Report # 40

STATE OF CALIFORNIA

EDMUND G. BROWN JR., *Governor*

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Executive Director

PERSONNEL MANAGEMENT IN THE STATE SERVICE

State of California

August 1979

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Honorable Edmund G. Brown Jr.
Governor, State of California

Honorable James R. Mills
President pro Tempore, and to Members of the Senate

Honorable Leo T. McCarthy
Speaker, and to Members of the Assembly

In January 1979 the Governor in his State-of-the-State message requested this Commission to undertake a comprehensive review of the State's personnel system. Convinced that a strong personnel management system is a vital ingredient to the effectiveness and productivity of all State government operations, the Commission undertook the detailed study. A contract was executed with Executive Management Service, Inc. (a nationally recognized management consulting firm in the field of public management) to serve as Commission staff. We are pleased to transmit the report of our study and urge that the recommendations be implemented without delay.

A personnel system in a public agency today must provide quality and timely personnel services in a cost effective manner by utilizing the most advanced personnel techniques; meet the requirements of open competition; insure selection and promotion by merit to avoid the dangers of political patronage; assure representativeness in the work force; set standards of work force performance; provide effectiveness in a collective bargaining setting; and guarantee that non-performers and sub-standard employees are removed from the work force. The present State system falls far short of these requirements.

Although by comparative standards the State system is well run, both the Federal and other personnel reforms and actions beginning in other states point up the need for sweeping changes in traditional civil service systems, including that of the State of California. This need for change was supported by the findings of our survey which included an analysis of responses from rank-and-file employees and executives in State service. Only a fourth of the employees and 12% of the executives believe that the system encourages a high degree of efficiency, effectiveness, and economy in the State's programs. Only 27% of the employees agree that the personnel system is fair to employees and operates effectively to protect merit. Only 33% of the employees and about 39% of the executives agree that SPB is effective in informing employees about personnel policy or program changes that may affect them. Finally, only 17% of employees and 23% of executives agree that management is given enough opportunity to participate in the making of personnel policy that affects them.

The present rigid and centralized personnel control, separated from management accountability, results in diffused authority and ties the hands of managers and employees alike. The Commission concurs with the responses of managers and employees to the study questionnaire that neither those responsible for the management of State functions nor those entrusted with carrying out their functions can perform their duties effectively and productively under this system.

To accomplish the personnel management reform necessary the major recommendations of the Commission are that:

- A Cabinet level Department of Personnel Management responsible to the Governor be established. Such a department would have responsibility for all personnel management functions.

- A Constitutional Amendment be drafted to create a State Employee Equity Board (replacing the State Personnel Board) to insure employment and promotion by merit principles; to protect against partisan political coercion and arbitrary action; and to serve as the neutral third party in the administration of any employer-employee organization relationships.

- A streamlined personnel management system be established which would:

  - untie the hands of managers and delegate to departments authority to hire, promote, reward employees for excellence in performance based on principles of merit and a representative work force;

  - encourage productivity by requiring standards of performance for jobs and the release of employees not meeting those standards;

  - hold managers accountable for the effective performance of their mission and provide for centralized accountability through the Department of Personnel Management and the Governor.

The scope of the present study did not permit examination of the present staffing or productivity levels of State departments, although in the absence of incentive performance, they no doubt need study. The personnel reforms recommended in this report however will encourage the kind of work force efficiency which should make it easier for both the Legislature and Governor to meet their responsibilities for cost effective operations.

Respectfully,

NATHAN SHAPELL, Chairman

Assemblyman Richard D. Hayden, Vice Chairman
Senator Alfred E. Alquist
Maurice Rene Chez
Assemblyman Jack Fenton
Dixon R. Harwin*
Nancie Brooke Knapp
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*Mr. Harwin did not participate in the review of this study.

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PERSONNEL MANAGEMENT IN THE STATE SERVICE

SUMMARY OF FINDINGS AND RECOMMENDATIONS

CHAPTER I

INTRODUCTION: HISTORICAL BACKGROUND AND METHODOLOGY

As a reform move aimed at ending the practice of patronage raids on civil service by successive State administrations, California voters in 1934 approved an amendment to the State Constitution which created an independent State Personnel Board and required that civil service be governed by "a general system based on merit, fitness and efficiency ascertained by competitive examination." Under the provisions of this constitutional article and the Civil Service Act of 1937 (as amended), the State Personnel Board (SPB), consisting of five members appointed for ten year terms on a staggered basis, was established as a policy, administrative, investigatory and appellate body for personnel management. The Board was endowed with broad authority over every major aspect of personnel administration including recruitment, examination, selection and promotion. Prior to the 1970s, the civil service system administered by SPB was essentially based upon selecting, promoting and retaining the best qualified individuals who made themselves available for evaluation by conscientiously applied objective standards insulated from the pressures of political patronage.

However, new ideas on the application of merit began to emerge with the Civil Rights Act of 1964 and subsequent Federal and State actions regarding discrimination, affirmative action and test criteria. These ideas expanded definitions of "merit" and guarantees of individual rights, thus bringing new concepts into day-to-day administration of personnel management in the State and straining traditional organizational roles and functions. In 1977, a fundamental conceptual break in the State's management of personnel was occasioned by the passage of the State Employer-Employee Relations Act (SEERA) which established collective bargaining for State employees and thoroughly reoriented the personnel management functions of the State Personnel Board and the Governor's Office. The cross-currents of SEERA, the expanded meaning of merit and changes in the traditional operations of civil service now press for a comprehensive reevaluation and restructuring of the State's personnel management structure.

With knowledge of its historical context, we began our study of California's Civil Service System. The study involved five distinct parts:

1. Eliciting employee responses to specific questionnaire statements concerning merit and the State's career system.

2. Analyzing the classification system and the recruitment and selection, recognition and development, and discipline and appeals of employees in the light of the old and new concepts of "merit."

3. Evaluating the impact of the State Employer-Employee Relations Act of 1977 (SEERA) on responsibility for pay decisions.

4. Studying the State's overall organization structure for personnel management and employee relations.

5. Examining provisions of laws and court decisions, and evaluating their relationship to subsequent State administrative practices with respect to "contracting out" of personal services.

CHAPTER II

THE IMPACT OF THE STATE EMPLOYER-EMPLOYEE RELATIONS

The State Employer-Employee Relations Act (SEERA) became effective July 1, 1978 and established a process--not yet fully implemented--for determining State employee wages and other conditions of employment through collective bargaining. The passage of SEERA has created a fundamental change in both the concept and the administration of personnel management in State government. Under SEERA's provisions, there will be basic alterations in the roles and responsibilities of the Governor's Office, State Personnel Board (SPB), the Department of Finance and the Legislature in setting employee compensation and working conditions. Consequently, some form of administrative accommodation--possibly in conjunction with or followed by legislative action--must occur.

Even at this early stage we discern immediate and future effects of SEERA on administrative and legislative decision-making processes, salary and working relationships between managers and employees, and the structure of the traditional career concept in civil service. In adjusting to these effects, the State should not permit itself to stumble from one unrelated decision to another as it veers toward new paths in personnel management. It should take sight of a forward objective and make a conscious determination regarding the complete route it proposes to follow.

- The State should evaluate carefully the full workload requirements of administering SEERA and provide the resources necessary to meet those requirements.

- Statutorily designated personnel management functions such as training and establishing standards for performance evaluation presently handled by the SPB should be transferred to the Office of Employee Relations (OER)--the agency now existing under the Governor which will represent the Governor in collective bargaining negotiations--through the Governor-initiated reorganization plan as outlined in Chapter III.

- OER, the Department of Finance and SPB should immediately begin to coordinate their involvement in areas of mutual responsibility affected by collective bargaining.

CHAPTER III

ORGANIZATION FOR PERSONNEL MANAGEMENT

In 1977 the Legislature enacted affirmative action guarantees for State employees and injected formal employee relations procedures between the Governor and employee organizations representing those employees. These put strains on the State's current civil service organizational structure which cannot be corrected by patchwork. It is our opinion that only a new overall structure will assure (a) critically needed coordination by, and accountability of, the Governor for the State's personnel management, and (b) adequate and coordinated attention to employee equity and citizen apprehension that merit administration is being avoided. Because the overhaul must be fundamental, it should be completed in two coordinated phases: first, a Governor-initiated reorganization; second, a Constitutional Amendment followed by an additional Governor-initiated reorganization plan.

- Phase I: Governor-Initiated Reorganization

  A Cabinet-level Department of Personnel Management should be established and to this Department should be transferred various personnel management and administrative functions presently spread among the Department of Finance, OER, Department of General Services and the Board of Control. Statutorily designated personnel management functions now housed in SPB should also be placed under the responsibility of the Department. In addition, Advisory Councils should be established so that supervisors and managers have a regular channel to give to the Director of Personnel Management the benefit of their knowledge of actual operations and their reactions to policies affecting those operations.

- Phase II: Constitutional Changes

  Because many personnel management functions are currently assigned to SPB by the State Constitution, it will be necessary for the voters of California to approve a revision of Article VII of the Constitution in order to fully consolidate personnel management responsibility within a Department of Personnel Management. The Constitutional revision we recommend would:

  - reaffirm the principle of a civil service system based on merit and designed to promote and increase the economy and effectiveness of State service;

  - delete the SPB from the Constitution thus enabling transfer to the Department of Personnel Management those personnel management functions now constitutionally assigned to SPB;

  - establish an Employee Equity Board providing it with the power to (a) adjudicate appeals and conduct investigations relating to any alleged violations of merit principles or equal opportunity employment provisions, and (b) to serve as a neutral third party in the administration of collective bargaining and labor agreements between the State and employee organizations.

CHAPTER IV

POSITION CLASSIFICATION

The essential objective of a classification plan is to ensure "equal pay for equal work" by grouping and categorizing job positions in such a way that all positions which have sufficiently similar duties and responsibilities are given the same title and require for their satisfactory performance the same knowledge and skills so that the same range of salary can be applied with equity to persons working in those positions. A classification plan provides a foundation from which to design selection instruments, a basis for recruitment and replacement programs, a base on which training programs may be designed, guidelines for the career advancement of employees, and a basis for manpower utilization and planning. A sound classification plan is, therefore, a highly useful management tool.

Although classification in the State service is better than in the Federal government and many states, there are deficiencies in its administration. There are far too many narrowly drawn classes and this increases the complexity and cost of managing the personnel system. Current procedures for monitoring classification authority delegated to departments which are designed to identify "grade creep" and under-utilization of positions are not fully adequate. Where SPB has retained direct authority for approving classifications, its responses to departmental requests for position classifications are not timely.

- The present classification structure should be reviewed with an objective of eliminating and consolidating classes followed by a strengthened and continuous program of post-audits.

- Departments should be delegated more of the classification function and be subject to periodic reviews of their programs.

- Legislation should be enacted permitting an employee to be compensated additionally when officially assigned by management to new and increased responsibilities involving a higher class.

- Position classification should be more closely related to the budget process in position control.

- An Ad Hoc Advisory Group should be established for each of the Occupational Groups in the classification plan to assist in plan revision.

CHAPTER V

SELECTION

Most of the recent reviews of the State's selection system have recommended organizational, system, or procedural changes to improve the process. Legitimate though they be, the problem calls for more sweeping change. The present complicated web of "safeguards" is more form than substance. It neither permits managers to manage nor provides employees adequate protection against abuse.

The primary objectives of a staffing function in a public agency include the following: merit and professional selection and promotion; representativeness in workforce; simplification and modernization available with today's "state of the art" and technology; quality and timeliness; and attention to cost.

The present selection system of the State, administered by SPB and by operating agencies, must be assessed against these objectives. In particular, it must reflect an appropriate system in a newly established collective bargaining environment in which bilateralism has considerable impact on merit system concepts; and it must address affirmative action directly.

The present State system represents diffused authority--an enemy to accountability. In spite of the best efforts of the SPB, neither those responsible for the management of State functions and operations nor those entrusted with carrying out its missions are satisfied with the way appointments and promotions are handled. This dissatisfaction stems from procedural complexities, rigid directives, and the delays and long time span involved in completing personnel transactions.

The Governor and Executive Branch executives must be accountable for the selection of employees and the level of their performance on the job. This is integral to political accountability for the administration of the State government.

- Personnel management functions at the operating agency and departmental level need to be strengthened and responsibility for decisions clearly placed there (subject to inspections and audits) by delegating selection decision-making, both in content and process, to that level.

- The State should recognize the need for a new personnel management approach based upon a three-tiered organizational concept of the workforce--manager, supervisors, employees. Each tier has different characteristics as a part of the workforce both because of their inherent roles and their status under SEERA. In selection, different procedures should be utilized for each tier.

- Within reasonable percentage limits, there should be more opportunity for entrance into State service at supervisory and management levels, thus affording department directors the ability to draw upon qualified personnel from outside.

- The State should utilize internships more fully by following the example of the Federal government's Presidential Management Intern Program.

CHAPTER VI

EVALUATION AND REWARDS

The purpose of employee performance evaluation and reward programs is to help assure that the workforce is performing at optimum levels of efficiency and effectiveness. Our analysis of the State's performance appraisal program in fulfilling this purpose essentially concurs with the conclusions of an as-yet-unreleased 1978 SPB study of that program. In essence, our conclusion is that the program is not working: managers and supervisors generally lack training in properly utilizing the performance appraisal process; established appraisal criteria often are too vaguely defined to be meaningful for performance evaluation purposes; supervisors and managers fail to continuously evaluate employees; SPB does not currently audit or enforce required performance appraisal activities.

With respect to the State's awards and merit salary adjustment programs, we find that the monetary and other incentives offered for superior performance are inadequate to inspire anything beyond a "satisfactory" level of performance.

- Performance appraisals should be the basis for any true merit increase awards, the tool used to determine training and development needs, and the justification for removal from a position with resulting demotion or separation from the State service.

- Meaningful performance appraisal plans should be developed for managers, supervisors and rank-and-file employees. Evaluation criteria should be job-related and emphasize performance factors critical to job success.

- Employees, supervisors and managers should be trained in the techniques of evaluation and the application of a performance appraisal system.

- Periodic audits of performance appraisal in the departments and agencies should be conducted to ensure that good job performance is reinforced, outstanding performance is recognized, and less than satisfactory performance is remedied either by correction, demotion or separation from service.

CHAPTER VII

TRAINING

Training cannot be treated as though it is an independent function with a program of its own. It is an integral part of management, which relies upon specialized expertise for assistance in order that employees and managers may achieve improved understanding of State and departmental policies, concepts, and programs, acquire greater knowledge and skill in job performance, and understand and accept the factors at play in their work environment. We agree with the conclusion of a 1977 State Auditor General's Report that there is an "insufficiency of leadership in the training of State employees."

- The Governor should ensure that departments assess and provide adequately for their training needs as an essential resource to line operations.

- An Advisory Council of Managers should be established for coordinating training plans within the State service; and, through an Advisory Council of Supervisors, for exchanges of information on problems and solutions in course implementation.

- The conduct of courses should be based on the premise that those who manage programs should also manage the development and training of their staff. Funds for training should be appropriated to the program agencies, and costs should be identifiable budget items of those agencies. In the case of program and technical training, the agencies should have the option of producing the training or contracting for training on the basis of negotiated specifications.

CHAPTER VIII

DISCIPLINE

By and large the policies and actual practices of employee discipline appear to be working constructively throughout the civil service. However, we believe that, in legislative guidance and administrative rule-making, changes are required to give proper direction to supervisors and managers in this function, probably the most trying of all of their management duties.

- Management at all levels, from the Governor through his appointed executives on down, should establish clearly with supervisors the level of work performance which will be considered satisfactory during the probationary period and thereafter.

- Current criteria for dismissals should be amended to allow for separation of an employee on a "substantial evidence" basis of failure to meet performance standards.

- Departmental regulations on discipline should be simplified and clarified.

CHAPTER IX

APPELLATE PROCESS

In general, the employees, supervisors, and managers of the State government perceive that, with the possible exception of the handicapped, the affirmative action program has been successful in achieving objectives of increased employment, promotion and pay for, and reduced discrimination against minorities and the handicapped. (It must be noted, however, that nearly half the respondents to the employee questionnaire expressed the perception that white employees are less than fairly and equitably treated in personnel management, and roughtly half the managerial respondents felt that this was also true for women.)

The general feeling of the fairness and uniformity in the handling of individual grievances and appeals disappears, however, when employees, supervisors, and managers consider whether they are well informed about employee rights and concerns, whether grievance and appeals procedures are clear and understandable, and whether the system is simple or complicated. Almost 55% of the employees believe that these add up to a situation in which the cards are stacked against them better than half the time when they submit grievances or appeals.

- Regulations and procedures on grievances and appeals should be clarified and simplified.

- Plans already developed to improve hearing officer reports on appeals of adverse actions should be implemented.

- To help ensure equal opportunity employment throughout State service, departments should be required to furnish--without setting up an elaborate reporting system--data necessary to evaluate the effectiveness of their processes for handling discrimination complaints.

CHAPTER X

SHOULD CONTRACTING FOR PERSONAL SERVICES BE GIVEN DE JURE STATUS?

In spite of acrimony since 1937, the way determinations are made on requests by departments for personal service and/or consultant contracts, within the meaning of the Constitution, State law, and refining court decisions, is, in the last analysis, a subjective judgment. This follows analysis of each request, and is based on precedent and operating experience rather than a precise legal definition. The review process involves a troika of State approval agencies and untold time in reviewing, negotiating as necessary, and deciding--an effort largely if not completely unnecessary in relation to value produced.

- Restraints and red tape on contracting out already taking place should be removed and the State should be provided with a basis to determine whether, and in what areas of work, contracting for State-required services can produce the economies and efficiencies claimed for it by its proponents.

- A Constitutional Amendment should be enacted authorizing the Legislature to provide for performance of governmental services by independent contractors whenever it is to the financial advantage of the State government to do so and advantages in efficiency, timeliness, or quality of State work can be demonstrated.

- Following adoption of this Constitutional Amendment, the Legislature should enact at an early date broad legislation designating the areas within which personal service contracting will be permissible.

- Should such a Constitutional Amendment fail enactment and adoption, the Legislature should nevertheless enact legislation to identify areas of permissible personal service/consultant contract authority to the extent possible within court interpretations of Constitutional provisions rather than to place State agencies and departments in the position of having to continue present undesirable and costly practices.

CHAPTER I

INTRODUCTION

HISTORICAL PERSPECTIVE

In 1934 California laid the cornerstone of the present Civil Service system and structure of personnel management.

Successive State administrations had conducted patronage raids on the civil service. The employees, through their newly formed California State Employees' Association (CSEA), became apprehensive that abuses in the existing Civil Service system placed it and their traditional job security in jeopardy. They sponsored an initiative which successfully cemented into the State Constitution a State Personnel Board, an Executive Officer, and a requirement that appointment and promotion be made exclusively under "a general system based on merit, fitness, and efficiency as ascertained by competitive examination". The Amendment (then Article XXIV, later reordered as Article VII by a "technical" amendment) gave the Board additional powers: to enforce the civil service statutes, adopt rules and regulations, prescribe probationary periods, create and adjust classification and grades, and review dismissals, demotions, suspensions, and other punitive actions.

The Civil Service System

In 1937 the CSEA followed this Constitutional success with an updating and revision of the Civil Service Act. This Act established the State Personnel Board as a policy, administrative, investigatory, and appellate body for personnel management. In addition the Board was to "cooperate with the Director of Finance, State Board of Control, the Controller, and other State agencies ... to promote the efficient and economical administration of the State's business (Government Code Section 18708).

By later statutes the Board was given authority to establish and adjust salary ranges for each class of position in the State civil service and to authorize payment at any step above the minimum in order to meet recruiting problems, obtain persons of extraordinary qualifications, correct salary inequities resulting from its actions, or give credit for prior state service. It was given complete latitude as to whether examinations may be assembled, unassembled, written, oral, and/or as demonstrations of skill, and also as to the appropriateness of (a) investigations of character, personality, education, and experience and (b) tests of intelligence, capacity, technical knowledge, manual skill, or physical fitness. It could establish minimum qualifications, divide the State into districts and establish district as well as statewide eligible registers, and remove all names from open and promotional eligible lists after they have been there for more than a year.

The Board was authorized to prescribe "standards of efficiency" which employees were to meet if they received annual merit salary adjustments to intermediate pay steps within salary ranges. It was required to "assist and encourage state agencies" to establish standards of performance for each class of position, and to "provide a system of performance ratings". It prescribed the manner in which performance reports "shall be considered in determining salary increases and decreases, the order of lay-offs, the advisability of transfers, demotions, and dismissals, and in promotional examinations."

Transfers of employees from positions under one appointing power to a position under another were made subject to Board rule, and the approval of the Board was required for transfers from positions in one class to those in others at substantially the same level of responsibility and salary but requiring additional or different special requirements.

The Board was required to "devise plans for and cooperate with appointing powers" in the conduct of training programs so that the quality of service rendered by State employees "may be continually improved".

These legal requirements and authorities are cited to portray what Civil Service and merit meant to the California State service from 1934 to the 1970s. In its full range of personnel management the system was essentially based on selecting, promoting, and retaining the best qualified individuals who made themselves available for evaluation by conscientiously administered objective standards, knowing that they were safeguarded from the pressures of political patronage.

Prior to the 1970s, Article VII of the State Constitution and the Civil Service Act of 1937, as amended, had come to give an almost moral sanctity to the words "civil service" and "merit". This sanctity was based upon an administration of the system by law and rules which were understood and accepted by managers of the State service and the CSEA. The administering authority was the State Personnel Board, an independent body of five members appointed for ten year terms on a staggered basis. Clearly the Board was in a position to have a singular impact on the budget of the State Government and the way it operated.

New Concepts Applied to Merit

However, new ideas on the application of merit had begun to emerge nationally with the Civil Rights Act of 1964 and subsequent federal actions.

These found specific expression in the California Government Code beginning in 1972. Section 19702.2 provided: "Educational prerequisites or testing or evaluation methods which are not job-related shall not be employed as part of hiring practices or promotional practices ... unless there is no adverse effect." In 1976 Sections 19701 and 19702 were amended to provide: "No person shall be discriminated against ... because of total or partial blindness unless normal eyesight is absolutely indispensable to do the physical acts to be performed" and "(a) A person shall not be discriminated against ... because of sex, race, religious creed, color, national origin, ancestry, marital status, or physical handicap unless it is shown that the particular handicap is job related."

In 1977 the State Personnel Board was made responsible for providing "statewide advocacy, coordination, enforcement, and monitoring" of affirmative action programs for which the agencies and departments are individually responsible (Section 19790). It also was made responsible for approving each department's annual upward mobility goals and timetables (Section 19400), was required to "establish bridging career ladders to provide upward mobility from subprofessional jobs to professional and managerial jobs on an ongoing basis" (Section 19403), and was required to prepare written guidelines for implementation of the upward mobility program (Section 19406).

These expanded definitions of "merit" and guarantees of individual rights brought new concepts into day-to-day administration of personnel management in the State. Though responsibility for administration of these new concepts was placed on the agencies and departments, the Board's statutory responsibility for advocacy, coordination, enforcement, and monitoring of these civil rights programs placed it in a new and difficult role. In its administration of Civil Service rule-making and merit appeals it was called upon to maintain the integrity of Civil Service as interpreted and accepted for forty years. Yet the Board's appellate functions also placed it in the potential position of deciding civil rights appeals from employees adversely affected by its own affirmative action advocacy and enforcement.

This statutory expansion of the Board's role beyond established "merit" interpretations was not readily understood and accepted by either career employees or managers.

A Basic Shift in Approach and Structure

The year 1977 also produced a fundamental conceptual and organizational break in the State's personnel management: a distinction between "supervisors and managers" and "employees". Policies and practices with respect to the first continued to be the responsibility of the State Personnel Board. Policies and practices affecting wages, hours, and other conditions of employment of "employees" were to be reached through good faith conferring and memoranda of understanding.

This State Employer-Employee Relations Act (SEERA) of 1977 created a Public Employment Relations Board to establish negotiating procedures and regulations and to adjudicate unfair labor practices and complaints. It also established the Office of Employee Relations, created by Executive Order in 1975, as the Governor's representative in matters covered by the Act. It placed on the bargaining table many subjects inextricably woven into the management of the basic Civil Service system.

The emergence of a challenge to the constitutionality of this legislation (Pacific Legal Foundation and Public Employees Service Association vs. Governor, Public Employment Relations Board, State Personnel Board, Controller State of California) complicates analysis of its effect upon personnel management in the State since all or parts of the Act have now been placed in jeopardy.

Nevertheless the cross-currents of SEERA, the expanded meaning of merit itself, and the traditional machinery of Civil Service need to be carefully evaluated before the State makes a comprehensive determination regarding its personnel management. California's history in personnel management since 1934 demonstrates that the State is loyal to a tradition once firmly established, loyal to the point of locking itself into a system and structure.

STUDY METHODOLOGY

Evaluation of the traditional machinery of Civil Service, the expanded meaning of merit through affirmative action, and the cross-currents of SEERA could not restrict itself to a review of techniques and processes and still deal with the issues. Since people constitute the Civil Service, we determined that their reactions to the system of personnel management which governs their employment needed to be sought and analyzed.

Scope

The study involved five distinct parts:

1. Eliciting employee responses to specific questionnaire statements concerning merit and the State's career system.

2. Analyzing the classification system and the recruitment and selection, recognition and development, and discipline and appeals of employees in the light of the old and new concepts of "merit".

3. Evaluating the impact of the State Employer-Employee Relations Act of 1977 (SEERA) on responsibility for pay decisions.

4. Studying the State's overall organization structure for personnel management and employee relations.

5. Examining provisions of laws and court decisions and evaluating their relationship to subsequent State administrative practices with respect to "contracting out" of personal services.

Methodology

The "studies" parts of the evaluation were conducted by specialists who analyzed pertinent statutes, regulations, Court decisions, official memoranda, internal procedures, and basic data. They interviewed officials who might contribute facts bearing upon the inquiries: executives and staff of the State Personnel Board, the Department of Finance, the Office of Employee Relations, the Public Employment Relations Board, the State Controller, the Board of Control, the Department of General Services, and all the major and several smaller State departments. Also interviewed were officials of the California Labor Federation AFL/CIO and the California State Employees' Association.

For the "contracting out" study these contacts were extended to the Office of Assemblyman Goggin, the California State Chamber of Commerce, the California Taxpayers Association, officials in the U. S. Office of Management and Budget, personnel, budget, legal, and operational officials

in the States of Oregon and Washington, the League of California Cities, faculty of the University of Southern California and California State Long Beach, and officials of both Los Angeles City and Los Angeles County. Additionally, contacts were made with the International City Management Association, the National Association of State Budget Officials, the National Conference of State Legislatures, and the Council on State Governments.

Questionnaire

The reactions of employees and managers were elicited by two questionnaires: one for non-supervisory and supervisory employees 1/; another for CEA and exempt executives. 2/

The questionnaires were constructed after a week of group interviews with program managers, personnel officers, and officials of the CSEA. The questionnaires were then checked with the SPB, Office of Employee Relations, and CSEA for clarity and for applicability to the California situation.

The executive questionnaire was sent to all CEA and exempt executives in the State service. The employee questionnaire was distributed by departments and agencies to a random sample of 5% of the State's employees and supervisors. First, 10% were selected by using the last digit of the social security number. Next, this was randomly divided in half. The result was checked against the proportion of minority groups and of men vs. women in total State employment.

In all, 5130 employee questionnaires were distributed through departmental channels, and 822 questionnaires were distributed to CEA and exempt executives. Completed questionnaires were returned to the Commission in sealed envelopes, unsigned. Fifty-three percent (53%) of the employee questionnaires and 44% of the manager and executive questionnaires were returned in time for analysis. After the announced cut-off time, additional questionnaires were received, increasing the percentage of returns to 55% for the employee and 46% for the managerial questionnaires.

Because the completed questionnaires form an integral part of this evaluation, it becomes important to identify the respondents, to the extent they checked items which provided this personal information. Appendix A provides the characteristics and general reactions of the respondents. Responses to specific functional topics will be found in the appropriate chapters.

1/ See Appendix A, Exhibit 1

2/ See Appendix A, Exhibit 2

CHAPTER II

THE IMPACT OF STATE EMPLOYER-EMPLOYEE RELATIONS ACT

The State Employer-Employee Relations Act (SEERA), Chapter 1159, Statutes of 1977 (SB839), became effective July 1, 1978. As a result, new procedures, organizational adjustments, and revisions of operating practices are underway. The constitutionality of the Act itself may not survive a current court challenge. However, a de facto condition was recognized and formalized; a new state of mind exists in the State government. Because of these and because of the fundamental nature of the change created by the passage of SEERA itself in both the concept and the administration of personnel management in the State government, a return to traditional ways would appear highly unlikely. Some form of administrative accommodation--possibly in conjunction with or followed by legislative action--would occur.

It is therefore vitally important that the impact of SEERA be evaluated, the implications being clearly identified and weighed, before the State makes a needed comprehensive change in its system of personnel management.

In SEERA the Legislature divided what had traditionally been considered a single corps, the civil service, into two distinct classes, employees and supervisors, and carefully defined the latter. By this division it told the Executive Branch that employees who wished must be given an opportunity to speak through representatives of their own choosing in matters affecting their wages, hours, and conditions of employment. At the same time it agreed with a long-stated claim of public administrators and scholars that supervisors are a part, indeed the "first line", of management--and thereby challenged the Executive Branch to make this a reality.

Though nominally an Act to establish more formal employee relations procedures between the Governor and recognized employee organizations, SEERA clearly:

- injected new concepts into the State's personnel management
- created potentials for duplications in the process of salary determination and uncertainty of authority in certain other personnel functions, and
- brought to a head questions regarding the State's overall organization for personnel management.

In SEERA the State also made a break in its traditional Civil Service, as exemplified in the structure and approaches of the State Personnel Board. The State is no longer a parent to its employees, meeting with them when they request, listening to them, considering their presentations "as fully as possible", and then adopting a policy or determining a course of action which affects them. It has elevated them to peer status.

The Governor or his representative is required to "meet and confer in good faith" with employee organizations which have been selected by a majority of state employees in bargaining units, and "to endeavor to reach agreement" regarding "wages, hours, and other terms and conditions of employment". Agreements will be formalized in written memoranda of understanding "which shall be presented, when appropriate, to the Legislature for determination. ... If any provision of the memorandum of understanding requires the expenditure of funds, those provisions of the memorandum of understanding shall not become effective unless approved by the Legislature in the annual Budget Act. If any provision of the memorandum of understanding requires legislative action to permit its implementation by amendment of any section not cited above '(a large number of sections may be amended by a memorandum of understanding without further reference to the legislature under the provisions of Section 3517.6)' those provisions of the memorandum shall not become effective unless approved by the Legislature". Mediation is prescribed for those cases where the parties are unable to reach agreement. Impasse resolution other than mediation is not provided. Employees are not authorized to engage in strikes.

The state and employee organizations are prohibited from engaging in "unfair labor practices", which are defined by the Act. The Public Employment Relations Board (formerly the Educational Employment Relations Board) is responsible for resolving disputes regarding unfair labor practices, determining appropriate units of state employees, and holding elections to determine which, if any, of several possible competing employee organizations will represent employees in each bargaining unit as their exclusive agent.

Organizational and Functional Re-Alignments

SEERA caused the following shifts in functional responsibilities and organizational relationships in the State government.

1. State Personnel Board (SPB)

   The SPB:

   - Lost much of its responsibility for paysetting, but still retains responsibility for managing the traditional compensation and related employment condition activities for managerial, supervisory, confidential, and other non-represented employees. These activities include collecting, reviewing, and analyzing salary survey information, conducting employee compensation research, and reviewing and analyzing compensation and working conditions.

     Thus the Pay and Benefits Center of the SPB will perform most of the studies pertaining to the new bargaining for employee salaries in addition to the wage surveys and related studies it has conducted in the past. However, much of the salary realignment work performed by the Personnel Management Services Division may be discontinued.

   - Retains full responsibility for classification of all positions in the State Civil Service.

- Is required to coordinate with the Office of Employee Relations for a smooth transition to a collective bargaining system for State civil service employees, (a) providing information and assistance to State departments, the Public Employment Relations Board, and employee organizations, and (b) monitoring employer-employee relations developments within the State service and in other jurisdictions.

The SPB remains the central personnel agency for the California State Government, charged with the administration of a merit employment system for the State civil service workforce. Its major programs continue as before: merit selection and promotion, equal employment opportunity and affirmative action, classification, compensation (as modified by SEERA), training and employee development, and local government personnel services.

The SPB process for compensation matters affecting supervisory, managerial, and confidential employees will continue to have four steps:

1. Conduct of salary and benefit surveys in both government and non-government organizations.

2. Recommendation of salary and benefit increases in its annual report to the Governor and the Legislature.

3. Review of the action of the Legislature on the Governor's budget.

4. Allocation of available appropriated funds on a class-by-class basis. Three principles guided and continue to guide the Board in this process:

   (a) maintaining proper internal salary relationships within the State service,

   (b) keeping State salaries generally in line with those in private industry and other governmental jurisdictions, and

   (c) keeping salary increases within the budgetary limitations prescribed by the Legislature.

At the end of the chapter an Exhibit, "Overview of the State Salary Setting Process", summarizes the present process. This summary does not include description of a second phase of the process: realignment of classes based on a change in the evaluated internal relationship within the classification structure. Nor does it touch on other factors, such as unsatisfactory results of recruitment efforts and inability to retain critical skills, which may lend support to special adjustments of the rate of pay for specific classes.

The total position complement of the SPB, as set forth in the Governor's Budget, shows a marked decrease for the next fiscal year:

1977-78	1978-79	1979-80
635	673.5	619.1

We are advised that the same number of positions will be available for salary surveys and analysis in 1979-80 as were available during 1978-79. However, the segment of the program dealing most directly with the implementation of SEERA has been reduced by 3.7 positions, from 26.3 to 22.6.

2. The Office of Employee Relations (OER)

This Office, located in the Governor's Office and headed by a Director of Employee Relations reporting directly to him, has been designated by the Governor to represent the administration in all matters regarding employee relations, including negotiations with recognized employee organizations on salaries and working conditions. It is the Governor's pivotal point in the pay decision process.

The OER will coordinate its actions closely with the Department of Finance, and will maintain close contact with appropriate legislative officials.

The Governor's Budget indicates the total position complement of the OER to be as follows:

1977-78	1978-79	1979-80
6.9	18.5	16.5

Implementation requirements of SEERA caused the jump in Fiscal Year 1978-79, when 9.5 positions were funded by a Title II grant. For Fiscal Year 1979-80, 7.5 of these will be funded by the General Fund. Of $616,681 requested for Fiscal Year 1979-80, $490,865 is for personal services.

3. The Public Employment Relations Board (PERB)

Re-named by SEERA, this three-member board was originally created as the Educational Employment Relations Board by Chapter 961, Statutes of 1975 (SB160) to oversee employment relations between public school employers and employees. SEERA expanded its responsibilities to include employer-employee relations in the State civil service. Its functions include:

- ruling on appropriateness of bargaining units,
- administering secret ballot elections for determining exclusive representatives in approved bargaining units,
- adjudicating unfair labor practices and complaints,
- establishing negotiating procedures and regulations, and

o designating mediators upon request.

The Board is the neutral party in the pay decision process. It will not become involved in actual pay setting unless an unfair labor practice complaint leads to a finding by it that a pay decision or practice was improper.

Reflecting the Board's increased responsibilities under both SEERA and the Higher Education Employee Relations Act, the Governor's Budget shows a significant increase in position complement during Fiscal Year 1979-80:

1977-78	1978-79	1979-80
84	87.3	104

Of the $5,084,171 requested for Fiscal Year 1979-80, $1,285,812 is held by the Director of Finance to meet potential workload.

4. Department of Finance

With the Director of this long-established department rests responsibility for advising the Governor as to funds available for pay and benefits increases. The Department will maintain close coordination with the OER in addition to its present coordination with the SPB, and the Director is in a position to advise as to the impact of pay decisions at the state level on salaries and benefit costs in local jurisdictions.

Though much of the responsibility for costing out proposals of both employee organizations and the OER will be borne by this Department, no increase in personnel or funds is contemplated. Additional workload is expected to be absorbed by present personnel.

Present Status of SEERA Implementation

The Public Employment Relations Board (PERB) held hearings and approved and issued regulations implementing SEERA on June 29, 1978. It received the first petition from an employee organization regarding bargaining unit determination on July 7, and hearings are now in progress. The Board hoped to establish units by April 1, 1979 but did not achieve this goal.

Since SEERA itself contains criteria for bargaining unit determination, one of these criteria seeking to avoid a proliferation of units, we assume that the number of units will be limited to those which meet all criteria. If this is so, the number of units should range from six to not more than twelve.

Following the establishment of bargaining units, the PERB will begin the process of certifying exclusive representatives. Thus, negotiations can scarcely begin earlier than the autumn of 1979.

Impact of SEERA on the Decision-Making Process

Even at this early stage we discern immediate and future effects of SEERA on the process by which pay for civil service employees is determined.

1. The Executive Branch relinquishes its role of being the sole determiner of salaries according to the carefully thought-out objective and technical system administered by the State Personnel Board (SPB).

On salary matters the Governor, through his executive agencies, no longer acts as the dueño of an administrative hacienda--collecting and evaluating facts, listening to complaints and evaluating statements of employees and their representatives, and making unilateral decisions. In a literal sense the image of the Chief Executive as a benevolent but authoritative patron has to be replaced by the image of the Chief Executive as a peer, bargaining for human resources. The responsibility for salary decisions which rested previously in the SPB has shifted to a bargaining table at which sit the Director of Employee Relations and "exclusive representatives of the employees".

2. The Legislature becomes more directly involved in the pay determination process.

Previously the Legislature acted upon salaries only as they became a lump sum appropriation which it approved to cover the salaries and wages for all State employees. Under SEERA it acts on salaries and wages as a distinct and clearly separate policy matter submitted to it each time the Governor and the exclusive representatives of employees in each bargaining unit approve each memorandum of understanding.

Pay and other bargaining decisions requiring the expenditure of funds have thus been raised to the same level of importance as other fiscal policy matters before the elected representatives of the people. It is reasonable to conclude that they will attract new attention. The Governor, State employees, and affected publics can focus for the first time on the specifics of pay recommendations which are brought to the consideration of the Legislature.

3. The pay-determination process, per se, will be less governed by technical factors, less a "system" designed to maintain the "integrity" of inter-class relationships on a service-wide basis.

Previously the assignment of a class to a cost group determined the salary-setting for that class. Since managers have objected to the practice and employee organizations have been critical of SPB decisions on those assignments, it can be assumed that for non-supervisory employees "the system" will be superceded by bargaining table inter-play. The pay-determining process will be more flexible, removing the restraints of a "system" and providing for opportunity to remedy the individual inequities often created by such systems. Even when such inequities persist, bilateral determination provides for greater acceptability by employees.

4. Salary ranges for supervisory, managerial, and confidential employees will continue to be established and revised by the State Personnel Board, which is enjoined from making adjustments requiring "expenditures in excess of existing appropriations which may be used for salary increase purposes"; this will inevitably create problems between the pay of managers and executives and the employees they supervise.

Under SEERA the State not only created two entirely different pay-determining organizations and processes but two entirely separate methods of legislative review of the results of those processes.

a. Regarding the two-determining organizations and processes, for supervisors, managers, and confidential employees the SPB continues to have responsibility for establishing and adjusting salary ranges. It does so on a service-wide basis in an attempt to maintain proper inter-relationships between these classes. Relationship and alignment problems will be hard to avoid when pay for supervisors is determined unilaterally by the SPB, using a service-wide inter-class relationship system, while pay for employees is determined by the bargaining of the Governor's representative and exclusive representatives in these bargaining units in which the employees vote for such representation.

b. Regarding the natures of the separate and differing legislative review processes, for supervisors and managers this review is solely of an appropriation amount, and the Legislature has enjoined the SPB from making salary adjustments which will require expenditures in excess of an appropriated amount for increase purposes. For employees, however, recommendations will flow from memoranda of understanding and will be clearly identified when presented to the Legislature for policy decision. The Legislature will not be able to avoid the political implications of its decisions on these several memoranda of understanding for they affect all but a small number of State employees.

State employees, possessing the greatest political weight, have been split from supervisors and top managers. The State has thus cut a Gordian knot which for several decades kept intact a previous balanced adjustment of pay levels, from lowest to highest, in the civil service.

A similar split exists in the Federal Government on responsibilities, processes for determining pay recommendations, and Congressional decision-making for Executive Level salaries (Levels I-V) and classified employee salaries (Levels GS 1-18). As a result the Executive Branch and the Congress have thus far been unable to avoid the present and increasing compression of top classified salaries into those of Executives. The State faces a similar result unless it takes preventive action early.

5. Section 3517.6 (the so-called "super section") of SEERA puts on the bargaining table a large number of subjects which previously were set unilaterally by the SPB.

The extent of matters covered is impressive. It includes salary administration, overtime compensation, call back compensation, time and method of payment, payroll deductions, employee benefits, miscellaneous entitlements, work scheduling, paid and unpaid time off and absences, occupational health and safety, training and development, discipline, standards of conduct, separations, employee relations, employee evaluation, and others.

Several of these subjects represent programs administered by the SPB. They affect the amount and intensity of pay demands. If they are introduced into the bargaining area, therefore, the way they are resolved will have an impact on pay decisions. As trade-offs for pay demands they will need to be closely coordinated between the Office of Employee Relations (OER) and the SPB in order that the full administrative implications and costs are known before commitments are made regarding their use as alternatives to pay increases.

6. SEERA provisions for bargaining on salaries, wages, and other conditions of employment may create serious administrative problems.

We refer here to the problems that will result if employees in one bargaining unit obtain more or different paid times-off or absences, different work weeks, different standards of conduct, or differences in the other matters covered by Section 3517.6 of SEERA than do employees in another, particularly if the bargaining units involve the same State department.

7. SEERA will require a degree of preparation on the part of the State not presently indicated by position estimates for Fiscal Year 1979-80.

The party best prepared for negotiations and best trained for administration enjoys the advantage in the environment of collective bargaining.

a. With respect to negotiations, the OER will need to back up proposals, or to reject or modify proposals, on the basis of facts. Facts mean research and analysis, including full costing out of proposals which may not involve pay or benefits but which modify other types of employment conditions. Even if the parties agree to conduct joint surveys of pay and benefits, or to use a respected neutral to conduct such surveys, it would be a most remote possibility that they would accept joint analysis of the data or the analysis of the neutral fact-finder, since neither party to the bargaining can be considered to be purely objective. The Legislature will be more than casually interested in the basis for agreements which are contained in the memoranda of understanding. It has a legal responsibility

regarding approval, and the Executive Branch will be well advised to be thoroughly prepared and to furnish information in the detail necessary to facilitate legislative understanding. Though the OER may not require increased staff in its role of the Governor's negotiating representative, it most assuredly will need to rely upon the SPB and the Department of Finance for support through the collection and anlysis of pertinent facts.

b. With respect to the administration of agreements, the workload shifts from central staff offices to the Departments. Only dreamers fail to recognize and provide for additional requirements on the State because of time away from the office of shop stewards and of supervisors when bargaining detailed work regulations, or of supervisory time necessary for training and re-training in the administration of agreements. No one familiar with the process of collective bargaining has ever characterized it as involving less administrative cost than the process of determining pay and employment conditions unilaterally and authoritatively.

8. With respect to organizational responsibilities for pay and terms and conditions of employment, to the State Personnel Board and the Department of Finance have been added the Office of Employee Relations and the Public Employment Relations Board.

In this change the SPB lost its salary determination function for non-supervisory employees but provides data research and analysis as required by the OER. It plays no authorized role in the administration of Section 3517.6 (the "super section") of SEERA, yet carries program responsibilities for many of the subjects covered by this section.

Finally, in the matter of approving salaries, per se, the Legislature will do so only with respect to those governing non-supervisory employees. Salaries for supervisory, managerial, and confidential employees will still come before it in the form of a lump sum appropriation.

9. With respect to the application of policies on a service-wide career basis, the traditional concept will be shattered.

The determination of non-supervisory employee salaries, wages, and employment conditions now will be made on a bargaining basis. Only salary decisions for the supervisory and managerial employees who direct their activities will continue to be made on the basis of maintaining inter-class relationships service-wide.

More importantly, however, a traditional, internally oriented, career concept will be subjected to a new pressure. Salary determinations will be made in the several bargaining units based upon data and considerations inevitably focused outward--on similar occupations and positions in private employment or other public employments in the State--rather than comparisons with other related employments within the State service.

The State should not, however, permit itself to stumble from one unrelated decision to another as it veers toward new paths in personnel management. It should take sight on a forward objective, look back to a past bench mark, and then make a conscious determination regarding the complete route it proposes to follow.

Recommendations

Recommendation 1. The State should evaluate carefully the full workload requirements of administering SEERA, and the Director of Finance should establish a set-aside for use as needed (a) by data collecting and analyzing agencies which support the Office of Labor Relations in negotiations or (b) by Departments faced with unexpected demands due to administering the memoranda of understanding.

The State may derive a certain emotional satisfaction from wearing a hair shirt in public while beating its breast over "bare boned" position and fund allocations. However, every effective Director of Finance sets aside funds for workloads or programs not foreseen. Unless SEERA is set aside in whole or in part by court decision, it presents one such instance. The State should understand the direct ratio between adequate preparation for collective bargaining, both in negotiations and administration, and the achievement of desired agreements on salaries and employment conditions during the baptismal period of this new program.

Recommendation 2. The OER and the SPB should immediately begin to coordinate their efforts on those subjects covered in Section 3517.6 of SEERA.

It is true that the Director of Employee Relations is charged with responsibility for negotiating with exclusive representatives of employees in each of several bargaining units on these matters. However, the desirability of relating his negotiations to on-going programs and the administrative, including budgetary, capabilities of the SPB to implement revised or new ones is axiomatic.

Recommendation 3. In recommending to the Legislature approval of memoranda of understanding agreed to by him and bargaining representatives of employees, the Governor should include specific data on the relationship of salaries for positions covered by the several memoranda and salaries determined by the SPB for supervisors and managers directing the work of employees in those positions.

Recommendation 4. The State should early establish a coordinated approach by the OER, Department of Finance, and SPB to such non-pay items as time off with pay, grievance procedure, work weeks, etc. and attempt to secure agreement with exclusive representatives of employees in the several bargaining units to a single basic understanding covering these matters.

A core of non-pay subjects are of equal interest to employees throughout the State service even though they will be negotiated in separate bargaining units. Their common disposition is vital to employee morale. The State should do everything in its power to see that this is accomplished.

Recommendation 5. Staff and funds required for making salary and benefit studies in the SPB should be transferred to the OER. This staff should provide a research and analysis function for not only this collective bargaining agent, but, to assure coordination through the Director of Employee Relations of all salary data and strategies for the Governor, and for the SPB as it sets salaries for supervisory, managerial, and confidential employees. This transfer should, however, be considered as part of a thorough overhaul of responsibilities for personnel management in the State government.

We consider extremely unwise the continuation of the present arrangement whereby an independent board controls estimations of the number of staff needed, their assignments, and the procedures they use in this critical new function for which the Director of Employee Relations is directly accountable to the Governor. Responsibility for decisions on these matters must be borne by the Director of Employee Relations. The present arrangement engenders buck-passing by both organizations. With respect to salary determinations for supervisory, managerial, and confidential employees, the Governor's interest in this as an essential phase of his total management responsibility for the State government calls for the OER to serve as an integrated source of all salary data and analyses.

OVERVIEW OF THE STATE SALARY-SETTING PROCESS

(A Paper Prepared by the State Personnel Board)

A. Major Objectives and Policies

Stated in general terms, the basic objective of the State's pay policies is to recruit and retain a competent work force. Government Code Section 18850 provides the State Personnel Board's authority to set salaries for State civil service employees and set out principles to be applied in meeting this responsibility. The three principles stated are that proper internal salary relationships within the State service shall be maintained, that State salaries shall be kept generally in line with those in private industry and other governmental jurisdictions, and that salary increases shall be kept within the budgetary limitations prescribed by the Legislature.

The annual salary program, typically implemented on July 1 each year, is the major instrument by which the State Personnel Board discharges this responsibility. Essentially, each salary program results from salary surveys conducted in the fall and spring each year to determine the level of salaries prevailing for specific jobs in private industry and in other governmental jurisdictions. An analysis of the salary information collected determines approximate salary levels to be applied within the California state service. The final salary increases recommended also take into consideration such factors as internal relationships, turnover problems and recruitment difficulty.

Continuously throughout the year, a variety of studies are being conducted which may conclude salary realignments of a class or series of classes are required because of substantive changes in the duties and responsibilities assigned. Increases approved for these classes also become part of the annual salary program.

The Personnel Board believes, as do most large employers, that maintenance of sound and equitable salary relationships within its classification structure is more important than responding to short-term changes in prevailing rates. Therefore, considerable attention is given to maintaining appropriate internal relationships between various occupational subgroups and appropriate relationships within those occupational subgroups when the Board adopts the annual salary program.

B. Role of Bench Marks and Key Classes

Each class in the State civil service is assigned to a specific salary range by the Personnel Board. Assignment to a salary range is the direct result of a determination of the class's proper placement in the State's classification structure. This placement is determined by evaluating the difficulty, level, and scope of the class's duties and responsibilities relative to other classifications. Consideration may also be given to salaries paid for comparable employment outside State service in assigning a class to an appropriate salary range.

Periodically the alignment of a class within the classification structure may change with its changing duties and responsibilities or because of evidence that higher wages are being paid for comparable work outside the State service.

With over 3000 classifications currently existing in the State civil service, it is neither economically practicable, or even possible to collect prevailing wage data for each class for salary-setting purposes. Rather, the Board groups all related classifications into distinct "cost groups". Such cost groups are subsequently reviewed separately for salary adjustment purposes.

Within each cost group a "key class or classes" are identified. In turn, for each group of key jobs a "bench mark" job is established, and salary data is collected for jobs outside State service which are comparable to the bench mark. (Occasionally, a cost group may have more than one bench mark, but this is rare.) The key class or classes has a defined relationship to the bench mark job. (In many cases, the key class and the bench mark are identical.) The "key class" is usually defined as being comparable to the bench mark job although occasionally it may be stronger or weaker. In such cases, the prevailing rate data collected for the bench mark is applied accordingly when being compared to the salary of the key class.

All other classes in the cost group are related to or "tied" with the key classification in some manner through job evaluation. Salary adjustments which are indicated for the key class would apply equally to the entire group in order to maintain these evaluated relationships.

When possible, all the classes and cost groups within broad occupational groups such as Trades and Services or Public Safety move together in salary adjustment programs, unless recruitment or retention problems necessitate variable movement or a reevaluation of internal relationships suggests differential movement. Relatively minor differences in data suport unaccompanied by recruitment or retention problems would not warrant differential movement.

C. Salary Surveys

The Personnel Board, in cooperation with the Bureau of Labor Statistics, conducts two comprehensive salary surveys and a variety of special surveys in private industry each year and considers the results of numerous surveys conducted by others. A survey of other governmental jurisdictions is also done annually. Surveys conducted by the Personnel Board normally involve personal visits to the participating employers and are designed to obtain salary information from a representative cross section of industry and government so that the salary information collected is not dominated by any one employer.

In developing salary survey samples, the State Personnel Board groups or stratifies all firms in the employment universe by type of industry and size of firm. Because it is not practical to survey all firms in each stratum, a certain proportion are randomly selected. A higher portion of large firms are surveyed in relation to small firms because they are less costly to survey. For instance, 10 out of 10 firms with 5000 or more employees may be surveyed in one stratum, while 50 out of 100 firms with 2000-5000 employees may be surveyed in the next stratum. To assure the

data in the second stratum will appropriately reflect the true weight among all employers, it must be weighted by a factor of 2. In weighting survey data, it is assumed that in each stratum all firms in the survey are comparable to firms outside the sample with respect to the number and type of employees.

The major portion of the salary information used by the State is obtained through the San Francisco Bay Area Salary Survey, the Los Angeles Cooperative Wage Survey and the Sacramento Area Survey. The San Francisco Bay Area Salary Survey is conducted under the direction of a committee composed of the State Personnel Board and 25 other public agencies in the San Francisco Bay Area. The Los Angeles and Sacramento Wage Surveys are conducted by the Personnel Board. All surveys are conducted in cooperation with the United States Bureau of Labor Statistics.

The Board also conducts a comprehensive governmental survey on a weighted, stratified sampling basis in the same three geographical areas covered in private industry. The government universe is composed of Federal Government agencies, cities, counties, special districts, and school districts.

The total geographical area covered encompasses the Counties of San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa, Marin, Los Angeles, Orange and Sacramento, including small areas of Yolo and Placer.

D. Application of Salary Survey Data

Once salary data has been gathered and compiled, emphasis is placed on the "weighted average" as the primary statistical measure when directly comparing State class salaries with survey data for the various bench mark jobs. The median and interquartile range of survey data are also valuable measures when used in conjunction with the weighted average, although they are essentially utilized as "secondary references".

The emphasis on the weighted average as the primary measure used in direct comparison to State salaries is based on:

A. The State Personnel Board's desire to use "like measures" in direct comparison.

B. The statistical accuracy of weighted average as "a like measure".

C. The necessity to utilize a measure which accurately reflects where the majority of State employees are being paid within the range for their class when comparing State salaries to those of other employers.

CHAPTER III

ORGANIZATION FOR PERSONNEL MANAGEMENT

In reviewing personnel programs reported in the following chapters, several State organizations are mentioned. Others are also involved. The total number of these participants, eight, is surprising. By itself, it carries no significance. What is significant is the way these organizations facilitate or impair effective personnel management in the State Government.

From one point of view, an organization structure for personnel management should provide clean lines of responsibility relating to the State's program operations. Does the personnel management structure, for example, assist, or make more difficult, the management role of a Governor in this State which has 138,000 full and part-time Executive Branch employees? 1/

From another point of view, the organization structure should provide a clear focus of accountability to citizens and the State's employees for independent program reviews and decisions on appeals, ensuring that personnel actions meet the tests of merit and equity as set forth in Article VII of the State Constitution, the Civil Service Act of 1934 as amended, and State and federal nondiscrimination and affirmative action laws.

Present Structure for Personnel Management

The State Personnel Board (SPB), the Public Employment Relations Board (PERB), the Office of Employee Relations (OER), the Department of Finance, the State Controller, the Department of General Services, the Board of Control, and the Board of Directors, Public Employees' Retirement System all carry responsibilities for personnel management in the State Government.

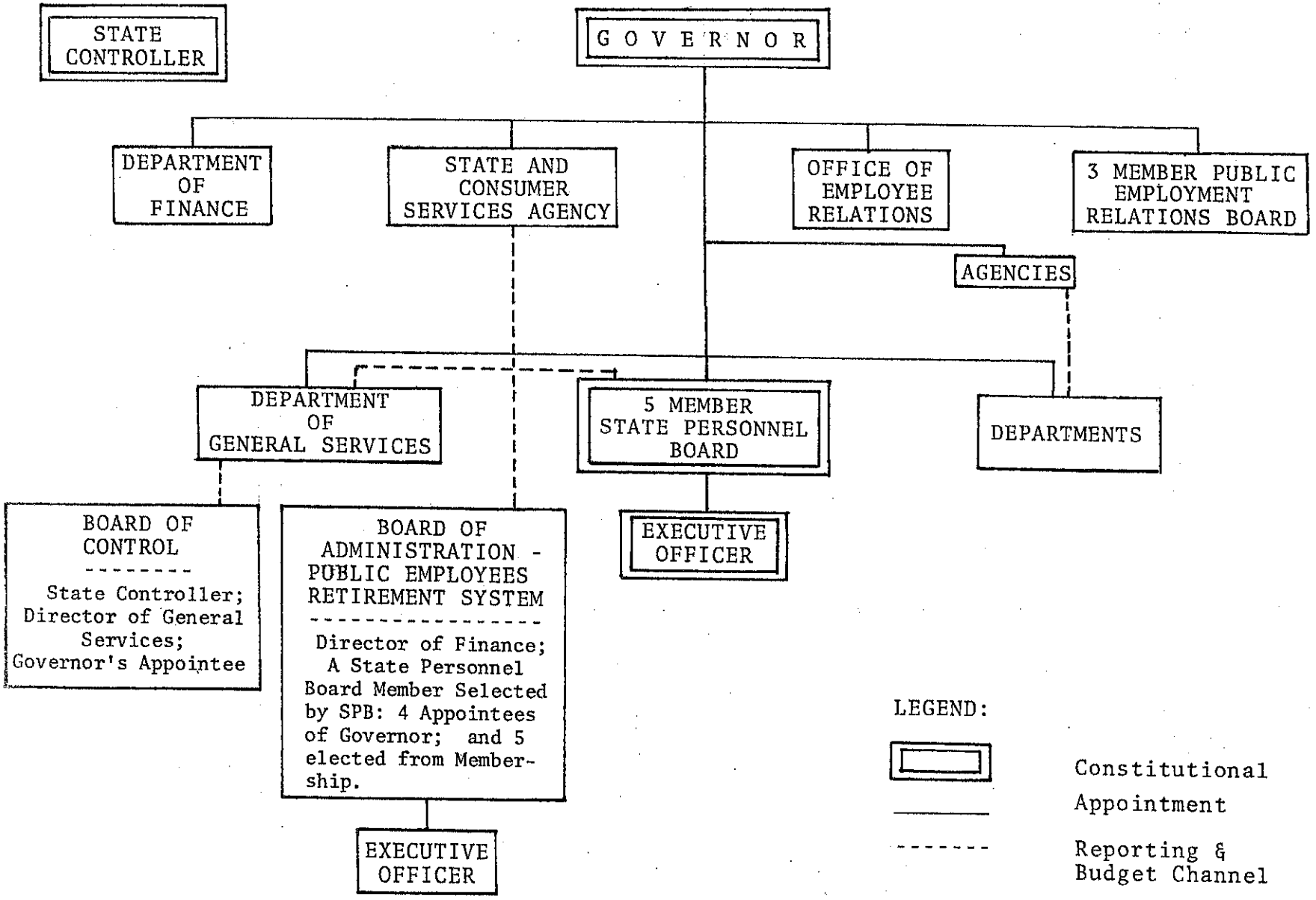
This clearly diffuses responsibility for personnel management among officials of widely differing organizational characteristics: an elected State Controller; a five member SPB appointed by the Governor for staggered terms of ten years each; a three member PERB appointed by the Governor; a Director of Employee Relations in the Office of the Governor; the Governor's appointed Director of Finance and Director of General Services; a Board of Control composed of the State Controller, Director of General Services, and a third member appointed by the Governor; and the Board of Administration, Public Employees' Retirement System, composed of the Director of Finance, four appointees of the Governor, five members elected by the membership, and a member of the State Personnel Board selected by that Board. Four of these are agency directors; four are Boards, of which two combine operations and appellate responsibilities.

It is necessary to have a clear picture of the presently perceived importance of the personnel function in the State, and the place of each organization in that picture. This is indicated by the lines of appointment control exercised directly by the Governor, the location of each organization in the State's administrative hierarchy, and the channels of administrative communication to the Governor and the Cabinet established for each organization. On the following page these are outlined by the chart, Present Organization for Personnel Management.

1/ Excluding University of California and California State University & College employees

PRESENT ORGANIZATION FOR PERSONNEL MANAGEMENT*

STATE GOVERNMENT OF CALIFORNIA



* Based on July 1, 1978 Chart on the Executive Branch California State Government

A brief summary of agency functions highlights the differences in personnel function and responsibility of each organization.

1. Office of Employee Relations (OER)

The OER is in the Governor's Office and has direct access to him. It represents the Governor in all matters regarding employee relations, including negotiations with recognized employee organizations on wages, hours, and terms and conditions of employment. It is the pivotal point in the implementation of SEERA, Section 3517.6, the so-called "super section", which puts on the bargaining table a large number of subjects for which policies were previously established unilaterally by the State Personnel Board. In application, the effect of the yet-to-be negotiated memoranda of understanding on these "super section" matters would be to provide new policies and/or procedures as a result of negotiations when a majority of employees in a bargaining unit elect to be represented by an employee organization. All other employees, and all supervisors and CEA managers, will continue to be subject to policies and/or procedures established by the SPB.

2. Public Employment Relations Board (PERB)

As indicated in Chapter II, the PERB was created by SEERA, which superseded and extended the responsibility of the Educational Employment Relations Board from the University of California, the state college and university system, and the State's public school system to include the State Government's civil service. For this service its functions are, essentially, rule-making and adjudication: the appropriateness of bargaining units and of requested "employee" and "supervisory positions", secret ballot elections for determining exclusive representatives, establishing negotiating procedures and regulations, adjudicating unfair labor practices and complaints, and designating mediators upon request.

3. State Personnel Board (SPB)

The SPB and its Executive Officer are named in the Constitution. Being independent, the channel of administrative communication for the Board was, by the 1970 reorganization, routed through the Cabinet level State and Consumer Agency. The Executive Director goes to that Cabinet Secretary on such matters as the SPB budget, reports to be released to the Legislature, the legislative positions of the SPB, necessary clearances under the current "soft freeze" on filling vacant positions, and requests for attendance at professional conferences. He last met with the Governor on bills assigning anti-discrimination and affirmative action to the SPB in 1977, though he meets operationally on pay and related "meet and confer" matters bi-weekly with top OER staff.

The SPB combines rule-making, program operation, advocacy, program and operational review, and adjudicatory functions.

Its Constitutional authorities involve the administration of a system of appointments and promotions based upon merit, fitness, and

efficiency as ascertained by competitive examination; creation and adjustment of classification and grades; review of dismissals, demotions, suspensions, and other punitive actions; enforcement of civil service statutes; and adoption of rules and regulations.

By statute its authority was extended to specifying and adjusting salary ranges; prescribing methods for certifying that employees meet standards of efficiency for annual within-range "merit salary adjustments"; prescribing a system of performance ratings, investigating the administration of the system, enforcing adherence to appropriate standards, and establishing rules under which unsatisfactory service may lead to reduction in class and pay or to dismissal; devising plans for training programs; and adopting rules which govern grievance procedures and reviewing the procedures established by appointing powers.

The Board also administers statutory authorities relative to the Career Executive Service, upward mobility, discrimination and affirmative action, and federally-funded merit systems.

4. Department of Finance

In addition to its responsibility for advising the Governor on the funds available for proposed increases in pay and the changes proposed in other terms and conditions of employment, this Department exercises a further co-mingling of interests with the SPB and the OER in its studies of program needs, funding requirements, and organizational changes as they involve money. It studies personnel controls in the agencies and departments, monitoring the case-by-case "soft freeze" which budget control imposes on filling vacant positions.

The Department also maintains liaison responsibility with the Governor's Appointment Secretary on hiring approximately 800 exempt and confidential employees in the State Government. It assigns salaries, determines classifications, and establishes conditions of employment for these employees.

5. State Controller

This Constitutional officer maintains the State payroll, a function which in many jurisdictions has been so mis-managed as to create morale problems. As a by-product of this function, the State Controller's staff and computer facilities operate the Personnel Information Management System (PIMS), which emerged from a joint committee composed of representatives from the Public Employees' Retirement System, State Colleges, Finance, and State Controller, chaired by the Executive Officer of the SPB.

The SPB has delegated to the State Controller certain auditing of personnel actions for compliance with the Civil Service Act.

6. Department of General Services

The Department performs two kinds of personnel management functions:

a. development of deferred compensation plans and authorization of payments to transferred employees for moving expenses that exceed statutory limits.

b. service as an intermediary between the SPB and twenty-two State Boards and Commissions, including this Commission, the Board of Control, the Lieutenant Governor's Office, the State and Consumer Service Agency, and so on.

On May 1, 1979 the Department provided personnel services for 298 civil service and 124 exempt employees in these Boards and Commissions. These and other administrative services provided by the Department are financed by a revolving fund under which agencies are charged for time spent. For this personnel function the Department billed its clients $91,373 during Fiscal Year 1977-78 and projects a billing of $126,626 for Fiscal Year 1979-80. The Department's staff which provides these services to Boards and Commissions totals two professional employees in the "Boards and Commissions" unit, reporting to the Department's internal Staff Service Manager, and clerical staff who cannot be separately identified from those for the Department itself.

7. Board of Control

In its personnel role the Board reviews for approval deferred compensation plans recommended by the Department of General Services. It makes awards of up to $1,000 each (or more with the concurrence of the Legislature) for suggestions, special acts or services, and superior accomplishments; determines the scope, size, and frequency of allowances for clothing and equipment; determines the validity of claims by career employees that they have been working above their classification and, if so, recommends payment through the annual Claims Bill; and regulates the settlement of unexpired leases and reimbursement for home sale fees of transferred employees.

8. Public Employees' Retirement System (PERS)

The personnel functions carried out by PERS in the field of employee benefits are ministerial and adjudicatory in nature. It contracts with carriers for health plans, approves health benefit plans, prescribes regulations for employee transfers between plans, and hears appeals from employees regarding coverage.

A Critique of the Present Structure

As we mentioned at the beginning of this chapter, there are two paramount questions with respect to the State's organization for personnel management:

- how it assists or impairs administration of a service as large as that of the State Government.

- how it ensures that personnel actions meet legal requirements for merit and guarantees of civil rights.

A review of the structure of personnel management for the State and the responsibilities of the eight agencies involved in that management leads to specific conclusions.

1. The State's personnel management cannot be considered a coordinated program.

The State Personnel Board, an independent agency, is responsible for State Government personnel programs which involve the total civil service at all levels. The Office of Employee Relations, an integral part of the program operations of the Executive Branch through its position in the Office of the Governor, deals with State-wide relations on wages, hours, and conditions of employment--but only of employees. This leaves over 18,000 supervisors and managers looking to an independent agency for personnel policies that should always be geared to the State's management needs and to improving the effectiveness of its programs.

For still another group, the exempt and confidential employees, other agencies are involved. The Department of Finance assigns salaries and establishes conditions of employment in the departments. The Department of General Services performs personnel services for them if they are in Boards and Commissions.

Deferred compensation plans are the initial responsibility of the Department of General Services, but are approved by the Board of Control. The Board makes awards.

Three Boards, independent of one another, act in adjudicatory capacities, and have overlapping interests. The State Personnel Board acts on appeals on classification, on violations of the merit regulations, and on grievances and appeals involving adverse actions and discrimination. The Public Employment Relations Board will act on unfair labor practices and grievances involving employer-employee relations, many of which will involve policies and regulations issued by the SPB. The Board of Control acts as a court of equity for employees who seek financial redress when they believe they are working above their assigned classifications.

2. The Governor of California has no principal official with authority to develop policy recommendations and to plan and administer programs assuring maximum utilization of the human resources of the State Government.

As we have pointed out, the Director of Employee Relations serves this role for only one personnel management function, and then only as it affects non-supervisory employees. Other officials with authority for personnel functions either exercise this authority on small parts of the personnel function, incidental to their primary responsibilities or are independent of the Cabinet relationship. The California State Government is too large and complex for its Chief Executive not to have a top level staff advisor for human resources similar to his staff advisor for financial resources.

3. Since split responsibility exists within the Executive Branch for those aspects of personnel management which involve pay, fringe benefits, and other terms and conditions of employment,

the Governor cannot properly be held accountable for the cost and effectiveness of State operations.

The SPB continues to determine policies with respect to pay, conditions of employment, and personnel management for supervisors and managers, and also for employees in bargaining units in which a majority of the employees vote against representation by an employee organization. It continues to be responsible for "a general system based on merit" which will govern all permanent appointments and promotions in the civil service, and for "creating and adjusting" classifications.

The OER represents the administration in negotiating wages, hours, and terms and conditions of employment.

The Department of Finance continues to oversee position controls maintained within the departments, and to classify and set salaries for employees exempt from civil service.

This represents a highly undesirable diffusion of responsibilities, many of which are carried out by an independent agency but all of which vitally affect budgets and program operations of the Executive Branch.

4. Within the State's civil service, twenty-two Boards and Commissions have no direct operating relationship with the State Personnel Board.

These Boards and Commissions, totaling 298 civil service employees, receive personnel services from a unit of the personnel office of the Department of General Services. They are charged for this service an amount which, for both their civil service and their exempt employees, is estimated to total $126,626 for Fiscal Year 1979-80. If served directly by the SPB for civil service employees and the Department of Finance for exempt employees, they would not have to budget for this service.

5. The State Personnel Board combines policy and rule-making, operations and oversight, and adjudication for the same activities.

The Board is not full time, but it plans and determines the work activities, priorities, and operating nature of its Constitutionally and legislatively assigned programs. At the same time it hears grievances and decides appeals arising from those programs.

6. The inter-relationships of the causes of labor relations complaints and those of merit administration have been disregarded by channeling individual cases to separate independent Boards.

One of the functions of the PERB is to adjudicate unfair labor practices and complaints involving the State Government and employees in the civil service who have voted to be represented by an employee organization in their bargaining unit. Some of the subjects which, under Section 3517.6 of SEERA, may be incorporated in memoranda of understanding include work scheduling, training and development, discipline, standards of conduct, employee evaluation, promotions, and separations, to name a few.

One of the functions of the SPB is to hear appeals arising in these same areas. Appeals to the SPB are based upon claims of violations either of State merit or civil rights statutes, or regulations of the SPB promulgated thereunder.

Anyone dealing with inter-human relationships knows that true causes of grievances and appeals rarely surface, especially if complainants know that alternative arenas are available to them and that complaints must conform to the arena they choose. It is clear that in the SPB and the PERB alternative choices do exist. And the results? Does anyone doubt that the PERB will resolve an issue presented to it on the basis of the memorandum of understanding before it, and not on an applicable civil service or civil rights act and SPB regulations? Or that the SPB will resolve the issue on the very basis of the applicable act and SPB regulations? Which carries precedence? If a ruling in one arena states that precedence, will it be accepted in the other without court action? We think not.

We think it preferable that a single adjudicatory body be established solely for the State service. This body should hear either the complaints of unfair labor practices under memoranda of understanding between the State and an employee organization or the appeals based on violations of merit or civil rights as established for State employees by statute or regulation.

Reorganization Recommendations

Clearly the present organization for personnel management is not conducive to effective utilization of the workforce. This is crucial during a period of enforced economy. We believe that authority to manage the workforce must be provided, and that this should and can be done without diluting adherence to merit principles and equal employment opportunities guaranteed by the State Constitution and statutes.

It is our opinion that the time has passed for patching, that only a new overall structure will assure (a) critically needed coordination by, and accountability of, the Governor for the State's personnel management, and (b) adequate and coordinated attention to employee equity and citizen apprehension that merit administration is being avoided. Because the overhaul must be fundamental, it should be completed in two coordinated phases: first, a Governor's initiated reorganization; second, Constitutional and statutory changes.

Phase I: Governor's Initiated Reorganization

The Governor's executive leadership should be exercised immediately to clarify the confusing organization structure of the Executive Branch as it relates to personnel management. The objective of this clarification should be the establishment of clear lines of program authority so that not only the Governor's appointees but the Governor can be held accountable for results accomplished in managing the State Government's human resources.

Recommendation 1. A Cabinet-level Department of Personnel Management should be established.

The Director of Personnel Management should be entitled to appoint the same number of exempt employees as Directors of other Departments, and to assign their duties.

From the Departments of Finance and General Services should be transferred present functions involving exempt and confidential personnel. Organizational separation from the merit system programs should be assured, possibly by designating a unit as the Office of Special Status Personnel.

The Department's functional programs, headed by CEA employees, should include employee relations, training, performance standards, and pay and benefits. 1/

a. The employee relations function should be performed by transfers from the following organizations:

   (1) The entire Office of Employee Relations in the Governor's Office.

   (2) Functions, funds, staff, and equipment 2/ in the Board of Control required for the determination of clothing and equipment allowances and the regulation of unexpired leases and reimbursement of home sales fees of transferred employees.

   (3) Functions, funds, staff, and equipment in the Department of General Services required for authorizing payments to transferred employees for moving expenses that exceed statutory limits and for evaluating deferred compensation plans.

b. The training function should be performed by transfers of functions, funds, staff, and equipment in the State Personnel Board required for developing plans and carrying on training and career development other than affirmative action and upward mobility planning and training--these being clearly part of the Board's Constitutional merit employment function.

c. The performance standards function should be performed by transfers from the following organizations:

   (1) Functions, funds, staff, and equipment in the State Personnel Board required for developing plans, formulating standards,

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1/ Recommendations relating to the conduct of personnel functions by the State Personnel Board and other agencies involved in the personnel process should apply to the performance of such functions by the Department of Personnel Management upon the implementation of Governor's initiated and Constitutional reorganizations.

2/ The "functions, funds, staff, and equipment" referred to here and later in this section merely assures to the Director of Personnel Management the resources to carry out transferred functions. It neither requires that he accept all positions currently required nor provides him with funds in excess of those necessary to cover the positions he determines to be necessary in the merged programs.

and prescribing performance evaluation forms; developing standards of efficiency for annual within-grade "merit salary adjustments"; prescribing standards for relating "employee efficiency" to the order of lay-offs and formulating policies and procedures for lay-offs; developing rules under which records of unsatisfactory service lead to reductions in class and pay, and under which dismissals, suspensions, and other punitive action shall take place; and recommending awards, recognition, and non-pay and pay bonus incentives.

(2) Functions, funds, staff, and equipment in the Board of Control required for studying and recommending awards of up to $1,000 for money-saving ideas, special acts or services, and superior accomplishment.

d. The pay and benefits function should be performed by transfers of functions, funds, staff, and equipment in the State Personnel Board required for conducting pay and benefit studies, relating the results therefrom to classes of employees in the civil service, and working with the Department of Finance in costing out proposals for pay and employee benefits during negotiations in the bargaining units.

Recommendation 2. Advisory Councils should be established so that supervisors and managers have a regular channel to give to the Director of Personnel Management the benefit of their knowledge of actual operations and their reactions to policies affecting those operations.

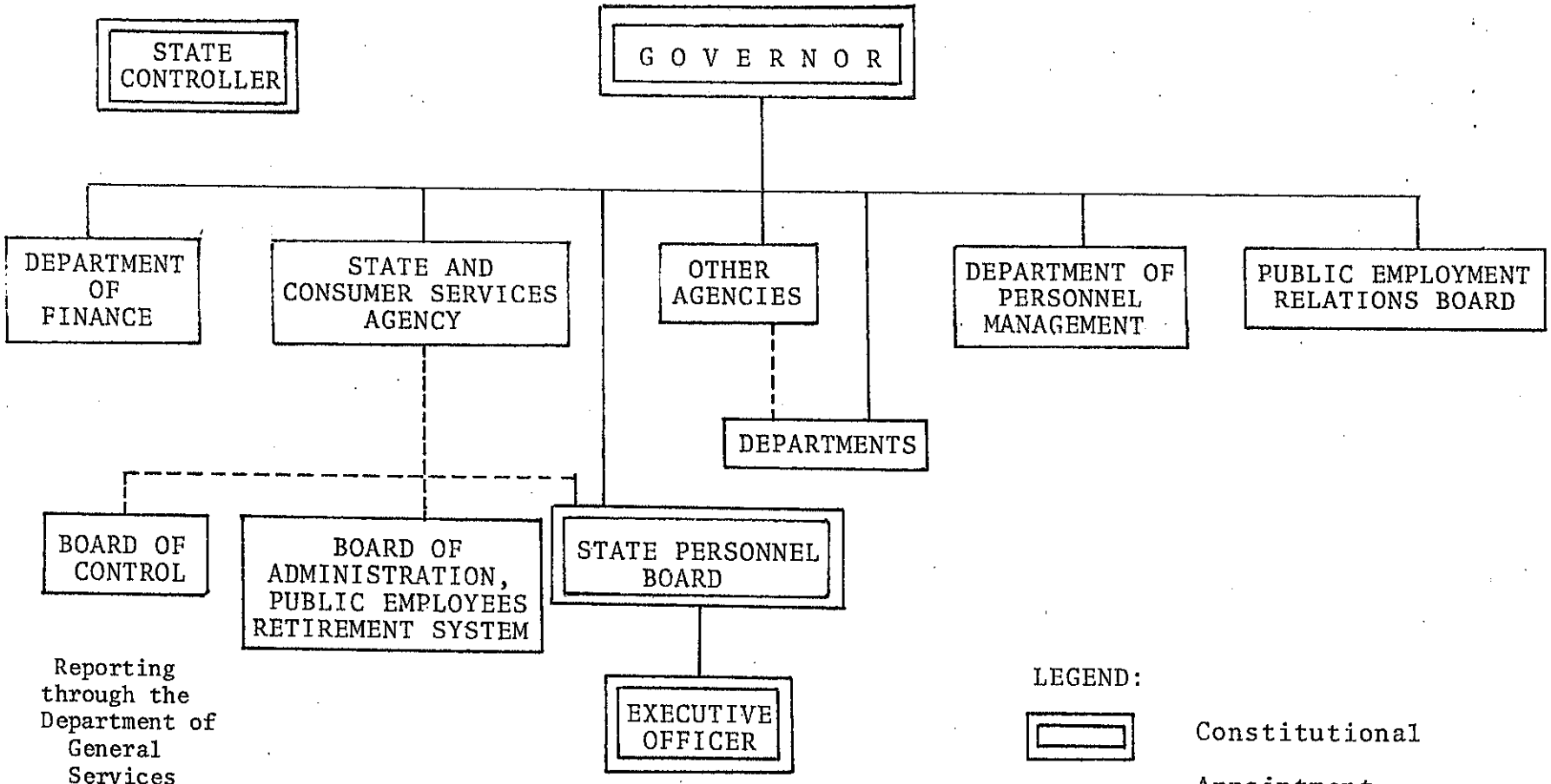
a. One Advisory Council should be composed of CEA managers. To give wide representation from throughout the State Government, the State Controller, State Personnel Board, Attorney General, Director of Finance, and Director of Personnel should each appoint two CEA representatives to the Managers' Advisory Council. Meetings should be held at times established by the Council, which should select its own officers and procedures. Terms of appointment should be staggered initially, and thereafter for two years.

b. A second Advisory Council should be composed of ten civil service supervisors, selected by Department Directors from lists of names furnished by the Director of Personnel Management. Terms of appointment should be staggered initially, and thereafter for two years. The names furnished by the Director of Personnel Management would be those of supervisors the Director determines best able to contribute to the program after reviewing the statements of interest and experience records they submit in response to an announcement that the Council is being established.

The Director of Personnel Management would designate the initial ten departments from which appointments would be made, then indicate five replacement departments each year.

Phase I of our recommendations, the organization for personnel management after executive reorganization, is charted on the page following.

PHASE I: ORGANIZATION FOR PERSONNEL MANAGEMENT AFTER EXECUTIVE REORGANIZATION



Phase II: Constitutional and Statutory Changes

In Phase I all personnel management functions currently residing in the Executive Branch are assigned to the new Department of Personnel Management, except the Constitutionally placed functions in the State Personnel Board of employment, promotion, and classification and the reviews of disciplinary and other adverse individual actions and the legislatively assigned function in the Public Employment Relations Board of adjudicating unfair labor practices and complaints involving the State Government and its employees.

To create a single-minded "watch dog" to oversee and enforce Constitutionally specified merit principles and legislatively stated equal employment guarantees requires amending Article VII of the Constitution.

As presently interpreted in statutes, the Constitutional responsibility for a "general system of merit" has gradually been converted into something much more detailed. Advocacy and operating functions dilute the State Personnel Board's ability to function as a truly neutral third party and its resources for investigation of non-compliance. These distractions need to be removed from the Board's functions and the Board re-constituted as a truly adjudicatory body. When its mission is re-defined, the Board should be given the additional function of adjudicating employer-employee relations for the State Government. Its name should be changed to one appropriate for its expanded function.

Recommendation 1: Article VII should be revised to provide:

"Section 1. Employment in the civil service shall be administered under merit principles designed to promote and increase the economy and effectiveness of the State service. These principles include:

(a) Recruitment, appointment, advancement, and retention based upon relative ability and from appropriate sources to achieve a workforce from all segments of society.

(b) Protection against arbitrary action, personal favoritism, or coercion for partisan political purposes, and against reprisal for the lawful disclosure of information.

The State's relations with its civil service employees shall be based upon bi-lateral arrangements to the extent provided by law.

"Section 2. There shall be a State Employee Equity Board of three full-time members, independent of any State department or agency, appointed by the Governor from more than one political party and approved by the Senate, a majority of the membership concurring, for 10-year terms, and until their successors are appointed and qualified. Appointment to fill a vacancy is for the unexpired portion of the term. A Board member may be removed by concurrent resolution adopted by each House, two-thirds of the membership of each House concurring.

The Board shall elect one of its members as presiding officer, and shall determine the staffing requirements for Board operation.

"Section 3. The powers of the Board shall be:

(a) To hear complaints, make investigations, hold hearings, subpoena witnesses, and adjudicate appeals relating to any alleged violations of merit principles or equal opportunity provisions in personnel policies or programs or in individual personnel actions, including appointment, promotion, classification, and retention of employees:

(b) To issue cease and desist orders in connection with violations of the above provisions;

(c) To serve as the neutral third party in the administration of any employer-employee organization relationships established by law; and

(d) To issue any necessary regulations pertaining thereto."

Immediately following adoption of the amended Article VII, three additional reorganizations should take place under the Governor-initiated reorganization authority.

Recommendation 2: Examination research, planning, and administration and classification authority should be transferred from the State Personnel Board to the Department of Personnel, and employee appeals claiming work performance above their classifications should be transferred from the adjudication of the Board of Control to that of the State Employee Equity Board. 1/

The transfer of present examination and certification authorities will place in the Department of Personnel Management clear-cut authority for Executive Branch recruitment and assessment of candidates for employment, transfer, and promotion in accordance with the Constitution and statutes. Actions taken to avoid merit regulations, based upon the many devices so imaginatively devised by operating officials over the years in any jurisdiction where an independent agency is charged with determining the rules and administering the programs, will become the unavoidable responsibility of the Governor and his Director of Personnel Management.

The transfer of classification authority will place in the Department of Personnel Management the resources for job analysis and position structuring so essential in human resource utilization and career pathing. Classification is a logical function around which to group requirements for sound staffing patterns and sound organization structures within departments. No other functional staff in the State Government should, if the staff functions properly, know as much about individual position responsibilities, work flow, and administrative relationships. A function of job analysis

1/ Recommendations relating to the conduct of personnel functions by the State Personnel Board and other agencies involved in the personnel process should apply to the performance of such functions by the Department of Personnel Management upon the implementation of Governor's initiated and Constitutional reorganization.

in the Department of Personnel Management should provide a new ease of coordination with the Department of Finance in its determination of funds necessary for the State's programs and services.

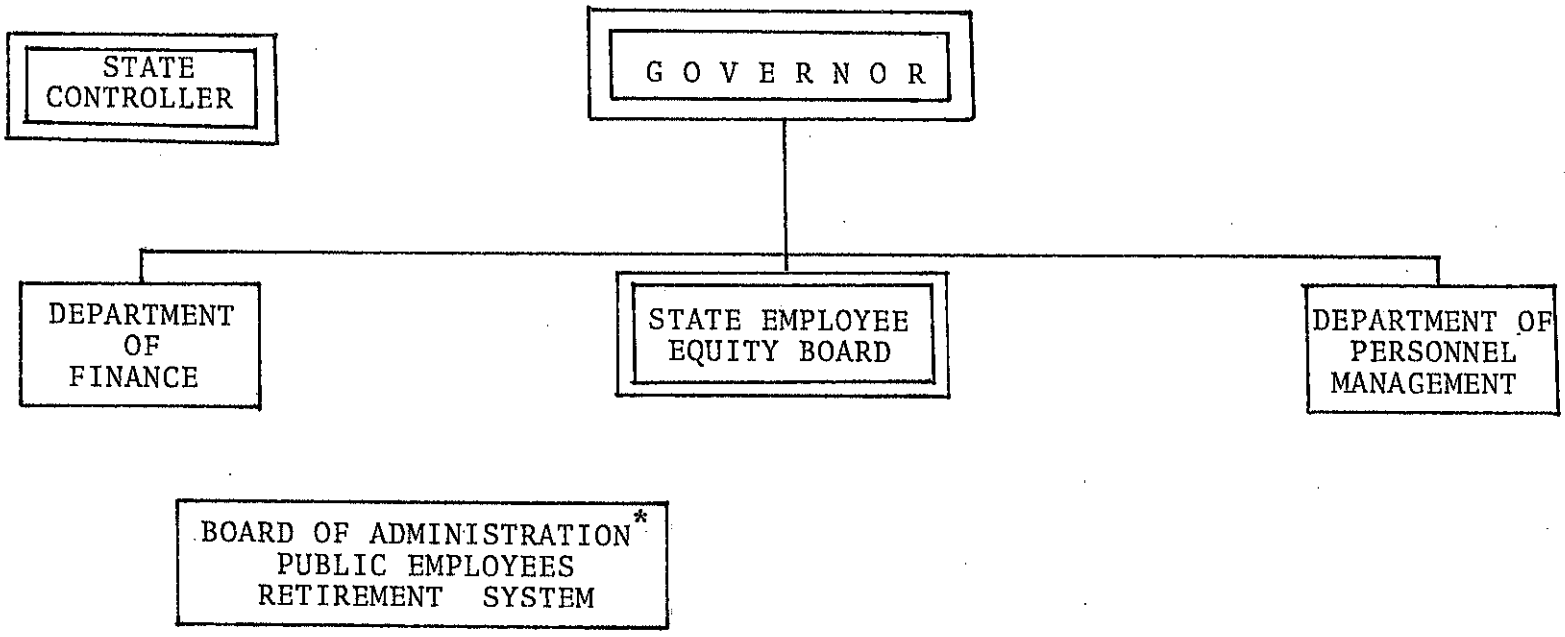
The transfer of classification appeals functions from the Board of Control to the State Employee Equity Board, made feasible by the previously mentioned transfer of allocation authorities from that Board, will ensure that all appeals involving classification matters are heard by only one body. Equity Board decisions involving cash adjustments when employees work over their recognized classification for more than the time permitted under rules of the Department of Personnel Management should become a part of the Control Board's annual submission for the Claims Bill.

Recommendation 3. The Public Employment Relations Board's responsibilities to the State Government, as distinct from its responsibilities to the University of California, state college and university system, and public school system, should be transferred to the State Employee Equity Board.

The responsibilities include ruling on appropriateness of bargaining units, administering secret ballot elections, adjudicating unfair labor practices and complaints, establishing negotiating procedures and regulations, and designating mediators upon request.

The results of Phase II of our recommendations, organization for personnel management after Constitutional Amendment, are charted on the page following.

PHASE II: ORGANIZATION FOR PERSONNEL MANAGEMENT AFTER CONSTITUTIONAL AMENDMENT



* Board of Administration -- 11 members of which 4 appointed by Governor

CHAPTER IV

POSITION CLASSIFICATION

Position classification was born in the United States with Congressional passage of the Classification Act of 1923, which established the principles and machinery for administration of a classification system for the Executive Branch. A year later, at the urging of the AFL printing trades, Congress passed the Kiess Act. Its significance for California rests with its official merging of the executive and legislative authorities in wage decisions, thus antedating by 53 years the State Employer-Employee Relations Act of 1977. The Kiess Act (1) gave authority to the Public Printer of the United States to pay wages, salaries, and compensation which was in the interest of the government and fair and just to employees; (2) provided that more than ten members of a single trade or craft could select a committee to confer once each year with the Public Printer; and (3) required that the wage package offered the craft by the Public Printer and accepted by the craft would go into effect after approval by the Joint Committee on Printing (a Congressional Committee overseeing the Government Printing Office).

The objective of these statutes was "equal pay for equal work", and it still is the essential objective of classifying positions. In addition, however, a classification plan provides a foundation from which to design selection instruments, a basis for recruitment and placement programs, a base on which training programs may be designed, guidelines for the career advancement of employees, and a basis for manpower utilization and planning.

A sound classification plan is therefore very useful to management. It groups into classes, or composite representations, all positions which have been evaluated to be sufficiently similar in duties and responsibilities as to warrant giving them the same title, requiring for their satisfactory performance the same knowledges and skills, and ensuring that the same range of salary can be applied with equity to persons working in the positions.

Classification should, then, be a significant positive factor in job satisfaction when properly administered because on it is based the "fairness and justice to employees" criterion established in the Kiess Act of 1924. The classification plan is the basis for almost all personnel actions.

If positions originally allocated to a class were to change substantially in duties and responsibilities without a concomitant change in the title or written description of the class, or without a reallocation of the position to a more appropriate class, then the class would no longer be a valid administrative instrument. Similarly, if a position is created and arbitrarily allocated to a class which does not reflect its duties and responsibilities, the class becomes invalid because of the inequity which has been created either to the employee directly involved or to other employees in positions affected by this incorrect allocation.

The implications of the foregoing are that a classification plan must be designed with care and must be considered as a dynamic, constantly changing, tool. To keep a plan valid requires continuous maintenance. If this is not done, the classification plan rapidly becomes out-of-date, and inequities to employees increase with time. The administration of State services is thus materially affected when administration of the classification plan does not receive the continuing attention of top management and the classification function is not linked with those elements of the State's management that are concerned with planning, budgeting, and operational effectiveness.

An Overview

The present classification system has been in operation since 1934, when the State Personnel Board (SPB) was given authority by the Legislature to "create and adjust classes of positions in the State civil service" and to adopt a personnel classification plan. Sections 18800-18806 of the Government Code contain the guidelines, authorities, and employee appeal rights in connection with plan administration. Four basics merit attention:

1. The same compensation schedule must apply to all positions in the class.

2. The SPB may establish new classes and divide, combine, alter, or abolish existing classes, reallocating all affected positions which meet the standards established for the new class. Titles approved by the SPB must be used in official budget and financial records.

3. Any employee affected by the allocation or reallocation of his/her position shall have a reasonable opportunity to be heard.

4. Any new position established by an appointing authority must be reported promptly to the SPB for appropriate classification. (Requests for the establishment of these positions must of course be approved by the Department of Finance.) Significant changes in the duties of any position must also be reported.

These basic stipulations remain in force until this day. In the 45 years that have since passed, the size of the civil service has grown from 12,500 to 138,000 positions, a growth of 1100 percent. Despite this growth and the great technological changes that have occurred in our society during the ensuing years, there have been no substantial changes in the methodology surrounding the position classification process in California. The basic law on the subject has not changed. However, the growth and increasing complexity of the system did bring about one major modification: in 1956 the Board began to delegate classification authority to the various departments and agencies.

As stated in its Classification and Pay Manual, the SPB considers its primary role as being "to guide and assist line management in developing an equitable effective classification plan by establishing allocation standards and reviewing utilization of positions on a post-audit basis".

The current classification plan is composed of thirteen occupational groups and 3,771 classes, as follows:

Occupational Group	Number of Classes
1. Agriculture & Conservation	350
2. Office and Allied Service	202
3. Custodial and Domestic Services	97
4. Education and Library	345
5. Engineering and Allied Services	491
6. Fiscal, Management and Staff Services	875
7. Legal	77
8. Mechanical and Construction Trades	474
9. Medicine and Allied Services	318
10. State Emergency Disaster Program	27
11. Regulatory and Public Safety	212
12. Social Security and Rehabilitation	298
13. Career Executive Assignment	5
Total	3,771

The occupational groups are further subdivided into speciality groups. This arrangement has been in effect for years and is generally well accepted. It appears to us that the fiscal and management classes might be separated into distinct occupational groups.

The Classification Responsibility

1. As it involves the SPB

As indicated previously, the SPB is ultimately responsible for the development and establishment of all class specifications and the determination of position allocations for the Civil Service system. In developing specifications and allocating positions the Board consults with the agencies concerned to determine their particular classification needs. The Board is also responsible for reviewing the classification plan on a continuing basis to see that the plan meets the needs of the departments, state employees, and the general public.

The SPB Personnel Analyst has responsibility in a number of areas in the classification process. As examples: he may advise a department on a wide range of questions, such as the proper allocation of a position or the procedure to be followed in creating a new class; he may gather information on which classification decisions can be made by a superior in the Board; or he may develop recommendations for changes in the in the classification plan itself.

However, the establishment of any new class or any change in the specifications of a class requires action by the five-member Board itself. All such actions are included in the Board's calendar and minutes of meetings are distributed to all major departments.

2. As it involves an appointing authority

The appointing authority is responsible for establishing a position and arranging its duties and responsibilities to best accomplish the objectives

of the department. The departments have been delegated responsibility for allocating positions in certain classes which may vary from agency to agency, as discussed below. The departments are required to provide the Board with information relating to all changes within their organization which may affect the classification plan.

3. As it involves an employee

Although both classification and reclassification requests are usually initiated at the departmental level, an employee may also initiate such a request by asking his agency either to take such an action in a delegated class or to refer the matter to the SPB. If the agency refuses, the employee may appeal to the Board on the basis that he is working "out-of-class", which generally means that he claims to perform the duties and responsibilities of a higher class. If the Board finds in the employee's favor, the department must either reclassify the position or lessen the level of its duties and responsibilities.

It should be emphasized that the Board deals only with the classification issue. If the employee is also seeking additional pay for the time that he claims to have worked "out-of-class", he may seek relief by appealing to the Board of Control, an independent body which may or may not concur with the findings of the Personnel Board. These "out-of-class" compensation claims have increased over the past few years. In the fiscal year 1976-77 the Board of Control heard 54 of these cases and granted only 18; during 1977-78 the Board heard 104 claims and granted 80.

The Allocation Process

All classification activities were centered in the State Personnel Board until 1956. In that year the Board implemented the Modified Classification Review Program (MCR), which is a program of decentralization of the position allocation process. Under this program, departments may be authorized to establish new positions, reclassify existing positions, and refill vacancies in certain classes without prior review by the SPB staff. Allocation of positions to delegated classes is based on class specifications and such other available data as allocation standards, levels descriptions, and staffing patterns. Departments are encouraged to discuss any questions they may have on the application of standards with the Board.

The Modified Classification Review Program has been expanded over the years so that it now applies to almost all positions in the civil service. Basically there are four categories in the program, as follows:

Modified Classification Review List I (MCRI). This list includes all those classes for which the duties and responsibilities are well defined and distinct from other classes. Such classes may also have specific allocation standards, ensuring that relatively few problems will be encountered in the allocation process. Departments may route transaction documents in this category directly to the SPB processing section without prior approval of a Board analyst.

Modified Classification Review List II (MCRII). This list includes those classes for which the standards are not as well defined as those on List I. Original allocations to classes on this list require the approval of the SPB staff. Prior classification review, however, is not necessary when a vacant position is being filled unless there has been a change in duties and responsibilities since the position was originally classified.

Classes for Specific Departments Only. This list includes classes on MCR List I or MCR List II which have been delegated on a department-by-department basis as appropriate allocation standards are developed. This list is currently comprised of 70 classes in a variety of occupations.

No Modified Classification Review. The allocation of classes not designated in the three previous categories are considered to be inappropriate for delegation to the departments. Prior classification review is required.

The following is a breakdown of the number of classes in each of these categories as of June 30, 1978. There has been little change since that time.

	MCRI	MCRII	Dept. Only	No MCR
Number of Classes & Percent	2559(66.1)	667(17.2)	70(1.8)	578(14.9)
Number of Filled Positions & Percent	122793(86.8)	8052(5.7)	6634(4.7)	3939(2.8)

Delegation of the classification process to the departments is withheld in only 14.9 percent of the classes, covering only 2.8 percent of the positions in the State civil service. Most of these classes are in the managerial and top supervisory categories. Complete delegation (MCRI) of the classification function is given in 66.1 percent of all classes and involves about 87 percent of all the positions in the State civil service.

Clearly the Board has delegated most of its classification authority over the years since 1956, when only 21 percent of the classes were delegated. A big shift occurred in the period 1966-68 when the delegation of classification authority to the departments reached its present level. Most departmental officials favor this system of delegation. Many believe that it should be extended to most of the 578 classes where it is still withheld.

The most consistent criticism heard in talking with departmental officials concerns the time lag that occurs between the submission of a classification request and its resolution by the SPB. Typically such a request would concern the creation of a new class, the revision of a class concept, or simply filling a new or vacant position in one of the classes for which delegation is withheld. In some instances completing a transaction of this kind may take months, although that is a rarity and is not necessarily the fault of the SPB. The Board's answer to this criticism is that it does not have sufficient staff to do the job as expeditiously as it would like.

In self-defense, beginning in 1978 the SPB developed a contract system with the departments, stating how much of the Board's staff time was available to the department and asking it to set priorities for service. Some agency officials indicate satisfaction with this contract system in that it tends to force them to make decisions and sort out their most important personnel problems for action. Others believe that the system doesn't get at the real problem--the speed with which a request is resolved.

In most cases a department is assigned the services of only one SPB Personnel Analyst. This Analyst is responsible for reviewing classification requests in addition to examination and consultation work, including spending a significant portion of time sitting on oral boards. On the average, about one-third of an Analyst's time is spent on classification matters.

Monitoring the Classification Process

Because the SPB has the ultimate responsibility for maintaining the classification plan, it must make sure that departments are making proper use of the authority delegated to them under the MCR program. In the past the Board was lax in this area, and it received a great deal of criticism. Too few post-audits of delegated classification actions were conducted to ascertain that positions were being properly classified. Too few studies were made of major occupational areas to determine proper class and position relationships on a service-wide basis. In addition, Board analysts conducting the post-audit studies were not always well trained and experienced in classification work.

As a result of this criticism, in 1978 the SPB was given several additional staff positions to carry out the post-audit of its delegated classification authority. With this enhanced staffing, considerable progress has been made. During the past year the Audit and Control Unit has completed the review of the personnel programs of five State departments, and five additional departmental audits are currently being undertaken. These audits cover all aspects of personnel management, but the review of the classification process is generally the most time-consuming.

A typical departmental audit will review the overall classification decision-making process and the procedures in use. The audit is designed to cover all classes used by the agency under its MCR authority. Job audits of a significant number of positions are conducted, and staffing patterns are reviewed. Decisions are checked against class specifications or other allocation standards through personal staff visits to the department. Normally, the findings are discussed with appropriate top management as the final phase of the departmental review. The department is thus alerted to problem areas so that appropriate corrective action can be taken.

A second approach to monitoring the MCR program consists of reviewing a major occupational group of a series of classes cutting across departmental lines. This method has the advantage of identifying service-wide problem areas and recommending appropriate changes. It can also be used as a basis for adopting service-wide allocation standards, which will strengthen the validity of the classification plan. In the past year the

Audit and Control unit has made studies covering the series of classes relating to Staff Service Analysts, Administrative Analysts, and Accounting Systems. This kind of service-wide classification review is valuable and should be continued.

1. The Classification Level Tracking System (CLT).

Before 1976 there was no formal information system to monitor the classification authority delegated to the departments. In that year the Board set up the Classification Level Tracking System to assist its analysts in identifying "grade creep" and any other potential problems in the position allocation system. The CLT system provides management with reports every six months. The report indicates, by the thirteen occupational groups, the number of employees at each level in the occupational hierarchy, running from student assistant to trainee, sub-journey person, journey person, working supervisors, first, second and upper line supervisors, to top managers. A comparison of index numbers from printout to printout will reveal "grade creep" as it exists in any of the major occupational groupings. Printouts can be further refined to show patterns within specific departments. The printouts also indicate the ratio of supervisory to non-supervisory in the various groups, the most recent printout revealing an overall state-wide split of 14% supervisory and 86% non-supervisory personnel. That figure is suspect when we learn that about 230 classes contain both supervisors and specialists. This accounts for the high percentage of "supervisory personnel", for example, in the agriculture and conservation, legal, and engineering groups. In essence, the system produces a lot of interesting information which is not of much real use. It does identify classes where there is a bunch-up near the top of the scale, but the question then arises as to what can or should be done about it. The prevailing opinion at the SPB is that CLT has not lived up to the claims that were once made for it as a panacea that would stop "grade creep". The CLT system is now under review at the SPB.

2. Grade Creep

"Grade creep" means that positions whose duties and responsibilities properly warrant allocation to certain grades according to SPB class specifications and standards actually are being allocated to higher grades. In the State service, grade creep is like the weather. Everyone talks about it but nobody does much about it. As indicated in the preceding section, the three year application of the CLT system has led to identifying but not controlling it.

Grade creep obviously results from the improper use of classification, but this is a use which is controllable only by the continuing attention of the Governor and his top program and management staff. Especially is this true since delegation of allocation authorization for all but 14.9% of the classes (involving only 2.8% of the State's positions) has been made to the departments by the SPB.

Grade creep also tends to grow during periods when salaries are "frozen", or when vacancies are "frozen" and employees complain about absorbing an increased amount of work. Finally, an apparent, and mis-named, grade creep occurs when large numbers of higher level professional and technical employees join government during periods of program or technological change.

The SPB, an organization independent of the Governor, cannot be expected to control this problem in a system of 138,000 positions. Only line management can cope meaningfully with it. The organizational relationship of the central personnel function to that management is another question, and will be analyzed later.

3. Proliferation of Classes in the Plan

It is almost impossible at any given time to determine the number of classes in the California Civil Service system. However, as an approximation, there are about 3,800 classes in the system--which is too many.

A casual examination of the classification plan reveals a very large number of one-position classes, generally in the managerial and top supervisory groups. It is revealing to learn that there are in excess of 80 high level "Chief" classes, usually representing a bureau or division head. There are more than 40 "Assistant Chief" designations, usually at the division level. In the future a broad managerial series of classes could well be developed to replace the present arrangement at the top of the hierarchy.

There is also a great deal of room for the consolidation of classes. It is difficult to understand, and even more difficult to justify, how the number of professional engineering classes has grown to approximately 190. Undue recognition of specialties produces such results as 12 classes of Research Managers and 20 classes of Research Program Specialists. Other similar situations exist. When confronted with the proliferation of classes, SPB staffers justify this growth as meeting the legitimate selection needs of operating departments.

The Board makes a yearly survey of the classification plan, and it attempts to delete all classes that are no longer useful by ascertaining if departments intend to fill their vacancies. If not, action is taken to abolish the class. As of February 28, 1979, the classification plan contained the astonishing number of 821 classes which had no incumbents. This is 22% of the classes in the plan. The list includes seasonal workers, such as Fruit and Vegetable Inspectors, who were not employed at the time this count was made. It also includes approximately 100 classes to which a CEA employee has a right to return if removed from the CEA. It includes new classes not yet filled when the count was taken. Also, some of the classes represent Vocational Instructor positions which have been difficult to fill. Nevertheless, greater effort should be made to rid the classification plan of "dead wood" and keep it up-to-date. During 1978, 122 classes were abolished--but 176 were added.

4. Application of Alternate Pay Ranges

The SPB has developed an innovative system that provides for advancement from one pay range to another after certain standards are met. These standards may refer to an academic degree, trade school diploma, in-service training, performance of special work assignments, working out-of-state, or completion of six months of satisfactory service.

This system of Alternate Pay Ranges establishes criteria from a large number of classes where an employee can advance from Range A to B after he has met the prescribed standard. Typically, a class will have two or three ranges (A, B, and C) but there are cases where there are as many as eight ranges (A through H). A typical example of such a wide range would be apprentice classes, where after successful completion of a segment of a prescribed course the employee is advanced to the next higher level with a salary increase. The same kind of criteria may also be applied to a Clinical Psychology Intern who moves up the academic ladder until successfully completing all requirements for the doctoral degree in psychology.

In recent years some of the criteria have begun to take on characteristics closely related to job classification. For example, Range B for a long list of trades and custodial classes states: "This range shall apply to incumbents approved by Personnel Board staff as having responsibility for the direct or second level of supervision, training and evaluating of inmate, ward or resident workers who substantially replace journey level employees performing the full range of journey level duties". Here it is apparent that we are dealing with a classification factor, the employee being advanced to a higher level upon assuming additional responsibility.

5. Developing Allocation Standards

Allocation standards should not be confused with class specifications, which are the basic legal descriptions of each class in the classification plan. They are guides that are used to assist in classifying a position to a specific class. Generally standards are in the form of a level description relating to a class or a given series of classes. Standards are useful under most circumstances, and are particularly desirable when difficulty is found in allocating positions. This is especially true in the case of classes in which positions are being classified in the departments under delegated authority, or in highly populated classes that cross departmental lines where it is necessary to ensure uniformity.

Not all classes require allocation standards. In a great number of cases the class specification is itself a precise enough standard. This is particularly true in classes with only a few incumbents--and this classification plan has more than its share of those.

In the past allocation standards have been developed by the SPB in conjunction with the departments concerned. The Board Classification and Pay Manual is quite specific in outlining the need for developing these standards and the procedures to be followed, but it is vague as to when standards should be prepared and how they should be prepared. The SPB has not established guidelines to assist analysts. Currently, allocation standards are available for about 600 classes, covering most of the highly populated ones, but a significant portion of the State's positions (perhaps 30 percent) are classified without the use of a standard. The SPB has been severely criticized for not developing more standards, and for not bringing up-to-date those that are currently in use.

Position Control System

The present "position control" system was designed 30 years ago to control 65,000 positions. It is now used to control 185,000 positions in a State workforce including the civil service and the State college system. Officials in the Finance Department and the Controller's office state that the present system causes so much paperwork and manual processing that accurate information is generated much too late to be useful to management. This system has been characterized as creating, at best, an illusion of control.

An alternate method of control was proposed by the State Controller's office and staff of the Department of Finance (with some input by the State Personnel Board). This proposal focused on control by each organizational unit as detailed in the Salaries and Wages Supplement of the Governor's budget. Control would be maintained (1) by position classification for all positions at the associate level (about range 30) and above, which would include approximately 30 percent of all state-wide positions, and (2) by total number by department, regardless of classification, for lower level positions. According to its proponents this system would identify excessive underusage of positions which could then be abolished. Existing post-audit reports would be replaced by monthly utilization reports containing fiscal year usage projections to provide timely and meaningful information to top management. It has been estimated that the implementation of this system would result in a 75 percent reduction in paper flow and provide a better system of control. However, this proposed system has been rejected because it does not provide enough control over lower level positions. As a result the "limbo" situation has been allowed to continue, the Administration apparently preferring to review individual requests to fill vacancies without systematically analyzing under-usage of existing positions.

We find no evidence of a close working relationship between Budget Analysts in the Department of Finance and Personnel Analysts in the SPB on classification acts and their budget impact. Changes in staffing patterns in any department and proposed new positions need analysis not only in terms of need and compliance with the Governor's program but for proper organizational structure, position content, and related factors.

Collective Bargaining and the Classification Process

We have noted earlier that 230 classes presently contain both supervisory and specialist-type positions. Under SEERA a sharp distinction has been drawn between employees, who have rights under the Act, and supervisors. These classes will have to be split. The SPB has concluded, additionally, that 667 management and 968 supervisory classes should be excluded from the bargaining process. Together these represent more than 40% of all classes in the classification plan, and include approximately 20,000 positions.

The fact that these classes contain positions excluded from the bargaining process does not mean that the SPB has lost its present classification authority over all positions in the civil service. This is a Constitutional authority.

Clearly the SPB, an independent agency, is at the center of a wheel of actions based on classification which vitally affects any Administration, and which roll back on the SPB itself. For example, it will have to relate its salary decisions to agreements made within each of the separate bargaining units for not only the State's supervisory and managerial classes but for those employee classes in which the majority of employees may reject representation by an organization. 1/

Career Executive Assignment (CEA) System

We have noted that CEA classes exist. They were established in 1973 to supersede the previous system of classifying this special corps of career executive positions. Earlier CEA positions were designated as such, and were represented at 21 pay levels.

The CEA system will be examined in detail in the next chapter of this report. It is necessary to note here, however, that revised standards for reviewing Career Executive Assignment positions are currently being developed by the SPB in response to an expression of concern by the Legislature as to growth in the number of CEA positions and the relatively low organizational levels at which some CEA positions are being used. The Board, replying to control language in the 1977-78 budget, is reviewing each CEA position for compliance with the Government Code provisions on the career executive category. It is anticipated that a tightening of the standards will result in at least 50 CEA positions being returned to general civil service status.

We find no evidence to substantiate a claim that CEA positions are proliferating. In fact, the number of positions has remained between 500 and 600 in the last four fiscal years, representing only 0.42 percent of the State service. Likewise, there is little evidence to support the assertion that CEA positions are being utilized at low organizational levels.

Employee and Managerial Reactions to the Classification System

The functional and technical aspects of classification occupy attention totally, and as a result we may lose sight of the way the classification process affects managers who are expected to utilize its results and the employees whose salaries and even career opportunities are dependent upon the classification plan and the way it is administered.

1. The Employee Questionnaire

Respondents to the employee questionnaire have provided a clear indication of the way State employees and supervisors believe classification is practiced in the State.

Only 30% of all respondents agree with a statement that pay ranges of position classes reflect real differences in responsibility. Whites and Native Americans disagree the most, 63% and 68% respectively, compared with

1/ The salary-determining, other personnel implications, and problems of organization structure resulting from SEERA are discussed in Chapters II and III.

47% to 58% of other ethnic groups. Custodial/mechanical employees disagree least, 50%, compared with 58% to 66% for other occupational groups.

About half agree with a statement that race and sex considerations affect classification decisions. Filipinos, Spanish-surnamed, and Asians agree the least, 39% to 44%, and other ethnic groups range in agreement from 51% to 55%.

The respondents are evenly split as to whether class specifications are so narrow as to severely limit employee mobility between divisions of a Department or between Departments.

Only 39% agree that the class specifications in their occupation are seriously out-of-date, but the ratio of agreement by submitters of grievances (total 323) to non-grievers is 48% to 38%, and of affirmative action complainants (total 65) to non-complainants is 52% to 39%.

Fully a quarter claim either not to have or not to have seen a copy of their position descriptions. Office/allied are more likely to report having seen these descriptions: 34% versus 23% to 26% for other occupational groups. Lower salaried employees more often report not having seen their job descriptions: 36% of those in the $501-1000 a month bracket, 17% of those in the bracket $2500 a month and above.

Since 72% of all employees claim to have seen their position descriptions, the statement that over 40% believe their positions to be improperly classified is significant.

Filipinos, Native Americans, and Spanish-surnamed, among all ethnic groups, report proportionately more often that they believe their positions to be properly classified (63%, 59%, and 47% respectively) compared with 45% for Asians, 42% for whites, and 39% for blacks.

Women more often express disbelief about the appropriateness of their classifications than do men: 48% versus 40%.

Supervisory level is associated with an affirmative belief in the propriety of the classification of one's position: 71% for third level supervisors, 58% for first level, and 55% for non-supervisors.

Office/allied express the least confidence in their jobs being properly classified: 43% compared with 55% to 64% for other occupational groups.

Employees in lower salary levels indicate less agreement with the classification of their positions than higher levels: 42% if earning $501-1000 a month, 83% if earning $2500 or more a month.

Fifty-three percent of submitters of grievances indicate disagreement with the classification of their positions compared with 42% for non-grievers. Similarly, the ratio of those disagreeing with their classifications among employees who had submitted affirmative action to non-complainants was 57% to 43%.

2. The Managerial Questionnaire

Managerial opinion is split as to whether the State classification plan is basically sound and helps them as managers to run effective, efficient, and economical organizations: 40% agree, 40% disagree. Exempt executives more often disagree than CEAs: 53% to 37%. But both groups are less sanguine about the State's pay system helping them to run effective, efficient, and economical organizations: only 24% agreeing and 64% definitely disagreeing. Here CEAs disagree at a higher rate than exempt executives (66% to 55%).

With no significant differences between the groups, CEA and exempt executives disagree 2 to 1 that the classification plan contains too many levels.

Only 18% of both CEA and exempt executives agreed that when classification actions are needed in their organizations, service is provided on a reasonably prompt basis.

With no significant differences between CEA and exempt executives, approximately one-third agree, one-third are undecided, and one-third disagree that management is adequately involved in establishing the classification plan and in allocating positions to classes.

This same indecision characterizes executive reaction to whether specifications are so (1) broad that they do not permit recruitment of employees with skills needed for specific positions, (2) narrow that employee mobility between divisions of a Department or between Departments is severely limited, and (3) so narrow they impede making reasonable decisions when it becomes necessary to lay off numbers of employees: 40% to 44% undecided. However, only 9% agree that specifications are so broad that they do not permit recruitment of employees with skills needed for specific positions, 18% agreeing that they are so narrow that employee mobility is severely limited, and 8% agreeing that they are so narrow they impede making reasonable decisions when it becomes necessary to lay off numbers of employees.

Recommendations

We find that classification in the State service is better than in the Federal government and many states with which we are familiar. A schedule of maintenance and monitoring exists in fact. The SPB staff has a rationale for its approach, and there is evidence of innovative thinking.

The problem is in plan administration. With the advent of SEERA, accuracy, consistency, and a completely current classification plan and allocations under the plan will be essential for establishing fair and just salaries and for removing a major source of employee grievances. Responsibility for administration involves both the SPB and program executives, equally: the SPB for currency of the plan, guidelines for making allocations, and promptness in necessary clearances of Departmental requests or actions, the Departments for whether the plan is utilized for effective management or abused for personal rewards.

Recommendation 1. The SPB should establish an Ad Hoc Classification Advisory Group for each of the Occupational Groups other than the CEA, the structure of which might serve as a prototype for upper levels of others.

a. These Advisory Groups should be composed of both Department classification and program officials especially knowledgeable in the occupations involved.

b. The Advisory Groups, working with an SPB Analyst, should examine the present classification structure with a view toward eliminating and consolidating classes. They should examine one-position classes to ensure that present departmental designations do not cloak the fact that the class represents merely an organizational location rather than an essential difference in the kind of tasks performed or the basic knowledges and skills required to perform them. They should review the reality of the number of supervisory levels in many series; excessive levels has an impact upon movement up the career ladder, examination time and costs, and relationship of classes when assigned to pay levels. They should review the necessity for specialized series in the same basic occupation. Finally, they should explore the possible expansion of the "deep class" concept which the SPB is now using to some extent in its systems of "Alternate Range Criteria", recognizing both the possible advantages (reduction of classes, enhancement of upward mobility, and reduction of examination load) and possible disadvantage (necessity of monitoring to prevent personal and political patronage).

c. The recommendations of the Advisory Groups should be submitted to the State Personnel Board for review and possible action.

Recommendation 2. The SPB should emphasize a continuing program of review of the classification plan by occupational groups.

Such a program would identify problem areas on a service-wide basis and enable the SPB to review the existing class structure and position allocations for relevancy and logical relationships. The objective should be a complete review of the plan within five or six years.

Recommendation 3. The SPB should delegate to the Departments more of the 14.9% of the classes still under direct SPB control.

As we have stated, classification is an essential part of the management process. Program managers who are responsible for controversial or highly technical services to the public, involving the formulation and administration of work programs totaling millions of budgeted dollars and the selection of employees to carry out those programs, must be given basic responsibility for the way assignments are put together in positions and the positions are allocated to classes. Classification is but another exercise of judgment, which is an essential of management.

This requires action, concomitantly, by the SPB in the form of strengthening and accelerating its lagging training program for

departmental personnel performing classification work, initiating intensive two or three day training in basic classification principles and factors for program supervisors, and expanding the allocation standards for all classes in which the specifications themselves do not provide sufficient guidance for the allocation of a position.

Recommendation 4. The SPB should give emphasis to these formal delegations of classification authority by requiring that the Departments make periodic reviews of their own programs, reporting their findings to the Board.

Recommendation 5. The SPB should expedite the flow of such classification requests as require its action by examining the level at which such requests are handled, placing authority with the professional responsible and requiring that action in the form of a decision or, if full Board action is required, a recommendation be made within a stipulated time.

Delays in SPB action are an overriding management complaint. The SPB must deal with it, if necessary by committing additional classification time by its analysts who deal with the Departments.

Recommendation 6. The SPB should continue and accelerate a program of post-auditing classification actions delegated to the Departments.

These audits should cover allocations of all positions in selected organization units on a spot audit basis, or of all positions in organization units from which an employee or employees initiate appeals directly to the SPB.

Audits of alleged misclassifications should be undertaken immediately because delays will likely result in grievances involving violations of collective bargaining "memoranda of understanding" or of affirmative action policies or regulations. This, together with the recommended priority of action on requested Departmental actions will undoubtedly require additional commitment by the SPB of time by analysts serving the Departments for classification. However, total staff requirements for Departmental services should be determined only after the SPB reviews the results of its decisions on recommendations involving the appointment and promotion of employees.

Recommendation 7. The SPB should initiate a change in the law to permit an employee to be compensated additionally when officially assigned, even though temporarily, by management to new and increased responsibilities involving a higher class.

This kind of action all too frequently stretches out for protracted periods of time, sometimes because circumstances prevent the employee's return to the duties previously held and officially classified, other times because of "misadvertence". Regardless, employees tend to greet assurances of a future reward for this cooperation with understandable

skepticism, and to file away dates and circumstances for possible appeals for reclassification to the SPB or for cash claims to the Board of Control.

Recommendation 8. The State's efforts to develop an effective position control system should include relation of specific position descriptions to budget numbers.

This would replace the present "fluid" concept whereby positions can be moved around (in point of fact, into and out of "the blanket," official details, and unofficial details) and duties can be shifted so long as an agency does not exceed its authorized number of positions. A position control system should relate the classification and budget processes as they are effected by changes in organization structure, procedure, or assignments, thus helping to identify excessive under-utilization of position authorizations. Field offices in any organization are capable of maximum initiative and unsurpassed skill in playing the "shell game."

CHAPTER V

SELECTION

It is in the recruitment, evaluation, and selection of candidates for appointment to the State service, the evaluation and selection of candidates for promotion, and the approval of employee transfers that the tradition of "civil service merit" as it had come to be interpreted in California collided with the expanded concepts of merit, involving civil rights. The civil service concept was established by Constitutional Amendment in 1934; the civil rights and affirmative action concept was established by statutes in the 1970s. Concerned and far from uniform has been the interpretation and acceptance of a merger of these two concepts among employee groups, managers, and State agencies.

The present selection process reflects a long-standing commitment by the SPB to provide an equitable and competitive framework for personnel management, in line with the Constitutional mandate. Because of this commitment the California personnel system has long enjoyed an outstanding national reputation for integrity and competence. This, in turn, has contributed to the favorable reputation of California's governmental performance among the States.

Increasing limitations upon the effectiveness of the selection process and personnel management, generally, have been imposed by an expanding economy, new social and technology conditions, population growth, and expanding public services, among other factors. Although the present procedures assure a reasonably high level of competition and freedom from undesirable political interventions, they are costly in money and time, accompanied by too much delay, and encompass much complexity--red tape. Management and staff, alike, have legitimate concerns that objectives of public service effectiveness, efficiency, and economy are being sacrificed.

The dilemma for SPB policy makers is how to achieve management objectives without sacrificing system integrity and public interest. Financial resources are not available to assure efficient performance under present statutory and administrative methods. But if the integrity of the system is sacrificed to achieve seeming efficiencies, there will be new and greater costs to be reckoned.

What, then, has been the basis for the State's selection processes? How has the SPB dealt with the collison of the tensions between traditional interpretations of merit and the expectations of those covered by expanded interpretations?

Constitutional and Statutory Base

The present selection processes in the State Government have their genesis in Article VII of the State Constitution. Subsequent amendments have not significantly altered the original intent that:

> "In the civil service permanent appointment and promotion shall be under a general system based on merit ascertained by competitive examination."

The Constitution exempts designated positions from the civil service, authorizes the State Personnel Board by majority vote of all its members to "prescribe probationary periods and classifications, ...", and provides:

> "A temporary appointment may be made to a position for which there is no employment list. No person may serve in one or more positions under temporary appointment longer than 9 months in 12 consecutive months."

Within the general framework of the Constitutional intent and authorization, a comprehensive and detailed system of control over selection processes has evolved through statutory enactments by the Legislature and by Board rules and policy. In this evolution the State Personnel Board (SPB) has been cast in dual and sometimes conflicting roles: providing service and applying control. The objective of a merit system free of undesirable political influences appears to have been a continuing concern as policy reflected in law or rule has evolved.

Title 2, Division 5, Part 2, beginning with Section 18500, of the Government Code provides directly for the operation of a comprehensive civil service system. With respect to the selection processes, Section 18500 states that "appointments are based upon merit and fitness ascertained through practical and competitive examinations" and provides for a career service with "security of tenure and the advancement of employees within the service insofar as consistent with the best interests of the State."

The implementation of these objectives is accomplished under Code provisions, rules adopted by the Board under its statutory authority, and operational guidelines and instructions. Chapters 5 through 12 of the Code contain the provisions governing the selection process. Chapter 5 Employment Lists and Chapter 6 Appointments, in particular, outlines basic procedures for the conduct of examinations, establishment of lists, kinds and priorities of lists, veteran preference, methods of certification of eligibles, probationary period, kinds of appointments (including the career executive assignment), and hiring of disabled. Chapter 7 defines service conditions including transfers and upward mobility. Chapter 8 deals with reemployment after layoff and Chapter 11 concerns reinstatement after military service. Chapter 12 provides for the State Civil Service Affirmative Action program.

Within these Constitutional and statutory prescriptions, the SPB exercises its rule making authority to fill in gaps, implement and interpret general authorizations, and refine the policies and procedures necessary for implementation of the system. These rules are codified in Title 2, Division 1, Chapter 1 of the California Administrative Code.

The SPB responsibilities for selection processes in the civil service system are of course impacted by other laws with which the Board must comply or coordinate, or which place implementation responsibilities upon the Board. Among these are Federal laws for civil rights (Civil Rights Acts of 1866 and 1964) and for equal employment opportunities (Title VII of EEO Act of 1972), The Intergovernmental Personnel Act of 1970, and the Civil Service Reform Act of 1978. For State agencies receiving certain Federal funds, compliance with Federal merit system standards is required; the SPB is the focal point for such action. Selection processes of the SPB also interact

with other State activities and departments, particularly the Department of Finance, Board of Control, Department of General Services, Board of Administration-Public Employees Retirement System, Public Employment Relations Board, State Controller, and Office of Employee Relations in the Governor's office.

Finally, the selection processes are directly affected by the influence of management, employee/labor groups, and community and professional organizations.

Within this framework of legal and organizational interrelationships the State civil service program has evolved from a relatively simple and developmental beginning covering some 12,500 positions in 1934 to a highly complex activity covering 138,000 positions in a structure of new social, political, and economic interrelationships and many comparatively advanced technologies, i.e., information systems.

In line with its interpretation of Constitutional and statutory intent, the Board has placed emphasis upon (1) competition in selection processes along with equal opportunity to competitors except as this may be modified by statute for particular groups, i.e., veterans, women, minorities, disabled; (2) support of a career service concept, certification priorities starting with reinstatement and extending in order through reemployment, promotion, and open competitions; (3) openness in competition whether promotional or open to all who qualify, equally; (4) testing which is practical in content and implementation, job-related and nondiscriminatory; and (5) processes which will reflect and assure the non-political character of civil service employment.

The civil service appointment process starts with a vacancy to be filled, including a determination of classification. Then follows a choice of appointment modes (temporary, permanent, etc. and reemployment, promotion, open competitive, etc.); the announcement, development, and conduct of a competitive examination if a list does not exist; the preparation of a list and the certification of eligibles; and lastly, an appointment decision by the appointing authority.

Perhaps the two most critical elements in the process are the examination, with resultant list, and the certification of eligibles.

The Code provides the Board with great flexibility in choosing methods for the examining element, stating that

> "Examinations may be assembled or unassembled, written or oral, or in the form of a demonstration of skill, or any combination of these; and any investigation of character, personality, education, and experience and any tests of intelligence, capacity, technical knowledge, manual skill, or physical fitness which the Board deems are appropriate, may be employed."

The certification element is subject to much more constraint. Earlier statutory prescription that the three highest eligibles be certified has been modified to permit a certification of high 3 ranks (certification of

all candidates in the highest three full percentage scores where partial percentages have been rounded) in certain instances. In the case of the Career Executive Assignment (CEA) service, an earlier certification of the top ten has been modified to permit a "roster" certification. With this exception, the certification process imposes a heavy burden considering that about 150,000-200,000 job applications are received each year and some 30,000 appointments are made from employment lists.

In order to adhere to the spirit as well as the letter of the State Constitution, Government Code, and Administrative Code, the selection process is a complicated system. Although the Constitution does not constrain potentially advantageous changes, the present statutory and regulatory mechanisms impose, in varying degree, limits upon change through internal administrative action alone.

Management Approach to the Selection Function

Over the years the SPB, like many other agencies, has periodically changed its manner of organizing for the selection function.

From a specialist emphasis, a major generalist concept (with small specialist survey and consultant groups) was introduced in 1952 to alleviate troublesome problems of communication and coordination within staff. In 1971, a reorganization was implemented with emphasis again toward specialist divisions to correct a concern that under the generalist concept the staffing function was being subordinated to classification and pay. In 1972 more resources began to be devoted to validation of examinations in response to new laws in this area.

The Present Organization and Resources for Selection

In May, 1977, the present generalist organization structure was undertaken once again to attempt to correct some of the problems specialist divisions had encountered, including those of hindrance and control as perceived by operating departments. The objective was to create a more "client oriented" image.

While reorganization is frequently suggested as a single solution to problems, most of the SPB staff believe the current organization enables them to function effectively in their recruitment and examining mission for the State.

Six stated goals of this latest reorganization effort are:

1. Provide better coordination and management services to departments while maintaining program leadership and accountability.

2. Clearly fix responsibility and accountability for SPB relationships with departments.

3. Establish priorities by mutual agreement with SPB clients.

4. Create a client-oriented attitude in SPB staff.

5. Provide increased management of personnel programs delegated to departments.

6. Develop and maintain technical resources (policy, standards and procedural manuals, training material, etc.).

In the view of present SPB management the thrust of the organizational effort should be to maintain standards and policy without instituting controls which are too rigid and stringent; and to achieve a balanced workforce through the merit system. In their view the present arrangement has increased commitment to a service-oriented personnel system; but many of the Departments do not perceive this as reality.

At the present time, although estimates are imprecise because of the generalist nature of duties assigned, the SPB staff estimate that the equivalent of 165 of the 688.5 positions authorized for regular and temporary help in the SPB budget for FY 1978-79 are assigned to the selection process. Thus the SPB is devoting about 24% of its resources directly to this function. Two main divisions are involved.

1. The Policy and Standards Division.

This Division is organized on the full service concept, with specialists in examining, classification,and pay. The total budgeted personnel resource of the Division is 89.3, with an estimated 20-25 persons involved in selection. The Division is responsible for selection program development, including the evaluation and modifying of selection policies; short-term projects aimed at improving timeliness and efficiency of the program; test construction with assistance of subject-matter experts; and content and criterion validity efforts.

2. The Department Services Division.

This Division includes three Departmental Services Units in which both examining and classification service are grouped by Department and by occupational responsibilities. Personnel in these units are or become generalists through rotation and offer classification examining and affirmative action services to their respective Departments.

In addition, a service-wide examining unit handles both the recruitment function and service-wide examinations. Residuals of the specialist organization when recruitment and examining were separate are the Los Angeles and San Francisco regional offices and the Information Center in Sacramento. These offices dispense information, recruit at area colleges and high schools, and do clerical listing. The administrative support services necessary to the function, together with the technical assistance and controls for delegated testing, are in a separate divisional services section.

For the same FY 1978-79 period the budgeted personnel for the Departmental Services Division was 252.8, of which Board staff estimate the equivalent of 140 persons are assigned to the selection processes.

Departmental Service Policies

1. As we noted in the preceding chapter, the 1977 reorganization introduced a new feature of SPB's service to Departments: the use of contracts or letters of agreement. Agencies list their priorities for personnel services and, within budget constraints of the SPB, are allocated a certain percentage of the time of SPB's staff resources to assist with their personnal management requirements. SPB staff believe this has resulted in a better job, by agencies, of personnel management planning and of defining priorities in the face of budget limits. Many agencies concur with this judgment but point out that total needs are rarely met under such a system. Although performance contracting with agencies may have stimulated attention to manpower planning and setting priorities, it has not resulted in meeting Departmental needs for service.

2. Concerns of operating Departments in the 1960s that the examining system of the State was too rigid, and with insufficient input by Departments, resulted in delegated SPB testing through the use of supervisors' reports and employee development appraisals in examinations. Over the years since then, delegation of testing has moved forward slowly under the SPB concept that administration for such a program is shared by SPB and the agency.

In principle, the SPB has taken the role of establishing standards and procedures, supplying the testing materials and administrative forms, and auditing the process.

In certain instances interviews may be administered by the local testing agency under requirements established by the SPB and with a detailed list of appropriate classes from which interviewers may be chosen. Some few eligible lists are maintained at delegated sites and, for certain classes, the function of "certification only" has been delegated to Departments.

The SPB uses eight criteria for delegation to a Department:

1. It is timely or advantageous in the opinion both of SPB and the Department to grant delegation.

2. The Department has adequate staff and facilities to do the work.

3. The Department will adhere to the merit principle--integrity.

4. There are precise instructions, including adhering to time tables for processing and to the affirmative action guidelines.

5. The selection procedures used are objective and permit review.

6. The Department is trained to do the job.

7. There is a high acceptance of delegation responsibility.

8. Affirmative action goals will not be negatively impacted.

Delegated testing has been approved for about 300 classes of the State's approximately 3,700 class titles.

Problems in the SPB Management Approach

The SPB has made continous efforts to refine an organizational structure so that it will provide an infinite variety of solutions to staffing needs and, at the same time, maintain an appropriate balance between control and service. Yet the present organization, which has now been in place for almost two years, has seemingly not met certain of the needs of clients for the services they require or for the timeliness of those services.

Most frequent concerns center around interruptions in the examining process and innumerable delays because the SPB analysts assigned to a particular Department are not available when needed. In particular, there is a special problem when such an analyst is called upon to chair Qualifications Appraisal Boards, sometimes for several weeks at a time.

Further, the organization for this function remains complex and still may not be the most accommodating to the requirements for accountability of staff in various parts of the process. Some test construction is now lodged in the Policy and Standards Division together with validating efforts. Yet Departmental analysts are in fact called upon to develop examination material together with Department experts, and call upon Policy and Standards staff for testing assistance only when the technical aspects, such as in aptitude testing, require it.

Finally, the combination of the functions of service-wide examining and of recruitment and publications may have some logic for entrance selection into the State service but can readily diminish recruitment to an undesirable level.

Recruiting and Open Entrance

The SPB has largely delegated the recruitment function to the Departments. Since the ultimate quality and representativeness of the workforce depends in some considerable measure on those same factors in the recruitment pool, delegation of this function to the Departments already represents entrustment by the SPB of an important part of its responsibility.

Relatively few staff (five technical and two clerical personnel) are allocated to this function. These personnel report to a supervisor who has responsibility for service-wide examining as well.

Recruitment Approaches

The SPB tries to identify and to make channels known to agencies to assist them in their recruiting function. The SPB also concentrates on "scarce skills" and on "focus recruiting".

Because of the change in the labor market in recent years, there has been no real shortage of open candidates. After passage of Proposition 13 most lists were extended to a maximum of four years, thus reducing need for open examinations. For this reason recruiting emphasis has shifted to concentration on "focus recruiting", and in particular for Spanish-surnamed, female, and disabled persons.

Significant are the responses of State employees and executives to the questionnaire statement regarding the amount of attention given to affirmative action in filling positions by new hire.

Fifty-four percent of the employees reply "too much" and only 10 percent reply "too little". The differences in point of view, based on age and sex, are minimal. But ethnic groups split. Sixty-two percent of the whites feel too much attention is given, and 5% feel that it is too little. Among Asian employees only 14% feel too little attention is given. But 45% of the black, 37% of the Filipino, and 35% of the Spanish-surnamed feel that it is too little.

Of CEA and exempt executives, 45% reply "about right", 37% reply "too much", and 17% reply "too little".

In the area of affirmative action the SPB develops a recruiting plan with the Departments. It has established a list of advocate organizations and also works with community/womens/minority groups. Its mechanism for keeping in touch with such groups is the "job information seminar". These seminars, conducted by staff members, are held in community centers. Analysts frequently work with field offices in developing sites for such seminars. Central recruiting at high schools and colleges is done through these field offices, together with clerical listing.

Advocate organization lists are difficult to maintain up-to-date, and about 10-15% of the mailings to such organizations are returned unopened.

Bulletins are sent to the usual appropriate candidate sources, including Employment Development Department (EDD) offices and, for state-wide promotional examinations, all Departments--though not all offices receive copies. Announcements are not sent to legislators or offices of elected officials because of an SPB-conceived political connotation of such a procedure. Upon occasion, however, legislators complain that adequate notice of examinations has not been given to constituents.

Pamphlets and fliers are published and up-dated by the SPB within an annual estimated $50,000 budget.

A Critique

Although the importance of Departmental contacts and assistance in recruiting is undisputed, many central personnel agencies place more emphasis on recruiting, image building, publications, and internship programs than does the SPB.

Regarding announcements to legislators, some personnel agencies have been known to take a completely opposite point of view to that of the SPB,

believing that legislators are legitimate and interested distributors of job possibility information to their constituents. Agencies send announcements two or three days in advance of general release. Very carefully, however, they make sure that such announcements are distributed to all legislators.

Regarding internships, the Federal government recently has established a Presidential Management Intern program, for which it has enlisted the cooperation of colleges and universities in selecting interns. Such interns are assigned to Federal departments and offices and, after two years of successful performance, are given tenure.

The California Internship Program is less noteworthy. Established in 1970 with no monetary support, it was in 1974-76 housed in the Governor's Office of Planning and Research. It is now located in the SPB for purposes of coordination. The SPB puts out a directory of internships available. Most of them are non-paid and do not usually result in tenure after satisfactory performance. By far the most vital internship program is the Capitol Internship Program under which interns work in offices of the Legislature. This program is entirely separate from SPB. In view of the aging civil service and the increasingly complex problems facing the State, it is unfortunate that the central personnel agency has not been held responsible for doing everything possible to attract from the State's colleges and universities the best minds the State's educational system is producing. Women, minorities, and the handicapped increasingly graduate from technical and professional programs. There is no better way of raising the levels of the State's affirmative action program than by applying it to expanded college internship programs. Of pertinence is a report from the State of California Office of Planning and Research: "Where minorities and women do appear in the state government workforce, they cluster in the low paying classes and seldom appear in the middle-level jobs, which still remain a white male bastion." 1/

Regarding entrance classes, the process of recruitment and examination announcements is separate from the evaluation and certification process. In recent federal personnel management reform, the central agency may recruit, administer tests, or evaluate people who apply. Having established score ranges for selection, it provides eligibles within those score ranges with a "hunting" license to apply to agencies for jobs. The agency may hire the person applying, or it may do additional recruiting evaluation and appoint anyone within the selection range. This recruitment procedure services large or small departments. It eliminates delays from working down general lists of eligibles and still retains the economy of large scale recruiting which flows into evaluations and appointments.

Regarding delegation of recruitment, at one time the EDD served as a recruiting agent for the SPB, doing clerical and stenographic testing. The EDD discontinued this testing because of cost. Now Departments often call on EDD for referrals, but the SPB then sends out an Analyst to examine on the spot a person the Department is considering. Analysis of the relative

1/ "Deliver Us From Evil: A Public History of California's Civil Service System" by Greg King. State of California Office of Planning and Research. Sacramento. February, 1979. pp. 60-61.

cost-benefit timeliness of this procedure, to the State and to SPB, and the previous use of EDD has not been made.

Regarding keeping in touch with persons wishing to be notified, in scarce skill categories the SPB has not used the practice of having such persons leave a simple, pre-stamped envelope which is mailed when openings occur. For general classes this procedure is costly and cumbersome, but it has usefulness in keeping the State service before candidates whose skills it greatly needs.

In summary, the SPB support of recruitment is minimal, and results tend to be inadequate and unsystematic when action is left entirely to Departments.

Examining and Certifying

The examining program of the State is administered in a traditional manner common to many personnel agencies. The objectiveness of competitiveness, integrity, freedom from politics, representativeness, and maintaining the State-wide system are paramount to those concerned with its administration. The details of the process, which is a linear one, have been examined and reviewed in the last two years by several organizations, including the Departments of Finance, the Intergovernmental Personnel Programs Division of the U. S. Civil Service Commission, and the SPB itself.

All of these reports provide useful information toward improvement, and the SPB has been responsive to suggestions made. Yet it is doubtful that such suggestions really address the broader problems of providing a selection process appropriate to present and future needs.

Methods and Data

The SPB is flexible as to the kinds of examinations used and bases on which examinations are given. It is in management of the examination program and the timeliness of the results that it is faulted.

1. Examinations

Always granting that the objective is qualified employees, in any service the size of the State of California filling vacancies is a problem in managing volume. The solution of that problem determines the promptness with which the requests of executives are answered. In order to make the 30,000 appointments necessary annually to fill the State's open and promotional vacancies, some 150,000 to 200,000 applications are received. Almost 80% of those flow through the examining process, which involves between 1,000 and 1,200 examinations a year.

Put differently, SPB staff estimate that when there are 1,000 examinations in the pipeline at any one time, it takes 12 to 18 months to get examinations out. If there are 500 to 600 in the pipeline, this time can be reduced to 6 or 7 months. This is too long. In neither instance are Departments or applicants served well.

Obviously State executives are conscious of this time-lag. They overwhelmingly (77%) disagree with the questionnaire statement that time presently required to fill vacancies by new hire is reasonable. As to candidates, we

question the extent to which the best qualified either become interested in applying today if they know they must wait at least six months to hear the results of a State examination, or, having taken an examination, turn down a job opportunity to wait for news from the State examination.

Examinations given by the SPB include written, qualification appraisal, performance, education and experience evaluation, employee development appraisal, or almost any combination of these. A review of examinations completed during the past five months (January-May, 1979) show 27.2% of examinations were ratings of education and experience, 25.6% were written and qualifications appraisals, and 25.3% were qualifications appraisals only. These three types, then, comprise almost 80% of the examinations completed during this period. During the past year the number of examinations consisting only of education and experience shows an increase, primarily in an effort to handle load and timeliness problems.

Considerable variety also exists in the bases on which examinations are given. Included are open only, open and promotional, promotional only, and the fairly new open, non-promotional in which State employees may compete with a service credit of three points added to their scores.

Candidate loads in various parts of the process deserve attention. In the nine-month period July 1977-March 31, 1978, according to the SPB "Annual Census of State Employees", 71% of those competing in written tests passed. The U. S. Civil Service Commission was informed during its survey that approximately 85% of candidates pass written tests. Such a passing rate places a heavy load on the remaining portions of the examination. Regardless of the merits of having an SPB staff member, or even a trained operating agency person, chair the appraisal process, this load impacts the quality and timeliness of the whole examining program. Despite the appropriate paramount concerns for adverse effect, such a passing rate clearly brings into question the usefulness of the measure of candidate capability. Affirmative action objectives are better addressed more directly through a certification process.

On the other end of the load scale is an interesting SPB estimate that on a large number of, principally, departmental promotional lists there are relatively few candidates. Fifty percent of such lists were reported to have 30 or fewer candidates, and 25% to have 10 or fewer candidates.

2. Scheduling and Control

A limitation on the load in the pipeline is set at 3,000 applications per week, thus causing extensive further delays in the scheduling of examinations if large filings are received. The purpose of this control is to keep an even workload through the process. Yet it is clear that factors other than numbers impact the time requirements of examinations. While the SPB is now taking into account those factors, such as type of examination, decisions on scheduling should be made on a broader basis.

A computerized tracking system is used to monitor, evaluate, and regulate the examining process. Originally consisting of 81 check points, the system has now been simplified. It provides data showing relationship between "standard times" and "actual times" required to process an examination.

This production line is not a simple one. There is almost infinite variety in combinations of types of examinations, candidate load, forms and processes used and personnel involved.

Though the SPB has established some planning rates for various types of examinations, it does not yet know the gross hours used per type of examination.

3. Eligible Lists

The lists upon which the names of successful candidates are placed vary with the examination, i.e., open only; open, non-promotional; open and promotional, and promotional only. For examinations with a promotional feature, lists may be established on a divisional, departmental, multi-departmental, and service-wide basis, as well as on an open basis. In addition, spot examinations are given and lists established on a regional basis.

From the 1,000 to 1,200 examinations held each year, at least double that number of lists is established. In fact, for the latest five month period, January-May, 1979, from the 574 examinations completed, 1428 lists were established.

The greatest proliferation of lists occurs at the promotional level where for the same period there were 300 examinations and 1154 lists. The use, and priority, of Departmental promotional lists has real significance in the State's examining program.

As a matter of policy, the State has, through gubernatorial resolution and SPB statement, endorsed the concept of a broad state-wide service and eligible lists for selection and promotion purposes. In dealing with this policy on a promotional level, the SPB holds examinations generally on both a state-wide and departmental basis. Candidates with scores of 85% or better have their names placed on Departmental lists. Candidates with passing scores or above have their names placed on a state-wide list. It is, in addressing the state-wide feature, that Qualification Appraisal Panels (QAPs) are frequently used, with panel members or chairpersons coming from outside the competitor's Department. Often this is a two-person board. Since Departmental lists have priority over state-wide lists, and since state-wide lists are held in lower regard by Departments and are seldom used, the reality of the issue of the QAPs and the service-wide examination concept needs to be examined. Delegation of the examining function is affected by this policy.

Departments now "reach" employees in other Departments with far less effort and more preciseness, making use of the provision of Board rule that employees may transfer to the same class or to another class as long as there is less than a 10% differential in the top of the salary ranges involved. When the transfer is approved by the SPB, they may then have their name and score transferred to the new Departmental list.

The cost and use factors of this process of the QAPs and state-wide lists seem to direct a different answer in promotions across Departmental lines. Much of the difficulty seems to hinge on an interpretation of "the

same examination." 1/ This restriction also hinders the use of resources in open continuous examinations.

4. Certification

Upon the establishment of any eligible list, the certification process adds a final delay in the critical need to fill a vacancy. Certification law is unnecessarily restrictive. Safeguarding the merit concept through the limiting rule of three names has long been recognized by practitioners in the personnel field as a refinement not justified in the examining process. While the State's change to a three-rank certification has been desirable, more liberalization is necessary. Examinations are frail instruments at best, and the State's statutes on affirmative action and present-day legitimate demands for a more representative workforce call for a reexamination of such rigidity.

Certification procedures need review. Although the present turnaround time for certification of names is short (for a certification request received in the morning of one day, names are mailed the next) this is an over-simplification of the process. Mail time, field office locations, large numbers of names to process, were all claimed by operating personnel as delays. Originally, in many instances, names on entrance examination lists were screened by SPB field offices. Now departments are required to do this.

Perhaps the most significant delay is found in two aspects: the processing of a request to fill a vacancy through the Department of Finance for approval; and disputes over the request for certification (Form 625) on the allocation or re-allocation of a position.

Characteristics of the CEA

One of the most innovative features of the State system has long been recognized to be the Career Executive Assignment (CEA) system. Conceived under the leadership of former SPB Executive Officer John Fisher and developed in the late 1950s, the CEA has been a significant attempt to bridge a career ladder to top level positions. As indicated in Chapter III, Classification, it now includes some 500-600 positions graded into five levels.

Becoming law in 1963, the CEA was "a system of merit personnel administration specifically suited to the training, selection, placement and motivation of managerial personnel". 2/ The Board may designate positions

1/ Government Code. Section 18950: "The board may further prescribe conditions under which eligibility may be transferred from one subdivisional or departmental promotional list to another subdivisional or departmental promotional list or either when such lists are for the same class and have been established as a result of the same examination."

2/ Ibid. Section 19220.

of a high administrative and policy-influencing character for inclusion in or removal from the category. Eligibility is established as a result of competitive examination 1/ of persons with permanent status in the civil service who meet such minimum qualifications as the Board may determine are requisite. Termination of a Career Executive Assignment is not a punitive action, giving elected executives an opportunity to exercise greater discretion in appointments than is permissable with the remainder of the State's civil service. Termination of such appointment carries the requirement that the employee be reinstated to his former position if he so desires.

Some department management and personnel officers question the grading consistency between Departments for the levels of the program. Most of those interviewed saw more CEA positions as desirable. Some, with mixed reactions, commented on the prestige value of a limitation on number. Several supported better controls on unlimited termination. Turnover data for CEA for the year 1975 (new appointing authorities in place) was 13% but dropped again to the more customary 5% in 1976-77. The Legislative abolition of "red circle" rates for CEA participants laid off or terminated was commented on as unfair by SPB personnel and most departments visited.

Originally the SPB examined for CEA vacancies (classes) and certified ten or more names to fill each vacancy. In an effort to encourage State-wide consideration of persons available, the system was modified to establish a career executive roster. At the present time the roster contains about 5,000 names. A large majority are in the CEA I and II categories. The roster system did not work as expected. Vacancies to be filled were usually from Departmental personnel and/or recruitment.

A March, 1979, proposal to modify the system again is scheduled to be presented to the SPB in August of this year. Essentially, it calls for a selection program to be operated by each Department, with plans approved by the SPB but leaving to Departments considerable flexibility. Under the proposal, the roster would be abolished, the Departmental examination would permit State-wide application through telephone announcement, and the results of the examination could be used for a limited period of time.

Department reactions to the proposal are mixed. Responses reflect concerns for continuing SPB control through approval of examination plans and format, costs of considering candidates State-wide if there is ample competition or if qualified personnel exist within the Department, loss of discretion in making CEA appointments, and the burdensome nature of handling appeals.

In short, while SPB sees the revised process as delegation, many Departments do not.

Questionnaire Observations on the CEA

The important determination as to the direction this well-conceived program of the 1960s should go in the 1980s should not be made without

1/ The report of the Office of Planning and Research, previously cited, identifies these examinations as "oral tests". Op Cit. P. 49.

considering the views of both those who are CEA and exempt executives and those who constitute the recruitment pool for future Career Executive Assignments. These were sought through the questionnaires.

1. Responses of Present Executives

In general present executives were asked to respond to statements on the results of CEA, the identification and selection of CEAs, and the use of the CEAs.

a. As to the results of the CEA system:

The preponderance of both exempt and CEA executives (75%) agree that persons selected to fill CEA positions have shown themselves to be very responsive in carrying out policy changes made by top executives.

The CEA executives agree more than exempt executives (70% to 59%) that the system provides a corps of competent managers who contribute to the effective, efficient, and economical conduct of the State's business. On the other hand less than 20% of both groups disagree or strongly disagree.

b. As to the identification and selection of CEAs:

Among exempt executives, 69% agree or strongly agree that there should be a system for identifying CEA talent earlier and for developing those selected for CEA positions; 54% of the CEAs agree or strongly agree, while 28% disagree or strongly disagree.

Differences in the responses between CEA and exempt executives are not statistically significant regarding the statement that the selection for CEAs should allow people to move more easily across Departments or between Divisions of Departments. Over half agree or strongly agree; about 30% disagree or strongly disagree.

More than half of both groups agree that the CEA system is a motivational factor for lower level employees to work harder and perform better. About 25% disagree.

CEAs agree proportionately more than exempt executives (49% to 31%) that this motivation is due to the fact that competition for CEA is limited to present State employees; exempt executives disagree more strongly (43 to 26%). About a fourth are uncertain. When asked to commit themselves whether the system should permit competitive selection from outside the State service this indecision disappeared. Among CEAs, 33% agree or agree strongly while 58% disagree or disagree strongly. On the other hand, 67% of exempt executives agree or agree strongly while 24% disagree or disagree strongly.

c. As to the use of CEAs:

Quite understandably, far fewer CEA than exempt officials would expand the CEA: 29% to 52%. Only about 18% of both groups would cut the system back.

2. Responses of potential CEAs:

Thirty-two percent at the third level and 24% at the first level of supervisor agree that the CEA system provides a corps of competent managers who contribute to the effective, efficient, and economical conduct of the public business.

a. As to the identification and selection of CEAs:

Over two-thirds of potential CEAs agree or strongly agree that there should be a system for earlier identification and development of potential CEAs. Only 10% disagree.

About half agree or strongly agree that the CEA system is a motivational factor for lower level employees to work harder and perform better. Twenty-eight percent are undecided, and 26% disagree or disagree strongly.

Regarding whether CEA selection should permit people to move across Departments or between Divisions in Departments, 55% agree or strongly agree; 25% are undecided; and 20% disagree or disagree strongly. Women agree more than men (65% compared to 50%).

Nearly a third of potential CEAs agree that the system should permit competitive selection from outside the State civil service, but 53% disagree (31%) or disagree strongly (22%). Proportionately among ethnic groups, whites and Spanish-surnamed disagree the most (57% and 52%, respectively) compared with 29% to 44% for other ethnic groups.

b. As to the use of CEAs:

Forty-six percent of potential CEAs state that the system should be expanded: 26% calling for expansion at lower levels and 15% at present levels.

Twenty-six percent believe that the system should be left about the same, while 32% believe it should be cut back.

Employee and Managerial Reactions to the Selection System

The managerial, procedural, and technical aspects of the selection process have not preoccupied us, for we are quite conscious that in the last analysis the caliber of future employees and the job satisfaction of present employees as they look toward career possibilities depends upon the extent to which present employees and executives view the process as fair and valid. Selection practices can be positive or negative factors in recruiting the candidates desired.

1. The Employee Questionnaire

a. As to merit:

Fewer than 40% of all employees accept as fact that appointments and promotions are usually or always made on the basis of merit. Among ethnic groups, 56% of Filipinos and Native Americans, 41% of both white and black, 36% of Asian, and 34% of Spanish-surnamed/speaking employees accept the statement.

b. As to qualifications:

About 40% of all employees accept as fact that qualifications used to select employees are usually or always related to the duties of the position to be filled. Again views change as employees rise in the ranks: 40% for non-supervisors to 53% for third line supervisors.

However, fewer than a fourth of all employees accept as fact that persons selected to fill positions are usually or always highly qualified for them.

c. As to the factors, as presently used, in the selection process:

Over half (56%) of the employees accept as fact that minimum qualifications (MQs) are usually or always fair and valid in ranking candidates. An additional 27% reported them as "sometimes" fair and valid.

Half of the employees accept as fact that written examinations usually or always produce a fair and valid rating and ranking of candidates; additionally 32% reported them "sometimes". Asian and Filipino employees hold somewhat more favorable views: 56% and 76%, respectively, that written examinations usually or always produce a fair and valid ranking. Custodial/mechanical workers are more favorable than other occupations (63% versus 53% for office and allied). Older employees tend to be more positive than younger ones (57% of employees 50 years of age and over; 46% of employees 34 years or younger).

Only a third of all employees accept as fact that supervisory evaluations (Employee Development Appraisal or Qualification Appraisal Panel) usually or always produce a fair and valid ranking of candidates. About a fourth feel that they "seldom" or "never" do. Peculiarly, the higher the salary of the employee, the less likely is the response positive. Blacks, Asians, and Filipinos are more positive (40%, 41%, and 47% respectively) and Native Americans least (25%).

Only a third of all employees accept as fact that the Qualification Appraisal Panels produce a fair and valid rating and ranking of candidates. About the same proportion report this "seldom" or "never" occurs. Blacks are more positive (44%). Only 33% of non-supervisors agree, while 46% of third level supervisors do. Custodial/mechanic employees are more favorable (53%) than other

occupational groups (29% to 32%). Third level supervisors are more favorable (46%) than lower level supervisors (31%) and non-supervisors (33%).

Forty-five percent of all employees accept as fact that hiring interviews usually or always produce a fair and valid rating and ranking of candidates. An additional 35% report they "sometimes" do. Native Americans are most doubtful about this: 28%, compared with 14% white, 15% Spanish-surnamed, and 15% Asian employees. On the other hand, as expected, 60% of third level supervisors and 3% of first level supervisors agree that hiring interviews usually or always produce a fair and valid ranking of candidates.

d. As to procedures for transfer and/or promotion between Departments:

Three-fourths of all employees agree or strongly agree that changes to broaden opportunities for transfer and promotion between Departments are required. Black, Spanish-surnamed, Asian, and Filipino employees are proportionately more in agreement about this need (83% to 86%) than white employees (73%). Women are more likely to agree than men: 82% compared to 71%. Younger employees are more likely to agree than older (84% at age 34 or less compared to 70% at age 50 and over). Office/allied groups are more likely to agree than other occupational groups (85% compared to 70%-75%). Persons in lower salary ranks are more likely to agree than those in higher ranks (84% at $501-1000 compared with 49% at $2500 and over a month).

In view of these strong views on the need for strengthening inter-Department transfers and promotions, it is interesting to note that 60% of all employees report that information about promotional examinations usually or always reaches as wide a number of interested persons as practicable; another 20% say it sometimes happens.

e. As to the amount of affirmative action attention in filling positions by promotion:

Half of all employees feel that too much attention is given; only 15% feel that too little is given. But by ethnic groups, black, Spanish-surnamed, and Filipino employees most often believe too little attention is given (58%, 47%, and 50%, respectively). White, Asian, and Native American employees more often than other ethnic groups believe too much attention is given (56%, 37%, and 51%, respectively). Men respond proportionately higher than women that too much attention is given (54% compared to 43%).

f. As to persons outside the civil service to be considered for positions above "entry level":

One-third of all employees agree or strongly agree that there should be greater opportunity for persons outside civil service to be considered for positions above the "entry level;" half disagree or strongly disagree. Black and Filipino employees most agree with this position (40% and 47%, respectively) compared with

white (32%), Spanish-surnamed (37%), and Native American (32%) employees. Younger employees express greater agreement (37% for those 34 years or less) than older ones (29% for those 50 and over). Significantly, professional employees agree more (40%) than other occupational groups (office/allied and custodial/mechanical, 28%).

2. The Managerial Questionnaire

a. As to merit:

Over 60% of CEA executives and 50% of exempt executives report that appointments and promotions are usually or always made on the basis of merit.

b. As to qualifications:

These executives are more likely to feel that qualifications used to select persons are usually or always job-related than that they are seldom or never related (53% to 13%). Still, a third say they are only sometimes job-related.

Fifty-seven percent of CEA and exempt executives feel that candidates certified to them from open eligible lists are only sometimes highly qualified. An additional 28% say they usually or always are.

One-half of CEA and exempt executives feel that candidates certified to them from promotional eligible lists are only sometimes highly qualified. An additional 38% say they usually or always are.

c. As to the factors, as presently used, in the selection process:

While 52% of the responding executives feel the minimum qualifications (MQs) produce a fair and valid rating and ranking of candidates, 45% feel they sometimes or seldom do.

Only 36% feel that written examinations produce a fair and valid rating of candidates, while 60% feel they sometimes or seldom do.

Only 33% feel that supervisory evaluations (EDA or Rule 200) usually or always produce a fair and valid rating of candidates, while 64% feel they sometimes or seldom do.

While 44% feel that the Qualification Appraisal Panels usually or always produce a fair and valid rating of candidates, 54% feel that they sometimes or seldom do.

Sixty-seven percent feel that hiring interviews usually or always produce a fair and valid rating of candidates; 30% feel that they sometimes or seldom do.

Half of the executives feel the amount of attention given to affirmative action in filling positions is about right. Only a third feel it is too much.

d. As to policies and procedures for filling vacancies:

Nearly 60% of the CEA and exempt executives either disagree or disagree strongly that these policies and procedures are effective in meeting management needs for a competent workforce. Only a third agree.

e. As to procedures for transfer and/or promotion between Departments:

Over 60% of all executives agree or strongly agree that procedures should be changed to broaden these opportunities.

Similarly, over 60% disagree or strongly disagree that the time required to fill vacancies by promotion is reasonable.

f. As to the impact of the affirmative action program on employment from outside the State service:

Differences between CEA and exempt executives are not statistically significant, 79% agreeing that the affirmative action program has been successful in the increased employment of minorities and 82% that it has been successful in the increased employment of women, but only 38% that it has been successful in the increased employment of the handicapped.

g. As to the impact of the affirmative action program on promotions:

Nearly three-fourths of all executives agree that the program has been successful in the increased employment of minorities and of women, but only 22% that it has been successful in the increased employment of the handicapped.

Conclusions and Recommendations

Most of the recent reviews of the State's selection system have recommended organizational, system, or procedural changes to improve the process. Legitimate though they be, the problem calls for more sweeping change. The present complicated web of "safeguards" is more form than substance. It neither permits managers to manage nor provides employees adequate protection against abuse.

The primary objectives of a staffing function in a public agency include the following: merit and professional selection and promotion; representativeness in workforce; simplification and modernization available in today's "state of the art" and technology; quality and timeliness; and attention to cost.

The present selection system of the State, administered by the SPB and by operating agencies, must be assessed against these objectives. In particular, it must reflect an appropriate system in a newly established collective

bargaining environment in which bilateralism has considerable impact on merit system concepts; and it must address affirmative action directly.

The present State system represents diffused authority--an enemy to accountability. In spite of the best efforts of the SPB, neither those responsible for the management of State functions and operations nor those entrusted with carrying out its missions are satisfied with the way appointments and promotions are handled. Some managers tend to characterize the process as a third party ownership of their most vital resource--personnel.

While relationships with the SPB are generally good, there are continuing points of friction based on procedural complexities, rigid directives, and delays and time span involved in completing personnel transactions.

In the view of management, both the morale of employees awaiting appointment and the conduct of missions are affected.

Employees, on the other hand, often perceive the present system as one in which complicated procedures are subject to manipulation and tend to mask favoritism. Their reluctance to place more confidence for their promotions in the hands of their supervisors speaks to the need of strengthening the personnel management functions at the operating agency and Department level and clearly placing responsibility for decisions there, subject to SPB inspections and post-audits.

In an interim period, decentralization with delegation of selection decision-making, both in content and process, must take place if the SPB is to prepare for a collective bargaining setting. In fact, a large amount of defensive delegation has already taken place. Among Departments, and at one point or another, delegation occurs in almost every stage of the process. Many of these delegated tasks include examination content. In some instances, agency personnel develop their own job bulletins. In many cases, material in the form of questions on subject-matter are submitted by Departmental experts. Review, editing, and augmenting occurs at the SPB level. The use of Qualification Appraisal Panel Examination Reports, Employee Development Appraisal Reports, and self-rating forms are also delegations. And, of course, the CEA is a paramount example.

Although the SPB cites experiences which tend to make it cautious about the delegation process, in major respect a great deal of responsibility is already in the hands of operating managers. Many Departments would welcome more delegation, although caution was expressed with respect to resources necessary and to the importance of training and development of managers and supervisors.

Recommendation 1. The State should recognize the need for a new personnel management approach, expanding from the delegations recommended in Chapter IV for the classification function to the Departments taking greater responsibility for their own staffing function--with delegation beginning at managerial and supervisory levels.

This recommendation is the cornerstone of a series of related recommendations, some long range and some transitional, which will extend through the selection function to chapters on other technical functions to the overall organization for personnel management of the State.

Recommendation 2. A three-tiered organizational concept--managers, supervisors, employees--should be the basis of this new approach. In selection, differences in procedures should be addressed to these three groups.

Separate personnel management systems for managers and supervisors from that for employees is important to the strengthening of the management function for bilateralism. Under such an approach different methods both for classifying and selecting managers and supervisors are appropriate. In addition to the U. S. Government, the States of Oregon and Iowa have already addressed this problem with statutory or system changes.

Recommendation 3. The CEA system should be strengthened and made flexible rather than reduced.

The CEA system permits a rank-in-person concept, and flexibility in hiring. The present SPB proposal for selection still makes the hiring process more complicated than it need be. Agency heads are best able to determine the demands of executive positions, which could be reviewed by the Department of Finance and, if approved by the Governor, included as each agency's annual work program and budget. Agency heads are entitled to greater discretion in the hiring process for the "high administrative and policy influencing" positions of the CEA system.

In order to balance this discretion with the need for stability in the system, there should be a percent limitation on changes in CEA assignments within one year after changes in appointing authorities. "Red circle" rates for employees removed from such positions should be reinstituted, or the career status of an employee should be adjusted to equate with current CEA levels--held in place so that parachute rights to the former career position upon termination of the CEA position not force the incumbent to drop so far down in salary.

Recommendation 4. For groups of classes which are designated as managerial (some 667), the State should adopt the concept of Selection Boards for entrance to the "management service", with free movement thereafter in accordance with qualification.

Under such a concept management would have the responsibility for determining adequacy of competition within a Department or agency, and Selection Boards for entrance into the management service would be established on that basis. If there were a desire for broader competition, then the SPB could assist with appropriate additional personnel on such Boards.

In general, and based on the principle of more than one judgment, discretion should be left to the executives of a Department to determine adequacy of competition and selection methods for managerial personnel.

Although functionally belonging in later chapters of this report, an additional recommendation will make clearer the concept encompassed in this "management service":

Termination procedures should be changed for employees in the management service.

Removal of a member of this group should be possible based on one annual unsatisfactory performance rating or on a marginally successful rating for three years. Rights to return to the non-managerial position previously held should be protected. Terminations, like those of probationary employees, should be subject to review only for insurance that due process was followed or against discrimination.

Managerial identity cannot be achieved unless people are treated like managers. For example, some mechanism for managers to communicate with one another and the central personnel agency on a regular basis is essential in a collective bargaining framework. Recommendations dealing with this and other aspects of personnel management for the "management service" will be presented in the functional chapters which follow.

Recommendation 5. For the groups of classes which are designated as supervisory (some 968), selection measures should follow the recommended revision of the classification structure based upon deep classes or pay grades.

Public agencies tend to examine at more refined vertical levels in an organization, and for more specialties, than the good of the system or the selection capacity of examinations warrants.

For supervisors, there should be a reasonable balance between the expectation to compete in an examination free from supervisory evaluation, and the need to be responsive, in performance quality, to the objectives of a Department. A pay grade system combines these elements. In such a system examinations would be held at key points in the classification plan, which would be deeper vertically. Within those ranges, pay grades would be established. Departments would develop their own procedures. After these are reviewed by the SPB for fairness, employees could be assigned or reassigned within classes based on such procedures. The SPB reviews would ensure that Departmental plans include a provision covering consideration of employees for promotion after transfer from another Department.

Recommendation 6. For rank and file employees, the delegation of entrance and promotional selection processes to Departments should be increased.

In examinations for both open and Departmental promotional or Department-only classes, such delegation as occurs in substance often seems complicated by a thicket of procedural requirements. Complete delegation to Departments for those classes used only by a Department would seem an appropriate early target, with audit rather than procedural requirement being the function of the SPB.

It is entirely possible that, for rank and file employees, procedures affecting promotions may become subject to negotiation. Departments should begin to strengthen their capacity to deal with these matters bilaterally by assuming more responsibility for selection.

Finally, the process of delegation should move toward the objective of reserving to the SPB concentration on technical aspects of examining, test development and construction services for use of Departments, innovation and improvements in selection, and auditing for merit system abuses on a regular and timely basis.

Appeals from delegated selection processes should come to the SPB through grievance channels in Departments. During a transition period, they should be reviewed by the SPB after recommendations are made by the Departments. Ultimately, such appeals should be handled entirely through grievance procedures.

Within such a system of delegation, Departments can also suffer from isolation in personnel management activities. Such isolation deprives flow of both ideas and resources. A Council of Department Personnel Officers electing its own leaders and staffed by the SPB, would help to prevent such isolation and enhance communication.

Recommendation 7. The State must also address a more open entrance to the State system.

In any career system management has a priority need to develop its own personnel. However, such a system can become ingrown and stultified unless opportunities are given for lateral entrance. Most merit systems are too closed and, under usual regulations, find hiring from the open market difficult. The State is no exception. In a system of 138,000 positions there are about 1500 exempt positions, aside from Boards and Commissions. Beyond these, open entrance to supervisory and managerial classes is limited. Within reasonable percentage limits, appropriate to Departments and assigned by the SPB, there should be more opportunity for open entrance at supervisory and management levels. Selection systems should permit Department directors to consider open as well as promotional candidates, and to appoint qualified personnel from outside within those percentage limits. Termination of such appointees during probation should be even less burdensome than for career employees in those ranks, without review rights for any reason.

Recommendation 8. The SPB should be assigned greater leadership in internships.

Whether paid or unpaid, internships should be viewed as part of the total recruitment program of the State service.

A prototype of the Federal example, a State Management Internship, with selection by colleges and universities and in appropriate numbers assigned to each institution, could provide a competitive and prestigious entrance to the State service. If paid internships cannot be funded directly (although relatively costs are small), they could be available for agencies in lieu of already authorized positions in generalist entrance classes and within present budgeted costs. Added savings would accrue from examining savings. The Staff Services Analyst class may be a useful example. Such examinations require processing of 7,000-10,000 candidates for a relatively small number of appointments.

If restrictions from the definition of an examination prevent this, an amendment to the Government Code should be proposed to permit tenure after a reasonable period of satisfactory service and a review of competence by more than one person in the supervisory chain of command.

Such a program, begun on a relatively small basis, will place the State as an employer before graduating students in colleges and universities in an effective recruiting way.

Recommendation 9. This selection system requires that the SPB redeploy its staff and financial resources.

Commitment of considerable SPB professional resources and time to the chairing of QAP evaluations, both promotional and entrance, should be reevaluated in the light of delegated examinations and Departmental Selection Boards. The Board's 1978-79 stated objective was to meet the examination rates requested by Departments in only 50% of the cases. No organization creates good will when its presence is constant in operations, though it claims to have delegated. The SPB staff resources can better be devoted to examinations with significant technical content, to conduct of necessary service-wide examinations, to technical service functions for Departments, and to audit functions.

Especially should the Board turn from oversight to audit. An open selection system, subject to audit and public scrutiny with the power to rescind appointments, will be more effective than a system subject to a management manipulation invited because of its rigidities.

Not only should service-wide recruitment efforts, including internships, be given an organizational status separate from service-wide examinations, but such central test construction as the SPB retains should be moved to the Departmental Services Division. This would permit the Policy and Standards Division to concentrate on selection program development and validation, new materials being fed in for use by the SPB organization both familiar with Departmental examining capability and responsible for examination scheduling for those service-wide examinations conducted by the SPB.

CHAPTER VI

EVALUATION AND REWARDS

In response to the provisions of Proposition 13, the State has reduced the number of its employees by two and one-half percent during the period June 30, 1978 through March 31, 1979. Experience in other jurisdictions indicates that citizens who vote economy measures frequently expect better management to produce reduced expenditures and fewer public employees without a dimunition of services, particularly in their own areas of special interest.

Because of this, we sought to learn whether the State's personnel management was such that maximum utilization of its human resources was reasonably attainable. Maximum utilization involves, among other things, management determination of whether or not the employee workforce is performing at optimum levels. It was therefore essential that we determine the extent to which the State has the means of assuring that employees are performing at a level conducive to effective and economical management, and whether these means are being utilized.

Since merit pay is collaterally related to performance, we included its consideration with review of performance evaluation.

Criteria

Certain basic considerations serve as criteria against which to measure employee performance evaluation and merit pay systems.

1. Performance evaluation is much discussed and often attempted, but usually fails to achieve its objectives because management fails to provide the resources necessary to assure success. Performance standards must be developed through job analysis, with employee participation. Evaluation must be continuous and the results utilized for a variety of purposes, including training and development, promotion, and removal or demotion. All of this takes time.

2. Performance must be evaluated against job-related behavior, not personal traits (unless these are required for success on the job).

3. The evaluation instrument must be simple or it will detract from its reason for existence.

4. The evaluations made must be translatable into measures indicating degrees of adequacy of job performance against pre-set performance standards.

5. Supervisors need to be trained in the rating procedures, and their ratings reviewed to assure that they meet their managerial responsibilities for evaluating work performance of subordinates.

6. Evaluations which produce neither tangible recognition of superior performance nor remedial action for less than satisfactory work engender poor morale and substandard performance.

7. Performance evaluation for managers and supervisory employees must be tied to a meaningful incentive program based upon tangible forms of recognition.

8. All three groups--managers, supervisors, and employees--are critical to the effective execution of programs; therefore performance evaluation and awards for performance must be related as one process in their minds rather than considered as two, entirely separate, actions.

9. "Merit pay increases" should not be considered as the only means of recognizing performance; other financial and non-financial rewards should be utilized.

Summary of the Performance Evaluation Program

Legal Basis

Sections 19300 through 19304 of the Government Code set forth the following requirements for performance reports:

1. After appropriate consultation, the State Personnel Board (SPB) "shall assist and encourage state agencies to establish standards of performance for each class of positions and provide a system of ratings. Such standards shall insofar as practicable be established on the basis of the quantity and quality of work which the average person thoroughly trained and industriously engaged can turn out in one day."

2. "The evaluation shall be set forth in the performance report, the form for which shall be prescribed or approved by the board. The board may investigate administration of the system and enforce adherence to appropriate standards."

3. "The rules shall provide that employees be shown the performance report covering their own service and have the privilege of discussing it with the appointing officer before it is filed".

4. "Performance reports shall be considered, in the manner prescribed by board rule, in determining salary increases or decreases, the order of lay-offs, advisability of transfers, demotions, and dismissals, and in promotional examinations."

The Systems Capsulated

There are currently five service-wide performance evaluation systems in effect. In addition individual departments have experimented with other types of evaluation; some of these are being continued. The five systems are:

- Report of Performance for Probationary Employee
- Annual Performance Appraisal and Individual Development Plan
- Supervisor's Certification of Salary Adjustment

- o Qualification Appraisal Panel (QAP Rule 200) Examination Report by Supervisors
- o Employee Development Appraisal (EDA) Report by Supervisors

Each of these has a distinct purpose, as described below:

1. Report of Performance for Probationary Employee.

This is founded in law (Sections 19170, 19171, and 19172) and in State Personnel Board Rules (322 and 323). It should be noted that a new probationary period is required when an employee enters or is promoted in the state civil service by permanent appointment from an employment list, or upon reinstatement after a break in service resulting from a permanent separation. Reports on a standard form (Standard 636) are required at the end of each one-third portion of the probationary period. Ten qualification factors are listed, but the rater is advised to rate only those factors necessary for success in performing the duties of the position. A minimum of five factors must be rated.

2. Annual Performance Appraisal and Individual Development Plan.

In addition to the statutory provisions previously cited, SPB Rule 340 states that performance appraisal is a continuing responsibility of all supervisors, and requires that supervisors discuss performance informally with each employee as often as necessary to ensure effective performance. It requires annual written performance appraisals.

The form that is utilized (Standard 637) consists of two parts: a summary of appraisal of past job performance, and an individual development plan for future job performances.

The development and appraisal interview is a joint problem-solving effort.

The annual interview is not designed to be the only mutual discussion of performance and development held during the year. It is assumed that previous informal discussions during the previous year have eliminated any possibility of surprise regarding the quality and quantity of past performance. It is also assumed that there will be periodic discussions between employee and supervisor regarding progress on the individual development plan. In other words, the annual interview is intended to provide the opportunity for an overall review of the employee's performance, his future development, his duties and responsibilities, and his relationships within the organization.

There are nine factors listed for consideration in relation to the critical requirements of the job. Four or five are usually sufficient. Use of category ratings for each factor is optional since comments may be made. The emphasis is on those factors where the employee's performance falls below or substantially exceeds standards.

Results of the annual appraisal have no direct bearing on pay adjustments or on the taking of personnel actions such as promotion, the order of

layoffs, and the advisability of transfers, demotions, and dismissals. The report of performance no longer has any effect upon merit salary adjustments, promotional eligibility, and layoff. A former requirement of at least a standard overall rating to be eligible to take a promotional examination has been eliminated, and the selection process is relied upon to distinguish between the qualified and the unqualified. Consideration of below standard performance ratings in layoff scores was eliminated; layoff is now based on length of service only.

3. Supervisor's Certification of Salary Adjustment.

The State's pay system includes three to seven pay steps for each class. Blue collar occupations have three while the Career Executive Assignment system has seven.

Employees are eligible to move from one step to the next after twelve months of service, providing that supervisors certify that they have met the standards of efficiency required for their positions. An employee's performance need not be exceptional--just the level of quality and quantity expected by the agency of an employee with his or her experience.

The fact that the increases described above are termed "merit salary adjustments" has caused some confusion, even in the Legislature. They are misnamed. They do not require more than "fully satisfactory performance" for attainment because step increases relate to the manner in which the "prevailing rate" and pay steps are determined for classes.

Each year the "prevailing rate" outside the State government for each class is compared with the "average rate" paid State employees in that class. Since the majority of employees in most classes are in pay steps four or five, they heavily weight the "average rate" for the class. This means that almost all employees in steps one, two, and three and some in step four are working below the "prevailing rate". If they receive a "fully satisfactory" rating, they are considered as being entitled to a one step increase.

4. Qualification Appraisal Panel (QAP Rule 200) Examination Report by Supervisors.

This report is used in the examining program. The QAP Rule 200 promotional examination report is prepared by the employee's supervisor and reviewed by the supervisor's supervisor. It does not contain a prediction of success in the higher level classification. It is used as a guide to panel members in determining factors which need particular attention in the interview. The rating of competitors is based solely on information developed in the interview.

The form contains six factors, but the raters may add more. Comments are mandatory. The employee's performance is compared against that of others doing the same kind of work.

5. Employee Development Appraisal (EDA) Report by Supervisors.

Employee development appraisal (EDA) is a technique used in promotional examinations, when there is no open feature, to evaluate the employee's potential for promotion. It is based on the proposition that at least two or three supervisors and managers who know an employee's work can evaluate the characteristics of his past performance that would predict success in the higher level job. Their input is then submitted to the EDA Rating Committee for further evaluation of the potential, and competitiveness, for success in the higher level class. Using the information on the form from managers, supervisors, and the applicant, and an oral interview with that applicant, the EDA Rating Committee determines a single score which represents an assessment of the employee's overall potential for successful performance in the higher level class. Detailed instructions are provided reporting supervisors and Employee Development Appraisal (EDA) Reporting Committees.

Monetary and Non-Monetary Recognition

As pointed out previously, the step increases granted annually are not merit increases for superior performance but salary adjustments for fully satisfactory performance when employees are at steps below the "prevailing rate" determined by the annual pay survey.

There are two types of awards for high level performance.

1. Special Acts and Services.

A "Special Act" is defined as "an extraordinary act of heroism by a state employee extending far above and beyond the normal call of duty or service performed at great risk to his own safety or life in an effort to save human life".

A "Special Service" is an act of heroism by a state employee extending above and beyond the normal call of duty or service performed at personal risk to save property.

The awards for a special act or a special service are primarily honorary, each consisting of a certificate and a medal.

2. Superior Accomplishments.

These are of two types: Superior Accomplishments of a Nonrecurring Nature, and Sustained Superior Accomplishments.

A Superior Accomplishment of a Nonrecurring Nature may be an important contribution, significant improvement in an agency's operation, or unusual personal effort in overcoming unusual difficulties or obstacles. The primary award is a certificate of commendation. It is given either as a Silver Award accompanied by an engraved desk set, or as a Gold Award accompanied by a watch.

A Sustained Superior Accomplishment is superior job performance over a period of time, resulting in an exceptional contribution to the efficiency of the State Government. The primary award is $150 and a certificate. The number of employees who can be recognized in this manner is limited to one for each 200 employees.

The Performance Evaluation Program in Operation

As Evaluated During Study Interviews

Interviews were conducted in a number of departments, ranging from the largest to one of the smallest, to learn firsthand how the Performance Evaluation Program is operating.

It is obvious that the Program is not working.

1. The General Program

The majority of Departments indicated that a lack of practical training of managers and supervisors in the performance appraisal process contributed to an unsatisfactory program.

Dissatisfaction was expressed with the appraisal forms. Factors were cited as "too vaguely defined to be meaningful in relation to specific job classification".

The failure by supervisors continuously to evaluate employees has resulted in the complaints that the first and only time employees learned how well or how poorly work was being done was during the formal appraisal. Failure to provide remedial assistance at the time marginal or unacceptable performance first appeared has resulted in employees continuing to perform in a less than satisfactory manner. If the formal appraisal was never conducted, as has been the case, employees often did not become aware of shortcomings.

Almost all of the officials reported that little attention was paid to complying with the requirement for an Annual Appraisal and Individual Development Plan. Some stated that the supervisors were reminded at the time the reports were due, but that no follow-up was made. A number stated that the Annual Appraisal was of little value either to supervisors or employees. Complaints were: the factors are vague; the form was not designed to be related specifically to the job at hand; and a good or bad rating did not affect the employee. Most stated that they felt obligated to comply with the probationary rating requirements since these evaluations are required for specific personnel actions. One official of a large Department said that the determination as to when a probationary period rating is required is such a complicated process that he is certain that some managers miss it, or make it when unnecessary.

The attention given by management to the probationary period as a completion of the examination process is clearly indicated by data on rejections. Of 15,595 new hires during the fiscal year 1977-78, only 290 were rejected during the probationary period.

Statistically, this would indicate that the examining procedures were 98.7% successful in furnishing appointees who can perform the work for which selected in a fully satisfactory manner. However, Department personnel said that this is far from reality. A great deal of time, effort, and money goes into working with marginal employees certified by the examining process in an effort to bring them up to satisfactory performance. Even with this kind of help, a number of employees fail to reach the satisfactory level during probation, and we were advised that supervisors who move against unsatisfactory probationers, particularly those who are members of minorities, encounter a great deal of pressure from a number of sources not to do so. Probationers have an almost unlimited right of appeal to the SPB.

2. The CEA program

Section 548.100 of the SPB Rules states that "Performance appraisals of persons serving in career executive assignments shall be conducted in the manner prescribed by the executive officer."

Those executives in CEA who were questioned had not been appraised since their assignments.

As Evaluated by the SPB

The SPB conducted a study of the performance appraisal system during 1978. This study was precipitated by several factors, perhaps the most important of which was an increasing number of examination appeals, employee grievances, and discrimination complaints which reflected on problems caused by infrequent and ineffective performance appraisals.

The study has not yet been released. However, it identified the following basic problems:

1. Employee appraisals are not being conducted on a regular basis.

2. The standard form of the performance appraisal is too generalized to be meaningful to the individual supervisor/employee team on the job.

3. A general reluctance on the part of State supervisors to take responsibility for thorough, timely reports of performance in the absence of:

   a. specific performance objectives

   b. adequate supervisor/employee training in the proper conduct of performance appraisals.

4. The State civil service system is too large for a centrally administered performance appraisal system to be effective.

5. The various appraisal tools are not viewed as being related, causing inconsistencies in the ratings received on the different forms. It is conceivable that an employee could

receive several different performance ratings in a year from the same supervisor. This situation often results in appeals.

The conclusions reached indicated that the administration of the current performance appraisal system, as well as the system itself, was meeting neither employee nor Department needs in an effective manner. While there is a system in effect, the review indicated that the system is not being administered in a way that meets performance appraisal objectives. No disagreement was indicated that the framework for a basic performance appraisal system exists in the Constitution, the State Statutory Code, and the State Personnel Board Rules. "However, adherence is inconsistent among departments both in terms of quality and quantity of appraisals. No formal enforcement or audit activity is currently performed by the Board staff in this area".

Performance appraisals, according to the report, "are often poorly done, not done at all, are only done when negative feedback or punitive action is anticipated, or are inconsistent within the system--i.e., an annual appraisal and "Rule 200" (Qualification Appraisal Panel Examination Report) for the same individual reflects different rating by the same supervisor."

The SPB study concluded with these recommendations:

RECOMMENDATION 1:

Responsibility for designing and administering the appraisal mechanisms be delegated to departments.

RECOMMENDATION 2:

Performance appraisals should be based on job-performance requirements and the ratings employees receive should relate to pre-established job-performance standards.

RECOMMENDATION 3:

There should be a logical consistency among the ratings provided by a supervisor using the different types of appraisals (probationary, annual, M.S.A., Rule 200 and EDA) for an employee.

RECOMMENDATION 4:

The appraisal forms used to review supervisors and managers should be different from the forms used for employees. Additionally, supervisors/managers should be evaluated on the ability to utilize performance appraisals to evaluate an employee's current performance and plan for future performance.

RECOMMENDATION 5:

Departments should establish a record keeping system for performance appraisals.

RECOMMENDATION 6:

Departments should develop a performance appraisal system which will include a plan for implementing a performance appraisal system. This plan should be available for audit by the State Personnel Board.

RECOMMENDATION 7:

The State Personnel Board's auditing unit periodically should review departments for continued compliance.

As Evaluated by Employees and Managers

A 1977 request of the CSEA produced "a guarded support for a performance-based salary program. ... The report leaves unresolved the question that plagued civil service from its inception: how does one come up with an effective performance rating system? Without an adequate answer to this question, managers left to their own devices boost their excellent employees up the career ladder (thus encouraging grade creep) and either bear with their poor employees, foist them off on others, or, in the absence of all other remedies, attempt to fire them". 1/ Clearly the best judgment, then, of a performance evaluation program is that made by the employees rated and the supervisors who do the rating. What does each expect? How does it actually measure up? Is it all "another form to be filled out" or does something happen as a result?

To seek answers to these questions, statements regarding performance evaluation were included in the questionnaires filled in by non-supervisory employees, supervisors, and CEA and exempt executives.

1. Responses from the employee questionnaire:

These fall into two broad groups: (a) the role of the supervisor in performance standards, and (b) acceptable uses for performance ratings.

(a) Role of the supervisor:

About 70% agree or strongly agree that their supervisors are well aware of the amount and quality of their work. With the exception of Native Americans (53%), over 60% of all ethnic groups report agreement that this is so.

Fifty-eight percent report that in most or all respects they have been told the standards of production and quality expected of them in their jobs. Twenty-two percent reported this to be so"in some respects". By ethnic groups, 47% of the Filipinos, 50% of the Asians, 52% of the Spanish-surnamed/ speaking, 56% of the Native Americans, 57% of the whites, and 68% of the blacks report this to be so in most or all

1/ "Deliver Us From Evil. ..." Op. Cit. p. 69.

respects. Professional and administrative employees report having been told of their job standards in all or most respects in lower proportion (53% and 51%), respectively), compared with 60% for office/allied and 65% for others.

Over half of the employees agree or strongly agree that their supervisors keep them informed often enough about their job performance, but 37% disagree or disagree strongly. Less than 50% of Spanish-surnamed, Asian, and Native American employees (43%, 47%, and 47%, respectively) agree that they are getting this information often enough.

Nearly 60% of the employees agree that their performance ratings give them a good picture of how well they have been doing; about 30% disagree. Women are more likely to agree than men (64% to 55%).

(b) Acceptable uses:

Forty-four percent of the employees disagree or disagree strongly that formal performance evaluations are too subjective to be useful in improving their performance. Twenty-three percent are undecided.

Employees agree 3 to 1 that formal performance ratings should be used in promotion, and they agree 3 to 2 that they should be used in lay-off determinations. Blacks disagree most with the latter statement (51%), compared with 39% of the whites, 30% of the Asians, 40% of the Spanish-surnamed, and 46% of others. Responding to three differently worded statements on the subject, in different places on the questionnaire, employees agree 3 to 1 that there should be a system of merit pay increases which would reward them for performance significantly exceeding the minimum.

Employees agree overwhelmingly (83%) that formal performance ratings should be used in identifying training needs.

Finally, employees agree 4 to 1 that formal performance ratings should be used in taking corrective action. Only Native Americans, among the various ethnic groups, differ to any appreciable extent in this view (71% versus 80% to 87% for other groups).

2. Responses from potential CEAs, CEAs, and exempt executives:

Only 11% of those who are in CEA positions or in line for those positions agree that the State's methods used for evaluating executive performance are effective. Nearly 40% disagree, and half are undecided.

Only about a third of CEA and exempt executives agree that employees are motivated sufficiently to improve and to perform beyond minimum levels of productivity and quality. Nearly half disagree, with exempt executives disagreeing proportionately more than CEAs (50% to 34%).

Sixty percent of CEA executives and 40% of exempt executives state that standards of performance have not been established for positions in their Departments.

Regarding the acceptable uses of formal performance reports:

a. After responding overwhelmingly (85%) that formal performance reports should be used in merit step increases, executives were later reminded that, presently, salary adjustments are given to employees who perform satisfactorily, and then asked if they agree or disagree that there should be a system of merit pay increases which would reward employees based on level of performance. Nearly three-fourths of both CEA and exempt executives agree. Only 17% disagree.

b. An overwhelming proportion (nearly 90%) feel that formal performance reports prepared by supervisors should be used in promotion and in identifying training needs.

c. CEA and exempt executives believe almost unanimously (95%) that formal performance reports prepared by supervisors should be used in taking corrective action.

d. While 77% of these executives believe formal performance reports should be used in layoffs, 20% do not.

As a concluding summary, and with no significant difference between them, CEA and exempt executives disagree (43%) or disagree strongly (27%) that the State's annual performance reports system is an effective management tool for ensuring the most productive workforce.

The Merit Salary Adjustment (MSA) as Motivator

We have observed that the MSA, known universally as "merit step increase", is a misnomer. The achievement of an MSA merely means that a "fully satisfactory" employee is progressing toward a level of performance which warrants receiving pay comparable to the pay received outside the State government for similar work, based upon the annual SPB pay study of prevailing rates.

The effect of this practice needs to be analyzed.

The distribution of State employees over the five step pay schedule during the fiscal year 1977-78 was as follows:

Steps	1	2	3	4	5
Employees	15719	12968	14252	14209	52838
% of all employees	13.59	11.21	12.32	12.28	45.68

(Total 95.08%)

The remaining were spread over grades two and three of the blue collar three step system, and steps six and seven of the CEA seven step schedule, as illustrated:

CEA

Steps	6	7
Employees	57	322
% of all employees	0.05	0.28

(Total 0.33%)

Blue Collar

Steps	2	3
Employees	21	53
% of all employees	0.02	0.05

(Total 0.07%)

We were advised that the remaining employees had not yet been employed the six months necessary before being considered for the first increase.

Obviously the overwhelming number of employees move forward through the steps to the third, fifth, or seventh step depending upon their category: white collar, blue collar, or CEA.

This progression is clearly understood when we examine the MSA denial rate.

Month	Possible MSAs	Denied MSAs	% Denied MSAs
3/79	4016	34	.8%
4/79	4457	49	1.1%
5/79	4505	38	.8%
6/79	3873	30	.8%
Total	16851	151	.9%

Rarely indeed is the employee denied a "merit Salary Adjustment". Merit, indeed! Especially significant are these data in the face of the 3 to 1 agreement by employees, managers, and CEA executives that there should be a system of merit pay increases which would reward employees for performance significantly exceeding the minimum.

Other State Motivational Rewards

Aside from promotions to vacant positions or quiet efforts to re-classify employees, always conscious of the charge that they "boost their excellent employees up the career ladder (thus encouraging grade creep) ...."1/, supervisors and managers have few means available to them to motivate or reward employees through either financial or non-financial rewards.

Certainly the Merit Salary Adjustment is no motivator for performance well above the "fully satisfactory" level.

What incentive does the employee, the supervisor, the manager have to excel?

The CEA has the prestige accruing to the designation.

Other than that special recognition of an earned status, however, CEAs join other managerial and supervisory personnel as they and non-supervisory employees share in a common State program: the awards program.

Section 13926 of the Government Code provides that the State Board of Control may make awards to State employees who make beneficial suggestions, perform special acts in the public interest, or who by superior accomplishment, make exceptional contributions to the efficiency, economy, or other improvement in the operations of the State government. This statute provides that awards under the section are limited to $1000 (unless a larger amount is approved by the Legislature) and that such funds as may be expended for awards may be paid from the appropriation available to the State agency affected by the award.

The facts are that the limitation (one employee out of 200 who may be nominated for a sustained superior accomplishment award) and the meager reward (certificate and either desk set or gold watch) are not likely to

1/ Idem

motivate anyone. As one high level executive said, "Anyone who breaks his back for the State of California certainly isn't doing it for a gold watch worth $150, and a certificate. In other words, outstanding performance is not generated by the award". Using the same logic, neither is a State employee who endangers his personal safety to save lives or property likely to do so because of the prospect of the award.

The beneficial suggestions program reports 2921 suggestions received in FY 1977-78, with 393 awards for improved procedure and 142 awards for savings totaling $1,755,738. For these the State paid $169,032.

A Critique

Our discussions with State officials and personnel officers indicated that the awards program is: (1) well administered, (2) poorly supported by the Administration, and (3) lacking in motivating factors.

On the broader question of performance, the Government Code requires that the SPB "shall assist and encourage state agencies to establish standards of performance for each class of position and shall provide a system of performance ratings". It sets forth the basis for the standards, gives the Board authority to investigate administration of the system and enforce adherence to appropriate standards, and authorizes the Board to establish rules under which records of unsatisfactory service may lead to reduction in classification and compensation, or removal.

There is no evidence that the Board has actively pursued its responsibilities, except for the study which the Board conducted in 1978, which it has neither acted on nor released.

In justice to the Board, action on its study has been delayed or indefinitely postponed because of objections by the Director of Employee Relations, who, possibly, is taking into account that collective bargaining, scheduled to begin about January 1980, will undoubtedly involve performance appraisal. Public indication of a State position now would, in view of this, be imprudent.

However, the negotiation of a performance appraisal system for employees will not relieve management of the responsibility for developing a performance appraisal system for supervisors and managers. It is our understanding that the Office of Employee Relations is currently working on this with the assistance of a team of consultants.

Recommendations

Recommendation 1. The SPB, working with the Office of Employee Relations because of the coordination necessary with agreements sought in bargaining units, should develop a performance appraisal program for employees not covered by collective bargaining. The objective of this program should be to provide employees and management with a reasonable evaluation of how well employees are meeting the requirements of their positions.

The evaluation should be job-related, with emphasis on those performance factors which are critical to job success. Evaluation of traits should be avoided, unless specific traits are essential to success in the occupation.

Evaluation should be a continuous process not limited to periodic interviews, although these may be helpful to sum up performance over a period of time.

Evaluation should consist primarily of identification of work products which indicate either performance which is well above what management expects or which falls short of an acceptable level.

Exceptional performance should be recognized at the time it is performed. Fully satisfactory performance should be reinforced. Performance falling short of an acceptable level should meet a supervisory response composed of constructive criticism, a period of training necessary to correct the problem, and a clear understanding that the work defects must be corrected.

The performance appraisal should be the basis for any merit increase awarded, the tool used to determine training and development needs, and the justification for removal from a position, with resulting demotion or separation from the State service.

Recommendation 2. Performance appraisal plans for supervisors and managers, other than CEAs, should be developed by Departments, with staff assistance and guidelines from the SPB.

Managerial identity cannot be achieved unless people are treated like managers. Therefore, in each Department, and possibly in groups of small agencies with like functions, supervisors and managers should participate in the development of the performance plans for supervisory and managerial classes, respectively.

Plans which are developed should be based upon the peculiar requirements of each major occupational group, as identified in the classification plan.

All such plans should be the bases for any merit increases awarded, the tools to determine training and development needs, and the justification for removal from positions, with resulting demotions or separations from the State service.

Merit increases for supervisors and managers should be based primarily, if not solely, on demonstrated effectiveness in achieving organizational program goals, improving the productivity of subordinate units, and developing subordinate staff. Cash bonuses should be made available in accordance with guidelines established by the Legislature.

Non-pay benefits such as recognition from Department Directors, brief job-related professional development, and so on should be related to performance ratings.

A mechanism for supervisors to communicate with one another on a regular basis, essential for development and administration of performance rating plans, for communication in a collective bargaining framework, and for other common management interests, is recommended in Chapter III.

Recommendation 3. A performance appraisal plan for the CEA should be developed by the SPB in conjunction with representatives of the CEA.

It should be the basis for merit increases within a pay level and from one class to another.

It should also be the basis for cash bonuses in accordance with guidelines established by the Legislature.

It should likewise be the basis for non-pay rewards such as job-related professional development or similar paid leaves to "re-charge batteries", broaden points of view restricted to specialties, and similar activities in accordance with guidelines established by the Legislature.

A mechanism for CEAs to communicate with one another on a regular basis, essential for development and administration of the performance rating plan and for other common management interests is recommended in Chapter III.

Recommendation 4. Appraisal of job performance should be used in consideration for reassignment or promotion only if the basic knowledges and skills required for the current position are the same or very similar to, and of the same level as, those in the position to which reassignment or promotion is being considered.

Supervisors and managers must not be permitted to predict employee success in another position when they have not had the opportunity to observe the employee exercising the knowledges and skills of the new position.

Only those supervisors and managers who are reasonably aware of an employee's performance should be permitted to evaluate or review that employee's performance.

Recommendation 5. The SPB should take the leadership in promoting training for employees, supervisors, and managers regarding the performance appraisal program.

This training should be developed by the SPB and conducted, for the most part, by the individual Departments. Emphasis should be on the techniques of evaluation and on the benefits accruing to management and employees from a well-designed and effectively implemented performance appraisal system.

Recommendation 6. The SPB should make periodic audits of performance appraisal in the Departments and agencies.

There is a proven maxim--"management may expect what management inspects". An audit program is essential to ensure that good job performance is reinforced, outstanding performance is recognized, and less than satisfactory performance is remedied either by correction or by demotion or separation of the employee.

The audit program should be a major concern of the SPB.

Recommendation 7. Management at all levels, from the Governor and his Directors of Finance and Employee Relations on down, should forcefully support the activated performance appraisal program.

It is a critical necessity for the State to make sure that it is getting the job performance from its workforce that citizens are expecting. The Governor's attention and support is needed if continuous appraisal of performance is to assume an equal place with continuous monitoring of position vacancies. Both are essential to a highly efficient and effective workforce of minimum size.

CHAPTER VII

TRAINING

An evaluation of training in the State service must be with July 1, 1979 as a bench mark.

Anything prior to July can only be viewed as historical perspective. Anything after June can only be a hypothesis, based upon (1) perceptions and studies of State Personnel Board (SPB)-Department-State Government top management concerns or lack of concerns over training and (2) reactions of State employees and managers to training as they experience it. These latter reactions are available through analysis of the 2706 employee and 361 managerial questionnaire responses.

July 1, 1979 became a bench mark because the State Training Policy, announced by an SPB memorandum to all State agencies and employee organizations in August, 1978, became effective on that date. It is the fourth bench mark established in the construction of a still evolving State training program.

Historical Perspective

1. The first bench mark, in 1957, was placed when the Legislature authorized the State Personnel Board (SPB) to "devise plans for and cooperate with appointing powers and other supervising officials in the conduct of employee training programs so that the quality of service rendered by persons in the state service may be continually improved". (Stats 1957. Ch. 1965)

2. The second bench mark, in 1970, was placed when the SPB adopted a policy of providing training courses to departments through the Personnel Development Center. "Departments paid the Center for training employees. The Board hoped that a decentralized training service would be more effective than a centralized approach emphasizing control. Departments were left to choose their own course of action." 1/

In the 1976-77 course bulletin, 54 class titles were offered through four institutes and a State Executive Program:

"State Executive Program--Heavy emphasis on policy establishment and modification;

"Management Development Institute--Offers programs which stress supervisory responsibilities and utilization of staff resources;

"Supervisory Development Institute--Offers programs which stress supervisory responsibilities and utilization of staff resources;

"Professional Development Institute--Provides training in specific skill areas in order to enhance individual capabilities;

1/ "Deliver Us From Evil. ..." Op. Cit. p. 71

"Secretarial Development Institute--Provides developmental activities which increase employees' skills, knowledges, attitudes in performing present assignments.

"There are currently twelve Regional Training Centers throughout the State which provide training resources comparable to those available in the Sacramento Facility." 1/

The Secretarial Development Institute is now the Staff Services Development Institute.

3. The third bench mark, in 1977, was placed when the Chairman of the Joint Legislative Audit Committee submitted to the Legislature a report of the Auditor General on the "insufficiency of leadership in the training of state employees", along with a response to the report by the Acting Executive Officer, SPB.

a. The Auditor General stated that since 1970 the Board's training division was primarily dependent on fees charged Departments, the General Fund support having dropped in the seven years from $445,797 to $224,284. He then observed: "The State Personnel Board and other state departments have not coordinated their training activities or cooperated to devise plans for training state employees. Consequently, training needs of state employees are not being adequately identified, and the state training effort is fragmented and diffused. ... there is a wide variation in the amount and type of analysis performed to determine training needs. ... The Personnel Development Center does not comprehensively assess state employees' training needs to determine what training it should offer. ... Only 7 of the 15 departments surveyed had a training needs assessment process, and the manner in which the assessment was conducted varied greatly among departments." 2/

Continuing, the Auditor General noted: "The majority of employees surveyed (396 of a random sample of employees with more than five years of service responding to a questionnaire) indicated that their training needs are determined by their supervisors and themselves. ... Seventy-seven percent ... said they received on-the-job training specifically designed and structured to insure some minimum level of job knowledge and skill. In addition, 47 percent of the respondents felt they needed more on-the-job training."

"We found that approximately 60 percent of the training courses offered by the Personnel Development Center were also

1/ "Qualitative Evaluation of the California State Personnel Board" conducted by the U. S. Civil Service Commission, San Francisco Region, Intergovernmental Personnel Programs Division. July, 1977. p. 37

2/ "Insufficient Leadership and Accountability in the Training of State Employees", Report of the Office of the Auditor General to the Joint Legislative Audit Committee. December, 1977. Excerpts: pp. 5-7.

3/ Ibid. Excerpts: pp. 8, 10.

offered by at least one of the departments compared. Approximately 17 percent of PDC's course offerings were duplicated by three or more of the seven departments. ... Training policies and procedures among departments are inconsistent. As a result, state employees in different departments are subject to differing training policies and procedures, including differing reimbursement rates for similar training."1/

In relating training received to training needed, the Auditor General noted that 80% of the respondents reported that training had improved work performance and 64% reported that training had prepared them for increased responsibility.

Finally, the Auditor General asserted: "The Board and the departments have not systematically identified and utilized existing training resources. As a result, they are not taking advantage of potential economies in delivering training services. For example, PDC and the departments have not systematically identified and utilized state employees who have the ability and aptitude to act as course instructors. ... In fiscal year 1976-77 the normal daily rate for hiring a training consultant at PDC was approximately $200 per day; however, in some cases it was as high as $700 per day. ... Currently, PDC relies predominantly on consultants to instruct its courses. DDD management is reluctant to utilize state employees as trainers because they have had problems with state employees cancelling their training commitments due to job commitments after courses had been scheduled." 2/

b. In letter comments, appended to the report, the Acting Executive Director, SPB wrote: "Generally, we agree with your recommendations that the Board exercise a stronger control responsibility with regard to employee training in the State departments. This, of course, represents a change in direction from the mode of operation we have followed since 1970."

c. In his covering letter to the Legislature, the Chairman of the Joint Legislative Audit Committee noted: "Salient are the findings that taxpayers are annually spending about $25 million to provide only 3.1 days of in-service career training to each career employee. One percent of this expenditure is allocated to the State Personnel Board for planning, supervision, evaluation and coordination.

"The State Personnel Board isn't doing the job, although its intentions have been good. The Chief Executive should determine whether career training should continue to be a function of government, and further, by comparison with the private sector, set the optimum time percentage goal that should be allocated for career training."

4. The fourth bench mark, on July 1, 1979, was placed when an SPB State Training Policy became effective. This Policy categorized State

1/ Ibid. Excerpts: pp. 11, 12
2/ Ibid. Excerpts: pp. 13, 14

training activities as follows: (a) Job-required training (orientation, training for newly assigned employees, departmental program operation refresher training, legally mandated training--including safety); (b) Job-related training (for above the acceptable level of competency established for the specific assignment, preparation for assuming increased responsibilities in the current assignment); (c) Upward mobility training (to assist both an employee and a department achieve an upward mobility goal of mutual interest); (d) Career-related training (does not have to be related to the employee's current job; assists employee in developing career potential while also being worthwhile toward achieving a department's or the State's mission).

The following priorities determine the allocation of resources for meeting departmental training needs: (1) job-required; (2) job-related, (3) upward mobility, (4) career-related. These priorities apply to both in-service and out-service training.

The SPB, through its Personnel Development Division, is to act as a leader (maintain policy and rules, provide guidelines, maintain training information system, evaluate each Department's training program periodically, assist Departments to identify common areas of training for possible interdepartmental training, and, in conjunction with Departments, develop standards of performance for trainers) and a resource for technical assistance (develop and/or conduct training courses with State-wide application which address the needs of State Departments; offer training consulting services; assist Departments to procure discounts for training by obtaining bulk rates from vendors).

Departments and agencies are responsible for: "developing their human resources and managing their financial resources for training", following the SPB guidelines, establishing an internal policy consistent with the State Training Policy, developing an annual training plan, administering the Departmental training program, administering a career development program for all interested employees, conducting training course evaluations, and keeping employees informed of training activities and sources.

Both the SPB and Departments are to evaluate their training programs to determine if "training in the State service is efficient, economical, effective, and consistent with the interests of the public, the State, and individual employees".

Employee and Managerial Reactions to Training

Against this backdrop of policy and intentions should be viewed pertinent reactions of the respondents to the analyzed employee (2706) and managerial (361) questionnaires. Skepticism characterizes their reactions to the training program, of which 90% of the employees had personal knowledge as a result of having attended training programs offered by their Departments, the SPB, or both.

Employee Reactions

Although 37% agree that training available covers the range of subjects or skills necessary to enable them to perform their jobs at the highest level

of quality, 42% disagree or disagree strongly.

Employees are split on whether training opportunities are provided to them on a fair and equitable basis.

About 20% of all employees agree that the need for training is determined from analysis of weaknesses in their job performance, over 60% disagreeing or disagreeing strongly. Differences in agreement among employees on this statement are only slightly related to whether or not they had attended training courses.

Managerial Reactions

Thirty percent of both CEA and exempt executives agree that training available covers the range of subjects or skills necessary to enable employees to perform their jobs at the highest level of quality. About one-half disagree or disagree strongly.

About 20% of both CEA and exempt executives agree that an adequate system exists for identifying management potential and training persons to fill supervisory and mid-management positions. Almost 65% disagree or disagree strongly.

Twenty-two percent of both CEA and exempt executives agree that employee and managerial training needs are determined systematically. Fifty-six percent disagree or disagree strongly.

Although 45% of CEA executives agree that management is sufficiently involved in determining training policy, content, and verification, only 37% of exempt executives so believe. Forty percent of the CEA and over 50% of the exempt executives disagree or disagree strongly. This proportion compares almost directly with disagreement as to whether training available covers the range of subjects or skills necessary to enable employees to perform their jobs at the highest level of quality.

Finally, 26% of exempt executives (compared to 44% of CEA) agree that the training provided by or through State facilities is effective in meeting the needs of their organizations. Forty-seven percent of both groups disagree or disagree strongly.

Recommendations

In reviewing the more recent developments affecting training in the State Government, we are struck by the significance of the year 1977 in personnel management. Not only did 1977 bring statutory authority for affirmative action and upward mobility and produce statutory recognition that employees could, if they wished, elect representative organizations to bargain with the Governor or his designated agent, it also produced the Auditor General's report on the "insufficiency of leadership in the training of state employees".

Because of these related legislative actions, training more than ever has to be considered with the management it is there to serve. It cannot be treated as though it is an independent function with a program of its own. It is an integral part of management, which relies upon this specialized expertise for assistance in order that employees and managers may

achieve improved understanding of State and Department policies, concepts, and programs, acquire greater knowledge and skill in job performance, and understand and accept the factors at play in their work environment. In California, this work environment has for two years included affirmative action by law and SPB rule and collective bargaining by law.

Recommendation 1. Extending the recommended "three tier" concept of personnel management to training, basic training concepts and approaches should first be considered in the light of non-supervisory employees, supervisors, and managers.

After this first major sort for priorities by State and Departmental management, the sub-categories of "job-related", "career-related", and other kinds of training activities for individuals can then be addressed and programmed. Priorities for kinds of training to be applied will differ with the program and management needs established within each of the three personnel management tiers.

Recommendation 2. For non-supervisory employees, the SPB and Departments should undertake no new training initiatives until bargaining units have been determined and negotiations between employee organizations and the Administration are concluded, unless these initiatives are approved by the Director of Employee Relations.

In an environment of employee-management bargaining, the kind of training which management is prepared to offer employees becomes a legitimate trade-off for other commitments which management wants from employees. Under SEERA, training of employees for anything but management's needs should be determined through the negotiation process.

Recommendation 3. For those bargaining units in which non-supervisory employees vote against selection of employee organizations to represent them, SPB and Departmental training plans should be coordinated with the Director of Employee Relations after management needs are ascertained and before programs are conducted.

There is an obvious relationship between what the State may wish to do in a bargaining unit in which employee relations are on a collective bargaining basis and one in which they may not be.

Recommendation 4. For the supervisory and managerial tiers, the Departments should present statements of needs and plans to the SPB with clear indications as to the requirements priority they assign to the tier (supervisor, manager) and the plan within the tier.

The Governor should ensure that agencies undertake no independent training programs unless they have been centrally approved. If training plans are submitted to the SPB, it can arrange "lead agency" or "shared course" training in the interests of economy and of utilization of training resources.

Every effort must be made by the SPB to ensure that training does not become a program in itself, conceived and conducted by specialists independent of line management work programs and requirements.

In Chapter VI, Evaluation and Rewards, Recommendations 2 and 3, dealing with development of Departmental performance appraisal plans, suggested that coordination of agencies and the SPB in the development of these plans at both supervisory and managerial levels could well follow the communication mechanism recommended in Chapter III, Organization for Personnel Management. This same communications mechanism should be utilized in training. Pending the Governor's initiated reorganization, the SPB should take the lead in utilizing the two tier Advisory Council concept for training. Coordination of agency training plans and representation to SPB of program manager determination of program and course priorities: this is a function for an Advisory Council of CEAs. Exchange of technical and course implementation information, approaches, and problems: this is a function for an Advisory Council of Supervisors. Program managers (consumers) or their representatives must deal directly with the SPB in the submission and review of training plans, however.

Recommendation 5. The relationship of agencies and SPB on the training conducted by each should be based upon the premise that those who manage programs should also manage the development and training of their staff.

This has fundamental implications when applied to the State Government.

The SPB becomes the producer of training and development services, functioning as any service organization in the private sector. The program managers (agency heads) become the consumers. As such they determine just what kind of training they need.

In the case of program and technical training, the agencies would, in effect, either themselves produce the training called for under their approved plans or contract with the SPB or outside sources (depending upon relative cost and quality) to develop and deliver specific kinds of training according to negotiated specifications. In the case of training that has been determined to have State-wide application, the SPB would either develop and produce the training, or contract for it, and offer the training as a "shelf item" to be purchased at the discretion of program managers.

Funds for training would be appropriated to the program agencies (the consumers), and the costs of training would be added as an identifiable budget item to the costs of running their programs. Since the agencies would be accountable for total program costs, they, in turn, would hold the producer (SPB) accountable for the costs and quality of services purchased.

The SPB, in selling its products, would charge for the full true cost of each course in determining charges to the agencies per trainee, producing income for its revolving fund.

Under this recommendation training costs can be identified and aggregated for the Department of Finance and the Legislature as follows:

- In total--for all training produced (by the SPB) or consumed (by the agencies).
- By type of training or course.
- By cost element--development, platform costs, materials and texts, and so on.

Recommendation 6. The Governor should ensure, through the Directors of Finance and Employee Relations, that the Departments provide adequately for training as an essential resource to line operations.

The chain of training consumer determination and evaluation of how effectively training is being utilized becomes identical with the chain of command. The SPB serves in its proper role as a technical resource.

CHAPTER VIII

DISCIPLINE

The authority and responsibility for the State Personnel Board's role in employee discipline stems from the State Constitution, which provides that the SPB shall "review disciplinary actions". The Government Code (Section 18703) extends this requirement with the dictum that "The board will provide for dismissals, demotions, suspensions, and other punitive action for and in the state civil service". Other sections of the Code (19570 through 19588) set forth in considerable detail the grounds on which "punitive action" (defined as "dismissal, demotion, suspension, or other disciplinary action") may be taken; delegate the authority for such actions to the "appointing power"; and provide both for a written notice to the employee and for the right of the employee to appeal the action to the SPB.

SPB Implementation

The SPB has implemented its Constitutional and statutory responsibilities for discipline by the issuance of two publications. The first of these, Sections 675 through 684 of the Personnel Transactions Manual, serves as procedural guidance to departmental personnel offices in effecting "punitive actions". The second, a supervisor's handbook entitled "A Guide to Employee Discipline", is a well-written booklet which presents discipline as a positive factor in personnel management.

Because the Government Code unfortunately uses the term "punitive action" to categorize personnel actions taken for disciplinary reasons, the supervisor's handbook also uses this term. However, emphasis is properly placed on preventive and corrective measures. An appendix sets forth a clearly worded "Policy Statement on Employee Discipline" promulgated by the SPB as a basic enunciation of policy.

Beyond the issuance of these guidance materials, the SPB's role is largely limited to acting upon appeals from adverse actions arising from disciplinary causes. In view of the statutory delegation of punitive action authority directly to appointing powers (generally this equates to Department head), the SPB staff does not audit or otherwise maintain surveillance over Departmental implementation of disciplinary policy and procedures. The Personnel Development Division provides a course on "Motivation and Discipline" and the subject is also dealt with in the general course on supervisory development.

Departmental Implementation

The various Departments have issued regulatory and guidance material on discipline for use by their managerial and supervisory personnel. We find that these are usually much more detailed than the broad guidance promulgated by the SPB. Departmental instructions typically specify the levels at which authority and responsibility for discipline rests, the authority for more serious punitive actions being reserved at high management levels. In many cases also, the Departmental instructions include tables of penalties to serve as guidelines in applying discipline and bring about an acceptable degree of uniformity in penalties levied for given offenses.

Management personnel reported to us that the complexity of these procedures discourages the taking of disciplinary action. To get a clear understanding on truly disciplinary ("punitive") actions, it is first necessary to identify and separate the number of "rejections during the probationary period", now improperly classed in this category. During FY 1978 only 290 full-time and "other than full-time" employees were rejected out of 15,595 new hires. This leaves 1,070 formal disciplinary actions (dismissals, suspensions, demotions, reductions in salary, and official reprimands) in a State service of approximately 138,000 positions at any given time: less than 1%. However, we note that since 1975 the number has increased from 764, an increase of 40% during a period in which the workforce increased less than 10%.

These data do not, of course, include corrective interviews and warning letters, considered by many to be the most constructive kind of discipline--an attempt to change points of view or work habits rather than act "punitively". "Constructive discipline" should be kept in mind in reviewing the responses provided in 2706 employee and 361 managerial questionnaires.

Employee and Manager Perceptions of Discipline

Employee Perceptions

Asked if a supervisor or other management person had taken disciplinary (punitive) action against them, 210 of 2300 employees who answered the question (9%) reported having received discipline. Eleven percent of Spanish-surnamed/speaking and 15% of Native American employees received discipline compared with 3% of Filipinos, 4% of Asians, and 8%-9% of other ethnic groups. Persons who have received disciplinary action are more likely to have submitted grievances and, to a lesser degree, entered affirmative action.

Nearly three-fourths of all employees state that supervisors usually or always try to work the problem out with them--a very high percentage. Only 8% say it seldom or never happens. Native American, Filipino, Spanish-surnamed, and black employees responded "seldom" or "never" more often: 17%, 13%, 13%, and 11% compared with 7% for whites and Asians.

Over 50% report that rules and procedures on disciplinary action are usually or always clear and understandable, and an additional 25% report "sometimes".

Almost 60% of employees perceive that usually or always higher penalties are associated with more serious employee behavior and about 12% report "seldom" or "never".

On the other hand only 34% believe that supervisors usually or always apply the same penalties to all employees for the same cause, but almost that same proportion believes that this seldom or never occurs. Proportionately, 46% of Native Americans, 34% of Spanish-surnamed and blacks, 29% of Asians, 27% of whites, and 10% of Filipinos report "seldom" or "never".

Over half of all employees report that supervisors usually or always take reasonable concern to protect the rights and interests of employees who may be involved in a disciplinary action. However, only 38% of blacks, 36% of Spanish-surnamed, and 33% of Native Americans so believe.

On the other hand, over half of all employees, almost equally by ethnic group, report that the personnel office takes reasonable concern to protect these employee rights.

Significantly, employees, 2 to 1, believe that procedures in disciplinary action are more biased toward management than toward employees. Only about a third feel that equities are balanced.

Managerial Perceptions

With no significant differences, only half of CEA and exempt executives say that rules and procedures on disciplinary action are usually or always clear and understandable, while over 20% say "seldom" or "never".

They put this another way, however; 85% sometimes, usually, or always refrain from taking necessary disciplinary action because the rules and paperwork are too complex or time-consuming. Nearly three-fourths say they sometimes, usually, or always refrain from taking necessary disciplinary action because they have learned that their recommendations are very often overturned when employees appeal.

Dismissals

On the other hand, when managers take action to separate employees as the only action they believe possible, in the light of the work group, they reported just as overwhelmingly that "when we do our homework" the actions will be sustained by the State Personnel Board. This is supported by the data on "Appeals of Adverse Actions" presented in the next chapter.

As we have pointed out, the responsibility for dismissing or failing to dismiss clearly rests with the appointing officers; the SPB staff does not audit or otherwise maintain surveillance over Departmental implementation of disciplinary policy and procedures. Failure of an Administration to set standards of satisfactory performance for its managers to implement, and of ensuring that they apply them, is a failure in managing--not a matter of SPB "interference".

This matter of standards begins with the first day an employee is on the job, extending through the probationary period. It is here that the State is ambivalent. With reports on probationary employees being required at the end of each one-third portion of the probationary period, and only 290 separations occurring during this period, either the examination process is phenomenally selective or managers do not maintain high standards for one reason or another. The low rate cannot be explained to our satisfaction by the statements, recorded in the Chapter on "Evaluation and Rewards", that supervisors who move against unsatisfactory probationers, particularly those who are members of minorities, encounter a great deal of pressure from a "number of sources" not to do so.

Productivity and work group effort inevitably reflect the work standard required of the least productive member of the group.

Recommendations

Recommendation 1. Technical changes should be made by the Legislature in the Government Code sections dealing with discipline.

We believe it unfortunate that actions of discipline, covered in Government Code Sections 19570 through 19588, are labled as "punitive" in view of the employee questionnaire responses to the approach and attitude of the State's supervisors. Discipline which calls for formal action is an adverse action against the employee, fundamentally intended to correct and improve attitudes or working habits. As such "adverse action" would be more descriptive, without connotation of punishment.

We note, also, that rejections of appointees during probationary periods are classified as "punitive" disciplinary actions. The probationary period is the last phase of an examination, the "working test"--no more, no less. The State should so consider and treat it.

Recommendation 2. Management at all levels, from the Governor through his appointed executives on down, should establish clearly with supervisors the level of work performance which will be considered satisfactory for appointments from outside the service, during the probationary period and thereafter.

For appointments at entrance level, after two of the three required Report of Performance of Probationary Employee indicate sub-standard performance, even after time and effort to bring the employee up to the State's standard of satisfactory performance, the employee should be subject for recommendation for separation at any time and, upon receiving the third unsatisfactory Report, automatically be terminated--subject to such due process appeal as the employee may elect to make directly to the State Employee Equity Board.

For appointments at promotional level, provided in Recommendation 7 of the Chapter on Selection, termination of appointments made from open entrance to supervisory and managerial classes "during probation should be even less burdensome than for career employees in those ranks, without review rights for any reason".

Recommendation 3. This same forceful support of dismissals for unsatisfactory performance should be provided by management at all levels, from the Governor on down, with respect to employees in the "managerial service."

These 667 classes are filled with employees who, themselves, establish the performance level of the bulk of the State service. As discussed in Recommendation 4 of the Chapter on Selection, "Removal of a member of this group should be possible based on one annual unsatisfactory performance rating or on a marginally successful rating of three years. Rights to return to the non-managerial position previously held should be protected. Terminations from managerial positions, like those of probationary employees at entrance level, should be subject to appeal only for insurance that due process was followed or against discrimination."

Recommendation 4. Departmental regulations on discipline should be simplified and clarified.

In these days of civil rights and in the forthcoming early days of collective agreement administration, appeals from discipline may often cloak underlying affirmative action or labor practice issues. Therefore the regulations on discipline should be clear so that actions taken may be cleanly and properly identified.

Also, when only one-third of both the employee and managers report that rules and procedures are equitably balanced, and when 85% of the State's managers sometimes, usually, or always refrain from taking necessary disciplinary action because the "rules and paperwork" are too complex and time-consuming, the State should remove this cause of supervisory inaction or of grievances following action.

Following the concept of "three tier" personnel management, and our suggested mechanism for communications among (a) supervisors and (b) managers in the various agencies, we suggest that the SPB take the lead in assembling an advisory group of supervisors and managers to simplify and clarify basic disciplinary policies and procedures in the Departmental regulations.

CHAPTER IX

APPELLATE PROCESSES

Basically, employee complaints, appeals, and grievances fall into five broad categories in the State service. They are listed below, the figure in parentheses indicating the round number of cases adjudicated by the SPB or SPB staff in a calendar year:

- o Appeals of adverse actions (900)
- o Examination Appeals (800)
- o Classification Appeals (500)
- o Grievances (250)
- o Discrimination Complaints (25)

Since February, 1978, all staff processing of all types of appeals and complaints has been consolidated into one element of the SPB, the Appeals Division. This consolidation placed under one senior official a variety of appellate review processes that had previously been scattered among four other divisions and a Hearing Office. The formerly separate Hearing Office continues as a quasi-independent entity of the Appeals Division; functions absorbed from the four other divisions are merged into an Appeals Section, supervised by an assistant division chief.

Appeals of Adverse Actions

Two full-time and two part-time hearing officers (the full-time equivalent of 3.2) handle all appeals of adverse actions. These include all appeals of "punitive actions" as defined in the Government Code and discussed earlier; they also include appeals from a variety of other actions that may adversely impact an employee's tenure or pay and for which there exists a statutory entitlement to a hearing (e.g., rejection during probation, denial of sick leave, denial of merit increase). The hearing officers conduct formal hearings, with both the appellant and management represented by attorneys.

The hearing officer's reports are in the form of proposed decisions, which the State Personnel Board may either adopt or reject. Proposed decisions are submitted by the Chief Hearing Officer directly to the Board in advance of its regular meetings. In most cases the Board adopts the proposed decision without modification. On occasion, however, the Board "rejects" the proposed decision, and affords both parties the opportunity to present argument before the Board itself. According to figures furnished by the Secretary to the Chief Hearing Officer, of approximately 500 proposed decisions in CY 1978, only 7 were rejected by the Board; on review the Board accepted the Hearing Officer recommendation on 5 of the 7 cases.

Critique

Notwithstanding the fact that there is general employee and management confidence in the fairness of the appellate processes, we had reservations,

based on a review of a number of cases, as to whether the contents of proposed decisions were adequate for Board action. Some lacked a clear statement of the charges and issues. The Hearing Officer's findings of fact were usually well laid out, but the reasons for his proposed decision were often obscure. On inquiring, we learned that the Board had apparently shared this concern. Early in 1979 the Board Chairman asked that the City of Los Angeles approach to case preparation be evaluated as an alternative system. This was done, and the Board subsequently approved the recommendation of the former chief of the Appeals Division for a change in format that would improve the Hearing Officer reports as decision-making documents without increasing their length and complexity (which an adoption of the Los Angeles system would have done).

Recommendation

Somewhere in the process of the new division chief's taking over from his predecessor, plans for implementing the new report format were mislaid. Now that the present division chief has become aware of the problem, he has indicated his intent to proceed with implementation. We urge that this be done.

Examination Appeals

Next to adverse action appeals, examination appeals are the most numerous. An employee or applicant can appeal virtually any aspect of the examination process (for example, may challenge qualification standards or written test construction), but most appeals are a challenge of the Qualification Appraisal Panel (QAP) rating or the Employee Development Appraisal (EDA) given the appellant. Such appeals are heard by an SPB staff appeals panel, consisting of two senior members of the SPB staff, and a clerical back-up provided by the Appeals Section. The volume of these appeals, which obviously is a drain on senior staff resources as well as the time of the Board itself, should be reduced considerably as a by-product of our recommendations in Chapter V. Selection.

Classification Appeals

Classification appeals include both challenges of position allocations to classes and employee claims for additional compensation due for "working out of class". The latter, which are the bulk of classification appeals reviewed by the Appeals Division, originate in the form of claims filed with the Board of Control by employees who allege either that their duties have been enlarge by accretion of responsibility or that they have been detailed to other positions or sets of duties which warrant a higher rate of compensation than their positions of record. Before acting on these claims, the Board of Control seeks a finding of fact from the Appeals Division as to the actual duties being performed and the class and pay level to which the duties are allocable. Investigations are made by staff members of the Appeals Section and findings reported to the Board of Control. It should be noted that this is essentially an after-the-fact process where compensation claims may be allowed for inadvertant or exigencies-of-the-service abuses of the State's classification program.

We have no comments to offer other than that the basic split between authority for classification and authority for deciding the equity of cash claims for working out of class is now handled by the SPB, the State's central personnel agency, and the Board of Control, a financial body functioning in this case as an equity court. We believe that the entire matter could better be provided for within the State's overall organization for personnel management, and have made recommendations in this regard in Chapter III, Organization for Personnel Management.

Grievances

The requirements that departments establish their own grievance procedures is set out in Board Rule 540 and Sections 775-784 of the Personnel Transactions Manual (PTM). Minimum requirements are prescribed, and Departments must submit their procedures for SPB approval. Implementing materials published by Departments were generally well-conceived, going beyond the bare-bones instructions in Board rule and PTM to clearly set out relationships between grievances and other complaint and appellate processes. As in the case of discrimination complaints, relatively few grievances are appealed to the SPB.

Discrimination Complaints

A handbook entitled "Discrimination Complaint Process" is the vehicle by which the SPB has set forth requirements and guidance to Departments for the handling of discrimination complaints. The handbook was developed under a reimbursable technical assistance project by the San Francisco Region of the U. S. Office of Personnel Management, and is largely an adaptation to State use of the Office of Personnel Management Personnel Methods Series pamphlet No. 17, "Investigating Complaints of Discrimination". However, in addition to guidance on the counseling and investigating processes, it sets forth basic requirements that Departments establish discrimination complaint programs, spells out minimum requirements, and provides for appeals to the SPB.

Emphasis is placed on resolving discrimination complaints within Departments, either at the informal counseling stage or during the more formal processes of investigation and adjudication. The very small number of complaints appealed to SPB would seem to offer evidence that this policy has been successful.

However, no office in the SPB receives reports or maintains records from which an evaluation can be made of the effectiveness of the several steps in the complaint processing within Departments. For example, there are no statistics available on how many complaints are resolved through counseling and how many through the more formal processes, nor are figures available on the timeliness of case handling.

We recommend that, as part of its responsibility for ensuring equal employment opportunity throughout the State service, the SPB (1) determine the minimum data necessary to evaluate the effectiveness of the discrimination complaint processes which it requires the Departments to establish and (2) prescribe these without setting up an elaborate reporting system.

Employee and Managerial Reactions to Grievances and Complaints and the Affirmative Action Program

We have already discussed the reactions of employees and managers to examination, classification, and discipline in the State service--three categories involved in the SPB appellate processes. When considering reactions to grievances and appeals and to discrimination complaints, the remaining two categories, we touch the employee and manager in areas where they have not reacted to organizations (my department, the SPB) and individuals (my supervisor, the personnel officer in my department, the SPB analyst). They have reacted to the entire system, and in so doing they have indicated their measurement of the State's management in a highly emotional inter-personal area.

Grievances and Appeals

1. As Evaluated in the Employee Questionnaire

Some 12% of the respondents to the employee questionnaire have submitted grievances or appeals within the past five years.

a. Reactions to Basic Systems:

Four out of ten employees agree that procedures for submitting appeals and grievances are sufficiently well publicized that they would know how to use them when necessary. Half do not. Asian and Filipino employees least often agree (31% and 30%, respectively), compared with from 37% to 42% of other ethnic groups. Supervisors more often agree (66% for third level supervisors to 33% for non-supervisors), and Office/allied employees less often agree than other occupational groups: 31% to between 40% and 47%. Lower salaried employees agree less than higher paid ones: 27% at the bottom; 62% at the top. Women less often agree than men: 32% to 46%.

Regarding clarity of appeals and grievance procedures, 38% agree or strongly agree that they are clear and understandable; 28% disagree or strongly disagree.

Regarding the system for handling grievances and appeals, 35% agree or agree strongly that it is much too complicated; 29% disagree or strongly disagree.

Regarding whether supervisors and other managers appear well informed about employee rights and concerns, 36% agree or agree strongly; but 40% disagree or disagree strongly.

Regarding reduction or elimination of work, 45% agree or agree strongly that rules and procedures provide a satisfactory level of employee protection. Twenty-five percent disagree or disagree strongly.

b. Reaction to Results:

Nearly 40% of all employees sampled say that decisions on grievances and appeals are usually or always reasonably uniform for persons in similar circumstances. Eighteen percent say "seldom" or "never". Native Americans and Asians less often say uniformity of decisions occurs than do other ethnic groups.

About the same proportions hold for employee reaction to whether decisions are fair, considering employee and management interests together.

Only 25% of all employees say grievances and appeals are usually or always settled with reasonable speed; 35% say "seldom" or "never".

However, 29% of all employees perceive that, when employees submit grievances or appeals, the cards are stacked against them 75% of the time or more, and additional 26% perceive they are stacked half of the time, considering employee vs. management interests.

2. As Evaluated in the Managerial Questionnaire

Almost 25% of both CEA and exempt executives disagree or strongly disagree that appeals and grievance procedures are clear and understandable, although 73% of CEA and 54% of exempt executives agree or strongly agree. The proportion of disagreements or strong disagreements is almost as great as the employees indicate.

Where 35% of employees agree or strongly agree that the system for handling grievances and appeals is much too complicated, 40% of both CEA and exempt executives so hold.

Over half of CEA executives say decisions on employee grievances and appeals are fair, considering employee and management interests together, while about 40% of exempt executives so hold.

Only 34% of CEA and 22% of exempt executives believe that grievances and appeals are usually or always settled with reasonable speed, while 38% of CEA and 40% of exempt executives say "seldom" or "never".

Discrimination and Affirmative Action

1. As Evaluated in the Employee Questionnaire

Six percent of black, 5% of Spanish-surnamed, 3% of Filipino, and 2% of Asian and white employees who returned the questionnaire have submitted an equal opportunity complaint or complaint of discrimination within the past five years.

a. As to discrimination:

Employees responded as follows regarding a statement that ethnic groups are treated fairly and equitably in all aspects of personnel management:

Ethnic Group	Agree or Agree Strongly	Undecided	Disagree or Disagree Strongly
White	40%	11%	47%
Black	58%	14%	26%
Spanish-surnamed/ speaking	59%	15%	25%
Asian	51%	24%	23%
Native American	31%	30%	27%
Filipino	45%	30%	22%

Forty-two percent of all employees agree or strongly agree that women are treated fairly and equitably in all aspects of personnel management; 38% disagree or strongly disagree. Women agree less than men that they are treated fairly: 30% to 52%.

With 40% undecided, the remainder of the respondents split on whether handicapped employees are treated fairly and equitably in all aspects of personnel management.

About 36% agree or strongly agree that information about how to submit an EEO complaint is sufficiently publicized; but 46% disagree or disagree strongly.

Regarding a statement that procedures and rules for handling discrimination complaints are clear and understandable, 36% disagree or disagree strongly, 32% are undecided, and 28% agree or agree strongly.

About 25% of all employees agree that complaints of discrimination are handled in a reasonably prompt manner, 51% being undecided.

Again, 21% agree or agree strongly that decisions on discrimination complaints are reasonably uniform for persons in similar circumstances, 51% being undecided.

b. As to affirmative action:

Employees responded as follows regarding a statement that "The affirmative action program has been successful in achieving its objectives of:"

	Agree or Agree Strongly	Undecided	Disagree or Disagree Strongly
Increased employment of minorities	79%	10%	9%
Increased employment of women	73%	16%	11%
Increased employment of handicapped	42%	36%	21%
Increased promotion of minorities (But only between 40% and 50% of minorities agreed)	67%	18%	13%
Increased promotion of women	62%	21%	15%
Increased promotion of handicapped	26%	49%	23%
Increased average pay of minorities	56%	28%	14%
Increased average pay of women	51%	26%	20%
Increased average pay of handicapped	29%	49%	20%
Reduced discrimination against minorities	52%	20%	26%
Reduced discrimination against women	49%	24%	25%
Reduced discrimination against handicapped	35%	40%	23%

2. As Evaluated in the Managerial Questionnaire

Regarding the procedures for handling discrimination complaints, 37% of CEA and 24% of exempt executives agree or strongly agree that they are clear and understandable. However, 41% of CEA and 48% of exempt executives disagree or disagree strongly.

Regarding the handling of discrimination complaints, 35% of CEA and 28% of exempt executives agree or strongly agree that they are handled in a reasonably prompt manner. Thirty-four percent of both disagree or disagree strongly.

Regarding decisions on discrimination complaints, 31% of CEA and 26% of exempt executives agree or agree strongly that they are reasonably uniform for persons in similar circumstances.

However, over 40% of both groups are undecided.

CEA and exempt executives responded as follows regarding a statement that ethnic groups are treated fairly and equitably in all aspects of personnel management:

Ethnic Group	Agree or Agree Strongly	Undecided	Disagree or Disagree Strongly
White	46%	12%	38%
Black	54%	15%	28%
Spanish-surnamed/ speaking	54%	15%	28%
Asian	53%	19%	22%
Native American	32%	25%	29%
Filipino	32%	28%	25%

Forty-seven percent of CEA and 29% of exempt executives agree or strongly agree that women are treated fairly and equitably in all aspects of management; but 40% of CEA and 54% of exempt executives disagree or strongly disagree.

Twenty-eight percent of CEA and 22% of exempt executives agree or strongly agree that handicapped employees are treated fairly and equitably in all aspects of personnel management.

CEA and exempt executives responded as follows regarding a statement that "The affirmation action program has been successful in achieving its objective of:"

	Agree or Agree Strongly	Undecided	Disagree or Disagree Strongly
Increased employment for women	80%	10%	7%
Increased employment of handicapped	38%	36%	22%
Increased promotion of minorities	72%	15%	9%
Increased promotion of women	77%	11%	9%
Increased promotion of handicapped	22%	51%	24%
Increased average pay of minorities	59%	25%	13%
Increased average pay of women	63%	21%	13%
Increased average pay of handicapped	25%	53%	18%
Reduced discrimination against minorities	58%	19%	22%
Reduced discrimination against women	62%	17%	18%
Reduced discrimination against handicapped	35%	42%	20%

Conclusions and Recommendations

In general the employees, supervisors, and managers of the State Government perceive that, with the possible exception of the handicapped, the affirmative action program has been successful in achieving objectives of increased employment, promotion and pay for, and reduced discrimination against, minorities and the handicapped. True, almost half of respondents to the employee questionnaire expressed a perception that white employees are less than fairly and equitably treated in personnel management, and 40% of CEA managers and 54% of exempt executives felt that this also is true for women.

The general feeling of the fairness and uniformity in the handling of individual grievances and appeals disappears, however, when employees, supervisors, and managers consider whether they are well informed about employee rights and concerns, whether grievance and appeals procedures are clear and understandable, and whether the system is simple or complicated. Almost fifty-five percent of employees believe that these add up to a situation in which the cards are stacked against them better than half the time when they submit grievances or appeals.

Obviously this should be corrected.

Recommendation 1. Departmental and SPB regulations and procedures on grievances and appeals should be clarified and simplified.

Frustrations and irritation over perceived discrimination or violation of regulations become destroyers of employee confidence in the State as employer if information is not available in understandable form when employees seek redress or if the opportunity for redress is considered as taking too long.

Following the concept of "three tier" personnel management, and our suggested mechanism for communications among (a) supervisors and (b) managers in the various agencies, we suggest that the SPB take the lead in assembling an advisory group of supervisors and managers to simplify and clarify basic regulations and procedures governing grievances and appeals.

Recommendation 2. The SPB should follow up on the discrimination complaint processes which it requires Departments to establish by developing a simple form which will provide the minimum data needed for its evaluation of the effectiveness of those complaint processes.

CHAPTER X

SHOULD CONTRACTING FOR PERSONAL SERVICES BE GIVEN DE JURE STATUS?

As amended in 1934 by Article XXIV (now Section 1, Article VII), the State Constitution provided:

> "(a) The civil service includes every officer and employee of the state except as otherwise provided in this Constitution."

Legislative history is reasonably clear about that amendment. In those depression years, at a time when political appointments were threatening the job security of career employees, it was intended to protect the career employee against encroachment by labor performed by non-civil service personnel.

The state courts have reinforced that interpretation in a series of decisions.

In the first, Stockburger v. Riley in 1937, the court ruled that a contract between a state agency and a private contractor providing labor and materials to clean the windows of state office buildings was in contravention of the then Article XXIV.

Four subsequent cases, the last in 1970 popularly known as the Williams decision, have further refined and delimited the authority of the State to enter into contracts of a personal service or consultant nature. As a result, guidelines concerning the permissibility of such contracts have been issued by the State Personnel Board (SPB) and reinforced by a memorandum of November 7, 1978 from Deputy Attorney General M. Anthony Soares to SPB Assistant Executive Director Burton W. Oliver. The memorandum is paraphrased in the following paragraphs:

1. Unless a service is specifically exempted by Section 4, Article VII of the Constitution, the state may not contract for a service that could be performed by persons selected pursuant to the civil service system. In making that determination, a state office or department may regard the following considerations as pertinent.1/

    a. Are the services urgent, temporary, or occasional, (so that delay involved in providing them through civil service would frustrate their very purpose)?

    b. Are the services too highly specialized or technical to be obtainable through civil service?

1/This list was "not exhaustive and the factors included therein are probative rather than determinative."

c. Are the services now being, or have they in the past been, provided through civil service?

d. Are they incidental to a contract for lease or purchase of real or personal property?

e. Can legislative goals be accomplished through persons selected pursuant to the civil service system?

f. Would contract performance threaten confidentiality of sensitive public records or projects?

g. Will approval of the contract otherwise result in abuse of the civil service system?

2. Alternatively, as a result of the aforementioned 1970 Williams decision, it is considered possible that such a contract might be authorized if:

a. It is of a type explicitly authorized by the Legislature, and/or

b. It involves a new function not previously performed by a state agency.

The memorandum concluded: "You will note that there is considerable latitude in the various criteria utilized by the Courts in either sanctioning or disapproving personal service contracts. Because the ... criteria established by Williams is so very broad, a seemingly boundless principle for the approval of new legislatively-authorized functions, the Board should attempt whenever possible to stay within the earlier criteria ....", which are set forth in paragraph 1 above.

Dissatisfaction with current state contracting restrictions has been growing steadily. It is now widespread both among executive department agencies of the State and among quasi- or non-governmental organizations vitally concerned with economy and efficiency in government. These include the State Chamber of Commerce, the California Taxpayers Association (Cal-Tax), and the recent Commission on Government Reform.

The Legislature is also concerned. On February 25, 1976, State Senator Holmdahl introduced a resolution (SCR 82) requesting this Commission to conduct a study on the feasibility of expanding contract work. The resolution was enacted, but in view of the Constitutional restrictions the Commission determined that it did not have the resources to conduct the study at that time. More pertinently, a Constitutional Amendment, ACA 22-Goggins, was proposed on January 31, 1979. It reads:

> "The Legislature may provide for the performance of governmental work by independent contractors where it is to the financial advantage of state government to do so."

Hearings were conducted on May 15, 1979.

The organization representing by far the largest number of State government employees, the California State Employees Association (CSEA), and the State's AFL/CIO labor organization come from different directions regarding relaxation of contracting provisions. The CSEA has been and remains unalterably opposed. As indicated by Exhibit A, page 132, a copy of the CSEA Legislative Position on ACA 22-Goggin, it considers the present system and requirements unduly permissive. On the other hand, John Henning, Executive Secretary-Treasurer of the California Labor Federation, AFL-CIO, recognizes the need for broadening limitations on contracting out.

Identification of Personal Service/Consulting Contracts

We are concerned in this analysis only with contracts of a personal service and/or consultant nature. It is these contracts which are or may be governed by the criteria laid down by the memorandum of Deputy Attorney General M. Anthony Moyes in 1978, over forty years after the case of Stockburger v. Riley as refined and delimited further by the Williams decision of 1970.

Regarding the much broader areas of contracting, the State can--and does--enter into many contracts with private entrepreneurs. The nature and extent of that contracting needs to be set forth. Basically, it is indicated by the code categories to which the State Contract Act applies. The following examples are offered to provide some concept of the magnitude of annual state contract activity. They by no means exhaust the total number of contracts which the State lets out to private business.

- The Department of Transportation[1/] alone averages about $400 million each year for highway construction contracts. The exact figure for Fiscal Year 1977-78 was $409,573,000.
- The Department of Water Resources[1/] reports that contracts awarded for construction during Fiscal Year 1977-78 totaled $27,191,000.
- For the Department of General Services, the total dollar value of 5,286 contracts in Fiscal Year 1977-78 was $783,160,963.

Exhibit B, page 134, lists, by 35 categories and numerous sub-categories, all types of contracts handled. Though it would appear easy to do so, contracts involving personal services cannot be readily identified. For example, the Exhibit B listing includes personal service and consultant contracts, but it is not possible to derive from the Exhibit B computer run precise dollar figures for contracts classified in that category.

A contract is classified as personal service or consultant only when examined and accepted as such by the SPB. However, for computer coding

1/ Both departments operate under the provisions of the State Contract Act. This act defines a construction project and provides legal sanction for contracting out a wide range of work and activities, such as the "... erection, construction, alteration, repair, or improvement of any state structure, building, road, or other state improvement." exceeding a cost total of $15,000. See State Administrative Manual (SAM) Section 1261 for a more detailed delineation of these requirements and authorizations.

purposes the Department of General Services may assign a contract to one or more of its code categories and in so doing it uses criteria different from those applied by the SPB. In short, the decision as to what is or is not personal service or consultant contract, within the meaning of the Constitution, state law, and refining court decisions, is in the last analysis a subjective judgment based on years of precedent and operating experience, rather than a precise legal definition, and is made, almost literally, on a case-by-case analysis. Thus:

- Code Category 05 of Exhibit B is classified as "Consulting Services." The FY 1977-78 total for that category was $58.9 million for 1,172 contracts. (For FY 1978-79 through April 15, the figure was $89.3 million, representing 1,123 contracts.) However, consultant services as defined by the State Personnel Board include many that appear in other Exhibit B code categories, such as 14, Architectural; 26, Medical; and 30, Engineering.

- On the other hand, several Exhibit B classifications, such as 01, Janitorial; 02, Printing; 03, Office Services; 06, Security Services; 11, Laundry; 12, Photography; 13, Design & Drafting; 20, Court Reporting, or 24, Equipment Maintenance might all by some definitions be considered either consultant or personal services. Some of the contracts classified in these codes categories are so classified. Many, however, are not and are never reviewed by the SPB, thus making precise dollar figures for such contracts unobtainable without a contract by contract analysis and raising questions as to what is or is not a person service contract. 1/

In view of all of the uncertainty as to the State's governing policy, the important facts are these: (1) contracting for personal services and/or consulting, as reviewed by the SPB, represents a very small portion of the State's contracting, and (2) suspicion and confusion have resulted from subjective judgments based on years of precedent and negotiated accommodations rather than precise legal definition.

1/ To explain further the difficulty of determining, from the contract service codes, whether the contracting involves personal services and/or consulting, in Exhibit C, page 142, we have prepared a list of contract categories taken from Exhibit B. Every entry shows by code category the total number of contracts and amounts for that category concluded in Fiscal Year 1977-78.

Each of these contract categories might be thought of as being composed of personal or consulting services. With the exception of Code 14-Architectural, Code 26-Medical, and Code 30-Engineering, a majority of contracts were not being handled as though they were personal and consulting services contracts.

Two additional examples from Exhibit B, Code 22-Auto Servicing (22 contracts totaling $806,522) and Code 34-Local Government (1,744 contracts totaling $350,192,306) may appear less likely to contain personal service contracts but may in fact contain many personal service and/or consulting contracts.

The Wasteland of Multiple Agency Reviews

Added to suspicion and confusion are the administrative costs and the delays due to case-by-case reviews in three separate State agencies: the State Personnel Board (SPB), the Department of Finance, and the Department of General Services.

The Multiple Agency Approval Process

The originating department must submit any personal service and/or consultant contract (or any other it believes to fall into this classification) to an approval gamut involving all of the three agencies. The originating department sends a proposed contract directly to the Department of General Services. If General Services believes that the contract falls within provisions of the State Administrative Manual calling for action by the SPB, it is referred to the SPB.

1. The State Personnel Board. Unless exempt from review, or otherwise determined by the SPB not to require review, the SPB examines the contract to assure that it does not violate Section 1, Article VII of the Constitution and related court determinations.

On August 27, 1973, the SPB issued a memorandum to all state agencies on contracting for personal services which exempted seven types of contracts from such submission for Board review, as follows:

1. Contracts for training consultants and lecturers for intermittent or part-time services where the total remuneration will not exceed $5,000 in a 12-month period.

2. Contracts with medical or psychiatric doctors for less than one-half time services in any 12-month period.

3. Contracts for Hearing Reporter services that are intermittent in nature and require less than full-time services on a continuing basis in any one location.

4. Contracts for janitorial or gardening services which are less than full-time, where the contractor must proyide the necessary equipment, and where the department certifies that civil service employees are not available to perform these services.

5. Any contract for licensed or certified professional services amounting to less than $10,000 in a 12-month period.

6. Contracts between state departments and agencies and between state departments and other public agencies. (This includes contracts with universities or colleges for work study or student intern services.)

7. Contract revisions which concern an increase in the amount of money amounting to less than $5,000, or an increase of less than six months in the duration of the project where the nature of the services remain unchanged.

The CSEA occasionally protests an SPB determination. If it does, the disagreement is first heard informally by executive personnel of the SPB. Should resolution still be impossible, a joint meeting and negotiation may be arranged among the CSEA, SPB staff, and the originating agency.1/ If that meeting fails to produce agreement, the CSEA may appeal to the Board itself, and the Executive Officer of the SPB may not clear the contract until the hearing has taken place. Such hearings are rare. There is no formal administrative procedure beyond the SPB where the CSEA or other employee organizations may appeal a decision by a department to contract consultant or personal services.

The rejection rate of submitted contracts by the SPB is quite low. A review of contract approval listings submitted by the three Department Service Units (DSU) which review proposed contracts within the SPB how the following results for varying periods of time from January 1978 to April 1979:

DSU Number	Contracts Requested	Period Covered	Approved by SPB	Disapproved by SPB
1	291	11/6/78-4/20/79	286	5
2*	1,099	3/-/78-4/-/79	993	60
3	626	1/-/78-4/-/79	591	25

* Figures for DSU 2 are approximate.

Clearance through the SPB averages about one week--seldom exceeding ten days. However, unusual cases have required as much as 30 days.

2. The Department of Finance. This department reviews contracts primarily to determine whether they are part of an approved program provided for in the budget.

The role of Finance in reviewing "all contracts and interagency agreements for consultant or personal services ...." is specified in Section 18 of the Budget Act of 1978 (Chapter 359, Statutes of 1978). "Notwithstanding any statutes, regulations or state policy to the contrary...," all such contracts and interagency agreements" ...shall, prior to their approval

1/ One instance of CSEA disagreement is now before the Board (May 1979), but has not yet reached formal Board hearing stage. It involves a proposal from the Department of Veterans Affairs to contract out, in various sparsely populated areas of the state, the appraisals of homes for veterans' loans purposes. The CSEA is strongly opposed.

by the Department of General Services, be routed to the Department of Finance for review and approval", except for the following types of contracts:

"(a) Contracts that require payment of less than $15,300 per party per 12-month period.

"(b) Contracts for hearing reporter services.

"(c) Contracts for employer training programs which provide on-the-job training for workers.

"(d) Contracts for rehabilitation services entered into by the Department of Rehabilitation.

"(e) Contracts for maintenance or service of equipment.

"(f) Contracts for electronic data processing services reported under Section 4 of this act.

"(g) Contracts related to any type of construction.

"(h) Contracts for community mental health training entered into by the Centers for Training in Community Psychiatry, Department of Mental Health.

"(i) Contracts for library services entered into by the Department of Education.

"(j) Contracts for removal of abandoned vehicles."

In its review of contracts Finance does not go behind the decision of the SPB regarding Article VII legality except in rare occasions--usually if in possession of facts not available to the SPB when it made its decision.

3. The Department of General Services. This department reviews for both soundness of contract language and legality, including whether salaries to be paid by a contractor are in accord with the prevailing wage of the area. On rare occasions the department may challenge the SPB decision on a contract with reference to Section 1, Article VII of the State Constitution. General Services imposes a legal review charge, usually $63.00, on the departments which originate contracts.

Results of the Multiple Agency Approval Process

Taken as a whole it promotes frustration among managers. More specifically, the causes are as follows:

- The disapprovals by the SPB, from 1.72 percent to 5.46 percent of requested contracts among its three Department Service Units, do not reflect the cancellations, withdrawals of requests, and returns to agency without action. Furthermore, agencies refrain from submitting many contract proposals they feel are important for reasons of time or because of greater efficiency since experience has led them to expect disapprovals.

- The delay due to time required for clearance through the approval troika, generally five to seven weeks, unnecessarily slows up work, especially since the only action available to the agency if a proposed contract is disapproved is the slower process of securing the classification allocation of a position from the SPB, program approval from Finance for filling the position, and either certification of an employee from the SPB or finding an employee who will transfer from another agency.

- Even when agency managers believe their cases are good, and are willing to do battle, they regard the excessive hours spent in "haggling" with one or another of the troika approval agencies as being thousands of dollars in time wasted by highly paid employees.

- Within the established troika of approval agencies time spent in reviewing, negotiating as necessary, and deciding contracts on a case-by-case basis is largely if not completely unnecessary in relation to value produced.

A Critique of Factors Involved

In deciding whether or not to contract for personal services and/or consulting the State has been affected by several factors, but has only recognized one. That one factor has been protection of the civil service. Other management factors include cost comparability, wasteful and redundant administrative processes, and dollar level restrictions.

1. Civil Service Protection. The Constitutional provision and related court determinations have for over 40 years made protection of the civil service an over-riding consideration in assessing the justification for even entering into personal service and/or consultant contracts. A contract has been assumed either to threaten the security of career employees through loss of position or to be motivated by a patronage objective. In this the State Government has considered only its role as an employer, excluding its role as an agent of all the citizens of California.

Involved in this latter role are the views of the public regarding (a) governmental cost, (b) the flexibility of governmental services in meeting changed social needs, fluctuations in workload, or greater speed in launching operations, and (c) the legitimate competitive interest of private business in maintaining itself in a good financial position--a position which is required if the State is to assure revenue for necessary services. These factors have been given secondary consideration, if at all.

> The civil service has every right to reasonable preservation of its integrity and security, but not to the extent that it may override other equally important interests. The interest of the public, as well as the efficiency and economy of State government, have an equal claim to consideration.

2. Cost Comparability. In none of the reviewing agencies is the relative cost of obtaining services by contract as opposed to performing them in-house a major consideration in approving or disapproving the contract. It is most often not a consideration at all. Some line agencies do make cost comparisons, but the degree of comprehensiveness varies from one agency to another.

> Such lack of concern with comparative cost is unsound. Relative cost need not be the controlling factor in any given case. It should, however, be a significant consideration.

3. Wasteful Administrative Processes. The State Administrative Manual describes the regulations governing the issuance of contracts of all types in minute detail--sometimes in excessive detail. A majority of departments in State government have legal staff and/or contract officers. It must be assumed that these staff are competent to comprehend and interpret the regulations. Such staff do not require redundant re-review of each contract at one central point. Most certainly they do not require that re-review two additional times. Furthermore, the resultant delays are a positive deterrent to effective, economical government operation, to say nothing of the added staff time this review requires within the reviewing troika.[1/]

> If regulations have been clearly written by responsible state agencies, there is no reason to require pre-clearances from even one, much less three, central points. Departments having legal and/or experienced contract officer staff must be trusted to have the intelligence and integrity, given appropriate SAM guidelines, to pass on the validity of contracts. To do otherwise is to invite buck-passing rather than to focus accountability.

4. Dollar Level Limitations. Various State laws impose dollar limits above which contracts may not be let without some specified prior clearance--usually the Department of Finance or the Department of General Services. These limitations, embedded in legislation, are unduly restrictive of flexibility. They are especially cumbersome in times of rapid inflation.

> Dollar limitations should be raised substantially or completely eliminated. They constitute one more bureaucratic barrier to be hurdled in the effort to achieve operating efficiency.

1/ As one example, somewhere between 25 and 40 operational analysts are engaged at various times at the SPB in contract reviews. Exact man-hour time cannot be calculated without a desk study. These analysts are grouped into three Departmental Service Units (DSUs) and a fourth service-wide unit. They perform a number of functions for the group of departments to whose interests they are assigned. Contract review is one of these functions, the remainder being clearly related to personnel services to the departments.

Recommendations and Rationale

Certain caveats need to be set forth in advance of considering what should be done about uncertainties, restrictions, and processes involved in contracts for personal services and/or consultants. The caveats will make clear our point of view in approaching the subject. Although these contracts represent a relatively small portion of a significant amount of state contracting, the subject has aroused considerable emotion among both proponents and opponents. The processes involved in the present case-by-case clearance of contract proposals produce a high degree of irritation, costly delays, and excessive staff-hours without a commensurate return in achievement of useful objectives.

Caveat 1. Recommendations will not stem from any a priori assumptions as to the relative economy of in-house versus private sector performance under contract. Although various institutions and business organizations have frequently contended that private business can perform work more efficiently and economically than can government agencies, this study does not accept that contention as fact unless or until proven by comparative study. At least one detailed study undertaken some years ago by this Commission 1/ reached the conclusion that various construction and other functions performed by the California Department of Transportation were being accomplished in such a manner that the cost differential between government and outside contractor was either insignificant or slightly in favor of in-house operation. It seems probable that the degree of economy and the organization best able to achieve it will vary from case to case. The opportunities for attaining economy by contracting with private sector firms may or may not be as great as contended by its supporters.

Caveat 2. Recommendations will not be based upon an a priori assumption that cost is the only or necessarily predominate factor in determining upon the advisability of outside contracting. Other factors--skill and quality of work, speed of performance, long-term staff morale, accountability, responsiveness, and other considerations--may be equally important.

Caveat 3. Recommendations that follow will come down firmly on the side of establishing a clear state policy setting forth those activities for which individual contracting or personal services and/or consultants may be considered, and of establishing clear accountability to replace the present troika agency approval process. They will be designed to liberalize or eliminate time-consuming and irritating confrontations and negotiations (agencies and departments with the State Personnel Board, the Department of Finance, the Department of General Services; the CSEA or other employee organizations with the State Personnel Board). They should not, however, be construed as a recommendation in themselves to expand contracting-out. The State's history of conducting this kind of administrative negotiations in court, case-by-case contract reviews and haggling, and present review restraints impede any rational opportunity to test whether or not there is an expanded role for such contracting in State operations.

1/ "Engineering Costs in the Division of Highways." April 7, 1965

In summary: the purpose of the recommendations will be to remove restraints and red tape on contracting already taking place and to provide the State with a basis to determine whether, and in what areas of work, contracting for state-required services can produce the economies and efficiencies claimed for it by its proponents.

Recommendations 1 through 3

Rationale: As indicated earlier, the present Constitutional provision and its court interpretations have caused administrative decisions and processes to be based almost entirely upon the concept of civil service protection. This protection was clearly necessary in the depression years and at a time when the spoils system impaired government efficiency and prevented establishment of a viable civil service. Modern communications, improved economic conditions, and advances in the conscience of state government administration have brought the State system a long way since then. The State has obligations not only to its employees but to its citizens and to its private sector.

The mood of the public, as evidenced by Proposition 13 and its present aftermath, the "Spirit of 13," and common sense suggest that the State needs the right to seek economy by all means consistent with fair treatment of its own employees. Economy is a goal to be achieved not only by whatever lowering of direct costs may be attainable by contracting out. It is to be attained by the elimination of hidden costs: unnecessary delays, employee time spent in multiple reviews, and excessive time required both of line agency employees to justify contract requests on a case-by-case basis and of approval agency employees to review such requests.

Opponents of contracting-out liberalization contend that adequate means already exist for such action. Means do exist, but they are applied against a backdrop of policy uncertainty, court actions, and layered reviews and redundant clearances. Even if little increase in contracting out occurs, the erasure of these inhibiting conditions is essential to improvements in effectiveness and economy.

Recommendation No. 1

A Constitutional Amendment should be enacted whereby "The Legislature may provide for the performance of governmental services by independent contractors whenever it is to the financial advantage of the State government to do so and advantages in efficiency, timeliness, or quality of State work can be demonstrated."

Recommendation No. 2

Should such a Constitutional Amendment fail enactment and adoption, the Legislature should nevertheless enact legislation to identify areas of permissible personal service/consultant contract authority to the extent possible within court interpretations of Constitutional provisions rather than to place State agencies and departments in the position of having to continue present undesirable and costly practices.

Recommendation No. 3

Assuming adoption of a Constitutional Amendment, the Legislature should enact at an early date broad enabling legislation designating the areas within which personal service contracting will be permissible.

Specifics of this suggested legislation appear in Recommendation No. 4.

Rationale for Recommendation No. 4

The wording of ACA 22-Goggins could suggest that it was the intent of its author(s) to enact legislation piecemeal, specifically delineating each and every area of work or function in which the Legislature would wish to see contracting out expanded. Discussion with a representative of the author's office indicates that this was not the intent. That advice is reassuring. Attempts to delineate every area in which such contracting would be desirable not only would result in cluttered legislative language but would also risk eliminating by omission functional areas which might later be found advantageous to include. The broad enumeration of conditions justifying the use of contract, listed in this recommendation, would be adequate to cover any function if the stated circumstances prevailed. However, should it be deemed advisable to list specific functional areas, Exhibit B contains a suggested list for which contracting out might provide a useful reference.

Because local jurisdictions in California have recently had experience with determining such functional areas, including delineation of contracting areas after a Charter referendum, Exhibit D, page 143, contains a discussion of this experience.

Efficient State operations as a whole could not be expected if its permanent employees faced constant uncertainties regarding whether functional areas long considered as providing essential governmental services will suddenly be switched to contract because a cost comparison may indicate that some savings would result. The savings would have to be clear, say a cost reduction of a minimum of 10 to 15 percent, to offset the loss in the state's operating effectiveness which could result because of a substantial loss of morale throughout a permanent career force which no longer perceived the State service as sufficiently stable to assure them a career.

Recommendation No. 4

The enabling legislation should specifically provide that notwithstanding any other provision of law 1/, contracts for personal services/consultants are authorized when any one or more of the following conditions prevail:

1/ This provision will be possible only if the proposed Constitutional Amendment is enacted.

(a) Comparative cost studies clearly show that the performance of work by independent contractor is to the clear financial advantage of the State--a cost reduction of a minimum of 10 percent;

(b) The skills required to accomplish the task at hand are not available within the civil service;

(c) Timeliness is a critical factor, and can best be achieved by contracting out;

(d) The function or work volume for which contract authority is requested is temporary, intermittent 1/, or one-time.

Rationale for Recommendation No. 5

Legislative language should not be cluttered with the detail necessary to cover cost calculation adequately. This can be provided by designating an executive branch agency as accountable and responsible for the formulation and maintenance of regulations to do this, thereby also providing for necessary flexibility.

Recommendation No. 5

Enabling legislation should designate that the Department of Finance develop and maintain current regulations in the State Administrative Manual on the calculation and application of cost comparisons between career service and contract performance of personal services and/or consulting.

Rationale for Recommendation No. 6

Regulations developed to govern the making of cost comparisons should contain the specifics of costing out such comparisons in order to ensure uniformity.

In addition to the costing factors there must be safeguards against "buying-in", that is, the quoting by a contractor of a low price as a means of underpricing other bidders, only to elevate the price in future years if the contract is of a continuing nature, or in future contracts if additional work for which the contractor has capability is expected or assured. Thus, the bidding ought to contain requirements for pre-pricing and renewal options.

The State Administrative Manual already contains, in Section 8755.1, some of the criteria for calculating costs of state government work.

1/ A classic example of what is intended now exists with reference to the architectural staff in the Department of General Services. During the Reagan Administration, state building came to a virtual halt. The staff was greatly reduced. Now that construction is resuming, the workload is subject to peaks and valleys. Procurement of architectural services by contract is now being employed rather than once more rapidly building up permanent staff.

Those, however, are listed in connection with determining what price the State should charge local governments which obtain services under contract. The list recommended below is somewhat more detailed and inclusive as a guideline of elements for cost comparisons with private contractors.

Recommendation No. 6

Cost studies should, as a minimum, contain the factors specified below, but should recognize that only those factors applicable in each instance need be applied. 1/

1. Factors to be included in estimating in-house costs:

   a. Cost of materials, if any or significant, consumed during in-house performance.

      (1) Direct cost
      (2) Material overhead--i.e., cost, if any, of acquiring, transporting, storing, handling, inventorying and accounting for material

   b. Direct labor cost

   c. Fringe benefit costs of direct labor--i.e., state contribution to retirement fund, health and other insurance, costs of annual leave, sick leave, or any special allowances such as uniform or quarters, and ultimate pension benefit costs to state

   d. Operations overhead when applicable

      (1) Rent, if staff occupies non-government owned building
      (2) Capital equipment costs, if involved

         (a) Depreciation
         (b) Maintenance
         (c) Utility costs

   e. General and administrative overhead

      (1) Recruitment and/or management of personnel
      (2) Payrolling
      (3) Space management
      (4) Record keeping (Time, attendance, leave, etc.)
      (5) Office furniture

   f. Other Direct Costs

      (1) Overtime
      (2) Premium pay or differentials (holiday, night)
      (3) Transportation and/or travel

1/ Many personal service/consultant contracts are relatively simple, and may involve only the services of one or a few individuals. In such cases, many of the factors listed for inclusion in a cost comparison study will not apply.

g. Capital equipment acquisition or replacement

h. One-time start-up costs if a new or expanded activity is involved

i. Cost of supplies

j. Telephone toll charges

2. Factors to be considered in estimating contractor costs, as applicable:

a. Contract price--if fixed price, whether bid or negotiated

b. Contract price--flexible pricing

(1) Incentive fees
(2) Cost plus charges
(3) Inflation escalators
(4) Other

c. Partial costs to be borne by government

(1) Transportation--of goods or contractor employees
(2) Equipment and/or supplies furnished contractor
(3) Government facilities furnished as work locus
(4) Utility, telephone toll charges, motor pool usage, etc.

d. Contract Administration

(1) Post audit
(2) Quality and work performance inspections
(3) Payment processing
(4) Negotiating contract changes
(5) Any other monitoring costs

e. Charges for start-up or conversion, if any

Rationale for Recommendation No. 7

Whenever the actual performance of governmental services by private contractor is considered, as distinct from the conduct of studies leading to a policy or operating decision, realism must also prod to the fore a serious question. How can accountability be assured for performance in accordance with public policy? It is at this point that persons who complain about "unresponsiveness" of "those bureaucrats" often become oddly silent. In general persons who carry this bias into closer working relationships with public employees express surprise at finding work of high quality and dedicated commitment to programs. The concern is that contractor performance, though possibly less expensive, may carry neither this same commitment to public policy nor accept accountability to the public for services performed.

Recommendation No. 7

Whenever possible services should be contracted to two or more contractors so that competition for contract extensions will serve as an incentive to accountability for performance in the sense of a "public utility service responsibility". However, failure to maintain services responsively in accordance with such responsibility and public need should result in contract termination and financial penalty.

Rationale for Recommendations Nos. 8 through 12

Previous discussion has already pointed to the present wasteful and redundant requirement that contracts for personal and consulting services be cleared by a troika of central State agencies, and also to the fact that with competent Department legal and contracting staff no need exists for yet another review of contract legality by the legal staff of the Department of General Services. That staff should, however, be available to assist in writing and clearing contracts for legal sufficiency for Departments which do not possess their own legal/contracting staff.

Agency and Department heads must be held accountable for compliance with regulations in making decisions to contract for personal services and/or consulting. The present troika reviews by the SPB, Finance, and General Services diminish this accountability of a Department executive and diffuse it. Should a new single, presumably disinterested, review by a neutral special board be substituted, the executive's accountability would still be diminished, and it is wishful thinking to suppose that any board, however pristine, will be free of all bias or insulated from any and all political pressures. Nor will any board or system satisfy the expectations of every party who may be involved in contracting operations. With literally several thousands of contracts originating within the State Government each year, review by a single board would inevitably create yet another bureaucracy--the staff to analyze them.

If Constitutional policy and enabling legislation to specify areas of permissive contracts is followed by Department of Finance regulations to govern agency and department decisions, protecting the stability of the career service from capricious or political conversions to contracting will be more effectively assured than by the present convoluted process. Existing case-by-case approval of personal service/consulting contracts needs to be eliminated and a newer, simpler, more flexible, and more accountable system substituted for it.

Nothing in this discussion is designed to preclude the Office of Auditor General from making whatever audit inspections it may deem necessary.

Recommendation No. 8

Abolish any monetary limits beyond which personal services/consulting contracts must obtain approval from some central clearance point, whether legislatively or administratively imposed.

Recommendation No. 9

Assign to the Department of Finance responsibility for preparing, in addition to regulations governing comparative costing of State-performed vs. contractor-performed functions, State Administrative Manual regulations governing other requirements for contracting:

1. Inclusion in the contract, when applicable, of a requirement that the contractor agree to permit a State or State-designated agency to audit his books for matters pertaining to the contract.

2. Provision for the contract to include pre-pricing and renewal options to prevent buying-in tactics by the contractor.

Recommendation No. 10 1/

Designate the Director of each contracting Department as the responsible official to approve contracts originating within the department and to assure compliance with the guideline requirements set forth in the State Administrative Manual.

Recommendation No. 11 2/

After the present three-agency pre-review of contracts for contracting personal services/consulting proposed by Departments is abolished and responsibility and accountability placed on directors of the originating departments, employee organizations may appeal decisions of these directors directly to the State Personnel Board.

Recommendation No. 12

Contracts originating within State Departments that have legal/contract officer staff of their own should be written by those staff for approval by the Department director, as provided in Recommendation No. 10. Departments that do not have a legal/contracting staff should rely on the legal staff of the Department of General Services either to write or to assure the legality of contracts they originate. Approval of contracts should still rest with the director of the originating Department.

1/ The requirements for inclusion in contract instructions of clauses providing for observance of affirmative action and payment of prevailing rate wages have been omitted here since in many types of contracts they are already mandated by law. It is expected that any regulations regarding contracts will automatically include them.

2/ To understand clearly the purpose of this recommendation it is essential to recall that under existing procedures an employee organization may protest a proposed personal service/consulting contract to executive personnel of the SPB; if necessary, may have an opportunity of a joint discussion with the SPB and originating agency staff; and, if still dissatisfied, may have the right to appeal to the Board itself.

EXHIBIT A

CSEA LEGISLATIVE POSITION

☑ OPPOSE

ACA 22 - Goggin

WHAT ACA 22 DOES: The bill would foster the practice of the contracting out of state services by amending the Constitution by adding Section 10 to Article VII to read:

> "The legislature may provide for the performance of governmental work by independent contractors where it is to the financial advantage of the state to do so."

BACKGROUND: This proposed amendment to the Constitution gives the illusion of cost efficiency in the eyes of a tax-sensitive voting public, but what it really represents is a serious potential for abuse and manipulation of California's model civil service system.

Since that system was established in the Constitution in 1934 there have been repeated attempts to "contract out" state services to persons in private industry.

Recognizing that this practice would lead to a return of the state to a "spoils system" and that it created a climate conducive to payoffs, kickbacks and other questionable practices, the courts have held that contracting out of state services is improper except when:

1. The services are of such a nature that they cannot be performed by a person or persons selected under the provisions of civil service (Stockberger vs. Riley, 1937); or

2. The services performed are temporary or intermittent and are highly technical (State Compensation Insurance Fund vs. Riley, 1937), or

3. The services required are completely new and not previously performed by civil service employees and they will not cause a displacement of civil service employees. (CSEA vs. Williams, 1970.)

The courts and the voting public in similarly proposed Constitutional amendments have supported the principle that the quality of services rendered by the state can only be assured if those services are performed by employees appointed under a system of selection based on merit as determined by competitive examination.

California state civil service because of its relatively high minimum education and experience requirements offers a high quality of service which private contractors are unable to provide.

CALIFORNIA STATE EMPLOYEES' ASSOCIATION
1108 'O' STREET SACRAMENTO, CALIFORNIA 95814 PHONE (916) 444-8134

Contractors anxious to maximize profits will use low paid and inexperienced help to provide a service cheaply.

The State Personnel Board recently reviewed a proposed contract for a key punch operation and found that the contractor intended to hire housewives and students at minimum wage to stay within their bid. Fearing that these untrained people would not meet the quality standards required, the SPB staff found a state agency with a trained workforce that could do the job for less cost than the contractor's low bid.

At present the General Services inventory of contracts shows the following:

Year	Number of Contracts	Annual Amount
1975-76	2,048	$170,624,133
1976-77	2,301	$292,273,756
1977-78	3.014	$198,599,480

The state contract act already requires that virtually all "erection, construction, alteration, repair or improvement of any state structure, building, road or any other state improvement of any kind" which costs $15,000 or more must be contracted out.

Recognizing that there are instances (previously noted) where special circumstances make it more feasible to contract work, there is ample flexibility in Government Code Section 18590 to meet those special needs.

In fact, there is perhaps too much flexibility. The legislature rather than fostering the concept of contracting out state services, should instead be establishing procedures and controls to monitor the 3,000-plus contracts that have already been let to determine if legitimate savings have resulted and if the public is getting the quality of service they deserve.

A continuing trend of contracting out can only serve to erode merit civil service and destroy the morale of the state's workforce.

April 1979

CONTRACT SERVICE CODES
DEPARTMENT OF GENERAL SERVICES

00-00 SERVICES

01-00 SERVICES JANITORIAL

01-01 SERVICES JANITORIAL, GENERAL

01-02 SERVICES JANITORIAL, COMMERCIAL MAINTENANCE

01-03 SERVICES JANITORIAL, SWEEPING

01-04 SERVICES JANITORIAL, CLEANING

01-05 SERVICES JANITORIAL, PROPERTY MAINTENANCE

02-00 SERVICES PRINTING

02-01 SERVICES PRINTING, TYPE SETTING-LINOTYPE

02-02 SERVICES PRINTING, GRAPHIC DESIGN

02-03 SERVICES PRINTING, DUPLICATING

02-04 SERVICES PRINTING, OFFSET

02-05 SERVICES PRINTING, LAYOUT

03-00 SERVICES OFFICE

03-01 SERVICES OFFICE, TRANSCRIBING

03-02 SERVICES OFFICE, TELEPHONE ANSWERING

03-03 SERVICES OFFICE, RADIO DISPATCH

03-04 SERVICES OFFICE, SECRETARIAL

03-05 SERVICES OFFICE, TEMPORARY HELP, EMPLOYMENT AGENCY

04-00 SERVICES TRANSPORTATION & STORAGE

04-01 SERVICES TRANSPORTATION, MOVING

04-02 SERVICES TRANSPORTATION, CAR RENTAL

04-03 SERVICES TRANSPORTATION, STORAGE

04-04 SERVICES TRANSPORTATION, HAULING

04-05 SERVICES TRANSPORTATION, FLYING

04-06 SERVICES TRANSPORTATION, BUS

04-07 SERVICES TRANSPORTATION, FREIGHT

04-08 SERVICES TRANSPORTATION, FREIGHT

04-09 SERVICES TRANSPORTATION, TRAVEL SERVICE

05-00 SERVICES CONSULTING

05-01 SERVICES CONSULTING, MISCELLANEOUS

05-02 SERVICES CONSULTING, TRAINING, WORKSHOPS, EDUCATION

05-03 SERVICES CONSULTING, RESEARCH

05-04 SERVICES CONSULTING TESTING SERVICE

05-05 SERVICES CONSULTING, TECHNICAL ASSISTANCE

05-06 SERVICES CONSULTING, LEGAL

05-07 SERVICES CONSULTING, CERTIFIED PUBLIC ACCOUNTANT

05-08 SERVICES CONSULTING, MANAGEMENT

05-09 SERVICES CONSULTING, PUBLIC RELATIONS

05-10 SERVICES CONSULTING, BI-LINGUAL SERVICES

05-11 SERVICES CONSULTING, PLANNING

05-12 SERVICES CONSULTING, FINANCIAL PLANNING

05-13 SERVICES CONSULTING, ENVIRONMENTAL RESEARCH

06-00 SERVICES SECURITY

06-01 SERVICES SECURITY, GUARD

06-02 SERVICES SECURITY, BURGLAR ALARM

06-03 SERVICES SECURITY, PRIVATE INVESTIGATOR

06-04 SERVICES SECURITY, ARMED COURIER

06-05 SERVICES SECURITY, MISCELLANEOUS EQUIPMENT

07-00 SERVICES DATA PROCESSING

07-01 SERVICES DATA PROCESSING, COMPUTER

07-02 SERVICES DATA PROCESSING, KEYPUNCH

07-03 SERVICES DATA PROCESSING, PROGRAMMING

07-04 SERVICES DATA PROCESSING, ANALYSIS

07-05 SERVICES DATA PROCESSING, MISCELLANEOUS

07-06 SERVICES DATA PROCESSING, EQUIPMENT RENTAL

08-00 SERVICES MAILING

08-01 SERVICES MAILING, DELIVERY

09-00 SERVICES REFUSE DISPOSAL

09-01 SERVICES REFUSE DISPOSAL, SANITATION

09-02 SERVICES REFUSE DISPOSAL, RECYCLING

10-00 SERVICES SEWAGE DISPOSAL

10-01 SERVICES SEWAGE DISPOSAL, SEPTIC TANK

10-02 SERVICES SEWAGE DISPOSAL, CHEMICAL TOILET

10-03 SERVICES SEWAGE DISPOSAL, SEWAGE

11-00 SERVICES LINEN & DRY CLEANING

11-01 SERVICES LINEN

11-02 SERVICES LAUNDRY

12-00 SERVICES PHOTOGRAPHY

12-01 SERVICES PHOTOGRAPHY, GENERAL

12-02 SERVICES PHOTOGRAPHY, AERIAL

12-03 SERVICES PHOTOGRAPHY, LAB DEVELOPMENT

12-04 SERVICES PHOTOGRAPHY, CONSULTANT

12-05 SERVICES PHOTOGRAPHY, BLUEPRINT REPRODUCTION

12-06 SERVICES PHOTOGRAPHY, ART STUDIOS & GALLERIES

13-00 SERVICES DESIGN & DRAFTING

13-01 SERVICES DESIGN & DRAFTING, WORKING DRAWINGS

13-02 SERVICES DESIGN & DRAFTING, SCHEMATIC

14-00 SERVICES ARCHITECTURAL

14-01 SERVICES ARCHITECTURAL, CONSULTING

14-02 SERVICES ARCHITECTURAL, STRUCTURAL ENGINEER

14-03 SERVICES ARCHITECTURAL, DESIGN & PLANNING

15-00 SERVICES EXTERMINATION

15-01 SERVICES EXTERMINATION, PEST CONTROL

15-02 SERVICES EXTERMINATION, TERMITE CONTROL

15-03 SERVICES EXTERMINATION, BIOLOGICAL PEST CONTROL

16-00 SERVICES OFFICE FURNITURE REFURBISHING

16-01 SERVICES OFFICE FURNITURE REFURBISHING, REPAIR

16-02 SERVICES OFFICE FURNITURE REFURBISHING, REFINISHING

16-03 SERVICES OFFICE FURNITURE REFURBISHING, RESTORING

17-00 SERVICES DEMOLITION

17-01 SERVICES DEMOLITION, STRUCTURE

17-02 SERVICES DEMOLITION, EQUIPMENT

18-00 SERVICES APPLIANCE

18-01 SERVICES APPLIANCE, AIR CONDITIONER & HEATING

18-02 SERVICES APPLIANCE, WATER CONDITIONER

18-03 SERVICES APPLIANCE, MISCELLANEOUS REPAIR

19-00 SERVICES MICROFILM

19-01 SERVICES MICROFILM, REPRODUCTION

19-02 SERVICES MICROFILM, GENERAL

20-00 SERVICES COURT REPORTING

20-01 SERVICES COURT REPORTING, HEARING

21-00 SERVICES COSMETOLOGY & BARBER

21-01 SERVICES COSMETOLOGY & BARBER, GENERAL

22-00 SERVICES AUTOMOTIVE

22-01 SERVICES AUTOMOTIVE, REPAIR & SERVICE

22-02 SERVICES AUTOMOTIVE, TOWING

22-03 SERVICES AUTOMOTIVE, TIRE RECAPPING

23-00 SERVICES LANDSCAPING

23-01 SERVICES LANDSCAPING, GENERAL

23-02 SERVICES LANDSCAPING, PRUNING

23-03 SERVICES LANDSCAPING, TROPICAL PLANTS

23-04 SERVICES LANDSCAPING, DESIGN

24-00 SERVICES OFFICE EQUIPMENT

24-01 SERVICES OFFICE EQUIPMENT, TYPEWRITER MAINTENANCE

24-02 SERVICES OFFICE EQUIPMENT, PHOTOCOPY MAINTENANCE

24-03 SERVICES OFFICE EQUIPMENT, ADDRESSOGRAPH

24-04 SERVICES OFFICE EQUIPMENT, MISCELLANEOUS RENTAL

24-05 SERVICES OFFICE EQUIPMENT, MISCELLANEOUS MAINTENANCE

24-06 SERVICES OFFICE EQUIPMENT, MISCELLANEOUS EQUIPMENT

24-07 SERVICES OFFICE EQUIPMENT, CALCULATOR

25-00 SERVICES PUBLICATION

25-01 SERVICES PUBLICATION, TEXTBOOK/EDUCATIONAL MATERIAL

25-02 SERVICES PUBLICATION, TESTING MATERIAL

25-03 SERVICES PUBLICATION, MISCELLANEOUS

25-04 SERVICES PUBLICATION, NEWSLETTER

25-05 SERVICES PUBLICATION, MISCELLANEOUS PRINTING

25-06 SERVICES PUBLICATION, ADVERTISING

25-07 SERVICES PUBLICATION, ADVERTISING

26-00 SERVICES MEDICAL

26-01 SERVICES MEDICAL, MEDICINE & DRUGS

26-02 SERVICES MEDICAL, GENERAL

26-03 SERVICES MEDICAL, CONSULTANT

26-04 SERVICES MEDICAL LABORATORY

26-05 SERVICES MEDICAL, OPTICAL

26-06 SERVICES MEDICAL, MORTUARY

26-07 SERVICES MEDICAL, DENTAL

26-08 SERVICES MEDICAL, AMBULANCE

26-09 SERVICES MEDICAL, HEALTH CARE

27-00 SERVICES MOTION PICTURE & RELATED PRODUCT

27-01 SERVICES MOTION PICTURE & RELATED PRODUCT, FILM STRIP

27-02 SERVICES MOTION PICTURE & RELATED PRODUCT, TV FILM

SERVICES MOTION PICTURE & RELATED PRODUCT, CASSETTES

28-00 CONFERENCE/CONVENTION

28-01 CONFERENCE/CONVENTION, ROOMS & SERVICE

28-02 CONFERENCE/CONVENTION, MEALS

28-03 CONFERENCE/CONVENTION, ROOM & BOARD

29-00 SERVICES CONSTRUCTION

29-01 SERVICES CONSTRUCTION, ALTERATIONS

29-02 SERVICES CONSTRUCTION, MISCELLANEOUS

29-03 SERVICES CONSTRUCTION, ROOFING

29-04 SERVICES CONSTRUCTION, BUILDING

29-05 SERVICES CONSTRUCTION, FLOORING

29-06 SERVICES CONSTRUCTION, REMODELING

29-07 SERVICES CONSTRUCTION, ASPHALT & CEMENT, PAVING

30-00 SERVICES ENGINEERING,

30-01 SERVICES ENGINEERING, MISCELLANEOUS

30-02 SERVICES ENGINEERING, GEOLOGIC

30-03 SERVICES ENGINEERING, CIVIL

30-04 SERVICES ENGINEERING, MECHANICAL

30-05 SERVICES ENGINEERING, ELECTRICAL

30-06 SERVICES ENGINEERING, SURVEYING

30-07 SERVICES ENGINEERING, SOLAR

31-00 SERVICES RENTAL

31-01 SERVICES RENTAL, MISCELLANEOUS COMMERCIAL

31-02 SERVICES RENTAL, AIRCRAFT

31-03 SERVICES RENTAL, HEAVY EQUIPMENT

31-04 SERVICES RENTAL, FILM & TRAINING AIDS

32-00 SERVICES COMMERCIAL

32-01 SERVICES COMMERCIAL, EQUIPMENT MAINTENANCE

32-02 SERVICES COMMERCIAL, UTILITIES

32-03 SERVICES COMMERCIAL, MISCELLANEOUS

32-04 SERVICES COMMERCIAL, ELEVATOR MAINTENANCE

32-05 SERVICES COMMERCIAL, AGRICULTURAL

32-06 SERVICES COMMERCIAL, PRESS CLIPPING

32-07 SERVICES COMMERCIAL, MESSENGER

32-08 SERVICES COMMERCIAL, ENTERTAINMENT

33-00 SERVICES TRADE

33-01 SERVICES TRADE, SHEET METAL & WELDING

33-02 SERVICES TRADE, CARPENTRY & CABINETMAKING

33-03 SERVICES TRADE, TILE, BRICKLAYERS, & CEMENT WORK

33-04 SERVICES TRADE, PLUMBING & SEWER

33-05 SERVICES TRADE, PLASTICS

33-06 SERVICES TRADE, HEATING & AIR CONDITIONING

33-07 SERVICES TRADE, MACHINISTS

33-08 SERVICES TRADE, ELECTRICAL

33-09 SERVICES TRADE, EXCAVATING & DRILLING

33-10 SERVICES TRADE, MECHANICS

33-11 SERVICES TRADE, INSULATION & ACOUSTICS

33-12 SERVICES TRADE, PAINTING

33-13 SERVICES TRADE, ENGRAVING & PLAQUES

33-14 SERVICES TRADE, SIGN MAKING

33-15 SERVICES TRADE, CRANE CERTIFICATION

33-16 SERVICES TRADE, CARPET & LINOLEUM INSTALLATION

33-17 SERVICES TRADE, GLASS & INSTALLATION

33-18 SERVICES TRADE, PLATING & POLISHING

33-19 SERVICES TRADE, SANDBLASTING

33-20 SERVICES TRADE, TOOL SHARPENING

33-21 SERVICES TRADE, ELECTRONICS

34-00 SERVICES GOVERNMENT

34-01 SERVICES GOVERNMENT, LOCAL - CITY

34-02 SERVICES GOVERNMENT, LOCAL - COUNTY

34-03 SERVICES GOVERNMENT, LOCAL - SCHOOL DISTRICTS

34-04 SERVICES GOVERNMENT, FEDERAL

34-05 SERVICES GOVERNMENT, STATE AGENCIES/DEPARTMENTS

34-06 SERVICES GOVERNMENT, STATE UNIVERSITIES

34-07 SERVICES GOVERNMENT, SPECIAL DISTRICTS

35-00 SERVICES MEDIA

35-01 SERVICES MEDIA, ADVERTISING

35-02 SERVICES MEDIA, PUBLIC RELATIONS

35-03 SERVICES MEDIA, TELEVISION

35-04 SERVICES MEDIA, RADIO

35-05 SERVICES MEDIA, COMMUNICATIONS

35-06 SERVICES MEDIA, NEWSPAPERS

EXHIBIT C

SERVICE CODES IN WHICH A MAJORITY OF CONTRACTS
WERE NOT HANDLED AS PERSONAL SERVICE CONTRACTS

SERVICE CODE		NUMBER	AMOUNT
Code 01	Janitorial	6	108,096
Code 02	Printing	7	120,579
Code 03	Office Services	3	88,724
Code 06	Security	20	1,130,230
Code 11	Laundry & Linen	12	44,320
Code 12	Photography	26	418,143
Code 13	Design & Drafting	9	1,587,576
Cod3 14	Architectural	23	1,452,799
Cod3 16	Furniture Refinishing	3	27,737
Cod3 20	Court Reporting	3	44,720
Code 23	Landscape Servicing	29	591,921
Code 24	Office Equipment	23	455,417
Code 26	Medical	419	13,888,988
Code 30	Engineering	22	1,031,472

CONTRACTING OUT IN CERTAIN LOCAL GOVERNMENT JURISDICTIONS

1. LOS ANGELES COUNTY

Los Angeles County has proceeded further toward contracting out services previously performed by the County Government than have most, if not all, local jurisdictions in the State of California.

The County Board of Supervisors placed on the November 7, 1978 Ballot so called Proposition A. The proposition read as follows:

> PROPOSED COUNTY CHARTER AMENDMENT A. WORK PERFORMED BY INDEPENDENT CONTRACTORS. Shall Section 44.7 of the Charter of the County of Los Angeles be amended to authorize the Board of Supervisors to enter into contracts, subject to competitive bidding requirements, with independent contractors for the performance of work which the Board finds can more economically or feasibly be performed by such means.

The Proposition passed handily, despite strong opposition from the Civil Service Commissioner of Los Angeles County, the Chairman of the Los Angeles County Democratic Central Committee, a member of the Republican State Committee and various employee groups.

The Office of the Chief Administrative Officer of the County moved immediately to implement the Charter Amendment. The permissiveness of the statute is unusually broad. In general, it will permit outside contracting for performance of any County service activity now being performed or capable of being performed by County employees as long as

- The Board of Supervisors makes a finding that it is more economical or operationally feasible to so contract.
- It is not prohibited by State or other County law to contract the service (e.g., County officers and their deputies must continue to directly exercise the sovereign power of the state which has been delegated to the County).
- It is consistent with the criteria outlined below and described in detail in Section 273.17 of the proposed ordinance (Ordinance is lengthy, but is concerned mostly with requirements for seeking competitive bids, or handling negotiated bids, etc.

In deciding whether or not to contract for services, the following criteria are to be considered:

- Cost effectiveness
- Assurance that the County's capability to respond to emergencies will not be diminished.

- Assurance that confidentiality of citizens personal information will be protected.

- Assurance that contracting will not lead to absolute reliance on a sole source vendor.

- Ability to assure level of contractor performance.

- Availability of budgeted funds.

- Assurance that contracting will not infringe on the proper role of the County in its relationship to the citizenry.

As to financial amount limitations:

- Any proposed bid for a contract expected to exceed $25,000 must first be approved by the County Administrative Officer. (Note that this amount is higher than the cut-off amount in most state contract proposals, that only one point of central approval is specified, and that the approval concerns only the right to advertise for bids.)

- Once the bids are in, the Director of the originating Department may decide which bid to accept, and when, (subject, of course, to established contract bidding and negotiating regulations) in the case of any contract which will not exceed $5,000,000.

  (The discretion is immense when compared with the state requirements for contract clearances.)

In April 1979, the Chief Administrative Officer requested all his department and district heads to submit a list of the services not currently being contracted out that they felt could be let out to private contract. That list follows:

ADOPTIONS
- All services must be performed by the Department.

AGRICULTURAL COMMISSIONER
- Pest Control Activities
- Preparation and Sale of Toxic Baits
- Clearance of Hazardous Weed-Covered Parcels

ANIMAL CONTROL
- Licensing
- Animal Control

ASSESSOR
- Systems Development and Support

AUDITOR-CONTROLLER
- Certain Compliance Audits

BEACHES
- Parking Lot Attendants
- Trash Pickup

BUILDING SERVICES
- Custodial Cleaning of Small Isolated Facilities

CHIEF ADMINISTRATIVE OFFICE
- Management Audits
- Risk Management
- Graphic Arts
- Systems & Work Measurement

CHIEF MEDICAL EXAMINER-CORONER
- Autopsies
- Embalming
- Service Floor Custodial Services
- Laboratory Analyses
- Transcribing

COLLECTIONS
- Collection of Inactive Delinquent Receivables.

COMMUNICATIONS
- Paging Services

COMMUNITY DEVELOPMENT
- Graphics
- Program Assessments
- Temporary Typing
- Service Center Management
- Youth Service Programs

CONSUMER AFFAIRS
- No Additional Areas

COUNTY COUNSEL
- Automobile Liability
- Litigation Requiring Unique Expertise

COUNTY ENGINEER-FACILITIES
- Special District Maintenance and Alteration Jobs
- Specialized Data Processing Consultation
- Building and Safety Plan Check
- Specialized Clerical Services
- Deficiency Improvements

COUNTY CLERK
- Microfilming of Court Files

DATA PROCESSING
- Emergency Computer Time
- Unique Applications-Time Sharing Services
- Standard Program Packages
- Technical Audits
- Peak Load Keypunch and Programming
- Specialized System Development

DISTRICT ATTORNEY
- Data Processing Applications (PROMIS and ACSES)
- Child Support Collections (Voluntary Agreements)

FLOOD CONTROL
- Various Craft Maintenance and Repairs
- Window Washing
- Grounds Maintenance and Landscaping

FORESTER & FIRE WARDEN
- No Additional Areas

HEALTH SERVICES
- Accounting and Auditing
- Craft Maintenance
- Housekeeping
- Data Processing
- Dietary
- Emergency Room Physician Services
- Grounds Maintenance
- Laboratory (Ambulatory Health Care Centers)
- Laundry
- Legal Services
- Methadone Clinics
- Pharmacy (Manufactured Items)
- Security
- Transportation
- Radiology (Ambulatory Health Care Centers)
- Vehicle Maintenance
- All Short-Doyle Alcohol Services

HUMAN RELATIONS COMMISSION
- No Additional Areas

MARSHAL
- No Additional Areas

MECHANICAL
- Maintenance and Repair of Complex Office Machines
- Elements of Motor Vehicle Repair
- Towing Services
- Alteration and Maintenance in Leased Facilities
- Drafting/Consulting Services
- Procurement, Storage and Distribution of Automotive Parts and Equipment
- Vehicle Auctions
- Purchasing and Dispensing of Fuel and Oil

MILITARY AND VETERANS AFFAIRS
- No Additional Areas

MUSEUM OF ART
- Gallery Attendants
- Craft Support
- Secretarial Support
- Curatorial and Conservation Services
- Photography

MUSEUM OF NATURAL HISTORY
- Grounds Maintenance
- Window Washing
- Boiler and Air Conditioning Maintenance
- Fumigation and Pest Control
- Restoration of Artifacts
- Exhibit Design and Installation
- Security

PARKS AND RECREATION
- Specialized Craft Maintenance
- Golf Course Starter Operations
- Park and Roadside Tree Maintenance in Selected Areas
- Tennis Fee Collection
- Data Processing

PROBATION
- Transcribing of Court Reports
- Custodial, Dietary, and Laundry Services
- Intercept Courier Services
- Employee Training
- Transportation Services for Minors
- County-provided Maintenance in Remote Facilities

PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN
- Management and Disposition of Property
- Storage of Personal Property
- Income and Death Tax Returns
- Administration of Complex Public Administrator Cases
- Specialized Data Processing Services
- Legal Services

PUBLIC DEFENDER
- No Additional Areas

PUBLIC SOCIAL SERVICES
- Community Resource Information Bank
- Graphic and Audio/Visual Jobs
- Recruitment and Training of Volunteers
- Specialized Data Processing Jobs
- Staff Development
- Peak Workload Clerical Services
- Emergency Shelter Care
- Diagnostic Treatment Services

PUBLIC SOCIAL SERVICES (Continued)
- Emergency In-Home Caretakers
- Pre-Vocational Education and Training
- Information and Referral Services
- In-Home Supportive Services

PURCHASING & STORES
- Printing Services

REGIONAL PLANNING
- Title Examining
- Transcribing and General Secretarial
- Archaeological Services
- General Data Collection Surveys

REGISTRAR-RECORDER
- No Additional Areas

ROAD
- Street Sweeping
- Traffic Signal Maintenance
- Traffic Striping and Marking
- Street Name Sign Installations

SENIOR CITIZENS AFFAIRS
- Data Processing for Title VII Nutrition Program

SHERIFF
- Physical Examinations for Physiological Fitness Program
- Vehicle Maintenance
- Computer System Development, Implementation, and Maintenance
- Maintenance of Telephone Links, Prowl Phone Systems, and Public Address Systems
- Maintenance of Temperature Control Instruments for Computer and Dispatch Systems

SMALL CRAFT HARBORS
- Water System Customer Billing
- Public Area Trash Collection
- Parking Lot Operations

SUPERIOR COURTS
- Counsel for Indigent Defendants
- Physicians
- Expert Witnesses

TREASURER AND TAX COLLECTOR
- No Additional Areas

WEIGHTS AND MEASURES
- No Additional Areas

2. CITY OF LOS ANGELES

A similar City Charter Amendment was enacted by referendum for the City of Los Angeles at the November 1978 election.

However, the City of Los Angeles is proceeding more slowly than the County in determining what it can and will contract out, and what other statutes dealing with Employee Relations must be observed.

Therefore, it does not seem appropriate to consider at this time what usage the City will make of its new found authority.

3. CITIES OF DOWNEY AND SAN CLEMENTE

These two cities have contracted out their park maintenance to a private contractor.

4. CITY OF SAN JOSE

The city has not yet done so, but is giving serious consideration to contracting out its City Attorney services, and estimates that it can save $180,000 per year by doing so.

4. CITY OF SAN FRANCISCO

The City has contracted out its Budget Bureau. This situation is, however, unique. It may be so specialized as to be inapplicable in other jurisdictions. Twelve Budget Bureau staff members who have for years prepared the city budget have left the City service, and established their own company. They have then contracted with the City to perform its former Budget Bureau services for approximately $400,000 a year. Estimates are that it will save the city $100,000 per year, but this experiment has not been in operation long enough to prove its validity, nor has it extended beyond an election change.

5. A GROUP OF CITIES IN LOS ANGELES COUNTY

For some years, under the so-called Lakewood Experience, up to twenty cities have gradually come to contract out their police and fire department functions, as well as in a number of instances their engineering, building inspection, street work, and similar activities. Most of these jurisdictions have contracted with the County of Los Angeles, although a few have used private contractors in the non-police and fire areas.

HIGHLIGHTS OF SURVEY RESPONSES

Characteristics of Employees Who Returned Questionnaires

Over 2700 non-supervisory and supervisory employees returned the employee questionnaire. Almost all respondents (98.9%) were full-time employees. Virtually all checked the pertinent spaces to tell us who they are, what they do, and where they work.

1. Who are these career civil servants?

   a. As to ethnicity, 76.6% are white and 21.4% minority--with blacks comprising 4.7% and Spanish-surnamed/speaking comprising 5.6%. This compares with a 77.3% white and 22.8% minority population in the State service.

   b. As to sex, 59.3% are men and 40.1% women, compared with 58.2% and 41.8%, respectively, in the State service.

   c. As to age, 27.4% are 34 years of age or under, 37.7% are between the ages of 35 and 49, and 34.3% are 50 years of age or over. This compares with 35.5%, 34.9%, and 29.5%, respectively, in the State service.

2. What are their occupational fields?

Custodial/mechanical contain 9.8% of the respondents; social service/safety, 20%; administrative, 21.1%; office/allied, 23.9%; and professional, 24.4%. Eighty-four (3.1%) of the 2706 respondents are working in departmental personnel offices.

3. Where are they in their careers?

   a. As to service, 6.5% have worked for the State for 2 years or less and 53.8% for over 10 years; 63.1% are at the top step of their salary range.

   b. As to promotions, 19.9% were promoted less than 1 year ago, 20.2% were promoted between 1 and 2 years ago, 23.6% between 3 and 5 years ago, 16.9% between 6 and 10 years ago, and 18% over 10 years ago.

   c. As to salary, 20.5% receive between $501 and $1000 a month, 36.2% between $1001 and $1500 a month, 31.6% between $1501 and $2000 a month, 8.2% between $2001 and $2500, and 2.9% over $2500.

   d. As to supervision, of special interest in view of collective bargaining, 65.6% of all respondents are non-supervisors and 21.8% are first line supervisors. Second level supervisors comprise 7.6% of the respondents and third level or over comprise 4.6%.

4. Where are they located?

Replies were returned from every county in the State except San Benito, with Los Angeles County returning 12.8%, San Francisco 4.2%, San Diego 3.5%, and San Bernardino and Alameda 3.3% each. Thus, "field employees" constitute 65% of this sample. Sacramento County returned 35% of the questionnaires.

Respondents work in virtually every department, office, and board of the State Government. There were over 200 replies each from the Departments of Employment Development and Transportation; over 100 each from the Department of California Highway Patrol, Department of Corrections, Department of Developmental Services, Department of Health Services, and Department of Motor Vehicles; and between 50 and 100 replies from the Board of Equalization, Franchise Tax Board, Department of General Services, Department of Industrial Relations, Department of Justice, Department of Mental Health, Department of Social Services, Department of Water Resources, and Department of Youth Authority.

General Reactions of Respondents

Although the questionnaires were divided into specific functional topics (appointment, classification, and so on), which are presented in the report, the 2706 non-supervisory and supervisory employees also replied to general questions which indicated their reactions to the State service, to the personnel system, and to their work.

How do these career civil servants view their work and the Civil Service System of which they are a part?

1. As a job attitude, nearly 9 out of 10 agree with the statement that the work they do is important and useful, custodial/mechanical employees being slightly more in agreement (95%) than other occupational groups, and Asian employees (82%) and Native Americans (85%) slightly less in agreement than other ethnic groups.

   When asked to take everything into account, however, the number of employees who agree that they are satisfied with their jobs dropped substantially, to 63%; and 26% indicated that they are not satisfied with their jobs. White and Native Americans expressed greatest satisfaction (65% for both groups), compared with 60% of black, 59% of Spanish-surnamed, 53% of Filipino, 52% of Asian employees.

2. As to the personnel system, only a fourth (25%) agree that the system encourages a high degree of efficiency, effectiveness, and economy in the State's various programs. On this matter fewer Asians (21%), Native Americans (21%), and whites (22%) agree than other ethnic groups. More than half (54%) of all respondents disagree, 16% disagreeing strongly. Only 18% of the respondents 34 or under agree with the statement, while the percentage increases to 31% for those 50 and over.

Regarding the statement that the personnel system is fair to employees and operates effectively to protect merit, only 27% agree. Again more than half disagree, 16% disagreeing strongly. The percentage of agreement is virtually the same between non-supervisors (26%) and first line supervisors (27%), but the agreement rises to 39% among third level supervisors.

3. As to the State Personnel Board, only 33% of all respondents agree that the SPB is effective in informing employees about personnel policy or program changes that may affect them, 20% are undecided, and 45% either disagree or disagree strongly. Older employees agree more (40% for those 50 and over), but relatively little difference exists between non-supervisors and supervisors.

   On another aspect of this question, only 19% agree that the SPB tries to learn employee views in formulating personnel programs, 25% are undecided; more than half (54%) disagree, 16% disagreeing strongly.

   Finally, with respect to the statement that the SPB is responsive to meeting most of the needs of State employees, only 24% agree, 28% are undecided, and 46% disagree; 14% disagree strongly. Blacks (33%), Native Americans (33%), and Filipinos (30%) tended to agree more, compared with 20% to 23% for other ethnic groups.

4. As to Departmental personnel officers, about 40% of all respondents agree with the statement that their Departmental personnel officer is responsive to meeting the needs of employees, 21% are undecided, and 38% disagree, 13% disagreeing strongly. Again older employees tend to agree more--40% of those 50 years of age and older.

5. As to participation, a very significant and overwhelming response was given a statement regarding the extent to which employees and employee groups are "given enough opportunity to participate in the making of personnel policy which affects them." Respondents clearly drew a distinction between this and a previous statement regarding "making an effort to learn employee views."

   Nearly 60% of all respondents, non-supervisory and supervisory, disagreed that employees or employee groups are given enough opportunity to participate in the making of the personnel policy which affects them, 18% disagreeing strongly. For the respondents as a whole, only 17% agreed, 21% being undecided. Higher level supervisors and high salaried employees tended to agree more: 30% of third level compared to 21% of first level, and 38% of those earning about $2500 monthly compared to 21% of those earning $501 to $1000 monthly.

   Regarding the opposite side of the coin, i.e., "management is given enough opportunity to participate in the making of personnel policy which affects it," only 25% disagreed, 32%

being undecided and 39% agreeing. Black employees proportionately more often agreed (50%) than other ethnic groups, who agreed at a level of 36% to 41%. Supervisors disagreed more: 43% of third level and 31% of first level.

To what extent are these views shared by the CEA and exempt executives who returned the managerial questionnaire?

Who are these three hundred and sixty-one responding CEA and exempt executives?

Seventy-four percent identify themselves as white, 4.7% as black, 4.2% as Spanish-surnamed/speaking, and 2.8% as other minorities. Eighty-five percent are men. About 45% are between 35 and 49 years of age, and another 45% are 50 or over. About 74% have worked for the State over ten years and 12.5% for from 6 to 10 years. Forty-four percent have been in a managerial position for over 10 years and 23.5% for from 6 to 10 years. About 20% earn from $2500 to $2799, 27% earn from $2800 to $3099, and 36% earn $3100 a month or more. Seventy-five percent are CEA. Eighty-four percent are in Departmental headquarters.

What are the views of these executives regarding the personnel system?

1. As to the personnel system, only 12% agree that it encourages a high degree of efficiency, effectiveness, and economy in the State's various programs. The exempt executives reacted the same as respondents to the employee questionnaire regarding the statement that the personnel system is fair to employees and operates effectively to protect merit; only 26% agree. On the other hand, 41% of the CEA executives agree.

2. As to the State Personnel Board, 40% of the CEA and 38% of the exempt executives agreed that the SPB is effective in informing employees about personnel policy or program changes that may affect them. Only 23% of both CEA and exempt executives agree that the SPB makes an effort to learn departmental management's views in formulating personnel policy or programs. The CEA and exempt executives disagree, 7 to 1, that the SPB is responsive to meeting management's needs for effective, efficient, and economical State government.

   On the other hand, 44% of the CEA and 61% of the exempt executives agree that their own Departmental personnel offices are responsive to meeting the needs of management for effective, efficient, and economical State government.

3. As to participation, 47% of the CEA and 44% of the exempt executives agree that employees have sufficient opportunity to participate in the making of personnel policy which affects them, but 38% do not. On the other hand, only 23% of both executive groups agree that management is given enough opportunity to participate.

The CEA and exempt executives also responded to statements regarding SPB delegations and the combined role of the SPB in technical assistance to Departments and in control for merit system compliance.

1. As to delegation, only 16% of the exempt and 27% of the CEA executives agree with the statement that the amount of personnel management responsibility delegated to the Departments is about right and, by a margin of 9 to 1 of those who disagree, the call is for more rather than less delegation. In both groups of executives, 49% disagree that delegation of responsibility is accompanied with sufficient delegation of authority. More (44%) agree than disagree (26%) that more or better guidelines are needed for operation under delegated authority. One-fourth do not believe that SPB indulges in too much second-guessing of actions taken by Departments under delegated authority, but 51% of the CEA and 60% of the exempt executives do believe this, 20% strongly. Finally, only about one-fifth of the CEA and exempt executives agree that SPB delegation of responsibility leads to undesirable variation between Departments.

2. As to the role of the SPB in management services and merit compliance, only about one-third of the responding CEA and exempt executives feel the proportion of attention given to these activities by the SPB is about right. Forty percent feel that the SPB places too much effort on merit system compliance; 20% that too much emphasis is on the technical assistance function.

EXHIBIT 1

STATE OF CALIFORNIA — EDMUND G. BROWN JR., *Governor*

COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY

11th & L Building, Suite 550, (916) 445-2125
Sacramento 95814

May 29, 1979

Chairman
NATHAN SHAPELL
Beverly Hills

Vice-Chairman
DONALD G. LIVINGSTON
Los Angeles

ALFRED E. ALQUIST
Senator, San Jose

MAURICE RENE CHEZ
Los Angeles

JACK R. FENTON
Assemblyman, Montebello

RICHARD D. HAYDEN
Assemblyman, Cupertino

NANCIE BROOKE KNAPP
Los Angeles

MILTON MARKS
Senator, San Francisco

JAMES F. MULVANEY
San Diego

MANNING J. POST
Los Angeles

PHILIP J. REILLY
Mission Viejo

JEAN KINDY WALKER
Modesto

L. H. HALCOMB
Executive Director

Dear State Employee:

The Commission on California State Government Organization and Economy is conducting a study of the State civil service system and the operations of the State Personnel Board.

Part of this study involves a questionnaire survey of the reaction of State employees to the State's personnel management program. You are one of those employees selected by a stratified random sampling technique to participate.

A survey booklet is enclosed. Please take a few minutes to answer these questions, giving each question your best thinking.

Please do not sign the answer sheet. Your answers will be completely confidential. Your answer sheet will be destroyed as soon as the information is placed in the computer. Results will be analyzed in statistical summaries which will not reveal the identity of participants in the survey.

When you have completed the questionnaire, please return only the IBM answer sheet and the supplemental sheet containing your comments through the intradepartment mail system. Use the enclosed pre-addressed envelope. In order for your response to be considered it should be returned no later than June 15, 1979.
Do not return the survey booklet.

Your response, together with those of other participants, will ensure that employee views are known in formulating proposals to improve the State personnel system. We hope you find the survey interesting and thought-provoking. Thank you for your assistance.

L. H. HALCOMB
Executive Director

SURVEY OF
EMPLOYEE OPINION

Concerning

STATE OF CALIFORNIA
PERSONNEL SYSTEM

PART I

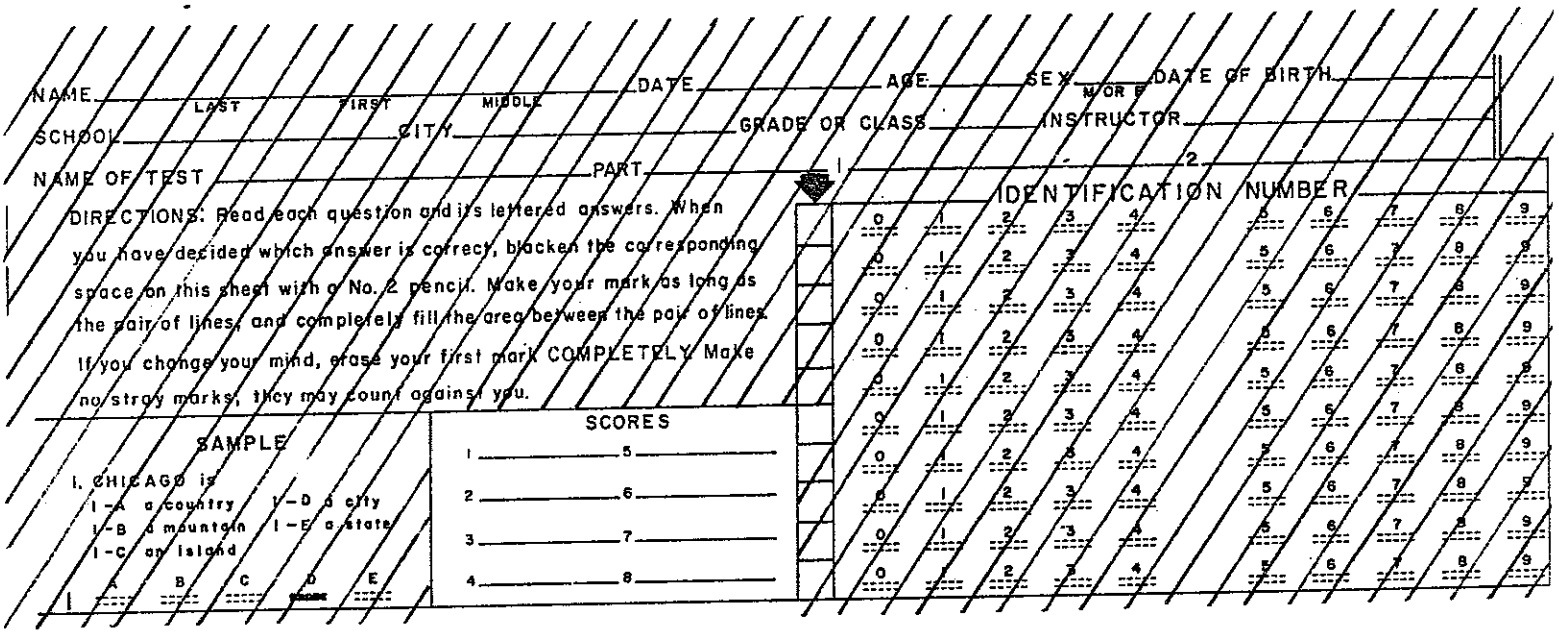
STATISTICAL INFORMATION

THE FOLLOWING INFORMATION IS NEEDED SOLELY TO HELP US WITH STATISTICAL ANALYSIS OF THE DATA. ALL OF YOUR RESPONSES ARE STRICTLY CONFIDENTIAL.

WE APPRECIATE YOUR HELP IN PROVIDING THIS IMPORTANT INFORMATION.

Your answers are to be made on the IBM Answer Sheet provided for this purpose. Please note that this sheet was designed for a different purpose and, therefore, most of the upper portion will not be used in this survey.

DO NOT enter your name anywhere on the Answer Sheet. Also please ignore all portions of the heading that have been crossed through in the illustration below.



The block labeled SCORES will be used to record your answers to the following three items:

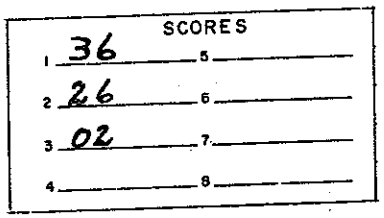
Item A. County in which you are employed.
Find the county in which you are employed on the attached list of California counties. Enter, opposite #1 under SCORES, the code for that county.

Item B. Organization in which you are employed.
Find the organization in which you are employed on the attached list of the State's departments. Enter, opposite #2 under SCORES, the code for that organization.

Item C. Your ethnic identification. From the list below choose the one ethnic group with which you most closely identify yourself. Enter the code for this group in the space opposite #3.

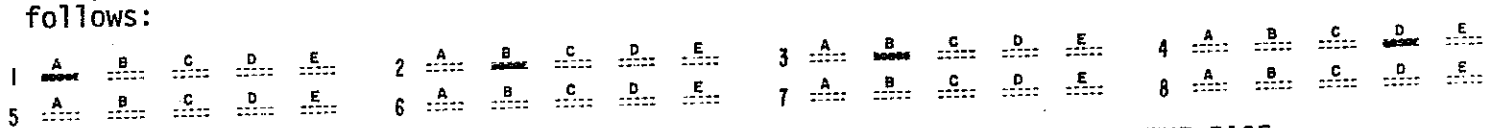
01 White
02 Black
03 Spanish speaking/surnamed
04 Asian
05 Native American
06 Filipino
07 Other

For example, if you work in San Bernardino County for the Department of Health Services and identify yourself as a Black, you will complete the center section of the Answer Sheet like this:



Please answer the following 12 questions or items by finding the corresponding number on the Answer Sheet. Then mark through the space under the letter that indicates your answer.

For example, if you work in a metropolitan area, are female, age 37, and you are an Unemployment Compensation Claims Examiner, you will answer the first four questions as follows:



BE SURE TO NOTE THAT ITEMS ON THE ANSWER SHEET RUN ACROSS THE PAGE

Read each question and its lettered answers. When you have selected your answer, blacken the corresponding space on this sheet with a No. 2 pencil. Make your mark as long as the pair of lines, and completely fill the area between the pair of lines. If you change your mind, erase your first mark COMPLETELY. Make no stray marks.

1. Within the broad geographic area indicated in your response to Item A, is your specific place of employment predominantly
   A. A metropolitan area
   B. Rural

2. Are you
   A. Male
   B. Female

3. Your age group
   A. 34 or under
   B. 35 - 49
   C. 50 or over

4. What is your occupational field?

(If you are not sure what category your occupation falls under, please consult the attachment entitled "Schematic Arrangement of Classes")

A. Office and Allied Services
B. Professional, includes
. Educational and Library
. Engineering and Allied Services
. Legal
. Medicine and Allied Services
C. Administrative, includes
. Agricultural and Conservation
. Fiscal, Management, and Staff Services
D. Social Programs and Public Safety, includes
. State Emergency Disaster Program
. Regulatory and Public Safety
. Social Security and Rehabilitation
E. Custodial, Mechanical, and Construction, includes
. Custodial and Domestic Services
. Mechanical and Construction Trades

5. What is your monthly salary level?

A. $501 - $1000
B. $1001 - $1500
C. $1501 - $2000
D. $2001 - $2500
E. Above $2500

6. Are you at the top step of the salary range for your position?

A. Yes
B. No

7. How long ago did you receive your last promotion?

A. Less than one year
B. One to two years
C. 3 - 5 years
D. 6 - 10 years
E. Over ten years ago

8. How long have you worked for the State of California?

A. Less than one year
B. One to two years
C. 3 to 5 years
D. 6 to 10 years
E. Over ten years

9. Do you work full time or part-time?

A. Full time, meaning you work 40 hours per week or more
B. Less than full time, meaning you work less than 40 hours per week

10. Are you a supervisor? If so, at what level?

A. I am not a supervisor
B. I am a first level supervisor
C. I am a second level supervisor
D. I am a third level supervisor or higher.

11. Are you a Career Executive?

A. Yes
B. No

12. Do you work in a Departmental personnel office?

A. Yes
B. No

PART II

Most of the questions in this survey will ask your opinion or your reaction to statements. Your answers will be made on the same IBM Answer Sheet you used to respond to the preceding 12 questions.

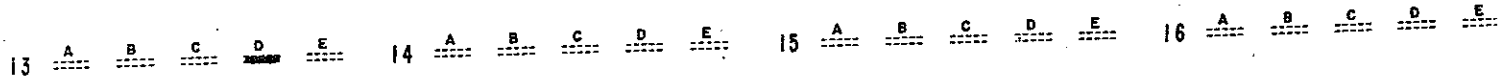
(Sometimes your answers may not fully express your views. We are therefore providing a Supplemental Answer Sheet and encourage you to use it for your additional comments and recommendations.)

Please answer each question or item by finding the corresponding number on the Answer Sheet, starting with number 13. Then mark through the space under the letter that indicates your answer. REMEMBER THAT ITEMS ON THIS ANSWER SHEET RUN ACROSS THE PAGE.

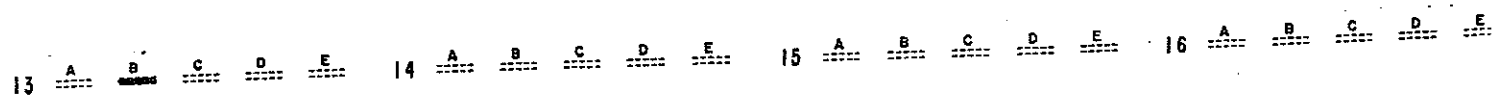
Here is an example of how to use the Answer Sheet to mark your answers. The first question appears like this:

TO WHAT EXTENT OR HOW OFTEN ARE THE FOLLOWING STATEMENTS TRUE?	Never (A)	Seldom (B)	Sometimes (C)	Usually (D)	Always (E)
13. Appointments and promotions are made on the basis of merit.	A	B	C	D	E

If you believe that appointments are usually based on merit, you would mark the sheet like this:



But if you believe that appointments are seldom based on merit, you would mark like this:



For all of the following questions please read every question carefully before answering. Also be sure to read the headings of columns that offer you a choice of answers--the titles of these headings change in different parts of the survey.

FILLING POSITIONS

The Government Code provides that appointments will be based upon merit and fitness ascertained through practical and competitive examination. (18500) "Examinations for the establishment of eligible lists shall be...of such character as fairly to test and determine the qualifications, fitness and ability of competitors actually to perform the duties of the class of position for which they seek appointment." (18930) "Vacancies...shall be filled insofar as consistent with the best interests of the state from among employees holding positions in appropriate classes, and appropriate promotional lists shall be established...Examination shall be held on an open, non-promotional basis when...open competition will produce..more highly skilled qualified candidates.."(18950

TO WHAT EXTENT OR HOW OFTEN ARE THE FOLLOWING STATEMENTS TRUE?	Never (A)	Seldom (B)	Sometimes (C)	Usually (D)	Always (E)
13. Appointments and promotions are made on the basis of merit.	A	B	C	D	E
14. The qualifications used to select persons are clearly related to the duties of the positions to be filled.	A	B	C	D	E
15. Persons who have been selected to fill positions are highly qualified for them.	A	B	C	D	E
16. Information about promotional examinations reaches as wide a number of interested persons as practicable.	A	B	C	D	E
The following factors, as presently used in the selection process, produce a fair and valid rating and ranking of candidates:					
17. Minimum qualifications (MQs)	A	B	C	D	E
18. Written examinations	A	B	C	D	E
19. Supervisory evaluations (EDA or Rule 200)	A	B	C	D	E
20. Oral interviews (QAP)	A	B	C	D	E
21. Hiring interviews	A	B	C	D	E

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
22. Procedures should be changed to broaden opportunities for transfer and/or promotion between departments.	A	B	C	D	E
23. There should be greater opportunity for persons outside the civil service to be considered for positions above "entry level".					

WHAT IS YOUR OPINION AS TO THE AMOUNT OF ATTENTION GIVEN TO AFFIRMATIVE ACTION IN THE FILLING OF VACANCIES BY NEW HIRE AND BY PROMOTION?	Too Little (A)	About Right (B)	Too Much (C)
24. The amount of attention given to affirmative action in filling positions <u>by new hire</u> is	A	B	C
25. The amount of attention given to affirmative action in filling positions <u>by promotion</u> is	A	B	C

If you have any other comments or suggestions concerning policy and procedures for filling positions, please use the space under the heading FILLING POSITIONS on the Supplemental Answer Sheet.

PERFORMANCE EVALUATION

The Government Code requires establishment of a system of performance reports "designed to permit as accurately and fairly as is reasonably possible, the evaluation...of each employee's performance of his duties." (19301)

TO WHAT EXTENT IS THE FOLLOWING STATEMENT TRUE?	In all respects (A)	In most respects (B)	In some respects (C)	In few respects (D)	In no respect (E)
26. I have been told the standards of production and quality expected of me in my job.	A	B	C	D	E

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
27. My performance ratings give me a good picture of how well I have been doing.	A	B	C	D	E
28. My supervisor keeps me informed often enough about how well I am doing and where I need to improve my work.	A	B	C	D	E
29. The factors I am rated on are all directly a part of my job.	A	B	C	D	E
30. Performance ratings are too subjective to be useful in improving my performance.	A	B	C	D	E
31. My supervisor appears to be well aware of the amount and quality of the work I do.	A	B	C	D	E

Formal performance ratings prepared by supervisors should be used in:	Yes (A)	No (B)
32. Promotion	A	B
33. Layoff	A	B

	Yes (A)	No (B)
34. Merit step increases	A	B
35. Identifying training needs	A	B
36. Taking corrective action	A	B

If you have any other comments or suggestions concerning policy and procedures for performance evaluation, please use the space under the heading PERFORMANCE EVALUATION on the Supplemental Answer Sheet.

POSITION CLASSIFICATION AND PAY

The Government Code requires that "positions involving comparable duties and responsibilities are similarly classified and compensated." (18500)

	Yes (A)	No (B)
37. Do you have a copy of, or have you seen, the duty statement for your position?	A	B
38. Do you believe your position is properly classified?	A	B

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
39. The classification specifications for positions in my occupation are seriously out of date.	A	B	C	D	E
40. Classification specifications are so narrow that employee mobility between divisions of a Department or between Departments is severely limited.	A	B	C	D	E

AGREE OR DISAGREE...	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
41. Differences between pay ranges of position classes reflect real differences in employee responsibility.	A	B	C	D	E
42. Consideration of race or sex of incumbents enters into the allocation of positions to classes.	A	B	C	D	E
43. State policy calls for giving employees equal pay for equal work. This should be so even if some employees perform significantly better than others in similar positions.	A	B	C	D	E
44. Presently, salary adjustments are given to all employees who perform satisfactorily. There should be a system of merit pay increases which would reward employees whose performance significantly exceeds the minimum.	A	B	C	D	E
45. Salaries for the same class should differ from locality to locality based upon the amounts paid by other employers for comparable work in those localities.	A	B	C	D	E

If you have any other comments or suggestions concerning policy and procedures for position classification and pay-setting practices, please use the space under the heading POSITION CLASSIFICATION AND PAY on the Supplemental Answer Sheet.

DISCIPLINARY ACTIONS, APPEALS AND GRIEVANCES

The Government Code states policy that "...The rights and interests of the state civil service employee are given consideration insofar as consistent with the best interests of the state." The Code further provides that "tenure of civil service employment is subject to good behavior...(and) efficiency...." (18500) To implement this policy the Code provides for "punitive action" for specified causes (19570 - 19572)

46. Has a supervisor or other management person taken disciplinary (punitive) action against you during the past five years?

A. Yes
B. No

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

	Never (A)	Seldom (B)	Sometimes (C)	Usually (D)	Always (E)
47. Before supervisors take disciplinary action, they try to work the problem out with the employee.	A	B	C	D	E
48. The rules and procedures on disciplinary action are clear and understandable.	A	B	C	D	E
49. The nature of disciplinary actions appears to be related to the nature of the employee's action, that is, higher penalties are associated with more serious employee behavior.	A	B	C	D	E
50. When supervisors recommend disciplinary action, they apply the same penalties to all employees for the same cause.	A	B	C	D	E
51. Supervisors take reasonable concern to protect the rights and interests of employees who may be involved in a disciplinary action.	A	B	C	D	E
52. The personnel office takes reasonable concern to protect the rights and interests of employees who may be involved in a disciplinary action.	A	B	C	D	E

53. With respect to discipline, the current procedures represent a bias in favor of

A. Management
B. Neither; equities are balanced.
C. Employees

54. Have you submitted a grievance or an appeal in the past five years?

A. Yes
B. No

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
55. The procedures for submitting grievances or appeals are sufficiently well publicized that I would know how to use the procedures when necessary.	A	B	C	D	E
56. The appeals and grievance procedures that exist are clear and understandable.	A	B	C	D	E
57. The system for handling grievances and appeals is much too complicated.	A	B	C	D	E
58. Supervisors and other managers appear well informed about employee rights and concerns.	A	B	C	D	E

TO WHAT EXTENT OR HOW OFTEN ARE THE FOLLOWING STATEMENTS TRUE?

	Never (A)	Seldom (B)	Sometimes (C)	Usually (D)	Always (E)
59. Decisions on grievances and appeals are reasonably uniform for persons in similar circumstances.	A	B	C	D	E
60. Decisions on employee grievances and appeals are fair, considering employee and management interests together.	A	B	C	D	E
61. Grievances and appeals are settled with reasonable speed.	A	B	C	D	E

HOW DO YOU REACT TO THIS STATEMENT?

	None of the time (A)	25% of the time (B)	50% of the time (C)	75% of the time (D)	All of the time (E)
62. When employees submit grievances or appeals, the cards are stacked against them.	A	B	C	D	E

If you have any other comments or suggestions concerning policy and procedures for discipline or appeals and grievances, please use the space under the heading DISCIPLINARY ACTIONS, APPEALS AND GRIEVANCES on the Supplemental Answer Sheet.

JOB SECURITY/LAY-OFF

The Government Code provides that "State civil service employment is made a career by providing for security of tenure insofar as consistent with the best interests of the state" and that "Tenure of civil service employment is subject to the necessity of the performance of the work, and the appropriation of sufficient funds." (18500)

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENT?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
63. In cases of reduction or elimination of work which necessitates reducing the number of employees, the rules and procedures provide a satisfactory level of protection to employees.	A	B	C	D	E

PLEASE GIVE YOUR OPINION ON THIS MATTER.

When lay-offs due to elimination of work functions are necessary, how much weight should be given these factors?

		Should not be a factor (A)	Should be a minor factor (B)	Equal with other factors (C)	Should be a major factor (D)	Base entirely on this factor (E)
64.	Seniority	A	B	C	D	E
65.	Veterans preference	A	B	C	D	E
66.	Quality of job performance	A	B	C	D	E
67.	Affirmative action	A	B	C	D	E

If you have any other comments or suggestions concerning policy and procedures for job security and lay-off procecures, please use the space under the heading JOB SECURITY/LAY-OFF on the Supplemental Answer Sheet.

EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

The Government Code asserts that "each agency and department is responsible for establishing an effective affirmative action program. The State Personnel Board shall be responsible for providing statewide advocacy, coordination, enforcement and monitoring of these programs. Each agency and department shall establish goals and timetables to overcome any identified underutilization of minorities and women in their respective organizations." (19790) The State Board has stated as a goal "to achieve employment opportunity in State Civil Service through affirmative action which produces a work force that reasonably represents the composition of the labor force of the State."

68. Have you submitted an equal opportunity complaint or a complaint of discrimination in the past five years?
    A. Yes
    B. No

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

The affirmative action program has been successful in achieving its objectives of:	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
69. Increased employment of minorities	A	B	C	D	E
70. Increased employment of women	A	B	C	D	E
71. Increased employment of the disabled	A	B	C	D	E
72. Increased promotion of minorities	A	B	C	D	E
73. Increased promotion of women	A	B	C	D	E
74. Increased promotion of the disabled	A	B	C	D	E
75. Increased average pay of minorities	A	B	C	D	E
76. Increased average pay of women	A	B	C	D	E
77. Increased average pay of the disabled	A	B	C	D	E
78. Reduced discrimination against minorities	A	B	C	D	E
79. Reduced discrimination against women	A	B	C	D	E
80. Reduced discrimination against disabled	A	B	C	D	E

AGREE OR DISAGREE

Ethnic groups are treated fairly and equitably in all aspects of personnel management, including recruitment, pay, examining, promotions, discipline.

81. White	A	B	C	D	E
82. Black	A	B	C	D	E
83. Spanish speaking/surnamed	A	B	C	D	E
84. Asian	A	B	C	D	E
85. Native American	A	B	C	D	E
86. Filipino	A	B	C	D	E
87. Other	A	B	C	D	E

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
88. Women are treated fairly and equitably in <u>all</u> aspects of personnel management.	A	B	C	D	E
89. Disabled employees are treated fairly and equitably in <u>all</u> aspects of personnel management.	A	B	C	D	E
90. Information about how to submit discrimination complaints is sufficiently publicized.	A	B	C	D	E
91. The procedures and rules for handling discrimination complaints are clear and understandable.	A	B	C	D	E
92. Complaints of discrimination are handled in a reasonably prompt manner.	A	B	C	D	E
93. Decisions on discrimination complaints are reasonably uniform for persons in similar circumstances.	A	B	C	D	E

If you have any other comments or suggestions concerning policy and procedures for equal employment opportunity and affirmative action, please use the space under the heading EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION on the Supplemental Answer Sheet.

TRAINING AND DEVELOPMENT

The Government Code states that "the Board shall devise plans for, and cooperate with appointing powers and other supervising officials in the conduct of employee training programs so that the quality of service rendered by persons in the State Civil Service may be continually improved." (19450)

94. Have you attended a training program given or sponsored by either the State Personnel Board (SPB) or your Department?

A. Have never attended training
B. Yes, both
C. Yes, the SPB only
D. Yes, the Department only

95. If you attended training, what did you get out of it?

A. Did not attend training
B. Improved job performance in my present position
C. Preparation for career growth and development
D. Both
E. Neither

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
96. Training opportunities are provided to employees on a fair and equitable basis.	A	B	C	D	E
97. The need for training is determined from analysis of weaknesses in employee job performance.	A	B	C	D	E
98. The training available covers the range of subjects or skills necessary to enable employees to perform their jobs at the highest level of quality.	A	B	C	D	E

If you have any other comments or suggestions concerning policy and procedures for training and development, please use the space under the heading TRAINING AND DEVELOPMENT on the Supplemental Answer Sheet.

GENERAL

Preceding segments of this survey have dealt with specific aspects of the State personnel program. We would now like to get your reaction to some general matters concerning your employment and the operation of the State civil service system.

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
99. Taking everything into account, I am satisfied with my job.	A	B	C	D	E
100. The work I do is important and useful.	A	B	C	D	E
101. The personnel system encourages a high degree of efficiency, effectiveness and economy in the State's various programs.	A	B	C	D	E
102. The personnel system is fair to employees and operates effectively to protect merit.	A	B	C	D	E
103. The State Personnel Board is effective in informing employees about personnel policy or program changes that may affect them.	A	B	C	D	E
104. The State Personnel Board makes an effort to learn employee views in formulating personnel policy or programs.	A	B	C	D	E
105. The State Personnel Board is responsive to meeting most of the needs of State employees.	A	B	C	D	E
106. My Departmental personnel office is responsive to meeting the needs of employees.	A	B	C	D	E
107. Employees or employee groups are given enough opportunity to participate in the making of personnel policy which affects them.	A	B	C	D	E

AGREE OR DISAGREE?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
108. Management is given enough opportunity to participate in the making of personnel policy which affects it.	A	B	C	D	E

THE FOLLOWING SEGMENT OF THIS SURVEY IS FOR CAREER EXECUTIVES AND MID-MANAGERS WHO ARE AT GRADE LEVELS THAT MAKE THEM LIKELY CANDIDATES FOR APPOINTMENT TO A CEA POSITION. IF YOU ARE A MEMBER OF THIS GROUP, PLEASE ANSWER THE ITEMS BELOW. IF THIS DOES NOT APPLY TO YOU, THIS COMPLETES THE SURVEY FOR YOU. WE APPRECIATE YOUR COOPERATION IN GIVING THIS SURVEY YOUR TIME AND ATTENTION. PLEASE RETURN YOUR ANSWERS IMMEDIATELY. THANK YOU.

* * * * * * * * * * * * * * * * * *

The following questions are concerned with the system of Career Executive Assignments (CEAs) The Government Code states that the purpose of the system is "to encourage the development and effective use in the civil service of well-qualified and carefully selected executives."

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
109. Career executive assignments (CEA) positions are filled on the basis of merit.	A	B	C	D	E
110. Selection for career executive assignments is too narrow. It should allow people to move more easily across Departments or between Divisions of Departments.	A	B	C	D	E
111. The system should permit competitive selection from outside the State Civil Service.	A	B	C	D	E
112. There should be a system for identifying CEA talent earlier and for developing those identified for the higher level CEA positions.	A	B	C	D	E

AGREE OR DISAGREE?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
113. The Career Executive Assignment (CEA) system provides a corps of competent managers who contribute to the effective, efficient, and economical conduct of the public business.	A	B	C	D	E
114. Persons selected to fill CEA positions have shown themselves to be very responsive in carrying out policy changes made by top executives.	A	B	C	D	E
115. The fact that competition for CEA positions is limited to employees already in the state civil service is an incentive for lower level employees to work harder and perform better.	A	B	C	D	E
116. The methods used for evaluating executive performance are effective.	A	B	C	D	E
117. The provision that a career executive may be removed at any time without cause leads to abuses by top management.	A	B	C	D	E

118. Career executives enjoy pay or other benefits at the expense of job security. Do you believe that the benefits are a desirable trade-off for loss of security?

A. Yes
B. No, there should be greater security on the job
C. No, there should be greater differences in benefits

119. The use of CEA positions should be:

A. Expanded to encompass positions at lower levels
B. Expanded to provide more positions at present levels where CEA positions are now used
C. Cut back
D. Left about the same

If you have any other comments or suggestions concerning policy and procedures for career executive assignments, please use the space under the heading CAREER EXECUTIVE ASSIGNMENTS on the Supplemental Answer Sheet.

PLEASE RETURN YOUR ANSWERS IMMEDIATELY. THANK YOU.

EXHIBIT 2

STATE OF CALIFORNIA — EDMUND G. BROWN JR., *Governor*

COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY

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Sacramento 95814

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MAURICE RENE CHEZ
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JACK R. FENTON
Assemblyman, Montebello

RICHARD D. HAYDEN
Assemblyman, Cupertino

NANCIE BROOKE KNAPP
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Modesto

L. H. HALCOMB
Executive Director

May 29, 1979

Dear State Official:

The Commission on California State Government Organization and Economy is conducting a study of the State civil service system and the operations of the State Personnel Board.

We consider it essential to this study to have the opinions of managerial officials concerning the present personnel management program.

The questionnaire survey which is enclosed is being sent to all State of California career executives and to non-career executives in equivalent levels and higher positions, up through and including Department heads.

Please take the time needed to respond seriously to these questions. Your views and recommendations as part of the State's management team are expected to be of great value to this Commission in formulating proposals to improve the State personnel system.

Please do not sign the answer sheet. Your answers will be completely confidential. Your answer sheet will be destroyed as soon as the information is placed in the computer. Results will be analyzed in statistical summaries which will not reveal the identity of participants in the survey.

When you have completed the questionnaire, please return only the IBM answer sheet and the supplemental sheet containing your comments through the intradepartment mail system. Use the enclosed pre-addressed envelope. In order for your response to be considered it should be returned no later than June 15, 1979.
Do not return the survey booklet.

Your response, together with those of other participants, will ensure that management views are known in formulating proposals to improve the State personnel system. We hope you find the survey interesting and thought-provoking. Thank you for your assistance.

L. H. HALCOMB
Executive Director

SURVEY OF

MANAGERIAL OPINION

Concerning

STATE OF CALIFORNIA

PERSONNEL SYSTEM

PART I

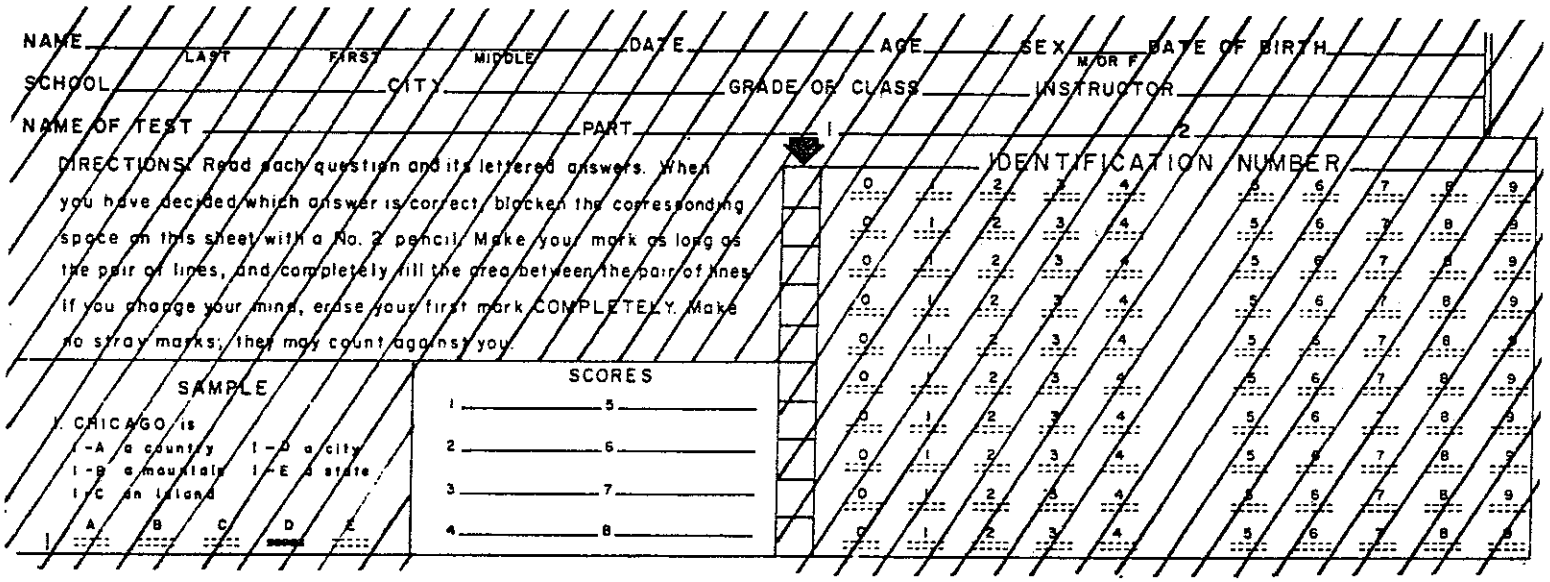
STATISTICAL INFORMATION

THE FOLLOWING INFORMATION IS NEEDED SOLELY TO HELP US WITH STATISTICAL ANALYSIS OF THE DATA. ALL OF YOUR RESPONSES ARE STRICTLY CONFIDENTIAL.

WE APPRECIATE YOUR HELP IN PROVIDING THIS IMPORTANT INFORMATION.

Your answers are to be made on the IBM Answer Sheet provided for this purpose. Please note that this sheetwas designed for a different purpose and, therefore, most of the upper portion will not be used in this survey.

DO NOT enter your name anywhere on the Answer Sheet. Also please ignore all portions of the heading that have been crossed through in the illustration below.



The block labeled SCORES will be used to record your answers to the following three items:

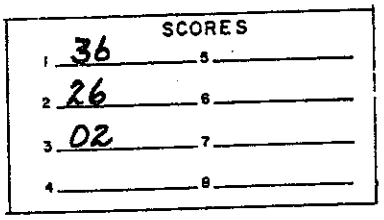
Item A. County in which you are employed.
Find the county in which you are employed on the attached list of California counties. Enter, opposite #1 under SCORES, the code for that county.

Item B. Organization in which you are employed.
Find the organization in which you are employed on the attached list of the State's departments. Enter, opposite #2 under SCORES, the code for that organization.

Item C. Your ethnic identification. From the list below choose the one ethnic group with which you most closely identify yourself. Enter the code for this group in the space opposite #3.

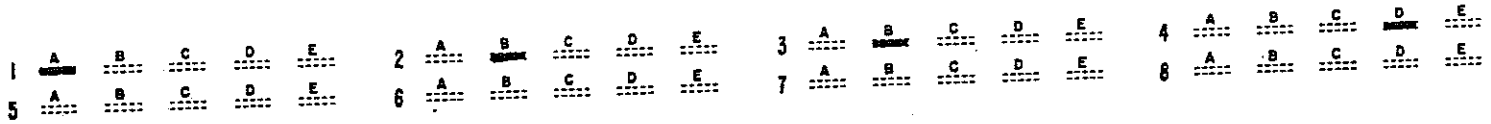
01 White
02 Black
03 Spanish speaking/surnamed
04 Asian
05 Native American
06 Filipino
07 Other

For example, if you work in San Bernardino County for the Department of Health Services and identify yourself as a Black, you will complete the center section of the Answer Sheet like this:



Please answer the following 12 questions or items by finding the corresponding number on the Answer Sheet. Then mark through the space under the letter that indicates your answer.

For example, if you work in a metropolitan area, are female, age 37, and your occupational field is "Vocational Rehabilitation", you will answer the first four questions as follows:



BE SURE TO NOTE THAT ITEMS ON THE ANSWER SHEET RUN ACROSS THE PAGE

Read each question and its lettered answers. When you have selected your answer, blacken the corresponding space on this sheet with a No. 2 pencil. Make your mark as long as the pair of lines, and completely fill the area between the pair of lines. If you change your mind, erase your first mark COMPLETELY. Make no stray marks.

1. Within the broad geographic area indicated in your response to Item A, is your specific place of employment predominantly

   A. A metropolitan area
   B. Rural

2. Are you

   A. Male
   B. Female

3. Your age group

   A. 34 or under
   B. 35 - 49
   C. 50 or over

4. What is your occupational field? (Even though you are in an executive position not subject to the classification plan for civil service employees, please identify your field with one of these broad categories.)

A. Office and Allied Services
B. Professional, includes
   . Educational and Library
   . Engineering and Allied Services
   . Legal
   . Medicine and Allied Services
C. Administrative, includes
   . Agricultural and Conservation
   . Fiscal, Management, and Staff Services
D. Social Programs and Public Safety, includes
   . State Emergency Disaster Progra
   . Regulatory and Public Safety
   . Social Security and Rehabilitat

5. What is your monthly salary level?

A. $3100 or above
B. $2800 to $3099
C. $2500 to $2799
D. $2200 to $2499
E. Less than $2200

6. How long have you worked for the State of California?

A. Less than one year
B. One to two years
C. 3 to 5 years
D. 6 to 10 years
E. Over ten years

7. How long have you been in a managerial position?

A. Less than one year
B. One to two years
C. 3 to 5 years
D. 6 to 10 years
E. Over ten years

8. How long have you been in your present managerial position?

A. Less than one year
B. One to two years
C. 3 to 5 years
D. 6 to 10 years
E. Over ten years

9. Are you a Career Executive?

A. Yes
B. No

10. Do you work in a Departmental Personnel Office?

A. Yes
B. No

11. Are you in the Headquarters or a field office of your Department?

A. Headquarters
B. Field Office

PART II

Most of the questions in this survey will ask your opinion or your reaction to statements. Your answers will be made on the same IBM Answer Sheet you used to respond to the preceding 11 questions.

(In addition to your responses to the specific questions in this survey, we would like to have the benefit of your comments concerning the problems you consider serious and the recommendations you would make for improvement. A two page Supplemental Answer Sheet has been provided for this purpose. Your thoughtful attention to sharing your views and recommendations will be appreciated.)

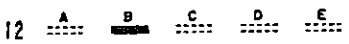
Please answer each question or item by finding the corresponding number on the Answer Sheet, starting with number 12. Then mark through the space under the letter that indicates your answer. REMEMBER THAT ITEMS ON THIS ANSWER SHEET RUN ACROSS THE PAGE.

For example, the first question appears like this:

12. The State Personnel Board (SPB) presently attempts both to offer technical assistance to Departments and to control for merit system compliance. What is your view of the proportion of attention given these two activities?

A. Too much emphasis on technical assistance
B. About right balance of technical assistance and merit system compliance
C. Too much emphasis on merit system compliance

If it is your opinion that the SPB maintains about the right balance of technical assistance and merit system compliance, you would mark the sheet like this:



For all of the following questions please read every question carefully before answering. Also be sure to read the headings of columns that offer you a choice of answers--the titles of these headings change in different parts of the survey.

ORGANIZATION FOR PERSONNEL MANAGEMENT

The Government Code states that a principal purpose of the State civil service system is "to promote and increase economy and efficiency in the state service". It also requires that "the rights and interests of the State civil service employee are given consideration insofar as consistent with the best interests of the State."

We would like to know whether, in practice, these objectives are balanced and whether the organization and delineation of responsibilities is appropriate for personnel management within the State government.

12. The State Personnel Board (SPB) presently attempts both to offer technical assistance to Departments and to control for merit system compliance. What is your view of the proportion of attention given these two activities?

A. Too much emphasis on technical assistance
B. About right balance of technical assistance and merit system compliance
C. Too much emphasis on merit system compliance

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

	Strongly disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
13. The management services and merit system protection functions of the SPB are incompatible and should be placed in separate organizations. The SPB delegates some personnel management responsibility to the Departments.	A	B	C	D	E
14. The amount of responsibility delegated is about right.	A	B	C	D	E
15. Delegation of responsibility is accompanied by sufficient delegation of authority.	A	B	C	D	E
16. More or better guidelines are needed for operation under delegated authority.	A	B	C	D	E
17. The SPB indulges in too much "second-guessing" of action taken by departments under delegated authority.	A	B	C	D	E

AGREE OR DISAGREE?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
18. Delegation results in an undesirable lack of uniformity between Departments in personnel policy and procedures.	A	B	C	D	E
19. Most SPB staff members are competent.	A	B	C	D	E
20. Most Departmental personnel staff members are competent.	A	B	C	D	E
21. The personnel system encourages a high degree of efficiency, effectiveness and economy in the State's various programs.	A	B	C	D	E
22. The personnel system is fair to employees and operates effectively to protect merit.	A	B	C	D	E
23. The SPB is effective in informing departmental managers about important personnel policy and program changes.	A	B	C	D	E
24. The SPB makes an effort to learn departmental management's views in formulating personnel policy or programs.	A	B	C	D	E
25. The SPB is responsive to meeting the needs of management for effective, efficient, and economical State government.	A	B	C	D	E
26. My Departmental personnel office is responsive to meeting the needs of management for effective, efficient, and economical State government.	A	B	C	D	E
27. Employees or employee groups are given enough opportunity to participate in the making of personnel policy which affects them.	A	B	C	D	E
28. Management is given enough opportunity to participate in the making of personnel policy which affects it.	A	B	C	D	E

29. If you disagreed with the statement in Item #14, above, should the amount of delegation be greater or smaller

A. Greater
B. Smaller

What would you say is the biggest problem(s) with organization and delineation of responsibility for carrying out personnel management within the State government. Space, for your comments and recommendations is provided on the Supplemental Answer Sheet.

FILLING POSITIONS

The Government Code provides that appointments will be "based upon merit and fitness ascertained through practical and competitive examination." (18500) "Examinations for the establishment of eligible lists shall be ... of such character as fairly to test and determine the qualifications, fitness and ability of competitors actually to perform the duties of the class of position for which they seek appointment." "Vacancies ... shall be filled insofar as consistent with the best interests of the state from among employees holding positions in appropriate classes, and appropriate promotional lists shall be established ... Examinations shall be held on an open, non-promotional basis when ... open competition will produce ... more highly skilled qualified candidates ..." (18950)

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
30. In general, existing policies and procedures for filling vacancies (by initial appointment, promotion, or other means) are effective in meeting management needs for a competent workforce.	A	B	C	D	E

AGREE OR DISAGREE?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
31. Procedures should be changed to broaden opportunities for transfer and/or promotion between departments.	A	B	C	D	E
32. There should be greater opportunity for persons outside the civil service to be considered for positions above "entry level".	A	B	C	D	E
33. The time required to fill vacancies by <u>new hire</u> is reasonable.	A	B	C	D	E
34. The time required to fill vacancies <u>by promotion</u> is reasonable.	A	B	C	D	E

TO WHAT EXTENT OR HOW OFTEN ARE THE FOLLOWING STATEMENTS TRUE?	Never (A)	Seldom (B)	Sometimes (C)	Usually (D)	Always (E)
35. Appointments and promotions are made on the basis of merit.	A	B	C	D	E
36. The qualifications used to select persons are clearly related to the duties of the positions to be filled.	A	B	C	D	E
37. Candidates certified to me from <u>promotional eligible lists</u> are highly qualified for the positions to be filled.	A	B	C	D	E
38. Candidates certified to me from <u>open eligible lists</u> are highly qualified for the positions to be filled.	A	B	C	D	E
39. Promotional examinations are publicized to as wide a number of interested persons as practicable.	A	B	C	D	E

HOW OFTEN?	Never (A)	Seldom (B)	Sometimes (C)	Usually (D)	Always (E)
The following factors, as presently used in the selection process, produce a fair and valid rating and ranking of candidates:					
40. Minimum qualifications (MQs)	A	B	C	D	E
41. Written examinations	A	B	C	D	E
42. Supervisory evaluations (EDA or Rule 200)	A	B	C	D	E
43. Oral interviews (QAP)	A	B	C	D	E
44. Hiring Interviews	A	B	C	D	E

WHAT IS YOUR OPINION AS TO THE AMOUNT OF ATTENTION GIVEN TO AFFIRMATIVE ACTION IN THE FILLING OF VACANCIES?	Too Little (A)	About Right (B)	Too Much (C)
45. The amount of attention given to affirmative action in filling positions by <u>new hire</u> is	A	B	C
46. The amount of attention given to affirmative action in filling positions by <u>promotion</u> is	A	B	C

What do you consider the biggest problem(s) in current policies and processes for filling vacancies? We would also like to have your recommendations for improvement. Space for your comments and recommendations is provided on the Supplemental Answer Sheet.

PERFORMANCE EVALUATION

The Government Code requires establishment of a system of performance reports "designed to permit as accurately and fairly as is reasonably possible, the evaluation ... of each employee's performance of his duties." (19301)

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
47. The annual performance reports system is an effective management tool for insuring the most productive workforce.	A	B	C	D	E
48. The probationary period evaluation system is an effective management tool for insuring the most productive workforce.	A	B	C	D	E
49. Employees are motivated sufficiently to improve and to perform beyond minimum levels of productivity and quality.	A	B	C	D	E
50. Standards of performance have been established for positions in my Department.	A. Yes B. No				

Formal performance reports prepared by supervisors should be used in:

		Yes	No
51.	Promotion	A	B
52.	Layoff	A	B
53.	Merit step increases	A	B
54.	Identifying training needs	A	B
55.	Taking corrective action	A	B

What do you consider the biggest problem(s) with performance evaluations? What recommendations would you make to increase the usefulness of performance evaluations? Space for your comments and recommendations is provided on the Supplemental Answer Sheet.

POSITION CLASSIFICATION AND PAY

The Government Code requires that "positions involving comparable duties and responsibilities are similarly classified and compensated." (18500)

HOW MUCH TO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
56. The State position classification plan is basically sound and helps me as a manager to run an effective, efficient, and economical organization.	A	B	C	D	E
57. The State pay system is basically sound and helps me as a manager to run an effective, efficient, and economical organization.	A	B	C	D	E
58. Salaries for the same class should differ from locality to locality based upon the amounts paid by other employers for comparable work in those localities.	A	B	C	D	E
59. The classification plan contains too many levels.	A	B	C	D	E
60. Presently, salary adjustments are given to employees who perform satisfactorily. Do you agree or disagree that there should be a system of merit pay increases which would reward employees based on level of performance?	A	B	C	D	E

TO WHAT EXTENT OR HOW OFTEN ARE THE FOLLOWING STATEMENTS TRUE?	Never (A)	Seldom (B)	Sometimes (C)	Usually (D)	Always (E)
61. When classification actions are needed in my organization, service is provided on a reasonably prompt basis.	A	B	C	D	E
62. Management is adequately involved in establishing the classification plan and in allocating positions to classes.	A	B	C	D	E
63. Classification specifications are so broad that they do not permit recruitment of employees with skills needed for specific positions.	A	B	C	D	E
64. Classification specifications are so narrow that employee mobility between divisions of a Department or between Departments is severely limited.	A	B	C	D	E
65. Classification specifications are so narrow they impede making reasonable decisions when it becomes necessary to layoff numbers of employees.	A	B	C	D	E

What do you consider the biggest problem(s) with the classification plan and pay system? What recommendations would you make for improvement? Space for your comments and recommendations is provided on the Supplemental Answer Sheet.

DISCIPLINARY ACTIONS, APPEALS AND GRIEVANCES

The Government Code states that "... The rights and interests of the state civil service employee are given consideration insofar as consistent with the best interests of the state." The Code further provides that "tenure of civil service employment is subject to good behavior... [and] efficiency..." (18500) To implement this policy the Code provides for "punitive action" for specified causes (19570-19572)

DISCIPLINARY ACTIONS, APPEALS AND GRIEVANCES

The Government Code states a policy that "... The rights and interests of the state civil service employee are given consideration insofar as consistent with the best interests of the state." The Code further provides that "tenure of civil service employment is subject to good behavior ... [and] efficiency...." (18500) To implement this policy the Code provides for "punitive action" for specified causes (19570 - 19572)

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
66. The appeals and grievance procedures that exist are clear and understandable.	A	B	C	D	E
67. The system for handling grievances and appeals is much too complicated.	A	B	C	D	E

TO WHAT EXTENT OR HOW OFTEN ARE THE FOLLOWSTATEMENTS TRUE?	Never (A)	Seldom (B)	Sometimes (C)	Usually (D)	Always (E)
68. The rules and procedures on disciplinary action are clear and understandable.	A	B	C	D	E
69. Managers refrain from taking necessary disciplinary action because the rules and paperwork are too complex or time-consuming.	A	B	C	D	E
70. Managers refrain from taking necessary discipline action because they have learned that their recommendations are very often overturned when employees appeal.	A	B	C	D	E
71. Decisions on employee grievances and appeals are fair, considering employees and management interests together.	A	B	C	D	E
72. Grievances and appeals are settled with reasonable speed.	A	B	C	D	E

73. With respect to discipline, the current procedures represent a bias in favor of

A. Management
B. Neither-equities are balanced
C. Employees

What would you say is the biggest problem(s) in the area of discipline, grievances, and appeals? What recommendations would you make for improving any aspect or effect of discipline, grievances, and appeals? Space for your comments and recommendations is provided on the Supplemental Answer Sheet.

JOB SECURITY/LAY-OFF

The Government Code provides that "State civil service employment is made a career by providing for security of tenure insofar as consistent with the best interests of the state" and that "Tenure of civil service employment is subject to the necessity of the performance of the work, and the appropriation of sufficient funds." (18500)

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
73. In general, reduction in force or lay-offs are conducted in a manner that leads to retention of the most competent employees.	A	B	C	D	E
74. The rules and procedures for reducing the number of employees in the case of elimination of work functions are too complicated.	A	B	C	D	E
75. In cases of reduction or elimination of work which necessitates reducing the number of employees, the rules and procedures provide a satisfactory level of protection to employee rights.	A	B	C	D	E

PLEASE GIVE YOUR OPINION ON THIS MATTER

When layoffs due to elimination of work functions are necessary, how much weight should be given these factors?

		Should not be a factor (A)	Should be a minor factor (B)	Equal consideration with other factors (C)	Should be a major factor (D)	Base entirely on this factor (E)
76.	Seniority	A	B	C	D	E
77.	Veterans preference	A	B	C	D	E
78.	Quality of job performance	A	B	C	D	E
79.	Affirmative action	A	B	C	D	E

80. Would you favor a policy of requiring mandatory placement in vacancies of employees who would otherwise be separated in a lay-off?
A. Yes
B. No

81. Would you favor a policy of a general reduction in working hours to avoid a lay-off?
A. Yes
B. No

What would you say is the biggest problem(s) with current policy and procedures for accomplishing a workforce reduction? What recommendations would you make to improve lay-off practices? Space for your comments and recommendations is provided on the Supplemental Answer Sheet.

EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

The Government Code asserts that "each agency and department is responsible for establishing an effective affirmative action program. The State Personnel Board shall be responsible for providing statewide advocacy, coordination, enforcement and monitoring of these programs. Each agency and department shall establish goals and timetables to overcome any identified underutilization of minorities and women in their respective organizations". (19790) The State Board has stated as a goal "to achieve employment opportunity in State civil service through affirmative action which produces a work force that reasonably represents the composition of the labor force of the State.

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
The affirmative action program has been successful in achieving its objectives of:					
82. Increased employment of minorities	A	B	C	D	E
83. Increased employment of women	A	B	C	D	E
84. Increased employment of the disabled	A	B	C	D	E
85. Increased promotion of minorities	A	B	C	D	E
86. Increased promotion of women	A	B	C	D	E
87. Increased promotion of the disabled	A	B	C	D	E
88. Increased average pay of minorities	A	B	C	D	E
89. Increased average pay of women	A	B	C	D	E
90. Increased average pay of the disabled	A	B	C	D	E
91. Reduced discrimination against minorities	A	B	C	D	E
92. Reduced discrimination against women	A	B	C	D	E
93. Reduced discrimination against disabled	A	B	C	D	E

AGREE OR DISAGREE?

	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
Ethnic groups are treated fairly and equitably in <u>all</u> aspects of personnel management, such as recruitment, pay, examining, promotions, discipline.					
94. White	A	B	C	D	E
95. Black	A	B	C	D	E
96. Spanish speaking/surnamed	A	B	C	D	E
97. Asian	A	B	C	D	E
98. Native American	A	B	C	D	E
99. Filipino	A	B	C	D	E
100. Other	A	B	C	D	E
101. Women are greated fairly and equitably in <u>all</u> aspects of personnel management.	A	B	C	D	E
102. Disabled employees are treated fairly and equitably in <u>all</u> aspects of personnel management.	A	B	C	D	E
103. The procedures and rules for handling discrimination complaints are clear and understandable.	A	B	C	D	E
104. Complaints of discrimination are handled in a reasonably prompt manner.	A	B	C	D	E
105. Decisions on discrimination complaints are reasonably uniform for persons in similar circumstances.	A	B	C	D	E

What would you say is the biggest problem(s) with equal employment opportunity and affirmative action programs? What improvement would you recommend? Space for your comments and recommendations is provided on the Supplemental Answer Sheet.

TRAINING AND DEVELOPMENT

The Government Code states that "the Board shall devise plans for, and cooperate with appointing powers and other supervising officials in the conduct of employee training programs so that the quality of service rendered by persons in the State civil service may be continually improved." (19450)

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
106. In general, the training provided by or through state facilities is effective in meeting the needs of my organization.	A	B	C	D	E
107. Management is sufficiently involved in determining training policy, content, and priorities.	A	B	C	D	E
108. Employee and managerial training needs are determined systematically.	A	B	C	D	E
109. The training available covers the range of subjects or skills necessary to enable employees to perform their jobs at the highest level of quality.	A	B	C	D	E
110. An adequate system exists for identifying management potential and training persons to fill supervisory and mid-management positions.	A	B	C	D	E

What would you say is the biggest problem(s) with training and development programs? What improvements would you recommend? Space for your comments and recommendations is provided on the Supplemental Answer Sheet.

CAREER EXECUTIVE ASSIGNMENTS

The Government Code states that the purpose of the Career Executive Assignment (CEA) system is "to encourage the development and effective use in the civil service of well-qualified and carefully selected executives."

Your reactions are requested, either as an incumbent career executive or as a manager who supervises one or more career executives.

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	Strongly Disagree (A)	Disagree (B)	Undecided (C)	Agree (D)	Strongly Agree (E)
111. The Career Executive Assignment (CEA) system provides a corps of competent managers who contribute to the effective, efficient, and economical conduct of the public business.	A	B	C	D	E
112. Selection for career executive assignments is too narrow. It should allow people to move more easily across Departments or between Divisions of Departments.	A	B	C	D	E
113. There should be a system for identifying CEA talent earlier and for developing those selected for the higher level CEA positions.	A	B	C	D	E
114. The fact that civil service employees can achieve CEA positions in the state service is an inducement to lower level employees to work harder toward that goal.	A	B	C	D	E
115. The fact that competition for CEA positions is limited to employees already in the State civil service is an incentive for lower level employees to work harder and perform better.	A	B	C	D	E
116. The system should permit competitive selection from outside the State civil service.	A	B	C	D	E
117. The methods used for evaluating executive performance are effective.	A	B	C	D	E
118. The provision that a career executive may be removed at any time without cause leads to abuses by top management.	A	B	C	D	E

AGREE OR DISAGREE?

Strongly Disagree (A)
Disagree (B)
Undecided (C)
Agree (D)
Strongly Agree (E)

119. Persons selected to fill CEA positions have shown themselves to be very responsive in carrying out policy changes made by top executives.

A B C D E

120. Career executives enjoy pay or other benefits at the expense of job security. Do you believe that the benefits are a desirable trade-off for loss of security.

A. Yes
B. No, there should be greater security on the job
C. No, there should be greater difference in benefits

121. The use of CEA positions should be:

A. Expanded to encompass positions at lower levels
B. Expanded to provide more positions at present levels where CEA position are now used
C. Cut back
D. Left about the same