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Testimony to the State of California Little Hoover Commission
Governor's Reorganization Plan #1
Consolidation of the Department of Personnel Administration and State Personnel Board
June 2, 2011

Mr. Chairman, members of the Commission, thank you for inviting me to speak before your panel to provide input on the Governor's Reorganization Plan #1 to consolidate the Department of Personnel Administration (DPA) and State Personnel Board (SPB) into the new California Human Resources Department (CalHR).

How would this reorganization proposal aid department personnel management efforts?

Creation of a single entity responsible for personnel management functions will be a major improvement for all state departments. The current system, with overlapping jurisdictions is cumbersome for Human Resources offices. The elimination of duplication and confusion over the responsibilities of the two agencies as they currently exist will increase efficiency and timely response. The opportunity for clear, concise, and timely policy direction from a single control agency is exciting to human resource professionals.

- A consolidated approach to CEA allocation approval and level assignment will be a major improvement. Currently, we are required to send proposals for new CEA allocations simultaneously to SPB and DPA. SPB is responsible for allocating the position to the CEA category and DPA is responsible for assigning the CEA level. At times, we receive mixed directions relative to CEA allocations, and/or suffer delays in the process due to the two-step review that is required.
- A single entity for the establishment of, or modifications to, classification specifications will also be a significant improvement. The current process begins at DPA for development and negotiations and then moves to SPB for Board approval. Again, this two-step process is time consuming and cumbersome.
- Elimination of conflicting direction between DPA and SPB on personnel management decisions which leaves a department in the middle, struggling to meet to mandates of both control agencies will be another welcome improvement.

What role do you expect SPB to play following the reorganization?

Our expectation is that SPB will continue to serve as a hearing and appellate body for reviewing state disciplinary and merit appeal actions as well as other merit oversight activities (i.e., approving classifications, prescribing probationary periods).

What are the characteristics of an effective governance model for state personnel administration?

An effective governance model for state personnel administration would focus on the elimination of duplication and waste and will include streamlined business processes, better information for line program agencies, improved service, and flexibility to manage the State workforce of the future. For example, line program agencies seek single, clear, updated, written direction/perspective/rulings on human resources law, rules, policies, and procedures. There are numerous laws and rules which are vague and difficult to interpret. Clear written guidance must be provided to line departments to ensure that all departments are consistently interpreting and applying the laws and rules.

An effective governance model for state personnel administration would include adequate resources to ensure timely response to departmental requests. Departments are often forced to wait months for staff to review and analyze documents and render a final decision. We see the elimination of redundancy and additional delegated authority (with consistent oversight and monitoring) to line program agencies as one of the key components for success of the new CalHR. As suggested in the reorganization proposal, the increased delegation will also require the establishment of clear lines of accountability for line programs.

What other steps would be necessary to improve hiring, training and other personnel challenges the state faces?

Recent statistics indicate that 44% of the State's current workforce is over the age of 45. Up to 35%, or more than 70,000 employees, will be eligible to retire in the next five years. State agencies face significant challenges in recruiting and retaining a workforce capable of fulfilling its mission. We must identify staffing issues and strategies for attracting, developing, and retaining a highly qualified and diverse workforce. The reactive approach of addressing workforce staffing on a vacancy by vacancy basis will no longer suffice. Recognizing the potential for a significant loss of expertise, experience, and institutional knowledge HR Mod has taken the reins in the area of improving hiring and training by creating online training modules, consolidating classifications, and implementing the three-rank exam process (pilot). We need to ensure that the momentum is continued in the new CalHR.

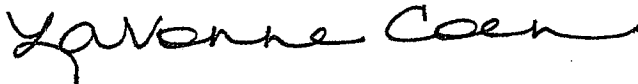
Working collaboratively, under the leadership of the Health and Human Services Agency, my peers and I developed and administered the first Open Staff Services Manager I examination given in state service in over 60 years. This was a tremendous undertaking, requiring significant staff time (over 1 ½ years of planning) and resources. The examination was conducted in 12 locations and resulted in over 3,500 participants statewide. The effort and resources were devoted to this exam because of our recognized need to reach out and bring in new talent from outside of state government. With the completion of the Open SSM I examination, we were able to attract the best and the brightest. Building upon our initial

effort, the SSM I, II, and III exams are now open online 24/7 exams. Through innovation, such as that demonstrated with the SSM exams, we must continue to explore other classifications. Continued focus on improvement of the Online Selection System (OSS) at the SPB is needed to resolve functionality issues. In order for the line program agencies to achieve efficiencies as we move forward, a continued strategy of reliance on highly advanced, mature, automated systems is essential.

The Classification and Compensation Division within DPA has made tremendous strides in opening up the lines of communication with departments and providing much-needed training to HR staff. It is imperative to keep this effort going as it will give new staff (it is anticipated that the highest number of baby-boomer retirements will occur in 2012) the much needed foundation to have a successful career in HR and to understand CalHR's role, responsibility, and perspective.

In closing, I am confident that the HR "User Group" (proposed in the reorganization plan) will be developed and staffed with dedicated individuals who will bring fresh ideas and innovation to the table as they partner with the DPA/SPB "Implementation Team" to create the new and dynamic CalHR!

Thank you.

A handwritten signature in black ink that reads "LaVonne Coen". The signature is written in a cursive, flowing style.

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Department of Health Care Services