



Remarks:  
Little Hoover Commission  
Public Hearing  
Management Workforce

Presented by:  
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California Performance Review

August 26, 2004

A banner for the California Performance Review. It features the text "California Performance Review" in a large, bold, white font. Below it, in a smaller font, are the phrases "Bringing California Back" and "Accountability". The background of the banner is a light blue grid pattern with a faint image of the California State Capitol building on the right side. The text "21st Century" is also visible in the upper right corner of the banner.

# California Performance Review

Bringing California Back

Accountability



## Looking for Solutions: Creating the California Performance Review

February 10, 2004

- Governor Schwarzenegger issued Executive Order S-5-04 and created the California Performance Review (CPR) to conduct a focused examination of state government and make final recommendations by July 30, 2004.



## The “Age Bubble” is Traveling Through the Workforce

- 34% (or 70,000) state workers are at least 50 years of age and eligible to retire within 5 years
- Employees at least 50 years of age will increase by 37,000 within the next 5 years, and by another 34,000 in 10 years
- 68% of the state's current civil service workforce are at least 40 years of age



# Human Capital Crisis: The Issues

- Retirement Impact: 34% of the State's Workforce will retire within the next 5 years
- Personnel System: Fragmented and Divided
- Recruitment: There is no systematic program to recruit the brightest and best state workers



# Human Capital Crisis: The Issues

- Training: The state does not strategically invest in improving the knowledge, skills and abilities of its workers
- Employee Evaluations are Ineffective: There are not routine performance evaluations and there are not concrete performance goals



# Executive Leadership Challenge

## DMV: Case in Point

- On Nov. 17, 2003, I assumed the position of Director of the Department of Motor Vehicles
- At that time – the composition of the Executive Management Team was:
  - 10 Deputy Directors
  - 55.6 years old - Average Age
  - 33.1 years - Average State Service



## DMV: Changes in Executive Leadership are Slow

- Since that time – 5 Executives have moved on (retired or to other state agencies)
- Now – the composition of the Executive Management Team is:
  - 9 Deputy Directors
  - 52.3 years old - Average Age
  - 28.0 years - Average State Service





## Personnel Management – This is a System Problem

- Current Personnel System is Transaction and Process-Based not Outcome Focused
- Current Personnel System is based on Theoretical Management Options and does not allow for Practical Management Discretion





# Solving the Problem

- Fix the Personnel System
  - Consolidate and Update State Civil Service Classifications
- Plan for Future Workforce Needs
  - No Centralized Leadership
  - No Database of Resources and Skills



# Solving the Problem

- Recruit Skilled Workers for Future Workforce
  - Establish a Statewide Recruitment Program
  - Plan for replacing employees with qualified, well-trained and educated workforce
  - Give workers the skills to do their jobs
- Hold Workers Accountable for Their Work



# Solving the Problem

## Focus on Employee Performance

- No Motivation; No Results: Create a Performance Culture in State Service
- Create a Fair and Efficient Employee Discipline System



# Management for a Complex Workforce of 208,000

- Management is Severely Hit by the “Baby Boom” Age Coming to Retirement
- State Has No Succession Plan
- Finding the Right Candidates
- Training and Education Is Critical



# The Leadership Dilemma

- More than 60% (or 2,638) of Career Executive Assignment (CEA) employees are at least 50 years old
- Within 5 years they will comprise more than 80% of current CEA incumbents
- New Workers will need fill the void of the high retirement of Senior Management (CEAs)



# Management Recruitment and Selection

- Plan for replacing senior management with qualified, well-trained and educated workforce
- Thoughtful and intelligent workers are critical to the future of good government
- College is a great recruitment place
- Identify the right candidates based on competencies and train them for management



## A Qualified, Talented Management Team is Vital!

- Knowledge and Experience in Critical Elements of Management, Budget, and Human Resources
- Support Wide-Ranging Education as a Basis
- Downgrade Positions in Support of Management Training
- Use Mentoring as a Tool for Management Candidates



# California Performance Review

## The Process

- The CPR report covers these and many other aspects of personnel management
- The CPR Commission is holding hearings and this topic will be discussed tomorrow in San Jose
- We look forward to the people's input on this important topic