

Testimony Before the Little Hoover Commission:

Building a Strong Management Workforce In State Government

Thursday, June 24, 2004

State Capitol, Room 2040

9:00 a.m.

Presented by:

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First, I want to thank you for this opportunity to testify at the Little Hoover Commission's hearing on building a strong management workforce in state government. I also want to congratulate you on choosing this subject. Even though this subject is often ignored and even maligned by many, it is extremely important. This hearing is also very timely not only because of the changing demographics of our workforce but also because our new administration has an unusual opportunity to make a profound positive impact on our state workforce.

Before I begin to address your specific questions, I believe a very brief background of my education and management experience is in order. I have an MBA from U.C. Berkeley, and in the two years I spent in the business school, I never once received any training in management.

In the Legislature I administered offices that ranged from eight to twenty people for about six years. For the administration, I managed a staff of twenty people for three years. I administered a staff of approximately 450 people for nine years at the California Energy Commission. In terms of state government this is a fairly small staff and a commission has different set of management challenges than say a large department.

I would like to start with the following three general recommendations or observations:

- #1. We all need to stop making our state workers the scapegoats for all the state's problems. If we want to "ignite a passion for working in the public sector" then we must stop degrading the profession. Respect is what is needed.
- #2. You should also survey existing managers, staff who are thinking about becoming managers, and union leadership on the issues raised at today's hearing. I can guarantee that you will learn more and that it will be an eye-opening experience.
- #3. The recent reports suggesting that large numbers of senior managers will be retiring need to be broken down by select departments/commissions, by geographic area, and by subject area. The demographics of our workforce will not be the same for all departments across the state.

I would like to group the first two issues together:

Issue 1: Hiring compensation and promotions. Does the existing personnel structure provide opportunities for departments to ensure the right people are in the right positions to lead their organization?

Issue 2: Skills of effective public sector managers. Do managers and supervisors in state agencies have access to the training, tools and resources they need to successfully lead public sector organizations?

The answer to both questions is, unfortunately, “no”. It is my experience that we often promote the best technical person to the management position and then leave that person there to “sink or swim”. Once the person is promoted it is extremely difficult to remove them. We provide no management training to staff prior to the promotion and minimal training after the promotion. Unfortunately, the training is done just once. There is no such thing as ongoing training. Very little if any time is devoted to supervision, project management, team building, motivation, and performance review. I would suspect that the opposite is true in the corporate world.

Technology has also transformed management training. Fifteen years ago, we tested a program called INTERACT that used videos with professional actors that would illustrate the appropriate and inappropriate management skills. I would imagine that the programs and techniques that are available today for management training are very effective.

In regards to training, I would make the following recommendation:

#4. The state needs to create a Training Management Academy or Institute that would provide ongoing management training tailor-made to the special needs of each department. Training should also be provided to non-management staff in order to prepare them for management positions and in order to make them more effective in their current positions. The institute could be run by the Department of Personnel Administration or the State Personnel Board. It could be a partnership with our higher education institutes and with the private and public sectors. Our new governor has a wonderful opportunity to develop unique partnerships between the public and private sectors. For example, the private sector could be called upon to help design and help staff the Governor’s institute. The business community might even be willing to set up a special management pool of workers that could be loaned to the state for special projects.

In regards to compensation:

#5. Studies need to be done comparing the compensation levels and benefit packages between state and local government managers. We also need to analyze the transfers between the two sectors. I am afraid that the compensation levels of local government may far exceed state levels.

#6. Under no circumstance should the state agree to a differential retirement system that would provide new employees with lesser benefits. We aptly call this “eating our young”.

In regards to hiring:

#7. Additional funds should be allocated for recruitment and testing. Internship programs with local universities and community colleges should be encouraged. This is one of the best ways to attract good workers to the state.

Finally, we have found rotational programs to be of little benefit. I have been supportive of monetary and non-monetary awards for management and non-management employees. However, this is very controversial. The majority of my managers were dead set against monetary awards.

Issue 3: Authority, autonomy and accountability. Do managers face an appropriate level of accountability to encourage high-performance, allow an appropriate level of risk-taking yet prevent bad outcomes and ensure best use of public resources?

Unfortunately, the answer to this question is also “no”. Our managers want to be held accountable. Yet, we are afraid to allow them to take an appropriate level of risk-taking because it may backfire on us. We do not even give them the flexibility to live within their own budgets. The following recommendation would be a step in the right direction:

#8. Eliminate hiring and travel freezes. These are the “dumb and dumber” practices of state budgeting. The practices save little money and have a terrible impact on morale. Prioritize. Specify the budget reduction. Hold the manager accountable. But give them the authority and ability to manage and to live within their budgets.

Issue 4: Relationship between political leaders and career civil servants. How can public agencies strike an appropriate balance between allowing elected officials the control they need while entrusting career civil servants to administer programs that benefit from consistency?

This is a difficult question to answer. The state has tried to strike a balance through the number of appointments and through the number of career executive assistant (CEA) positions. CEA positions have to be filled with state employees who have been state employees for at least one year. However, departments have great flexibility in placing state employees into these positions. I would recommend increasing the number of CEA positions whenever possible.

At one time I tried to convert our senior management positions into CEA positions. The Department of Personnel Administration was in strong support but it was soundly defeated by the State Personnel Board.

Finally, I would like to make one other observation on this subject. It is important that state employees realize that they are not elected and are not directly responsible to any voters. On the other hand, it is just as important for our elected leaders and their appointees to provide our state workers with the vision and the rationale for their decisions.

Issue 5: Passion for public service. Is it possible to ignite a passion for working in the public sector? Is doing so helpful to organizational effectiveness? How do high-performing public sector organizations motivate performance and capture the passion of their employees?

I have always been pleasantly surprised by the dedication and the passion of our state workers. It is not difficult to ignite that passion. We need to give them respect. We need to provide them with substantially more training. This is especially true for our technical and scientific workers.

Sometimes this will have to include out-of-state travel so that they can stay current in their chosen fields.

Most importantly, we need to give them responsibility and exposure. Whenever possible they need to be involved in the decision making process and to take the credit.

Finally, this Governor can have a tremendous impact on igniting the public's passion for state work. I have seen governors like Pete Wilson who truly valued their employees and their commitment to service. I have also seen a governor who would not even meet with his own executive fellows to take a group photograph. However, I have never seen a governor reach out to state employees and recognize them for their efforts.

Governor Arnold Schwarzenegger has the opportunity to do this. If he combines it with a new commitment for training, new partnerships with the private and public sectors, and with a new respect for our state employees, he would easily ignite a new passion for the public sector. Our recruitment slogan could be "Arnold Wants You!"