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Governor Edmund G. Brown Jr.

May 27, 2011

Mr. Stuart Drown
Executive Director
Little Hoover Commission
925 L Street, Suite 805
Sacramento, CA 95814

Dear Mr. Drown:

Thank you for the opportunity to testify at the June 2, 2011 hearing on the reorganization of the State Personnel Board (SPB) and the Department of Personnel Administration (DPA) into the new California Department of Human Resources (CalHR).

The information following is SPB's response to the topics the Commission wanted to explore.

What level of staff will the SPB need to retain to accomplish its mission?

As outlined in the Governor's reorganization plan, the functional units within SPB that will remain under the Board are the Executive Office, the Appeals Division, and the Office of the Chief Counsel. The functions of these units are authorized under Article VII, Section 3 of the California Constitution, which states:

Section 3:
(a) The Board shall enforce the civil service statutes and, by majority vote of all its members, shall prescribe probationary periods and classifications, adopt other rules authorized by statute, and review disciplinary actions.
(b) The Executive Officer shall administer the civil service statutes under rules of the Board.

These units are staffed by approximately 65 positions that:

- hear appeals of employee discipline, other merit appeals, whistleblower retaliation complaints, and personal services contract appeals, and
- administer the civil service statutes under rules of the Board.

In addition, the Board will need to retain an additional number of positions in order to:

- advise the Board on merit policy;
- provide the Board support in prescribing probationary periods and classifications;

- review existing selection and disciplinary law, rule, and policy and pursue appropriate changes including creating and adopting rules in accordance with the current needs of the state and its stakeholders;
- provide consultation to line departments; and
- perform necessary audits of merit system compliance in line agencies.

The specific number of positions allocated to policy and auditing functions will be determined by the Department of Finance. The auditing function is particularly critical to the Board as with no operational oversight programs at SPB and the potential for greater delegation to departments, the audit function is the only remaining avenue for the Board to enforce its statutory mission and ensure the merit system within state government.

A significant portion of SPB's current positions will be transferred to CalHR where they will continue to perform their core duties, with the exception of some management or duplicative operational positions, which will be reduced by CalHR.

What role will SPB play in ensuring the long-term success of CalHR?

SPB is committed to ensuring the success of CalHR. SPB has assembled transition teams to work with DPA on statutory changes; staffing, budgetary, accounting, and relocation issues; the merger implementation plan; and to prepare updates for the administration on the consolidation as necessary.

How will moving non-merit discrimination complaints to the Department of Fair Employment and Housing affect the workload of the SPB?

The workload in responding to discrimination complaints annually totals approximately 550 hours, or 0.3 of a position. Given the minimal workload related to this activity, the transfer of this workload to the Department of Fair Employment and Housing will have little impact on SPB.

Are there other benefits and risks of the reorganization plan for SPB?

The reorganization will be beneficial to SPB in that it will allow SPB to focus on its policy setting and oversight responsibilities, including ensuring departments are operating under the merit system which ensures the rights of job seekers and employees, rather than carrying out day-to-day human resource operations such as conducting recruitments, examinations, psychological and medical screenings; administering civil rights functions, and reviewing appointments and Career Executive Assignments (CEA).

Departments and the public should enjoy the simplification of having one HR organization rather than two. Also, the consolidation will allow for operational efficiencies including streamlining the processing of CEA requests and appointment issues which are currently being handled by both departments.

The risks of reorganization for SPB include the possibility of not retaining the number of staff we need to carry out our constitutional responsibilities. We believe we can mitigate this risk by working with the Department of Finance to establish our core staffing needs. In addition, SPB is at risk of losing its current staff given that not all employees welcome change and the potential of being transferred to a new department. These staff may elect to pursue other career opportunities prior to July 2012. SPB already is running a 20% vacancy rate and additional vacancies will further erode our ability to perform our core functions. This risk should also be manageable. SPB will work to retain its staffing, including the individuals that will be needed by CalHR, while working with the Department of Finance to gain approvals of freeze exemptions to fill critical positions as they become vacant.

Please contact Lori Gillihan, Special Assistant to the Executive Officer, at (916) 653-1373 if you have any questions or need additional information.

Sincerely,

Suzanne M. Ambrose
Executive Officer