

**DEPARTMENT OF PERSONNEL ADMINISTRATION**

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May 27, 2011

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

Dear Mr. Drown:

Thanks for the invitation to testify at the upcoming hearing on the reorganization plan to create a new California Department of Human Resources. Although a great deal of work has gone into developing this plan, the greatest challenges lie ahead. The feedback and comments that emerge from the hearing, as well as the Commission's report, will be enormously helpful to our decision-making going forward.

Your invitation letter asked for input on four particular issues related to this reorganization, which I've provided below.

**1. What steps will DPA need to take to ensure that the long-term vision for CalHR is carried through?**

Most immediately, we will assemble transition teams to map current functions to the new CalHR. These teams, consisting of staff from DPA and SPB, will carry out the practical work of identifying redundancies and organizing related functions. Equally important, their work represents the first step toward merging staff from our two organizations. CalHR's success will depend on a cohesive, committed staff working toward common goals; bringing DPA and SPB staff together at this initial phase to set up CalHR will help us build that esprit de corps.

Along those same lines, it's critical during this transition that DPA and SPB management demonstrate their commitment to this reorganization and convey that message to our staff, line departments, and the unions. We need to communicate frequently and openly about transition progress and issues, and be open to input from all parties.

We need to develop a Strategic Plan for CalHR to ensure our work supports the goals of the new organization. That planning process should remind us to focus on outcomes, not process, and encourage us to discard old practices and procedures if they no longer serve a useful purpose.

CalHR will benefit from the combined technology expertise of our two departments and provide more web-based services to line departments and employees. We also should consider replacing our current, dated method of issuing policy directions via "personnel management memos" and "pinkies" and instead provide easy-to-find policy guidance via our new combined CalHR website.

We also need to rebuild our training program, an essential function of a personnel agency.

The HR Mod project has made significant progress in this area by developing online training options and we expect to continue this progress under CalHR.

Succession planning for DPA and SPB becomes especially important at this time. The future leaders of CalHR will come from the ranks of today's mid-level managers and younger professionals, people we hope to engage in building the new organization. The next generation of leaders have new and fresh ideas for managing personnel that we need to be open to.

**2. How does DPA see its relationship evolving with SPB as part of the reorganization?**

The Board will retain its independence in the areas of discipline and upholding the merit principle, and there will be a bright line separating its jurisdiction from the rest of CalHR. We're aware of the concerns that have been raised on this issue and want to assure everyone that we will adhere to strict ethical standards when it comes to separating our professional responsibilities. The National Labor Relations Board is a perfect example of how this works, as is the State's own ALRB.

On classification issues, our transition plan will need to identify and separate the roles of SPB and CalHR. With roles clearly defined at the outset, we'll avoid any confusion or conflict down the road.

On other issues where we will interact, we expect to have a far better working relationship with the Board than has sometimes existed in the past. For instance, we would like to work with the Board as we modernize the hiring process. We believe the merit principle can be upheld in many ways; longstanding practices can be reviewed to ensure we're using the most effective approach.

**3. How will momentum continue on the goals and activities of the HR Modernization Project?**

The Strategic Plan for CalHR will embody the principles and objectives of the HR Mod project. In fact, one could say this reorganization gives new momentum to the HR Mod project because instead of tasking a small group of staff to work on it, as we've been doing since 2007, it will become part of CalHR's mission.

We don't expect the work of the HR Mod project to lapse or terminate. In fact, throughout this transition we expect to continue consolidating related civil service classifications, and expanding online access to training, job searches and applications, and other personnel tools. In addition, we will continue work on standardizing job classifications to be consistent with those used by the federal government and other large employers. That project will allow us to take advantage of other shared HR resources, including recruitment opportunities.

**4. Are there other benefits and risks of the reorganization plan for departments that will work with CalHR?**

One of the benefits to departments will be CalHR's flatter organizational structure, which should make it easier for departments to identify who's accountable for resolving various personnel issues. The reorganization also eliminates the current confusion over which

Mr. Stuart Drown  
May 27, 2011  
Page Three

personnel department handles any given personnel issue.

Risks include keeping up with our normal workload during the transition to CalHR. While we fully intend to continue our support for the line departments, the transition period will require our staff to focus on reorganization work as well.

Another risk involves the State Controller's Office, with whom DPA works closely. The Controller's Office is working through its own transition to MyCalPays. With that transition underway at the same time as our transition to CalHR, it may pose special challenges for departments to get used to the changes.

We look forward to further discussion of these and other issues at the hearing, where I will be joined by my chief deputy director, Howard Schwartz.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald Yank". The signature is stylized and cursive, with a large loop at the end.

Ronald Yank  
Director

cc: Howard Schwartz