.*

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*The Legislative Auditor contends that the Division of Personnel is the organization best suited to address workforce planning by developing a partnership with state agencies and establishing a statewide workforce planning policy.*

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### Recommendations

1. *The Legislative Auditor recommends that the Division of Personnel develop and implement a comprehensive strategic workforce planning policy. The Division should include and coordinate the participation of state agencies, and be responsible for monitoring compliance with the policy.*

2. *The Legislative Auditor recommends that the Division of Personnel report to the Joint Committee on Government Organization and Joint Committee on Government Operations in February 2009 with target dates for the completion of a workforce planning policy.*



## OBJECTIVE, SCOPE & METHODOLOGY

This agency review of the Division of Personnel was conducted as part of the Departmental Review of the Department of Administration and is authorized by the Performance Review Act, Chapter 4, Article 10, of the West Virginia Code.

### Objective

The objective of this review was to examine the Division of Personnel's workforce planning efforts and to determine whether or not those efforts are adequate to address the State's workforce needs.

### Scope

The scope of this report covers calendar years 2001 through 2008. Retirement estimates and vacancy rates were current as of July 2008. This review focused strictly on the agency's workforce planning efforts.

### Methodology

The workforce planning criteria used in this report is based on best practices of the United States Government Accountability Office, federal Office of Personnel management, and the Virginia Department of Human Resource Management's workforce planning policy. A comparison of states' management performance is presented and based on information found in the PEW Center on the States, *State Management Report Card for 2008*. The Expenditure Schedule Personal Services Report for FY 2009, provided by the Legislative Auditor's Budget Division, was examined and used to calculate vacancy rates for individual state agencies. The survey of state agencies referenced in the report was a voluntary survey conducted by the Division of Personnel in 2002 that received a response rate of 33 percent. The Division of Personnel's 2002 and 2008 strategic plans were reviewed along with documents containing estimated numbers of state employees eligible for retirement by agency over the next five years. The Legislative Auditor also corresponded with Department of Administration and Division of Personnel officials throughout the duration of the review. All aspects of this review followed the Generally Accepted Governmental Auditing Standards (GAGAS).



## ISSUE 1

### **The State of West Virginia Lacks a Comprehensive Workforce Plan.**

#### **Issue Summary**

Workforce planning or human capital planning is the strategic alignment of an organization's human capital with its business direction. It is a methodical process of analyzing the current workforce; determining workforce needs; identifying the gap between the present and the future; and implementing solutions so the organization can accomplish its mission, goals, and objectives. The Division of Personnel (DOP) has developed strategic goals that address all aspects of the DOP's duties. One of the goals include workforce planning for all of state government; however, it lacks a clear implementation plan and a system for measuring the progress of the plan. Factors such as a rising number of state employees who are or will be eligible for retirement, evolving technology, private sector competition, and composition of the overall population intensify the need to analyze the State's current workforce situation and take action to improve it.

Strategic workforce planning helps ensure that an organization's workforce is adequate to meet its current and future needs. Because the DOP has not developed any comprehensive workforce planning initiatives that significantly involve state agencies, the recruitment of qualified applicants has become increasingly difficult for both the DOP and state agencies. There is confusion over the role of state agencies and the role of the DOP in the recruitment process. The DOP should take the lead by developing a partnership with state agencies and establishing a strategic workforce planning policy that requires all state agencies to develop individualized workforce plans. The policy should define the purpose of the workforce plan, elements of the plan, the roles of the DOP and the state agencies, and a process for monitoring and evaluating the progress of the plan.

#### **A Large Number of Anticipated Baby Boomer Retirements Creates Concern for State Agencies in West Virginia**

With respect to its government workforce, West Virginia faces challenges as a result of the baby boom generation. The baby boom generation is defined as people born between 1946 and 1964 because there was an unusual spike in birth rates during those years. Therefore, the retirement decisions of this group impact society to a larger extent

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*Strategic workforce planning helps ensure that an organization's workforce is adequate to meet its current and future needs.*

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*The DOP should take the lead by developing a partnership with state agencies and establishing a strategic workforce planning policy that requires all state agencies to develop individualized workforce plans.*

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than other age groups. Many members of the baby boom generation are reaching or have reached retirement age and the anticipated mass retirements are a concern for human resource professionals. **The WV Consolidated Public Retirement Board (CPRB) estimates that 31 percent of the State's workforce (those who are under PERS) will become eligible to retire during the next five years.** Of the 7,169 employees who will become eligible for retirement, it is estimated that nearly one-third of them are employed within the Division of Highways and the Department of Health and Human Resources. Table 1 shows the state agencies with the highest estimated number of employees who are currently or will be eligible for retirement over the next few years. These state agencies provide vital services to numerous citizens throughout West Virginia. Not only must the State recruit and retain new employees to fill the retirees' positions, but it must also ensure that if possible, those employees who are retiring pass down their institutional knowledge. The Legislative Auditor was unable to determine what portions of the retirees are in mission critical jobs or leadership roles. However, the larger the number of retiring employees who are in those positions, the harder it will be for the State to recover and maintain normal operations. **A comprehensive workforce planning initiative is needed to examine these scenarios and prepare the State's workforce for the anticipated retirements.**

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*The WV Consolidated Public Retirement Board estimates that 31 percent of the State's workforce (those who are under PERS) will become eligible to retire during the next five years.*

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<b>Agency Name</b>	<b>FY 08*</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>	<b>Total 5 year</b>
Division of Highways	705	85	94	129	168	1,181
Dept. of Health and Human Resources	503	85	104	102	160	954
Division of Corrections	90	22	27	33	54	226
Division of Environmental Protection	127	14	29	21	29	220
Division of Rehabilitation Services	92	20	23	25	35	195
Division of Natural Resources	139	14	10	7	20	190
Workforce West Virginia	98	17	14	12	21	162
Division of Motor Vehicles	60	19	17	8	35	139
Department of Administration	82	9	13	11	23	138
Tax Division	74	13	13	8	16	124
<b>TOTAL</b>						<b>3,529</b>

*Source: Figures are estimated based on information provided to Division of Personnel by the Consolidated Public Retirement Board.*

*\* Figures for FY 08 represent employees who became eligible for retirement during FY 08 as well as employees who became eligible for retirement prior to FY 08 but did not retire. Those employees who did not retire during FY 08 will roll over into future FY 09 projections.*

The State’s situation with baby boomer retirements is compounded by high numbers of vacancies. When those eligible employees retire, the importance and need of a workforce plan with aggressive recruitment and retention strategies will become more evident. As of July 2008, the State’s overall vacancy rate is at 9.2 percent. That roughly translates into 1 out of every 11 positions within state government is vacant. Table 2 lists some of the agencies with vacancy rates higher than the State’s average. Many of the agencies are large and provide services that are heavily relied upon by the public. High numbers of vacancies can hinder performance by an agency. An agency’s human capital is its most valuable asset and its success depends on the quality of its workforce. **In the case that some of the vacancies are positions that are no longer needed, the development of a strategic workforce plan would compel agencies to identify and eliminate unnecessary positions, determine the actual number of employees needed, and develop a recruitment plan to obtain them.** Because salaries tend to be a large expense, a workforce plan would also benefit agencies by allowing them to generate a more accurate budget.

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*As of July 2008, the State’s overall vacancy rate is at 9.2 percent.*

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Agency Name	Filled	Vacant	Percent Vacant
Division of Veterans Affairs	163	108	39.85%
Department of Administration	679	272	28.60%
Alcohol and Beverage Control Administration	90	28	23.73%
Development Office	94	24	20.34%
Insurance Commission	320	80	20.00%
Division of Juvenile Services	680	169	19.91%
Division of Labor	92	20	17.86%
Bureau of Employment Programs	390	74	15.95%
Division of Highways	4,528	779	14.68%
WV Lottery	162	25	13.37%
Division of Rehabilitation Services	533	81	13.19%
Public Service Commission	288	40	12.20%
Division of Environmental Protection	790	107	11.93%
Department of Health and Human Resources	5,602	656	10.48%
Regional Jails	926	108	10.44%
<i>Figures are current as of July 2008.</i>			
<i>Source: State Budget Office and Division of Highways budget office.</i>			

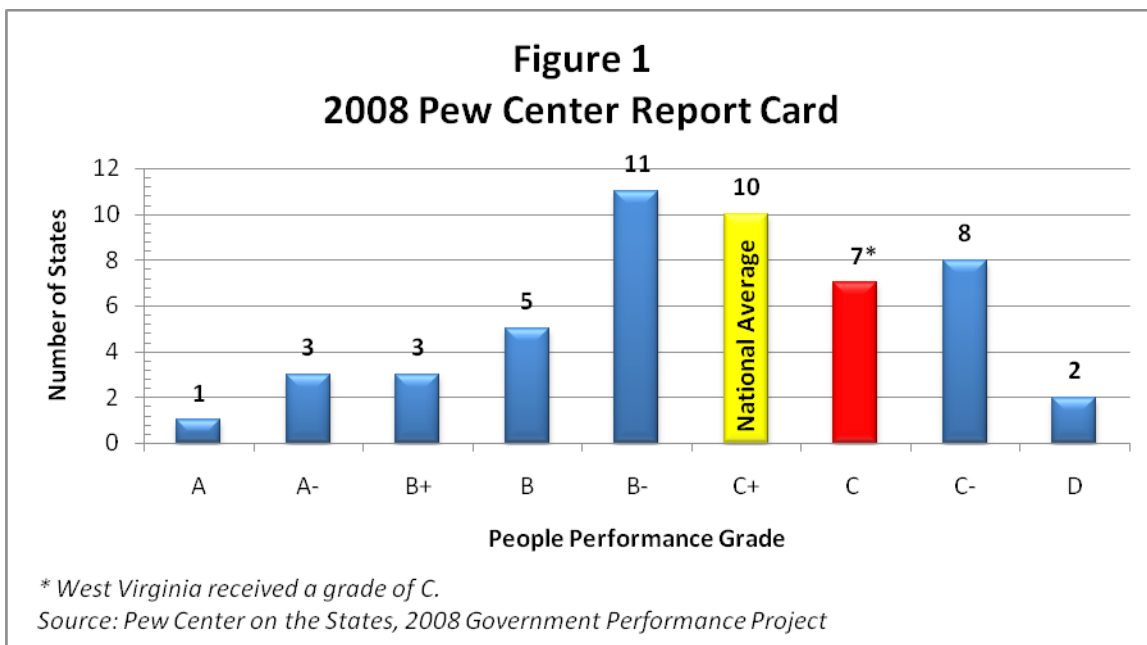
## The Pew Center’s State Management Report Card Rates West Virginia Below the National Average

The Pew Center on the States, which is affiliated with the Pew Charitable Trust Foundation, issues *The State Management Report Card* annually as a part of its Government Performance Project. The report evaluates how well states manage four critical areas: people, money, infrastructure and information. States are given a letter grade for each of the four critical areas. The number of states assigned to each grade for “People Performance” is illustrated in Figure 1. The red bar in the graph denotes the category in which West Virginia is included. *The State Management Report Card for 2008* indicates the average state grade for “People Performance” is a C+. West Virginia came in just below the national average with a grade of C.

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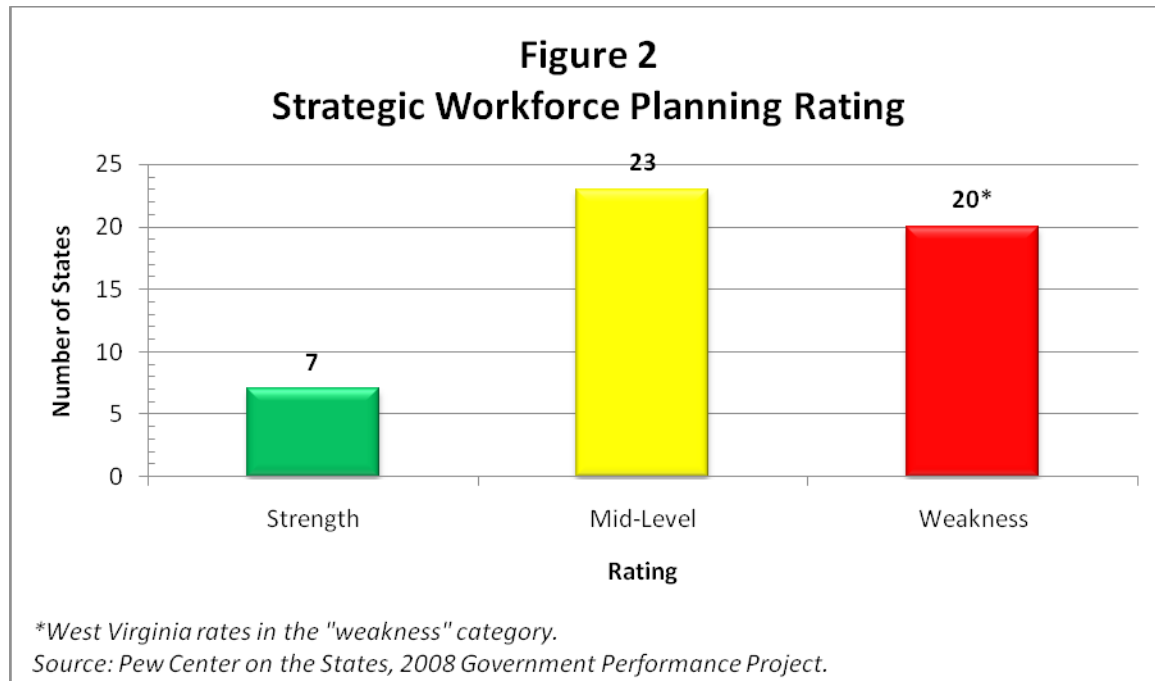


When evaluating each state’s management of people, the Pew Center takes into consideration strategic workforce planning, hiring, retaining employees, training and development and managing employee performance. Each of those five topics are rated as 1) Strength, 2) Mid-level, or 3) Weakness. **West Virginia’s strategic workforce planning is rated as a “weakness.”** Figure 2 shows how other states rate in strategic workforce planning. While 19 states other than West Virginia rate in the “weakness” category, more than half of the states’ strategic workforce planning efforts are either at “mid-level” or “strength.”

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In regard to workforce planning, the Pew Center’s State Management Report Card Summary for West Virginia points out that:

*West Virginia has never done much long-range planning and needs to begin addressing this. In the coming years, agencies are going to be hit with a huge number of retirements, but little work has been done toward evolving a strategy to cope with the departures.*

Strategic human capital management is not a new concept; however, state governments are only recently embracing the idea as an effective method of addressing agency performance and workforce. The Legislative Auditor finds that it is imperative that the state of West Virginia begin developing a comprehensive workforce planning policy that will assist the DOP and state agencies in identifying and addressing workforce challenges.

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## **The Federal Government Recognizes Workforce Planning As a Critical Factor in Human Capital Management**

The Government Performance Results Act (GPRA) of 1993 was the first legislation to mandate strategic planning and performance



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measurement in the federal government. The Act required federal agencies to submit: 1) five-year strategic plans for program activities, 2) annual performance plans, and 3) program performance reports. Although the Act did not set out to specifically address human capital management, it hinted at the notion and laid a foundation for future efforts.

From 1997 through 2001, the United States Government Accountability Office (GAO) reviewed drafts of federal agencies' strategic plans, annual performance plans, and program performance reports required by the GPRA of 1993. The GAO assessed each agency's progress and whether or not documents followed the intent of the governing legislation. In reference to those reviews, the GAO noted that:

*... while agencies' fiscal year 2001 annual performance plans all included at least some discussion of human capital, the discussions varied widely in scope and specificity. In either case, agencies will need to follow up through effective implementation and assessment to determine whether their plans lead to improvements in human capital management and programmatic outcomes.*

The GAO's comments suggest the importance of both workforce planning and evaluation procedures in an agency's overall strategic plan.

In the FY 2002 President's Management Agenda, President George W. Bush identified strategic human capital management as a priority and a means for improving government performance overall. The federal government took action in 2002 with the passage of the Chief Human Capital Officers Act of 2002 which required 24 heads of Executive Departments and agencies to designate Chief Human Capital Officers. Each agency's Chief Human Capital Officer (CHCO) is charged with advising and assisting the head of the agency in selecting, developing, training, and managing a high quality productive workforce. The Act also established a Chief Human Capital Officers Council (Council) to advise and coordinate the activities of the agencies of its members on such matters as modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources operations and organizations. In addition to establishing CHCO's and creating the Council, the Act amended the GPRA of 1993 by specifically requiring strategic human capital planning to be incorporated into the annual performance plans and program performance reports. This amendment is important because it shows federal legislators' interest in ensuring that the federal government's human capital is being managed and utilized in the most effective way.

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***The GAO designated strategic human capital management as a government-wide, high risk area in its 2001 High Risk Series Update.***

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The GAO designated strategic human capital management as a government-wide, high risk area in its 2001 High Risk Series Update. The report notes:

*...human capital shortfalls are eroding the ability of many agencies--and threatening the ability of others--to effectively, efficiently and economically perform their missions.*

According to the report, the capital shortfalls result in part from significant staff reductions of the early 1990's by the federal government without consideration for the long term effects. Also, an increasing number of federal employees are becoming eligible for retirement. About one-third of federal employees employed at the end of fiscal year 2007 will become eligible to retire by fiscal year 2012. The percentage of employees eligible for retirement in the federal government is similar to the percentage of eligible employees working for the state of West Virginia. Other obstacles such as advancements in technology and changes in the age of the general population contribute to the agencies struggle to get the right person with the right skills in the right position at the right time. Strategic human capital management remains a high risk area on the GAO's 2007 High Risk Series Update and continues to be a challenge for both federal agencies and state governments.

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## **Several Authoritative Organizations Have Developed Strategic Workforce Planning Models**

In general, workforce planning has become widely accepted by human resource professionals as the most effective means to address workforce challenges. Several organizations, such as the National Academy of Public Administration (NAPA), the International Public Management Association for Human Resources (IPMA-HR), and the Schaefer Center for Public Policy, have studied and reported on the benefits of workforce planning. With the exception of the terminology and the order of the steps, all the findings offer similar models or recommendations for achieving an effective workforce plan. Best practices identify the following five general steps for effective workforce planning.

1. Set strategic direction;
2. Analyze workforce, identify skill gaps, and conduct workforce analysis;
3. Develop action plan;
4. Implement the action plan; and
5. Monitor, evaluate, and revise the workforce plan.

The GAO has also issued numerous reports on strategic human capital management with emphasis on workforce planning. The GAO defines strategic human capital planning, also called strategic workforce planning, as:

*...the method by which an agency designs a coherent frame work of human capital policies, programs, and practices to achieve the vision outlined in its strategic plan.*

The development of a sound human capital plan is vital in moving towards creating an effective performance based organization that can recruit, hire, motivate and reward a high-performing, quality workforce. According to the GAO, strategic workforce planning satisfies two essential requirements:

- 1) aligning an organization's human capital program with its current and emerging mission and programmatic goals; and
- 2) developing long-term strategies for acquiring, developing, and retaining staff to achieve programmatic goals.

While approaches can vary from agency to agency, the GAO has identified the following five principles that workforce plans should address. These five principles are illustrated in Figure 3.

- 1) Involve top management, employees, and other stakeholders in developing communication and implementing the strategic workforce plan.
- 2) Determine the critical skills and competencies that will be needed to achieve the future programmatic results.
- 3) Develop strategies tailored to address gaps and human capital conditions in critical skills and competencies that need attention.
- 4) Build the capability needed to address administrative, educational, and other requirements important to supporting workforce strategies.
- 5) Monitor and evaluate the agency's progress toward its human capital goals and the contribution that human capital results have made toward achieving programmatic goals.

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Figure 3  
GAO Strategic Workforce Planning Process



Source: GAO-04-39

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*Just as the OPM is responsible for educating federal agencies, the WV Division of Personnel should take on a similar role and be held accountable for ongoing monitoring of state agencies' workforce approaches.*

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The United States Office of Personnel Management (OPM) has also identified elements that all strategic workforce plans should encompass. The OPM's findings identify the same basic components as the GAO. The OPM operates a website entitled *Human Capital Assessment and Accountability Framework Resource Center*. The website is dedicated to providing federal agencies with human capital planning information, guidelines, and tools. Just as the OPM is responsible for educating federal agencies, **the WV Division of Personnel should take on a similar role and be held accountable for ongoing monitoring of state agencies' workforce approaches.**

### The State of Virginia Demonstrates Excellent Performance in Workforce Planning

The Pew Center's Management Report Card for 2008 ranked the state of Virginia first with a letter grade of "A" in the category of "people performance," and described its strategic workforce planning plan as

a “strength.” Virginia state agencies independently began workforce planning in 1998, but a statute or human resource policy was not enacted until five years later. In 2003, the Virginia Legislature enacted a statute requiring state agencies to develop and maintain a strategic plan that addresses agency goals, performance measures, and workforce issues. That same year the Virginia Department of Human Resource Management (DHRM) developed a workforce planning policy that applies the five principles of workforce planning established by the GAO. This policy provides guidance to agencies in assessing short and long-term staffing requirements to ensure that adequate numbers of appropriately qualified employees are available to meet agency goals and objectives. A copy of the Virginia DHRM workforce planning policy is provided in Appendix B of this report.

The DHRM’s workforce planning policy clearly defines the role of both the DHRM and the state agency in the workforce planning process. The state agencies are responsible for annually submitting an updated workforce plan that includes staffing needs assessment, business goals, workforce demographics, skills gap analysis, assessment of training and development needs and resources, evaluation, action plans, and a system for monitoring progress. The DHRM is responsible for statewide forecasting, assisting agencies with data analysis, providing guidance on identifying needs, developing and maintaining workforce planning tools and guides, and assisting agencies with any other related requests. In addition, the DHRM maintains a website that provides an abundance of workforce planning information such as planning guides and templates, statistics, query tools, previous reports, and links to other resources. Finally, the DHRM reviews state agencies’ annual workforce plans and compiles the data into one document called the *State Workforce Planning Report* that summarizes workforce planning challenges and recommends possible solutions. Virginia’s approach to human capital planning is an example of what West Virginia should strive to incorporate into its human resource practices.

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*The state of Virginia established policy that provides guidance to agencies in assessing short and long-term staffing requirements to ensure that adequate numbers of appropriately qualified employees are available to meet agency goals and objectives.*

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*Virginia’s approach to human capital planning is an example of what West Virginia should strive to incorporate into its human resource practices.*

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## **The DOP Did Not Follow Through With Previous Discussions of a Workforce Plan**

Strategic workforce planning was mentioned by the DOP in August of 2001 when it issued the *2002 Division of Personnel Strategic Plan*. The plan lists workforce development as one of three areas to be addressed by the DOP. The plan lists multiple factors that influence the workforce in West Virginia: high unemployment rates, impact of retiring “baby boomers,” voluntary separation incentives, and the hiring

of Generation Y<sup>1</sup>. It continues by saying:

*The time has never been more appropriate for workforce planning to emerge as an integral component in the strategic planning process of the state.*

However, the Legislative Auditor finds there is no evidence that the DOP took any action in the direction of workforce planning after developing the 2002 Strategic Plan.

Following the development of the 2002 Strategic Plan, the DOP conducted a survey of various managers and supervisors throughout state government involved with the DOP hiring process. The objective of the survey was to give agency managers the opportunity to rate the DOP recruitment/referral services, describe hiring problems and make specific service improvement suggestions. One section of the survey specifically addressed workforce planning.

According to the survey results, there was general dissatisfaction relating to candidate quality and availability. Furthermore, a majority of respondents (62 percent) agreed that they had concerns of whether or not their section/unit will have the competent personnel to meet future service demands and organizational changes. Finally, respondents were specifically asked if they had participated in the development of workforce plans addressing long range (more than two years) workforce needs, such as, changing demographics, changing jobs, job succession, retention, worker competency gaps and related issues. An overwhelming majority of respondents (71 percent) indicated that they had not been involved with any workforce planning, while only 5 percent stated, "Yes, formal plans are in process or completed." The remaining 24 percent of respondents stated, "Yes, but only informally." **The survey results indicate that while many of the agencies' human resource staffs are concerned about the future workforce, most agencies are not voluntarily engaging in any formal human capital management that includes an effective workforce initiative to address those concerns.**

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*A majority of respondents (62 percent) agreed that they had concerns of whether or not their section/unit will have the competent personnel to meet future service demands and organizational changes.*

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The DOP's manager of the Staffing Services Research Unit summarized the survey results and made several recommendations addressing the various issues identified by the survey. One of the summary points noted the concern respondents had about the decline in candidate quality, low entry pay, decreased worker loyalty, and lack of job succession plans. The corresponding recommendation suggested learning more about workforce planning. The Legislative Auditor finds no evidence that indicates that this recommendation was further explored or carried out.

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<sup>1</sup>The broadest definition of Generation Y generally includes the more than 70 million Americans born between 1977 and 2002.

Shortly after the development of the survey summary and recommendations, the director of the DOP left the organization and was replaced with an acting director. This occurrence may explain why the survey recommendations were not implemented. The DOP has historically experienced high turnover in the director position. Over the past ten years the DOP has had eight directors, four of which were acting. The current Director of the DOP joined the organization in February of this year. The Legislative Auditor will conduct a study to determine the reasons for the high turnover in the position of DOP director. The results of the study will be released in a future report on the Division of Personnel.

### **Current Workforce Planning Goals Are Minimal and Do Not Address Statewide Participation**

In April 2008, the DOP released a “Five-Year Strategic Plan.” The plan sets forth the DOP’s mission, vision, guiding principles, and identifies eight strategic goal areas, one of which is workforce planning. The DOP’s workforce planning goals include:

- Collecting and assessing statistical data on retirement projections, retention, and turnover outlook.
- Developing strategies to address workforce planning issues once identified.
- Providing agencies with real-time access to data needed for workforce planning.
- Providing customized strategies and consultation to agencies on leadership development, knowledge transfer, and developmental options and tools.

**These descriptions of the workforce planning goals are limited and do not provide an implementation plan or a system for measuring the progress of the plan.** In addition, the 2008 Five-Year Strategic Plan only addresses the goals of the DOP and does not establish any objectives or responsibilities for state agencies. State agencies should develop individualized plans, while the DOP assists with individualized plans and focuses on the State as a whole. Because the Five-Year Plan includes the beginning stages of workforce planning as a goal, it confirms the Legislative Auditor’s presumption that the 2002 workforce planning recommendations were not implemented. Although the Legislative Auditor finds that the current Five-Year Strategic Plan is not an adequate or comprehensive workforce plan, the Legislative Auditor must note that it

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*State agencies should develop individualized plans, while the DOP assists with individualized plans and focuses on the State as a whole.*

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is a step in the right direction. **The Legislative Auditor recommends the DOP develop a written policy requiring state agencies to participate in a comprehensive strategic workforce planning initiative.**

Another recent step towards addressing workforce issues is the Governor’s establishment of the State Employee Recruitment and Retention Work Group. The work group first met in October 2007 with the purpose of developing recommendations for review by the Governor’s Office. The work group’s members consist of employees from several large agencies throughout state government including the DOP. Since the initial meeting, the work group has met four times, and has issued a list of recommendations aimed at improving recruitment efforts and the retention of state employees. The Legislative Auditor reviewed these recommendations and finds most of them to be feasible and easily incorporated into an extensive workforce plan. As of June 2008, the work group had implemented a few of the recommendations such as advertising and marketing, cooperating with West Virginia community and technical colleges, and organizing state government job fairs in six cities across the state. It is possible that this work group could assist the DOP and state agencies in developing and implementing a comprehensive statewide workforce plan.

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*Another recent step towards addressing workforce issues is the Governor’s establishment of the State Employee Recruitment and Retention Work Group.*

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## Conclusion

The Legislative Auditor finds that the State has not developed a workforce plan to address the relatively large impending retirements of state employees over the next several years. A comprehensive statewide workforce planning initiative would address this concern. Some state agencies are familiar with the concept of strategic workforce planning; however, because the efforts are sporadic and unorganized, the success of the individualized efforts is unknown. The Legislative Auditor contends that the DOP is the organization best suited to address workforce planning by developing a statewide workforce planning policy. This workforce planning policy should set forth a uniform procedure for collecting data from state agencies so that the data can be easily compiled and analyzed by the DOP. In its efforts, the DOP should monitor the state agencies’ compliance with the workforce planning policy requirements as well as assist state agencies in the development of individualized workforce plans.

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*As of June 2008, the work group had implemented a few of the recommendations such as advertising and marketing, cooperating with West Virginia community and technical colleges, and organizing state government job fairs in six cities across the state.*

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## Recommendations

1. *The Legislative Auditor recommends that the Division of Personnel develop and implement a comprehensive strategic workforce planning policy. The Division should include and coordinate the participation of state agencies, and be responsible for monitoring compliance with the policy.*
  
2. *The Legislative Auditor recommends that the Division of Personnel report to the Joint Committee on Government Organization and Joint Committee on Government Operations in February 2009 with target dates for the completion of a workforce planning policy.*



Appendix A: Transmittal Letter

**WEST VIRGINIA LEGISLATURE**  
*Performance Evaluation and Research Division*

Building 1, Room W-314  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0610  
(304) 347-4890  
(304) 347-4939 FAX



John Sylvia  
Director

November 14, 2008

Robert W. Ferguson, Jr., Cabinet Secretary  
Department of Administration  
Building 1, Room E-119  
1900 Kanawha Boulevard, East  
Charleston, WV 25305-0120

Dear Secretary Ferguson:

This is to transmit a draft copy of the report on the Division of Personnel conducted as part of the Departmental Review of the Department of Administration. This report is scheduled to be presented during the December 7-9, 2008 interim meeting of the Joint Committee on Government Operations and Joint Committee on Government Organization. We will inform you of the exact time and location once the information becomes available. It is expected that a representative from the Department be present at the meeting to orally respond to the report and answer any questions the committees may have.

If you would like to schedule an exit conference to discuss any concerns you may have with the report, please contact Alysia Miller to schedule an exact time. In addition, we need your written response to the report by Friday, November 21, 2008 in order to be included in the final report.

We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Denny Rhodes".

Denny Rhodes  
Research Manager

Enclosure

c: Otis G. Cox, Director

\_\_\_\_\_ *Joint Committee on Government and Finance* \_\_\_\_\_



## Appendix B: Virginia Department of Human Resource Management Workforce Planning Policy

<b>Department of Human Resource Management Policies and Procedures Manual</b>	
<b>Policy Number: 1.90 - Workforce Planning</b> Eff. Date: 9/25/03	
<i>Application: Full-time and part-time classified, and "at will" employees.</i>	
<b>PURPOSE</b>	
This policy provides guidance to agencies in assessing short and long-term staffing requirements to ensure that adequate numbers of appropriately qualified employees are available to meet agency goals and objectives.	
<b>DEFINITIONS</b>	
<b>Workforce Plan</b>	A plan that provides a systematic assessment of agency staffing needs and actions necessary to address these needs. The plan includes the business goals, demographic information, analysis of trends and emerging issues, analysis of staffing gaps, identification of planned actions, and evaluation techniques.
<b>Succession Planning</b>	Actions taken to ensure the effective replacement of critical staff who may leave the agency. Agencies should identify critical skills that are needed and take actions to develop those skills among agency employees.
<b>DHRM RESPONSIBILITY</b>	
Provide statewide forecasting; provide guidance to agencies on identifying needs; provide assistance in analyzing data; develop query tools; run reports for agencies; develop report templates; assist agencies in developing reports; maintain a repository for workforce planning practices information and resources; and maintain a "Workforce Planning Guide." Assist agencies in developing and executing recruitment, employee development, and compensation strategies.	
<b>AGENCY RESPONSIBILITY</b>	
Assess agency workforce requirements and develop plan out-lining issues and options for addressing needs. The plan may be included as a part of the agency's strategic plan or it may be issued as a separate plan. A copy of the plan should be submitted to DHRM; updates should be provided as necessary.	
Assemble and analyze appropriate data reports; monitor progress; and revise plans as necessary.	
<b>WORKFORCE PLAN COMPONENTS</b>	
Workforce plans should be updated at least annually and should include the following:	
<ul style="list-style-type: none"> <li>• staffing needs assessment;</li> <li>• business plan requirements;</li> <li>• workforce composition and demographics;</li> <li>• skills gap analysis;</li> <li>• identification of skills needed and those no longer needed;</li> <li>• assessment of training and development needs and resources;</li> <li>• assessment of recruiting needs and resources;</li> <li>• evaluation; and</li> <li>• action plans.</li> </ul>	
<b>AUTHORITY</b>	
The Department of Human Resource Management issues this policy pursuant to the authority provided in Va. Code Chapter 12, Title 2.2.	
<b>INTERPRETATION</b>	
The Director of the Department of Human Resource Management is responsible for official interpretation of this policy, in accordance with Va. Code § 2.2-1201. Questions regarding the application of this policy should be directed to the Department of Human Resource Management's Office of Agency Human Resource Services.	
The Department of Human Resource Management reserves the right to revise or eliminate this policy.	
<b>RELATED POLICIES</b>	
<ul style="list-style-type: none"> <li>• Policy 1.40, Performance Planning and Evaluation</li> <li>• Policy 2.10, Hiring</li> </ul>	
<a href="#">Back to the Top</a>	

[http://www.dhrm.state.va.us/hrpolicy/web/po11\\_90printer.html](http://www.dhrm.state.va.us/hrpolicy/web/po11_90printer.html)



# Appendix C: Agency Responses



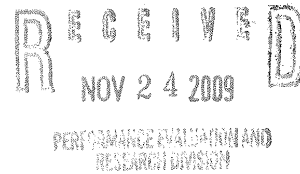
STATE OF WEST VIRGINIA  
DEPARTMENT OF ADMINISTRATION  
OFFICE OF THE CABINET SECRETARY

JOE MANCHIN III  
GOVERNOR

ROBERT W. FERGUSON, JR.  
CABINET SECRETARY

November 21, 2008

Denny Rhodes, Research Manager  
Performance Evaluation and Research Division  
Building 1, Room W-314  
1900 Kanawha Blvd., East  
Charleston, WV 25305



Dear Mr. Rhodes,

In response to the Legislative Auditor's report on the Division of Personnel conducted as part of the Departmental Review of the Department of Administration, the Department of Administration agrees with the findings and recommendations of the Legislative Auditor.

Moving forward, it is the department's intent to aggressively pursue the recommendations in the report.

Please do not hesitate to contact me if I may be of further assistance.

Sincerely,

Robert W. Ferguson, Jr.  
Cabinet Secretary

RWFJr:tma

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# West Virginia Division of Personnel

Department of Administration

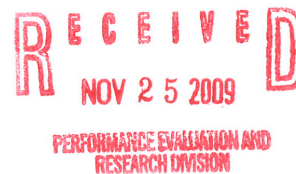
Otis G. Cox, Director

Joe Manchin III, Governor  
Robert W. Ferguson, Jr., Cabinet Secretary

STATE PERSONNEL BOARD  
Robert W. Ferguson, Jr., Chairman  
John A. Canfield ♦ Mark W. Carbone  
Sharon Lynch ♦ Eugene Stump

November 21, 2008

Mr. Denny Rhodes  
West Virginia Legislature  
Performance Evaluation and Research Division  
Building 1, Room W-314  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0610



Dear Mr. Rhodes:

I will be present on December 9, 2008, interim meeting of the Joint Committee on Government Operations and Joint Committee on Government Organization from 12:00 p.m. to 2:00 p.m. in the House Chamber. Having had regularly scheduled conferences during this audit process, I will not request an exit conference; however, if you feel a need to sit with me or any of my staff before December 9, please feel free to call on us.

I appreciate your observations and recommendations and have been actively involved in taking the necessary steps to improve the Division. Through the Human Resource Advisory Committee and the Governor's State Employment Recruitment and Retention Committee, steps are being taken to develop comprehensive workforce plans. The Division of Personnel is also working with departments and agencies on individualized succession plans and workforce planning.

Sincerely,

Otis G. Cox  
Director

OGC:eaw

c: Robert W. Ferguson, Jr., Cabinet Secretary  
Dept. of Administration

Donna Lipscomb, Executive Coordinator  
Dept. of Administration

Building 6, Room 420, 1900 Kanawha Boulevard, East, Charleston, West Virginia 25305-0139  
TEL: 304-558-3950 VISIT OUR WEBPAGE AT: [www.state.wv.us/admin/personnel](http://www.state.wv.us/admin/personnel) FAX: 304-558-1399

THE DIVISION OF PERSONNEL IS AN EQUAL OPPORTUNITY EMPLOYER







WEST VIRGINIA LEGISLATIVE AUDITOR

**PERFORMANCE EVALUATION & RESEARCH DIVISION**

Building 1, Room W-314, State Capitol Complex, Charleston, West Virginia 25305

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