



RMI PUBLIC SERVICE COMMISSION

January – December 2016 Summary Report

By December, 2016, the total number of the members of the RMI Public Service (RMIPS) was around 1,068 with a total cost of around \$16.8 million and an annual average cost \$15,746 per employee. The CY2015 total was 1,076 with the cost of \$16.5 million and an average cost of \$15,348 per employee. The Public Service employee data for CY2015 & CY2016 in the table categorized by Ministries and Agencies, numbers, costs, and gender show that the Ministry of Health was increased by 10 with additional cost of \$190,085, mostly due to factors as was last year's: the hiring of doctor/nurse/health assistants, and the re-classification of specialists at MOH resulted in the rise of personnel costs for MOH., PSC by 2 with an additional cost of \$17,440; EPPSO by 2 with an additional cost of \$51,550; Attorney General by 1, with an additional cost of \$177,025 (position reclassifications); Public Defenders by 2 with an additional of \$80,065. The personnel annual total cost went from \$16,514,543 to \$16,816,282, an increase of about \$ 301,739, a rate increase of 1.8% of the last year's grand total.

PSC Mandate:

RMI Constitution, Article VII, Section 1 & 9 and the Public Service Act of 1979 charge the Public Service Commission (PSC) to be the employing authority for the RMI Public Service and has general oversight over the efficiency and effectiveness of the Public Service. The Act extends the PSC responsibility to include training and government leased housing. An optional group life insurance is managed by PSC as well.

Profile of the RMI Public Service for 2016					
Category	Number	Percentage	Cost in Millions	Percentage	Ave. Cost Per
All Employees	1068	100%	\$16,816,282	100%	\$15,746
Female	468	44%	\$7,515,938	45%	\$16,060
Male	600	56%	\$9,300,344	55%	\$15,501
Retirees	89	8%	\$1,732,255	10%	\$19,464
Marshallese	967	91%	\$14,237,302	85%	\$14,723
Expatriates	101	9%	\$2,578,980	15%	\$25,534

The PS Profile represents 56% for male with an average cost of \$15,501 which is about 3.5% less than the cost for the female personnel counterparts, i.e. the

average cost for female personnel continues to be higher than male personnel. However, male employees continue to dominate the management occupational categories. The highest average cost for the expatriate on the other hand is about \$25,534, while the retired eligible public service employees come in second at \$19,464. Both groups have held the highest representation of average cost over the course of the last few years. The indicator continues to suggest the group's relative strong employment retention due to mainly its performance capacity and employment stability as indicated during the last two years, including this year.

**National Government Employees under the Purview of Public Service Commission of RMI
by Nationality: 2015-2016**

Ministry/Agency	2015				2016				
	Marshallese		Expatriates		Marshallese		Expatriates		
	# of Empls	Ttl Amount	# of Empls	Ttl Amount	# of Empls	Ttl Amount	# of Empls	Ttl Amount	
Auditor General	16	359,695			16	359,695	17	359,620	
Cabinet	14	291,485			14	291,485	13	288,370	
V7AB					10	117,045	10	117,045	
RMI Scholarship					4	69,380	4	69,380	
Land Registration Office	1	14,230			1	14,230	1	14,230	
Customary Law Commission									
Office of Chief Secretary	18	312,780			18	312,780	12	251,955	
EPPSO	8	147,875			8	147,875	10	199,425	
OEPPC	7	163,070			7	163,070	3	77,000	
WEA THER	12	292,720			12	292,720	12	292,720	
Council of Iroij	4	68,230			4	68,230	4	68,230	
Education									
Finance	82	1,307,530	3	115,000	85	1,422,530	75	1,254,183	
Banking Commission	3	81,000			3	81,000	3	69,000	
Foreign Affairs	35	745,420			35	745,420	35	767,110	
Health Services	500	6,369,870	99	2,383,450	599	8,753,320	520	6,781,425	
Internal Affairs	63	881,255	1	19,000	64	900,255	50	733,975	
Justice									
Justice - Attorney General	24	388,710			24	388,710	25	565,735	
Justice - Public Defender	3	44,960	2	71,000	5	115,960	4	84,025	
Nitijela	25	335,300	1	42,500	26	377,800	26	371,300	
Public Service Commission	14	291,320			14	291,320	16	308,760	
Public Works	86	923,202	11	277,400	97	1,200,602	86	957,198	
Resources & Development	32	414,061			32	414,061	29	389,031	
Transportation & Comm.	12	173,480			12	173,480	12	217,585	
Total	959	13,606,193	117	2,908,350	1,076	16,514,543	967	14,237,302	
							101	2,578,980	
								1,068	16,816,282

CY2016 (January – December) Accomplishment of Strategic Objectives:

>Develop and Rolling out of Workforce Plan: Plan in place; Rolling out phase held up due to ministerial lacking the required Strategic/Corporate Plan in place; A joint effort with PSC and OCS requiring all ministries/agencies to develop/up-date such plans, with PICPA and APSC for technical and expertise; and secured budget for a Workforce officer/Coordinator.

>Human Resource Management Development Plan (HRMIS): Installation of database in house (on-premise), data could now be access from in house servers, and no longer need to connect to the Cloud Based servers hosted by 2l-Interact Company. On-going updating of Core data functions continues with the new IT Job Descriptions, with 1 data entry personnel hired as hardware and infrastructure installation continues, in preparation for an official launch next year, 2017.

> A review of personnel administration processes will aim to achieve dramatic improvements in performance and services; Review of current PSC's processes will focus on gaps in procedures and implementation of decision. This is an on-going undertaking of the PSC which includes review of its own standard operation procedures (SOP), i.e. such SOP should parallel those of other ministries and together with all SOPs across the service are expected to be drilled into personnel commencing from their induction into the service. Together with other mechanisms, such as instructions for documentation of situations and transparency of handling information are all inherent in the mandate of the Public Service Commission.

>PSC Regulations: PSC is currently in the process of reviewing the remuneration and classification system for the government as the current system is obsolete. This review will be coordinated with all competent officials and will eventually reach the President and the Cabinet by middle of 2017 for approval.

>Government Insurance Program:

A one year extension of the insurance for employees of the government has just been renewed with IAC as of Nov. 1, 2016. This term is contingent on the decision to provide the government opportunity to secure at all time the best position to acquire the best insurance benefits for its employees.

Personnel Activities of the Public Service 2016

Activities	2016
Amendments	5
Appointment	112
Change of Status	50
Change of Post/Title	7
Change of Last Name	3
Contract	7
Conversion	1
Contract, Special/Short Term	11
Increments	61
Promotion	11
Reclassification	35
Contract, Extension	174
Resignation	46
Retirement	12
Salary Adjustment	9
Termination	31
Transfer	20
Total	595

Personnel activities: contract extension, increments, and appointment continued to hold the highest number of transactions with Contract Extension continues to hold the highest, due mostly to employment retaining of professional and specialist personnel, a true testament to the grave need to elevate the competency level of the workforce.

Age Analysis of 2015 and 2016 as follows:

Age Analysis 2016

Age	# of Emp	% of Ttl	Ttl Salary
25-34	320	30%	\$4,407,596
35-44	290	27%	\$4,607,726
45-54	262	25%	\$4,355,880
55plus	196	18%	\$3,445,080
Total	1,068	100%	16,816,282

Agess 25-34: went from 302 to 320, with cost from \$4,060,086 to \$4,407,596, due to increments.

Agess 35-44: went from 294 to 290, a decrease of 4, with cost from \$4,447,063 to \$4,607,726, due to re-classifications of positions.

Agess 45-54: went from 263 to 262, a decrease of one, with a rise in cost from \$4,190,036 to \$4,355,880, an increase due to position upgrades and salary adjustments. **Agess 55+:** went from 217 to 196, a decrease of 21, with cost from \$3,817,358 to \$3,445,080, due mostly to reduction in workforce of the retirees group (-16), and employment contract terminations.

General Fund and Compact Fund have absorbed the most during the reported period; with the General Fund increasingly bearing the cost at

National Government Employees by Fund: 2015-2016

Fund	2015			2016		
	# of Emps	Ttl Cost	% of Total	# of Emps	Ttl Cost	% of Total
Compact Fund	350	\$5,251,505	31.8%	330	\$4,890,110	29.1%
General Fund	541	\$8,531,013	51.7%	580	\$9,531,122	56.7%
Federal Fund	118	\$1,682,950	10.2%	108	\$1,580,140	9.4%
Local Fund	40	\$648,990	3.9%	39	\$628,400	3.7%
ROC Fund	17	\$228,640	1.4%	5	\$52,830	0.3%
Other Fund(UN)	10	\$171,445	1.0%	6	\$132,680	0.8%
Total	1,076	\$16,514,543	100.0%	1,068	\$16,816,282	100.0%

56% of the total personnel cost (January to December, 2016), already exceeded the last year's annual total by about 5%, an accelerated funding increase for 51 more public service employees, a true testament to the emerging trend on which of

the funds increasingly burdened with the personnel cost.

Government Group Life Insurance Program. Total number of employees covered under the RMI group policy was 1,011, including PSS, less of -61 from last year, 2015. Total contribution was \$1.1 million

dollars. Total number of claims received was \$481,496 dollars. A total insurance claim processed during the period was 92, with a submission value of \$559,135. However, total received was \$481,496 dollars,

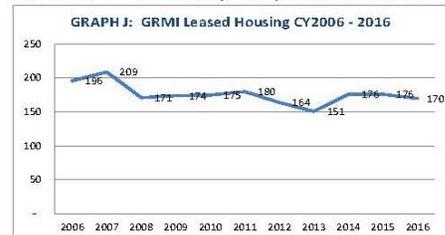
2016 CLAIMS

Type of Claim	No. of Claims	2016 CLAIMS			% of Claims Received	% of Claims Pending
		Total Submitted	Total Received	Total Pending		
Basic Benefit	33	\$334,135	291,000	\$43,135	87%	13%
Spouse Benefit	7	\$66,000	53,000	\$13,000	80%	20%
Child Benefit	1	\$6,000	-	\$6,000	0%	0%
Parent Benefit	28	\$84,000	77,679	\$6,321	92%	0%
Parent-in-Law	23	\$69,000	59,817	\$9,183	87%	0%
Total	92	\$559,135	\$481,496	\$77,639	86%	14%

a 16% overall pending claim, which is due mostly to the lacking of the required legal documentations necessary to authenticating either of marital and/or child/children adoption status needed to generate benefits of claim submitted. During the reporting period, a number of such cases have since been attended to with favorable outcomes of benefits. Of the 92 benefit claims processed, only three (3) submitted claims have received denial due to a "double-coverage" violation and non-remitted delinquent/missing premium payments.

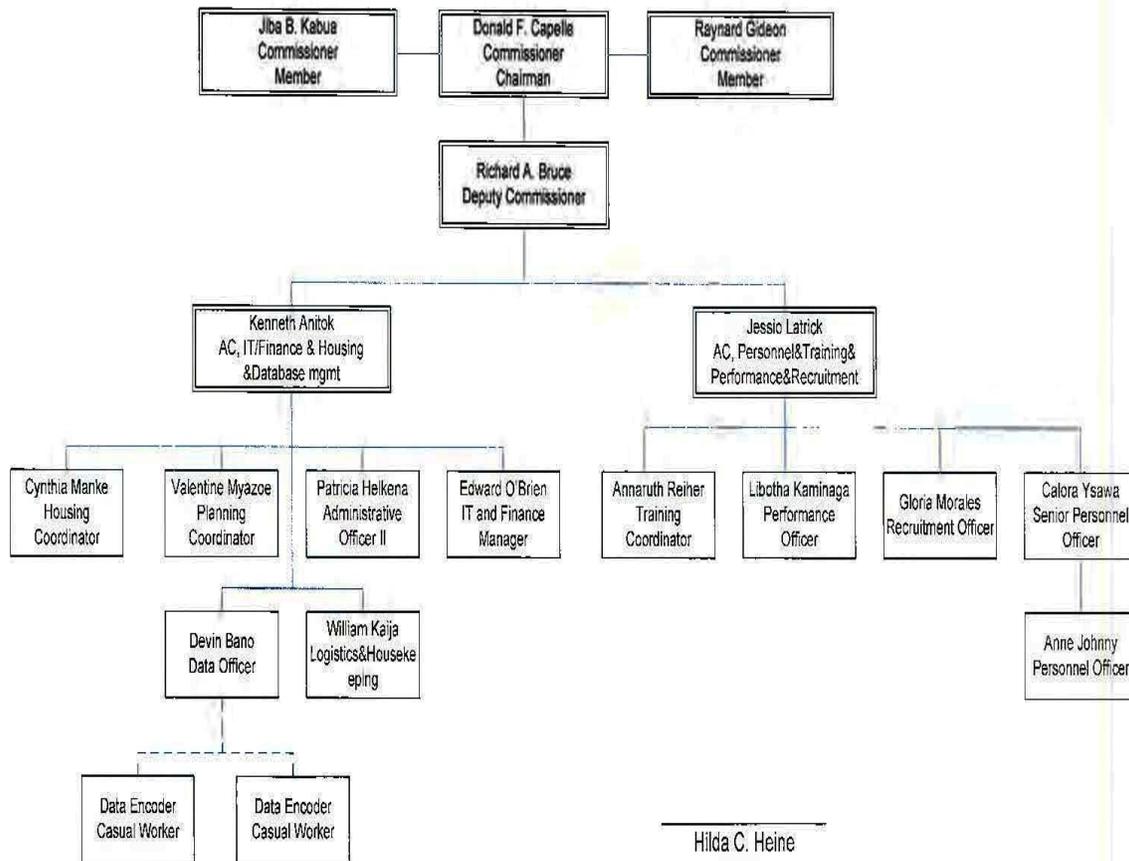
Government-Leased Housing Program. The total number of government leased housing units was 170, with an annual cost of about \$1.6 million dollars. By comparison, a less of 6

units to last year, 2015, a saving of about \$54,000.00 dollars. The challenging issues faced during the year have been mostly those requiring Housing Relocations, Housing Transfer, and the administrative matters relating to special circumstances, housing eligibility for locally hired employees, where policy decisions are to be rendered while being mindful of the economic effects thereof. A position for which the current Housing Policy is being reviewed as additional administrative procedural requirements necessary to best control both cost and process are to be incorporated, aiming at rendering a robust housing services program. Latter part of the year had also revealed strongly the need to take a serious look at the current housing policy on account of several reasons, primarily of which is the repatriation cost of the expatriate employees including dependents.





Public Servc Commission Proposed Organizational Chart 2017



Hilda C. Heine
President
Republic of the Marshall Islands

Donald F. Capelle
Chairman, PSC

Raynard Gideon
Commissioner, PSC

Jiba B. Kabua
Commissioner, PSC

Public Service Commission
Organizational Structure
Revised May 05, 2016

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I. INTRODUCTION

A. The Public Service Commission

1. *Mandate.* In accordance with the Constitution of the Republic of the Marshall Islands, Article VII, Sections 1 and 9, and the Public Service Commission (PSC) Act of 1979, the PSC is the employing authority of the government charged with the responsibility for developing, coordinating, regulating and administering all personnel matters relating to and affecting the Public Service. In this regard, the PSC is required to conduct efficiency and economy reviews of all the ministries, agencies, and offices of the government. It also required to submit an annual State of the Public Service report to the Cabinet at the end of each calendar year. While responsible to the Cabinet for carrying out its duties and exercising its functions and powers, including providing information and advice to the Cabinet in matters affecting the Public Service, *PSC has autonomous power and responsibility in all matters relating to individual employees.*

2. *Commissioners.* The three Commissioners make joint decisions in dispensing its mandated functions, as stipulated in the Constitution and the PSC Act. Aside from its consultations with the Cabinet, the PSC works consultatively with the heads of the Public Service (PS) departments and agencies in collaboration with the Chief Secretary, who is the Head of the Public Service. To address individual Public Servant personnel actions, the PSC follows established legislations, regulations and procedures that promote the principles of Good Governance, including proper ethical practices. Basically, the three major Public Service functions are: Human Resource Management, Human Resource Development, and Housing/Insurance Coverage & Benefits.

3. *Work Organization.* Aside from its role in the overall management of the PS human resources, the PSC is presently organized into two functional sections – 1) Personnel and Training, and 2) Administration and Housing. Its office is located in Majuro and Ebeye, through liaison functions carried out by the Office of the Chief Secretary, and through four (4) designated HR managers (personnel officers), a leased housing manager, and an administrative officer/management information specialist; the PS management is linked to the human resource (HR) and appropriate units that exist in PS departments and agencies. Directly responsible to the PSC is a Permanent Secretary who supervises two Assistant Secretaries who individually head these two PSC functional sections or divisions. These two Asst. Secretaries each provides individual support to the two Commissioners who are each assigned to be responsible for the respective divisions.

4. Committees. For the PSC to avoid conflict-of-interest situations in dispensing its duties and finalizing personnel decisions, it had established two Committees to deal with the selection of Public Servants and the settlement of appeals. While responsible for the establishment of administrative regulations and guidelines for the Public Service Human Resource Management System, the PSC needs to perform ethically in the process before making final decisions on individual personnel actions whether they are appointments, terminations, retirements, resignations, extensions/renewals, training/certification, delegations, transfers, disciplinary actions, reclassifications adjustments, reallocations, promotions, step increments, and authorized leaves. In fact, to facilitate and guide the process of handling conflict-of-interest situations, the Commission has recently endorsed a set of Conflict-of-Interest declaration procedures with the aim at safeguarding the PSC selection process.

B. The Public Service Over the 10 Year Period.

1. *Expansion of the Public Service.*

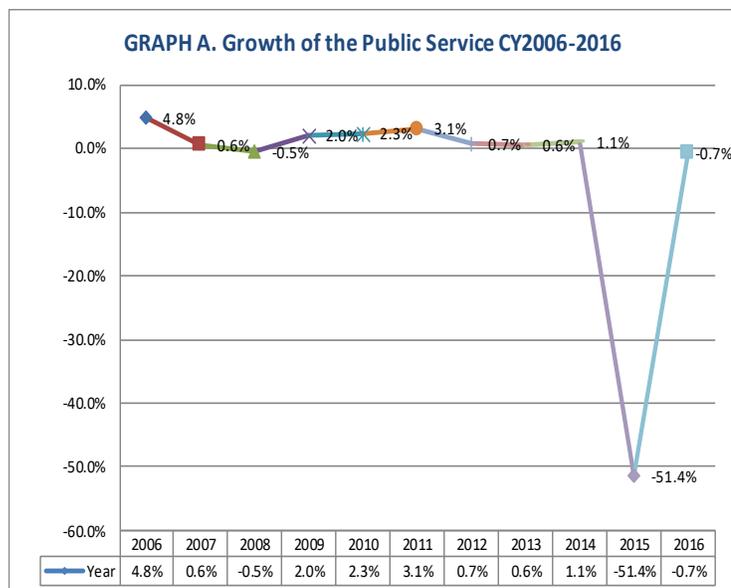
Since the moving out of the PSS from under the preview of the Public Service Commission in 2015, the size of the public service was significantly reduced from 2,212 to 1,076 public service employees, which is about -51%, or a less of 1,136 employees. In 2016, the size of the Public Service workforce was 1,068, which is about -0.7% or a less of only 8 employees as compared to last year, 2015 (*Graph A*). Though there was a public service workforce size reduction, however, the personnel cost this year went up instead by about \$307,739.00 thousand dollars for reasons as specified in this report (II, A:2).

1.1. Factors blamed to have some bearing on the workforce size reduction during the reporting period were as follows:

1.1.1. The numbers of voluntary resignation of employees migrating out to the States, and to other places; and,

1.1.2. The increasing in the numbers of professional personnel, mostly medical doctors, leaving for personal

engagements and opted not to return back to resume employment. This has not only resulted in creating disruption to the working assignments of providing medical cares, but more importantly it has a serious effect on the financial commitment and obligation of the government, i.e., leased housing quarterly rental payments, and the actual times and efforts needed to carry out administrative functions, including the procedural requirements associated thereof.



II. STATE OF THE PUBLIC SERVICE

A. Managing the Public Service Workforce

1. The Public Service Profile 2016. This Annual Report summarizes the activities carried out by the Public Service Commission during CY 2016. The summary of activities and findings contains accompanying statistical information as the Public Service is profiled in **Table 1** with respect to size (1,068), cost \$16.8 million with per average of \$15,746, gender (female 44% with average \$16,060 cost, and male 56% at an average of \$15,501), retirement (8% with average \$19,464), and citizenship (Marshallese 91% with average \$14,723, and expatriates 9% with average \$25,534).

TABLE 1. Profile of the RMI Public Service for 2016					
Category	Number	Percentage	Cost in Millions	Percentage	Ave. Cost Per
All Employees	1068	100%	\$16,816,282	100%	\$15,746
Female	468	44%	\$7,515,938	45%	\$16,060
Male	600	56%	\$9,300,344	55%	\$15,501
Retirees	89	8%	\$1,732,255	10%	\$19,464
Marshallese	967	91%	\$14,237,302	85%	\$14,723
Expatriates	101	9%	\$2,578,980	15%	\$25,534

2. In 2016, the size of the Public Service was 1,068 a decrease of 8 employees from last year, 2015, however, with a higher personnel cost of \$301,793.00 dollars more, due primarily to position reclassifications and other required pay level adjustments for doctors and nurses and to other “professional and technical expertise” personnel at public service wide.

2.1 . The rise in the hiring of college graduates with BA holders and the retaining of retired employees also contributed significantly as further reflected in the number of increments (35) and contract extensions (112). All the BA/BS and Masters holders, a competence level for which the Commission has been and continues to give the highest placement priority, have already been hired and joined the workforce placed in key managerial positions in the public service wide.

2. 2015-2016 Costing of by Ministry & Agency

2.1. Comparing CY 2016 with CY2015, **Table 2** further details as it prioritizes the worth of the Ministries and Agencies commencing with the most expensive to the least. Other than the Attorney General and Public Defender both of which hold the highest averages wages, the other notable rises were at Transportation & Communication, the Office of the Chief Secretary, EPPSO, EPPSO, Cabinet and Finance. The average increase of wages were at Internal Affairs, despite less of 13 employees, Banking Commission, and R&D. Offices with the least increases in average wages were the MOH, Foreign Affairs, and no wages disparities at all at the Weather and House of Iroj, both units had remained the same as previous year.

TABLE 2. GRMI EMPLOYEES RANKING BY COST CY2015-2016

Ministry/Agency	2015		2016		Diff (+/-) 2015 over 2016		Average Wage Per Ministry/Agency		
	Emps	Ttl Cost	Emps	Ttl Cost	Emps(+/-)	Cost(+/-)	2015	2016	Diff (+/-)
Auditor General	16	\$359,695	17	\$359,620	1	-\$75	\$22,481	\$21,154	-\$1,327
Cabinet	14	\$291,485	13	\$288,370	-1	-\$3,115	\$20,820	\$22,182	\$1,362
V7AB			10	\$117,045	10	\$117,045		\$11,705	\$11,705
RMI Scholarship			4	\$69,380	4	\$69,380		\$17,345	\$17,345
Chief Secretary	18	\$312,780	12	\$251,955	-6	-\$60,825	\$17,377	\$20,996	\$3,620
Chief Secretary-EPPSO	8	\$147,875	10	\$199,425	2	\$51,550	\$18,484	\$19,943	\$1,458
Chief Secretary-OEPPC	7	\$163,070	3	\$77,000	-4	-\$86,070	\$23,296	\$25,667	\$2,371
Chief Secretary-WEATHER	12	\$292,720	12	\$292,720	0	\$0	\$24,393	\$24,393	\$0
Council of Iroj	4	\$68,230	4	\$68,230	0	\$0	\$17,058	\$17,058	\$0
Finance	85	\$1,422,530	78	\$1,379,183	-7	-\$43,347	\$16,736	\$17,682	\$946
Finance-Banking Commission	3	\$81,000	3	\$69,000	0	-\$12,000	\$27,000	\$23,000	-\$4,000
Foreign Affairs	35	\$745,420	35	\$767,110	0	\$21,690	\$21,298	\$21,917	\$620
Health Services	599	\$8,753,320	609	\$8,943,405	10	\$190,085	\$14,613	\$14,685	\$72
Internal Affairs	64	\$900,255	51	\$752,975	-13	-\$147,280	\$14,066	\$14,764	\$698
Justice - Attorney General	24	\$388,710	25	\$565,735	1	\$177,025	\$16,196	\$22,629	\$6,433
Justice - Public Defender	5	\$115,960	7	\$196,025	2	\$80,065	\$23,192	\$28,004	\$4,812
Land Registration Office	1	\$14,230	1	\$14,230	0	\$0	\$14,230	\$14,230	\$0
Nitijela	26	\$377,800	26	\$371,300	0	-\$6,500	\$14,531	\$14,281	-\$250
Public Service Commission	14	\$291,320	16	\$308,760	2	\$17,440	\$20,809	\$19,298	-\$1,511
Public Works	97	\$1,200,602	91	\$1,118,198	-6	-\$82,404	\$12,377	\$12,288	-\$89
Resources & Development	32	\$414,061	29	\$389,031	-3	-\$25,030	\$12,939	\$13,415	\$475
Transportation & Comm.	12	\$173,480	12	\$217,585	0	\$44,105	\$14,457	\$18,132	\$3,675
Total	1,076	\$16,514,543	1,068	\$16,816,282	-8	\$301,739	\$41,115	\$15,746	-\$25,369

2.2. The rationale for inconsistencies had to do with upgrading of posts and wages in across the Public Service, but particularly in the professional and management levels throughout the Public Service. The placements of BA/BA holders have direct influences as well to the rise in personnel cost this year despite less of 8 employees overall as compared to last year. In short, the 28% personnel rate increase this year also represents the rising trend of staff mobility within the Public Service wide prompted mostly by the public service employees seeking higher pay level rates, an emerging trend for which the Commission is on the outlook.

3. 2016 Personnel Activities Review. Reviewing the 595 types of actions conducted in 2016 in **Table 3**, the numbers that would lend to the higher number of personnel in 2016 were in contract extensions (174), appointments (112), increments (61), transfers (20), promotions (11), but minus resignations (46), terminations (31), and retirements (12).

3.1. The following are actions that were added to the personnel costs: step increments (61), promotions (11), re-classifications (35), and salary adjustments 9), contract extensions (174), transfer (20) and appointments (112). These actions, together with the new personnel, resulted in the additional personnel cost of \$301,739 to make the 2016 total of \$16.8 million.

3.2. In 2016, the 174 extensions and renewals were the two actions mostly held by the expatriates (9% of workforce, \$2.5 million) and the retirees (10% of workforce, \$1.7 million). Most retirees and expatriates have had their employment contracts renewed every year, otherwise subject for a 2-year period initially.

3.3. The cost of personnel is expected to rise, considering the increasing number of Marshallese degree holders of associate degrees, bachelors, and Masters. The PS Regulations (approved in 2008) recognized the need to promote particularly masters' degree holders and other professional areas including doctors, lawyers and engineers, and this initiative was promoted by the raising of their salary grades. Additionally, the projected initiatives and reform measures of the government's **Agenda 20/20, Cabinet's Retreat, 2016**, are expected to add to the personnel cost. While the aim is to continue to improve quality of services, the other aim is to replace expensive expatriates and retirees with the new BA holders as the most suitable targeted group for replacement, an on-going effort between the RMI Scholarship Office and PSC.

3.3.1. Being faced with the reality that we continue to lack the qualified Marshallese to fill many of the posts requiring technical competencies, this has prompted the Commission to carefully considering other ways to utilizing the readily available skills and knowledge so as to deliver the required public services. For example, increasingly, the line ministries have begun to expand their competency search to include the already retired public servants group for their gained skills and experiences, not to mention their mostly needed institutional knowledge. While being confronted with the impacts, however, the Commission is particularly concerned not only about

TABLE 3.
Personnel Activities of the Public Service 2016

Activities	2016
Amendments	5
Appointment	112
Change of Status	50
Change of Post/Title	7
Change of Last Name	3
Contract	7
Conversion	1
Contract, Special/Short Term	11
Increments	61
Promotion	11
Reclassification	35
Contract, Extension	174
Resignation	46
Retirement	12
Salary Adjustment	9
Termination	31
Transfer	20
Total	595

the need to provide the mostly needed required public services, but also the efficiency and effectiveness of delivering such services as well.

4. Sources of Fund 2015-2016. *Table 4* shows the size and cost of the Public Service by sources of funds between 2015 and 2016. The Compact and the General funds together paid about 82% of personnel costs in 2016, however, with the General Fund increasingly burdened with a larger portion of the cost by about 5%. The annual increase of overall cost was by

TABLE 4. National Government Employees by Fund: 2015-2016

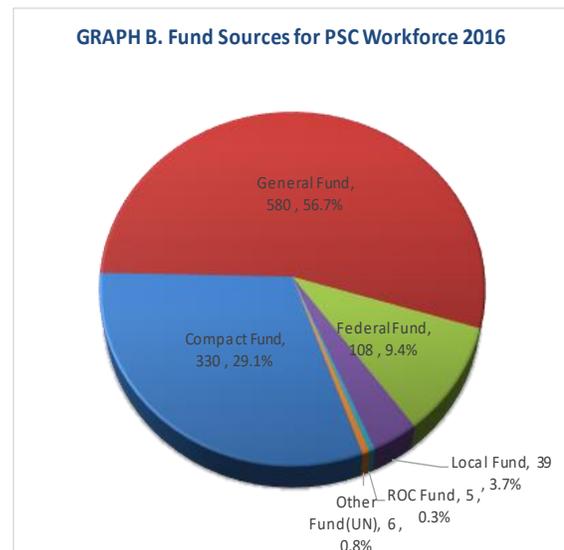
Fund	2015			2016		
	# of Emps	Ttl Cost	% of Total	# of Emps	Ttl Cost	% of Total
Compact Fund	350	\$5,251,505	31.8%	330	\$4,890,110	29.1%
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ROC Fund	17	\$228,640	1.4%	5	\$52,830	0.3%
Other Fund(UN)	10	\$171,445	1.0%	6	\$132,680	0.8%
Total	1,076	\$16,514,543	100.0%	1,068	\$16,816,282	100.0%

\$301,739.00 dollars, with an average cost per Public Servant for 2015 at \$15,348 and in 2016 it was \$15,746, which is an increase of \$400.00 dollars for each public service employee worked during the reported period.

4.1. General Fund and Compact Fund have absorbed the most during the reported period; with the General Fund increasingly bearing the cost at 56% of the total personnel cost (January to December, 2016), already exceeded the last year’s annual total by about 5%, an accelerated funding increase for 51 more public service employees, a true testament to the emerging trend on which of the funds is increasingly burdened with the personnel cost.

4.2. If the current trend continues at the same rate, the need to anticipate adverse impact on how the source of fund, General Fund, will be able to adequately responding to the rise in the number of public service employees will surely be deserving immediate attention.

4.3. About three years ago, the number of employees absorbed by the Federal Fund was around 21.2%, this year that percentage had significantly dropped in half as showing about 10.2%. This gradual reduction segment was designed especially to ensue funding burden placed on the Federal Fund be shifted to the General Fund for reasons associated with employment security and to serve as a remedial measure to counteract the rigid policy requirements of the Federally funded programs. Nonetheless, there were about 117 public servants continued to be funded under the Federal Fund, carrying about 3.8% of the personnel cost this year (*Graph B*).



B. Composition of the Public Service

TABLE 5. National Government Employees under the Purview of PSC by Gender CY2015-2016

Ministry/Agency	2015						2016					
	Male		Female		Ttl Emps	Ttl Amount	Male		Female		Ttl Emps	Ttl Amount
	# of Emps	Ttl Amt	# of Emps	Ttl Amt			# of Emps	Ttl Amt	# of Emps	Ttl Amt		
Auditor General	8	171,725	8	187,970	16	359,695	8	147,650	9	211,970	17	359,620
Cabinet	8	183,765	6	107,720	14	291,485	8	205,045	5	83,325	13	288,370
V7AB							10	117,045	-	-	10	117,045
RMI Scholarship									4	69,380	4	69,380
Land Registration Office			1	14,230	1	14,230			1	14,230	1	14,230
Customary Law Commission					-	-					-	-
Office of Chief Secretary	11	141,340	7	171,440	18	312,780	5	93,060	7	158,895	12	251,955
EPPSO	3	68,000	5	79,875	8	147,875	4	99,000	6	100,425	10	199,425
OEPPC	6	150,025	1	13,045	7	163,070	3	77,000	-	-	3	77,000
WEATHER	12	292,720			12	292,720	12	292,720	-	-	12	292,720
Council of Iroij	2	25,305	2	42,925	4	68,230	2	25,305	2	42,925	4	68,230
Education	-	-	-	-	-	-					-	-
Finance	54	907,295	31	515,235	85	1,422,530	47	795,140	31	584,043	78	1,379,183
Banking Commission	1	27,000	2	54,000	3	81,000	2	45,000	1	24,000	3	69,000
Foreign Affairs	17	358,260	18	387,160	35	745,420	14	297,995	21	469,115	35	767,110
Health Services	302	4,348,935	297	4,404,385	599	8,753,320	312	4,539,010	297	4,404,395	609	8,943,405
Internal Affairs	37	505,945	27	394,310	64	900,255	25	383,860	26	369,115	51	752,975
Justice					-	-					-	-
Justice - Attorney General	18	264,735	6	123,975	24	388,710	19	414,810	6	150,925	25	565,735
Justice - Public Defender	2	71,000	3	44,960	5	115,960	4	137,000	3	59,025	7	196,025
Nitijela	6	119,285	20	258,515	26	377,800	6	100,785	20	270,515	26	371,300
Public Service Commission	6	126,320	8	165,000	14	291,320	7	139,520	9	169,240	16	308,760
Public Works	89	1,085,657	8	114,945	97	1,200,602	81	976,903	10	141,295	91	1,118,198
Resources & Development	25	280,966	7	133,095	32	414,061	21	233,936	8	155,095	29	389,031
Transportation & Comm.	10	142,435	2	31,045	12	173,480	10	179,560	2	38,025	12	217,585
Total	617	9,270,713	459	7,243,830	1,076	16,514,543	600	9,300,344	468	7,515,938	1,068	16,816,282

Increase/Decrease in percentage

1. Gender Participation

1.1. **Table 5** details the number of employees by gender per Ministry or Agency for 2015 and 2016. The less of 8 workers in 2016 were men to five (5) women. There are more women in Nitijela by 14, Foreign Affairs by 7, Public Service Commission by 2, EPPSO by 2, Chief Secretary by 2, and the following by one for Internal Affairs and Auditor General. More gender imbalance is in the **Public Works** by 71, **Finance** by 16, **R & D** by 13, **Health** by 15, **Justice** by 14, **Internal Affairs** by 9, and **Transport & Communication** by 8. Overall, the ratio was .72 to 1 (men) in 2015, the 2016 ratio was .71 to 1 (men). In spite of the fact, the rate of gender employment placement indicated females being edging their male counterparts, a trend which has been on the rise over the course of the last 5 years. The same observation may be well asserted as female employees have steadily reduced the gender gap, as currently representing about 45% of the total workforce, 2016, suggesting perhaps a need to dismissing myths about non-traditional employment against women, and in providing more affirmative actions and more professional and skills development for women.

1.2. Although the overall system domination still being held by male public service employees, their salary average remained less than that of their female counterparts as showing \$15,501 for males to \$16,060 for females public servants.

2. Expatriate Workers

2.1. A demographic analysis on the nationalities representations disclosed that the Filipino employees are of the highest total of 58 active employees, Fijians (14), FSM (12), Kiribati (9), India, PNG, Tuvalu, and US America (2 each). The remaining 5 employees were from the others nationalities: Ethiopia, Myanmar, Nauru, Solomon Islands, and Taiwan (1 each) (Table 6).

TABLE 6. Nationality 2016

Citizenship	2016
Marshall Islands	962
Philippines	58
Fiji	14
FSM	12
Kiribati	9
India	2
PNG	2
Tuvalu	2
USA	2
Ethiopia	1
Myanmar	1
Nauru	1
Solomon Islands	1
Taiwan	1
Total	1,068

2.2. As had been the case over the years, the jobs occupied by the expatriates are mostly in the areas of education, engineering, law, archeology, financing, and health (mostly in medicine, nurses, and dentists). As can be seen in Table 7, the Ministry of Health had the highest number of expatriates with a total of 89, less of 10 as compared to last year, with a cost saving to the government at a little over \$200,000 thousand dollars. The R&D came in second at 5, but less of 6 as compared to last year, which is a saving of about \$116,400 thousand dollars. Both Finance and Justice together combined a total of 6 with an increase in cost showing \$41,000 thousand dollars more as compared to last year; of the two the Public Defender appeared to have tipped the wage scale.

TABLE 7. National Government Employees under the Purview of Public Service Commission of RMI by Nationality: 2015-2016

Ministry/Agency	2015				2016			
	Marshallese		Expatriates		Marshallese		Expatriates	
	# of Emps	Ttl Amount	# of Emps	Ttl Amount	# of Emps	Ttl Amount	# of Emps	Ttl Amount
Auditor General	16	359,695			16	359,695	17	359,620
Cabinet	14	291,485			14	291,485	13	288,370
V7AB					10	117,045	10	117,045
RMI Scholarship					4	69,380	4	69,380
Land Registration Office	1	14,230			1	14,230	1	14,230
Customary Law Commission								
Office of Chief Secretary	18	312,780			18	312,780	12	251,955
EPPSO	8	147,875			8	147,875	10	199,425
OEPPC	7	163,070			7	163,070	3	77,000
WEATHER	12	292,720			12	292,720	12	292,720
Council of Iroij	4	68,230			4	68,230	4	68,230
Education								
Finance	82	1,307,530	3	115,000	85	1,422,530	75	1,254,183
Banking Commission	3	81,000			3	81,000	3	69,000
Foreign Affairs	35	745,420			35	745,420	35	767,110
Health Services	500	6,369,870	99	2,383,450	599	8,753,320	520	6,781,425
Internal Affairs	63	881,255	1	19,000	64	900,255	89	2,161,980
Justice					50	733,975	1	19,000
Justice - Attorney General	24	388,710						
Justice - Public Defender	3	44,960	2	71,000	24	388,710	25	565,735
Nitijela	25	335,300	1	42,500	5	115,960	4	84,025
Public Service Commission	14	291,320			26	377,800	3	112,000
Public Works	86	923,202	11	277,400	26	371,300	26	371,300
Resources & Development	32	414,061			14	291,320	16	308,760
Transportation & Comm.	12	173,480			97	1,200,602	5	161,000
					86	957,198	91	1,118,198
					32	414,061	29	389,031
					12	173,480	12	217,585
Total	959	13,606,193	117	2,908,350	1,076	16,514,543	967	14,237,302
							101	2,578,980
							1,068	16,816,282

2.3. The personnel cost for the 101 expatriates actively work in the public service was \$2.6 million dollars, which is about 18% of the personnel cost for the entire public service workforce, a saving for the government of a little over \$329,000 thousand dollars.

3. Retirees in the Public Service

3.1. One of the responsive measures adopted few years ago by the Commission, in response to the aged long issue over the shortage of qualified Marshallese to fill a number of skilled posts in the Public Service, was the expand on the employment retention of more and more retire eligible public service employees. This year, as evident by the rise in the number of contract extension and the number of contract renewal all of which are pointing to the familiar trend which appeared to have repeated itself yet again. This year, for example, there were 112 contract extension activities taken place, though seems significantly high, this figure is represented by two groups, namely the retirees eligible and the expatriate public servant employees. The underlying factor for such development seems to point to the fact that the shortage of qualified and skilled Marshallese to fill the vacated posts remains a challenging reality deserving

**TABLE 8. Employees Reaching Retirement Age 60 and Above
Summary by Ministry/Agency CY2015-2016**

Ministry/Agency	2015				2016			
	# of Emps	Ttl Amount	% of Total	Diff (+/-)	# of Emps	Ttl Amount	% of Total	Diff (+/-)
Auditor General	-	\$0	0.0%	0.0%	-	\$0	0.0%	0.0%
Cabinet	-	\$0	0.0%	0.0%	1	\$21,000	1.2%	1.2%
Land Registration Office	-	\$0	0.0%	0.0%	-	\$0	0.0%	0.0%
Office of Chief Secretary	3	\$80,025	4.4%	-\$2,000	2	\$63,000	3.6%	-\$17,025
EPPSO			0.0%	\$0			0.0%	\$0
WEATHER	1	\$25,500	1.4%	\$0	1	\$25,500	1.5%	\$0
Council of Iroij	1	\$9,380	0.5%	\$0	1	\$9,380	0.5%	\$0
Education	-	\$0	0.0%	-\$1,352,785			0.0%	\$0
Finance	6	\$123,820	6.7%	-\$26,545	5	\$91,800	5.3%	-\$32,020
Banking Commission			0.0%	\$0			0.0%	\$0
Foreign Affairs	3	\$74,245	4.0%	\$13,045	2	\$54,000	3.1%	-\$20,245
Health Services	62	\$1,112,045	60.5%	\$162,444	62	\$1,184,580	68.4%	\$72,535
Internal Affairs	2	\$27,785	1.5%	-\$13,045	1	\$19,000	1.1%	-\$8,785
Justice			0.0%	\$0			0.0%	\$0
Justice - Attorney General	3	\$78,220	4.3%	-\$36,000	1	\$40,000	2.3%	-\$38,220
Justice - Public Defender			0.0%	\$0			0.0%	\$0
Nitijela	3	\$73,000	4.0%	\$0	3	\$73,000	4.2%	\$0
Public Service Commission	1	\$27,000	1.5%	\$27,000	1	\$28,000	1.6%	\$1,000
Public Works	15	\$166,140	9.0%	\$45,565	8	\$101,995	5.9%	-\$64,145
Resources & Development	1	\$23,000	1.3%	-\$13,045			0.0%	-\$23,000
Transportation & Comm.	1	\$18,000	1.0%	\$0	1	\$21,000	1.2%	\$3,000
Total	102	\$1,838,160	100%	-\$1,195,366	89	\$1,732,255	100%	-\$126,905

immediate attention.

3.2. In 2015, there were 102 public service employees who have already reached the retirement age of 60 years old and beyond. The cost associated therewith is amounted to **\$1.8 million** dollars. In 2016, the headcounts revealed 89 public service employees already reached 60 years and beyond, with an associated cost of about **\$1.7 million** dollars. At the MOH there were about 62 of such employees, costing about \$1.2 million dollars, this is a 68.4% of the entire personnel cost of the aging group. Between the MOH and the Public Works, second largest group, there

was a total of about \$1.4 million dollars in personnel cost. Conversely, comparing the costs of 2015 and 2016, there was a saving of about a little over \$126,000 thousand dollars.

4. Age Analysis of 2015 and 2016 as follows:

4.1. *Ages 25-34*: went from 302 to 320, with cost from \$4,060,086 to \$4,407,596, due to increments. The 30% representation signifies the frequent hiring rate of this group over the others, a trend which is likely to continue as more college BA and Masters holders are increasingly joining the workforce. The need for immediate placement of the same group has, in fact, prompted the Commission and the Office of RMI Scholarship to intensify the placement readiness necessary to ensure both academic performance and employment placement become more complementary to elevate competence level.

TABLE 9. Age Analysis 2016

Age	# of Emp	% of Ttl	Ttl Salary
25-34	320	30%	\$4,407,596
35-44	290	27%	\$4,607,726
45-54	262	25%	\$4,355,880
55plus	196	18%	\$3,445,080
Total	1,068	100%	16,816,282

4.2. *Ages 35-44*: went from 294 to 290, a decrease of 4, with cost from \$4,447,063 to \$4,607,726, due mostly to re-classifications of positions of management capacities.

4.3. *Ages 45-54*: went from 263 to 262, a decrease of one, with a rise in cost from \$4,190,036 to \$4,355,880, an increase due to position upgrades, salary adjustments and promotions.

4.4. *Ages 55+*: went from 217 to 196, a decrease of 21, with cost from \$3,817,358 to \$3,445,080, due mostly to reduction in workforce of the retirees group (-16), and employment contract terminations.

C. Employment Benefits

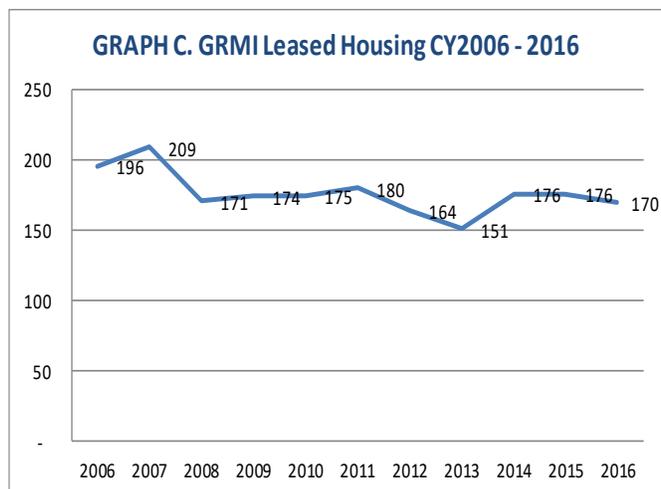
The Government provides the following benefits to its Public Service employees: a variety of leaves; special pay differentials and leased housing to eligible employees; and voluntary group life insurance coverage.

1. Leave. The Public Service employees took advantage of the following types of leave time: vacation time as in annual leave which accrues 8 hours per 80-hour workweek; and sick leave, which is the employee earned only 4 hours per pay-period. Other leave benefits include administrative leave, educational leave, maternity leave, and special/compassionate leave. Earlier part of the year, there were issues relating to abuse of sick leave and the poor understanding on the distinctive use of administrative and special leave. Apparently, the absence of scheduling of vacation time has been the most contributing factor causing the very large majority of employees to be left with “excess hours”. This has not only resulted in excessive leave compensation transactions at the Payroll system, but, for the most part, it undermined the credibility of the rationale on which the compensation of leave is to be properly administered and regulated.

2. Overtime. The employees can earn overtime, provided that they are eligible to earn such and that they had no choice but to work beyond the 40 weekly hours. The PSC had to ascertain that regular work time was fulfilled before an eligible worker started earning overtime. Issues of conflicts centered on the concerned employees of the Ministry of Finance/Tax & Revenue Division, of the Ministry of Resources & Development/Agriculture Division, and Ministry of Justice/Immigration Office on the application of the current Overtime policy which allows only up to two (2) hours of overtime, but not exceeding four (4) hours, to be compensated, per incidence. This increasingly raised concern/issue has, in fact, prompted the Commission to have take a hard look at the policy with remedial measures to be entertained accordingly.

3. Differential Pay. Ebye Public Service workers and particular health workers are eligible for stand-by and hardship differential pay. There were issues when these differential pays are abused. The issue on the need to continue to implement such hardship compensation strategy has been reviewed a number of times during the reported period with a plan to be resolved by both PSC and the Cabinet. This U.S.T.T era compensation scheme is indeed due for a critical review and for a more effective utilization of the already scarce financial resources.

4. Housing. The government leased housing program continues to try to accommodate a high number of eligible Public Service employees requiring housing units. A number of recruits have continued to share housing units, an housing arrangement which has become attractive to a large number of tenants of Pacific origin. During the reported period, however, while more housing units were required the number of housing units leased out was less than it was in 2015. In all, a



total of 170 housing units were rented out to the government, 6 units less than the previous year, a saving of \$54,000 dollars. The cost, however, is still high with over \$1.6 million dollars, and the other associated costs therewith (relocation and transportation expenses, utility and fuel costs, freights) are not included.

4.1. Though efforts to ensure housing services have remained under control, there emerged a challenging development where the rental cost for the contracted public servants of bi-lateral agreement are faced with the rental rate variance, and more importantly the question of who should be responsible for the cost excess or difference. This situation has prompted the Commission to have taken remedial measures necessary to ensure matters of such nature are being handled thoroughly and with due diligence.

5. Government Group Life Insurance Program. The voluntary government group life insurance program continued to actively provide insured monetary benefit to a very large majority (95%) of the Public Service employees, including PSS. While the Basic Coverage is matched by the

RMI Government with the ratio of 59% Government to the 41% paid by the enrolled employees, the 4 dependent Option fees are paid 100% (non-matched) by those with the coverage.

5.1. The contract of the Government Group Life Insurance Life Program with the Individual Assurance Company (IAC) was renewed on 1 November, 2016, with a one year extension only (1 November, 2016 – 30 October, 2017). The Insurance contract renewal agreement was entered into with coverage features as follows:



L-R: Scott Dumbauld, V-President, IAC; Donald F. Capelle, Chairman, PSC, Jiba B. Kabua, Commissioner, PSC. The signing of the RMI/IAC Group Life Insurance Policy Coverage, Contract Renewal (October 1, 2016 – September 30, 2017)

5.1.1. **Basic Plan:** Rate has increased from \$0.52 to \$0.62, per pay period, with benefit remains the same; **Option Plans:** No change for both plans/options 1, 2, and 3; Option #4: Parents and/or Parent in Laws: rates has increased from \$24.50 per pay period to \$29.56 bi-weekly, however the benefit had remained the same.

5.1.2. Other changes: **Retiree group coverage**, though there are no changes in rate, however, the benefit has reduced from \$5,000.00 to \$3,000.00 dollars per claim.

6. There is a newly installed special feature known as **Accelerated Death Benefit Rider**. Also known as “Living Benefits” rider, it lets an insured to collect a portion of the death benefit in the form of a loan and/or financing advancement against premiums/policy proceeds upon the occurrence of specified events (terminal illness and/or while undergoing medical treatment)

7. **2016 Insurance Claims.** At present, of the 1,068 total Public Service employees, about 1,011 Public Service employees (95 percent) have enrolled, including Public Safety, EPA and PSS, and are fully covered under this basic Government Group Life Insurance Policy that is carried by the Individual Assurance Company (IAC). Since January 2016, a total of 92 benefits insurance claims were processed with only 86% being

TABLE 10. Insurance Claims 2016

Type of Claim	No. of Claims	2016 CLAIMS				
		Total Submitted	Total Received	Total Pending	% of Claims Received	% of Claims Pending
Basic Benefit	33	\$334,135	291,000	\$43,135	87%	13%
Spouse Benefit	7	\$66,000	53,000	\$13,000	80%	20%
Child Benefit	1	\$6,000	-	\$6,000	0%	100%
Parent Benefit	28	\$84,000	77,679	\$6,321	92%	8%
Parent-in-Law	23	\$69,000	59,817	\$9,183	87%	13%
Total	92	\$559,135	\$481,496	\$77,639	86%	14%

awarded at \$481,496 dollars, which amounts to an average of \$7,912.00 dollars per claim. This figure represents both the Basic Benefits Claims and the Dependent Claims (spouse, child, parent and parent-in-law) as well. Of all the five types of claims, the Basic Benefit (active employees) had continued to generate more claim activities over the others in 2016, repeating practically the same claim activities outputs as was during the last two years. Meanwhile, both the Parents and Parent-in-Laws appeared to have paid out a much larger amount combining a sum total of a little over \$137,400.00 thousand dollars.

7.1. Insurance Contribution (January – December, 2016). The total number of contributions made by the RMI government group life policy to IAC due date had revealed a sum total of about **\$1.2 million dollars**, about 60% over and above the claim benefit received during the same reported period; excluding the individual (premium) contributions made by the other local group policy holders such as Port Authority, Shipping, NTA, MIMRA and other newly enrolled private and/or SOE groups.

7.2. Challenges faced during the year. The RMI-government's Group Term Life Insurance is comprised of two types of group term coverage plans: 1) A Basic group term insurance plan; and 2), A Supplemental group term life insurance coverage plan which comes in four options. As good as these options are, many employees do not quite understand the limitations of their group life plan. Some of the most common problems that employees discover about how their group life plan works are as follows:

7.2.1. It is a known fact that supplemental group life rates have a tendency to be increased every five (5) years or so. This is especially the case where the large percentage of the workforce is comprised of the older group. In the case of RMI-group, and as well as the regional IAC policy coverage holders, the older group is mostly represented of all the other age bracket groups, 50 years old and beyond. To compound the problem, this is the same group with the highest allotment commitments either to the banks or elsewhere, an emerging predicament causing more and more public service employees to become unable to meet other obligations, including the IAC required bi-weekly premium payments. This emerging challenge has prompted the Commission to keep a watchful eye on the developing situation as it beginning to raise serious financial issues effecting the normal operation of the government.

7.2.2. The fact that Group Life policy coverage terminates when an employee leaves and/or retires is becoming an issue increasingly raised by more and more employees, especially their families or beneficiaries. The main issue is centered on the fact that all the contributions made by an employee throughout the entire years of employment would suddenly become worthless as most of the public service employees do die after they leave employment not during and by then their policy coverage has already expired. This has caused more and more families to raise concerns about their would be inherent employment benefits of their loved ones who have passed away after the expiration of insurance policy coverage, leaving many families to become ill-prepared.

III. PRODUCTIVITY AND EFFICIENCY

A. Job Performance

1. *General.* Since day one, January-December, 2016, the Commission has continued its efforts in monitoring the productivity and efficiency of the Public Service through one-on-one consultations with ministries and agencies. Discussed were items related to personnel and performance issues and problems. Aside from these scheduled meetings were also unscheduled site visits to check on employees' attendance and performance. The scheduled and unscheduled meetings were also meant to identify weaknesses that would help design targeted improvement activities particularly in speeding up of the government papers routing system, an issue for which a newly indorsed "2-Day MOA" (*Appendix ...*) , by all ministries and agencies of the government, featuring a dramatic shortening of the routing process of any papers and/or document in the government thus reducing the bottlenecks at all costs thereby improving the delivery of the required public services.

2. *One-on-One Consultations.* During the continued one-on-one consultations with the member agencies of the Public Service at the earlier part of the year, the PSC held several consultations with the Minister-in-Assistance, the Cabinet, and the Chief Secretary. The first Public Service one-on-one consultations held at the beginning of 2016 with the Ministry of Health, addressing the long outstanding issue on the permanent Secretary post of the ministry and the need to put in place a set of short term programs and counteractive measures in responding to the apparent service delivery fragmentations of the ministry, especially with those of management and hospital administrative in nature.

2.1. One key strategic outcome of these various consultations was the immediate placement of the current Interim Secretary of Health necessarily for the required leadership capacities and the policy-based institutional upkeeps of the ministry. For the new Commission, these consultations are especially being utilized as proper forums through which coordination of policy and streamlining of SOP and processes are being addressed with outcomes serving the improvement of better delivering public services.

3. PSC Annual Performance Evaluation

TABLE 11. Public Service Performance 2016

Rating	2016	
	# of Emp	% of Total
Outstanding	22	5%
Above Average	186	41%
Average	232	51%
Below Average	12	3%
Total	452	100%

3.1. The Annual Performance Evaluation, conducted in December, 2016 revealed that the performance capacity levels of the Public Service workforce have continued to remain at a satisfactory level. This conclusion is based on the assessment methodology which is a PSC-prepared questionnaire filled by the

supervisor. The filled questionnaire is then confirmed as correct by the head of Ministry, and is agreed to by the employee concerned. An additional self-appraisal is to be filled by the expatriate workers in the professional levels. The evaluations are used by the Commission as a basis for allowing step increments or pay level upgrades.

3.2. To achieve good data findings, random sampling was used in order to give a more representative picture of the quality of the performance of the Public Service workforce. Of the **452** active Public Service employees examined and evaluated, which represented **forty-two percent (42%)** of the entire workforce, the results suggest the following:

- No employee did receive the rating of “unsatisfactory”;
- Twelve (12) employees received the rating of “Below Average” (performed under supervision);
- Two hundred thirty two (232) employees received the rating of “Average” (no supervision is needed, carry out duties as expected);
- One hundred eighty six (186) employees received the rating of “Above Average” (independently performing); and
- Twenty two (22) employees received the rating of “Outstanding”.

3.3. Based on the overall rating this year however, a very large majority of the evaluated public service employees were performing, and carried out duties and responsibilities as so prescribed in their respective Job Descriptions satisfactorily. Specifically, of the 452 employees evaluated, about 92% did perform well producing satisfactory outcomes.

3.4. While the sampling bias may have had its inherent effect to achieve data sampling reliability, the outcomes of this year assessment did produce relatively the same outcome as was last three (3) years period. In view of such therefore, a considerably large segment of the Public Service workforce are carrying their duties and responsibilities as prescribed in their Job Prescriptions accordingly. Furthermore, a need to conduct more training opportunities designed specifically to enhance work performance capacities may be timely necessary to sustain performance satisfaction.

B. Assessment of Improvement Needs

1. ***Technical Assistance to PSC.*** During the year, PSC had received technical assistance from three sources: the Australia PSC (APSC), the Pacific Islands Center for Public Administration (PICPA), and ADB. The availability and the harmonization of these TA partnerships resulted from numerous consultations, conferences, and reports, primarily in response to the findings and outcomes of the public service audit conducted by the ADB. One such finding was the pressing need to establish the HRMIS, for which a supplemental funding by ADB was provided. Framing the strategic initiatives particularly in the area of institutional capacity building has been the aim of another exercise, which involved the PICPA. Through PICPA, reviewing of the PSC Regulations, 2008, as amended, the restructuring of the RMI Remuneration system have been scheduled to be reviewed later during the year and/or earlier part of the next year, 2017. In the last three years PICPA has maintained collaboration with PSC in the identification of the three types of areas needing assistance – technical assistance, capacity building, and training/fund, and has already set in motion a string of technical assistance within the course of the next couple of years to ascertain timely fruition of the PSC’s strategic goals and objectives (Appendix

2. ***PSC Workforce Planning.*** The aim of this technical assistance has been the planning of the PS workforce to be an efficient and effective Public Service, taking into consideration the status of high number of expatriates and retirees as well as the need to improve the quality of service delivery. This APSC TA project has been completed and was scheduled to be rolled out to other ministries, IA and T&C, but has since been put on hold for the remainder of the entire year in order to await the institutional readiness of both ministries, as both ministries are undergoing organizational re-structuring and the need to secure of such is strategically necessary for the formulation and implementation of the Workforce Strategic Plan. The delay in the rolling out of the Workforce plan is also a direct outcome of the absence of the required supervisory readiness necessary to ensure the preliminary review and assessment, and the availability of data collecting personnel and mechanism are in place. Both targeted ministries have taken steps necessary to intensify their workforce developmental exercises with responsible personnel to be identified for further training at the earlier part of next year, 2017.

3. ***PICPA Improvement Needs Assessment.*** The long list of improvement needs submitted by the various Public Service agencies to PICPA a couple of years ago, which was broken down into the following 3 categories: technical assistance, capacity building, and training/funding, have been and will continue to be attended to in partnership with a few of our local stakeholders and also with the Office of the Chief Secretary and Cabinet in particular. With the PICPA being scheduled to be taken place earlier next year, 2017, the need to review and incorporate other technical assistance services, public service wide, will be accommodated as well.

IV. CAPABILITIES, CHALLENGES and LIMITATIONS

A. Capabilities

1. Certain areas are still considered to lack the required skills and knowledge to cause sustainable growth and strategic development of the Public Service. There is an urgent need to intensify training programs targeting several areas of general management capability, personnel management, accounting, and better coordination and communication skills. It has been noted through close observations, on a number of occasions, especially by the Office of the Chief Secretary, that coordination and communication among the Public Service Ministries and Agencies has slightly improved but not to the point where there exists confidence and harmonization within the system. In response, the Commission issued a directive requiring all offices of the government to take steps necessary to ascertain of better harmonization and a well-informed coordination effort, especially with the office of the Chief Secretary.

2. Technological skills needed to develop and maintain a coordinated information system have been gradually on the rise, and with the tertiary learning opportunities continue (e.g. CISCO training) provided by the higher learning institutions in RMI, further advancement in the better management information systems in all areas will be realized in the near future. Furthermore, in the wake of the current push for “E-government” based operation, the momentum to push for compliances and conformity is ever more in demand.

3. Other related policy matters worth mentioning are the Commission’s continuing efforts in the reforming of a number of its administrative procedures. For instance, and as prioritized, the Commission has given more attention and direction to status of employment announcements, including the process required thereof, and the announcement of expected vacancies. Moreover, with the newly installed of the so called “2-day policy”, the need to speed up and therefore enhancing the existing routing process is viewed to be as one of the few major priorities to be resolved thereby eliminating the costly “bottlenecks” problems in the system. Providing equal opportunity for qualified individuals, including retiring Public Servants, to seek employment within the Public Service continues to be honored by the Commission.

4. Although inconsistencies and limitations continued to post challenges on the daily operations of the Public Service, some improvement was noted during the year. For example, a more watchful eye of the Commission on inquiries into the basis for any promotion, any transfer, and personnel action that cost the government additional money, or caused injustice to the worker, have increasingly been given critical review and assessment prior to rendering of final decision by the Commission. The Commission has taken steps necessary to making sure personal rights of each public service employees are accorded with the required due process of law and with the other applicable protective measures. This has become a very important issue to the Commission to which considerable attention and direction have been increasingly furnished.

B. Challenges

1. While the overall challenge is to question the existence of PSC itself, there is a growing movement across the Pacific for the strengthening of PSCs and the role they play in: 1), promoting and maintaining Good Governance principles and practices; 2), providing strategic directions; and, 3), to providing the tools necessary for public sector management. While the Public Service Regulations may be in need to be reviewed and updated to best reflect the robust strategies that fortify the efficiency and effectiveness, they provide good guidelines that would actually lead toward the efficiency and effectiveness, if followed correctly. Some of the enduring challenges and concerns which continue to have adverse affect on the performance of the Public Service and therefore needing reform may well be categorized as follows:

1.1. *Compensation and Benefits:* While the passage of the PL-may have sparked some glimmer of hope for many who have long remained in the lower end of the pay level packets, it does very little to reverse the on-going negligence trend resulting from not following the PSC Regulations accordingly. For instance, wage rates in the public sector are not consistently and equitably applied, as evident in the transfers or swapping of staff, or when salary rates are raised in one agency to attract a good worker away from an agency to another. This is in spite of the fact that instruction and guidelines for such have formalized and should be strictly adhered to throughout the public service wide. This emerging situation has prompted the Commission, however, to entertain remedial measures necessary not only to address the issue but much more so to instill perceptive and insightful directions and guidelines to guarantee lasting benefits.

1.2. *Institutional Capacity Factors:* As has been the case over the course of the last several years, the institutional capacities remain weak in many of the Public Service Ministries and Agencies, including the Office of the PSC. The main problems relate to: clarity of mandates and missions of existing institutions; the efficacy of structures in place; lack of modern and robust management instruments for planning, monitoring and evaluation and budgeting; the inadequacy and competence of personnel; and the inadequacy and management of physical and other assets, including ICT.

1.2.1. These weak institutional capacities have resulted in low absorptive and performance capacities to plan, budget and utilize allocated resources effectively, and to deliver quality services in a timely manner. These growing concerns however, have been responded to by the Commission through the implementation of its 3-year rolling Strategic Plan currently being carried out by the PSC, and also through the implementation of the NSP (Good Governance) in which the Commission has continued to actively participated through progress review and outcome assessment.

C. Limitations

I. These various limitations have impeded and continued to hamper the Public Service Commission to adequately dispensing of its Constitutional functions, namely, assessing the economic effectiveness and efficiency of the public Service.

1.1. Lacks the robust performance management information system in place, which also need to be interfaced with the Payroll system as well as with all the HR systems throughout the Public Service. This has, and continues to be resulted in having the difficulties reconciling the number of employees in the Public Service, the correct classifications and job titles, the correct pay, and related costs.

1.2. The PSC has pointed out numerously that the rising costs of personnel and housing, and in so doing had began to review relevant policies, and has made consultations with the Cabinet for relevant related changes. However, the lack of relevant portfolio participation in the effort has had an adverse effect on the continuation of the already intensified momentum to achieve targeted objectives. In spite of the fact, the Commission has taken steps necessary to look deeper in to the situation as the government's Leased Housing Policy is under reviewed.

1.3. Although the management issues of PSC are two-folds: 1), to sustain improvement of its own management; and, 2), to monitors the general oversight of the whole Public Service. However, dispensing of these roles is often in conflict with that of the Chief Secretary, who is the Head of the Public Service. This has to be clearly redefined as it must be included in the overall improvement of the Public Service. A key issue is how to ensure the Public Service provides for a more competent workforce to deliver on their core functions without a clear HR functional distinction between the Office of the Chief Secretary and that of the Public Service Commission. This is especially critical in light of the fact that there is barely in the whole Public Service any staff trained in Human Resource Management (HRM). In the absence of such, the need for harmonization and coordination of delivering the required public services is all the more necessary.

1.4. Inadequate HRM knowledge and skills has caused the PSC the inability to roll out its Workforce Development Plan. The Workforce Training Plan (or Human Resource Development, HRD, Plan) would not take into consideration only orientation and induction of workers but also to provide the ongoing continuing education and training to elevate the knowledge and performance of the many units of the Public Service. This has resulted in increasing the mobility trend within the Public Service, which has not only posted new challenges to maintaining continuity but have had adverse impact on the transmitting of institutional knowledge as well.

1.5. The need to review the Classification and Remuneration system for the Public Service continues to pose challenges as it tends to limit the Commission to adequately best response to the emerging mobility trend within the Public Service. Though this strategic objective is scheduled to be carried out by PICPA (February, 2017), there are strong indications that rise in the mobility may be influenced by pay differentials between agencies, between types of occupations, and between levels of pay. Although works have begun to address the foregoing challenges and limitations, the Commission has also taken steps necessary to ensure administrative tools are in place in order to best provide immediate and tangible outcomes. For example, more attentions and directions are given to address the existing SOPs and processes so as to become more agile in the coordination of policy and streamlining of processes to ensure of a more effective and efficient public service delivery system.

V. TRAINING & CONFERENCES

A. Limited Training Fund

1. One of the statutory obligations of the Commission is to providing training activities to the public service employees in order to improve skills and performance capabilities required to deliver quality public services, and the government programs to the public. In spite of the fact, insufficiency of such funding has adversely affected the Commission's ability to coordinate and conduct any local training and/or workshop during the year. Though being appropriated a \$30,000.00 for training purposes for the year, the utilization of such has been mostly to targeting the on-going institutional capacity building measures so as to add value both to the roles of the Public Service Commission as well the roles and enhancement of statutory functions of the Office of PSC. For example, numerous induction trainings were being held with the aim at ensuring the new hires to the service are being accorded with the application of rules and regulations as required. This is in conjunction with the continuation of a number of public servants attending Human Resource Management and IT (CISCO) courses at USP, especially designed to achieve the required work performance skills and competencies throughout the public service wide.

1.1. During its budget submission for this fiscal year, the Commission had strongly advocated the need for a cross-ministerial training opportunity with the aim at maximizing local benefit where such a training fund arrangements are better utilized with outcomes of cross-sectoral benefits, with such fund to be housed at PSC. That way forward management strategy on training scheme has been a hot topic of further discussion by the Commission with "joined string-pulling" efforts by the key government officials with encouraging outcomes to be realized in an immediate future.

B Need for Development Partnerships

1. During the course of the last five (5) years, the Public Service Commission's partnerships with other training providers, domestic or otherwise, have resulted in its ability to coordinate a number of opportunities in which a number of government employees have successfully participated. Unfortunately, that flexibility has been seriously hampered due primarily to the financial constraints which had allowed the Commission to be as conservative as possible in the allocation of its own limited resources.

1.1. Later during the year, the Commission had reviewed that particular issue with self-sustaining remedial measures already producing promising outcomes. In fact, a series of meetings and sessions with the appropriate authorities of the government has been held with robust training strategies and other management arrangements to be continued well into the future. One such plan is to expand on the training opportunities already provided by PICPA, ADB, and APSC, and also to better utilize the higher learning institutions (USP and CMI) to maximize training and learning benefit.

C. Public Service Reformation

1. Under the ADB RMI Project No. TA 7578 (*Supporting Public Sector Program*), there laid out two sets of recommendations – one for the general Public Service Workforce and the other for the Public Service Commission administration itself. ***The first set of eight recommendations included:***

1.1. *The need for the development of Ministry/Agency strategic plans.* The deficiency of such has, in fact, resulted in PSC unable to roll out the Workforce development plan to other ministries with no strategic objectives in place nor is there any clear direction of such. Meanwhile TA is to be secured by the OEPPC, nonetheless, there remains a very little progress to date.

1.2. *A structural/organizational review.* In responding to the lack of renewed and/or updated corporate plans for a large majority of the ministries and agencies of the government, the urgent need to take proactive measures to satisfy this mostly needed institutional strategic component, both PSC and the Office of the Chief Secretary, have instructed of such to be in place with satisfactory outcomes thus far. This is especially significant particularly in light of the on-going review and update of the strategic objectives delineated in the National Strategic Plan.

1.3. *Updated/accurate job descriptions.* One of the major HR functions being carried out throughout the public service wide is for all the ministries and agencies of the government to make sure all their employees are being provided with an updated and/or revised Job Descriptions (JD) for a number of reasons, chief of which has to do with the gauging of employees performance capacities as prescribed in the (JDs) respectively. This massive overhaul has been carried out intensively with the aim at making sure all public service employees do have their most current/updated JDs in place.

1.4. *A skill/capacity gap analysis.* This ministerial objective is required and thus expected to be administered with measurable outcomes by all ministries and agencies of the government. With the scheduled rolling out of the PSC Workforce Strategic Development Plan to other ministries and agencies, analysis of such would require high level of readiness with trained staff and secured designation of employment assignment for implementation and review purposes. With the aging workforce slowly on the rise, the need to keep a stock pile of such is all the more necessary, a reason for which the Commission continues to work closely with our development partners for further TA where needed.

1.5. *A review of job classification/pay remuneration.* This **Strategic Goal: A review of job classification and remuneration in the RMI public service** is to be aligned with jobs in order to clear roles and responsibilities and ensure remuneration is aligned with regional standards for similar roles and responsibilities. This has already scheduled to be given the proper review and assessment, with the formulation of an implementation plan by PICPA during the early part of next year, 2017.

1.6. *The development of a Human Resource Management Information System (HRMIS).* With the establishment of the said system, PSC should now have the capability to track and identified areas for improvement in terms of capacity development. Practically, it will enable PSC to identify skills that could be utilized optimally by placing the right people at the right places. Fully robust system that gathers all personnel related data that could guide the Commission in making informed decisions.

1.7. *The appointment of HRM focal points in each Ministry/Agency.* Through continued one-to-one engagement with ministries and agencies of the government, the Commission was able to established administrative linkages with each line ministries and agencies of the government through which HR policies and strategies will be handled and dealt with in a more systematic manner, allowing a coordination process to become more integrated and better managed. With HRMIS in place the required administrative linkage is all the more necessary serving multiple functions, specifically in formulating well informed decisions.

1.8. *The development of training and development function at PSC.* The current gathering data mechanism used for identifying training is made through the usage of separate and scattered databases. Moreover, the Ministries usually identify and seek their own training needs with little to no coordination with the Public Service Commission. This put Government's limited financial resources training related into a very limited and uncoordinated spending. An aggregate approach by PSC to identify training needs that are relevant to all Ministries has continued aiming at increasing return on the financial allocations.

The second set of recommendations targeted the strengthening of PSC management, with recommendations contained in the rolling 3-year PSC Strategic Plan (please see Appendix ...)

C. Pacific Public Service Commissioners' Conference, (August 2-4, 2016)



The 13th Pacific Public Service Commission Conference, Melekeok, Republic of Palau, August 2-4, 2016. Commissioner Jiba B. Kabua, front row-2nd from left, staffed by Richard A. Bruce, standing middle, 3rd row.

1. This year's annual conference was organized by the Bureau of Public Service System of the Ministry of Finance in collaboration with the Pacific Island Centre for Public Administration (PICPA) of the University of the South Pacific (USP). As the host country, Palau was required to manage the in-country logistical arrangements for the Conference and ensure that the resources and arrangements required for an efficient and effective meeting are all in place.
2. The Pacific Public Service Commissioners' Conference is a cross jurisdictional forum for Public Service Commissioners from Pacific Islands jurisdictions to come together and deliberate on contemporary public sector issues. It also involves identifying key issues and improves public administration across these Pacific Islands jurisdictions and the region.

3. This year, all 14 participating countries—Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu—with the inclusion of Australia and New Zealand were in attendance as participants. Timor Leste also attended the Conference as Observers.

4. With the theme “Building a Smarter Public Service through Research, Innovation and Strategizing,” there were multiple presentations on the following topics: Research on the use of ICT in the public service to improve the quality of service in Pacific Islands Countries; Implementation of the use of Performance Management Systems; Development of Workplace Social Friendly Policies; and Mainstreaming Gender in Public Service.

5. There were panel discussions by various local government and semi-government agencies on the topic of “Smarter Management of Scarce Resources; Interface of Tourism and Environment Conservation in Palau.” Presenters from Palau include Minister F. Umiich Sengebau of the Ministry of Natural Resources, Environment, and Tourism (MNRET) and Ms. Nanae Singeo, Managing Director of the Palau Visitors Authority.

6. The Conference was officially commenced with an opening ceremony on August 2, 2016 at the Capitol Building in Ngerulmud, Melekeok from 9:00am to 10:30am. The actual presentations, panel discussions, and workshop sessions took place at the Palau Tourism School of Excellence (PTHSE) of the Palau Community College. Indeed, the well renowned Palauan hospitality was no exception throughout the entire conference as always. The 14th PPSCC, 2017, will be hosted by the people and government of New Guinea.

➤ Outcomes & Recommendations...[Appendix](#)

➤ PPSCC Communiqué...[Appendix](#)

VI. WAY FORWARD

1. With the advancement of the Government's *Framework of Progress: Agenda 20/20*, which had allowed the Cabinet to undertake a stock-take of major challenges and priority institutional reforms in relation to Government ministries and agencies respective functions and roles, the Commission is ever more committed to develop the capability of the RMI Public Service by delivering leadership, and seeks to contextualize learning and development products and programs that meet the current and emerging needs of agencies and ministries of the government.
2. The Commission continues to support the Government's objectives of accountability, transparency, ethics and integrity of the RMI Public Service through implementation of PSC Values and Code of Conduct; policy advises on and promotion of systems and approaches to deliver the Government's objectives; and placing a greater emphasis on ethical decision-making as based on Good Governance principles and practices.
3. The Commission's enabling strategies are to develop and implement Workforce Planning Strategies that position the Commission to be as agile and as responsive. That effort has increasingly attracted the participation of the stakeholders and direct involvement of the government wide. For the stabilization of such, the Commission continues to build the Public Service leadership capability, and works actively with ministries and agencies in order to best influence and provide the needed services that meet their daily business, with a keen focus in advancing on the on-going Public Service reforming strategic goals and objectives.
4. The PSC Annual Report 2015 called for the following actions for CY2015: recruit qualified Marshallese to replace expatriates at positions in the Public Service; Continue to implement the PSC the 3-years rolling (2013-2016) Strategic Plan with the specific thematic goals; Continue to Update and Implement the goals and objectives of the PSC Work Force Plan, aiming at enhance the Workforce strategies and HR capacities of all ministries and agencies of the government; Continue to process the Development and to Launch and Implement the Human Resource Information System (HRMIS); and, a comprehensive review of all policies on government assets to provide a more prudent safeguarding measures and strategies toward the responsible use of the public properties in manner guaranteeing transparent and accountability at all level of the government. These recommendations are still valid for CY 2016, and they are to be merged with the recommendations for CY 2016.
5. The Commission continues in its assessment of the efficiency of the Public Service System regarding its structure and work process to better streamline services and reduce bureaucratic impediments.
6. The Commission promotes accurate recordation and provision of workforce statistics necessary to better target employment and economic policies and actions.

VII. RECOMMENDATIONS

1. **Renewal of the 3-years rolling PSC Strategic Plan for 2013-2016.** Strengthen institutional capacity within PSC and the overall Public Service for policy formulation, human resources development, coordination and monitoring of public sectors management and programs.
2. **Rolling out of the PSC Workforce Development Plan.** The aging of the Public Service workforce requires a robust succession management strategy, which would focus on the identification and development of the talented members of the workforce, for the purpose of sustaining the RMI Public Service Workforce to readily respond to the brain-drained dilemma. The Plan would address an immediate and a well-coordinated national response to the severe lack of appropriately qualified Marshallese to fill many of the key/technical positions in the Public Service. This may require a robust team effort by all parties concerned including a very strong political will.
3. **Developmental expansion of the Public Service Human Resource Management Information System.** The new challenges for electronic records management to complement the existing paper-based system has been successfully pursued and is scheduled to be launched early next year, 2017. This will promote transparency and accountability for all government procedures and transactions service-wide and should timely usher in an “e-government” operational system (*RMI Agenda 20/20 - Priority Reform No. 9: “Improve and Integrate Information Technology System in Government*).
4. **Developing Manual of Operation.** The Commission will aim to have that each agency within the Public Service has in place respective manuals of operation so that workers do have clear directions to follow in conducting their work. Incorporated in the manual will be the Paper Routing Protocol Guide (SOP) to better monitor and where appropriate escalate and resolve administrative matters affecting the efficient and effective implementation.
5. **Improving Government Housing Program.** A comprehensive review of the government Leased Housing Policy aiming at restructuring the current Rental Cost Scheme by exploring other viable rental regimens suitable to the current economic trend, is being given due consideration. For example, rental cost rates ought to be structural size-based only. This would significantly save the government a whole lot of rental dollars.
6. A need to **re-designing of the Public Service Performance Appraisal (PA)**, which is a systematic general and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. How performance is managed in an organization determines to a large extent the success or failure of the organization. Therefore, improving PA for everyone in the RMI-Public Service should be among the highest priorities of government. The preliminary discussions and the early planning and coordination into the formalizing the design of such have already begun by the Commission.