

Governor's Reorganization Plan to Unify and Streamline the California
State Personnel System
Governor's Reorganization Plan #1 – April 2011
Agency – June 2, 2011

Questions from the Little Hoover Commission

1. How does this consolidation address the state's broader human resources challenges related to recruitment, hiring and compensation?

The consolidation creates a more efficient and streamlined Human Resources (HR) system. The current structure with two control entities costs state departments valuable staff time and is overly complex. Once consolidated, the current system, which in many cases requires dual approvals, will be unified to create a single entity responsible for analysis and approval of various items such as classifications and compensation. While the main goal of the consolidation is to create a single HR control department for California, other benefits will be achieved as a natural outcome. This includes streamlined processes and cost savings. As discussed in the Governor's Reorganization Plan #1 California has two departments responsible for all aspects of HR control. DPA serves as the employer on behalf of the Governor and is responsible for all non-merit issues, including bargaining and benefits. SPB is responsible for all merit issues, including appeals, establishing classifications, recruitment and examinations. Some items require approval of both entities, which is costly in both time and money.

The relocation of all HR staff into a single location will allow business systems to evolve organically, as staff previously isolated according to function will be integrated into a single team. The state's best HR experts will be in one location working cooperatively to redefine how HR is accomplished, simplify processes and procedures, eliminate duplication, and create easy to use solutions and resources for all departments to use. An enterprise strategic plan will be developed to ensure that all staff resources are best leveraged once combined.

A good example of how a process will change as a direct effect of this consolidation is the Career Executive Assignment (CEA) request process (Attachment 1). Today, a CEA request must be reviewed by staff at SPB to determine if the proposal meets the concept of a CEA. They review the request, ask questions of the department to clarify responsibilities and make a determination. Staff at DPA must review the proposal to determine the level designation (I – V) and pay rate. DPA staff must also contact the department if clarification is needed. The recommendations of staff are then submitted to the State Personnel Board for approval. With a single control agency, this function will not require dual approvals and multiple contacts with the departments.

2. What measurable outcomes does the administration envision from this consolidation, and how will these outcomes be reported?

Anticipated measurable outcomes include:

- Reduction in number of positions and the total personnel services costs of 15 - 20%. This outcome will be reported in the budget.
- Operating expense reduction commensurate with staff reduction and consolidation of space following the year of the move (2013). This outcome will be reported in the budget.
- Improved turnaround time to department requests for document review and approval. Reported via survey results (Att. 2 - 2010 Personnel Management Survey).
- Streamlined processes and procedures as a result of single control entity. This will be reported via the CalHR process requirements available online (C & P Guidelines, Allocation Guidelines, PMLs) as well as the Personnel Management Survey.
- Unknown reduction of HR staffing needs at the departments. This outcome is dependent on future efficiencies. It will be reported in the budget.

3. Please provide additional detail on the number of positions that will be transferred from the SPB to CalHR and the timeframe for doing so.

The intent of the consolidation is to make a careful determination of the need for staff resources for the five-member State Personnel Board to assure that all constitutional requirements are met, to reduce staff in the appropriate functional areas, and combine all remaining staff to form CalHR. These changes will not be arbitrary. The Department of Finance, Office of Statewide Audits and Evaluation (OSAE), will perform an examination of staff resources and audit the functional areas and need for staffing prior to making these determinations. The implementation date of July 2012 was chosen to allow sufficient time for this audit and careful assignment of staffing in accordance with functional needs. This process and the findings will be available prior to the July 2012 beginning of the consolidation.

4. What level of interaction would remain between departments and the SPB?

The vast majority of the requirements for day-to-day operational needs of the line departments will be met by the staff of CalHR.

The Board will continue all constitutionally required activities and interact with departments in the following areas: appeals of employee discipline, merit issues and personal services contracts, whistleblower retaliation complaints, prescribing probationary periods and establishing classifications, oversight of laws and rules related to the merit system and discipline, and the performance of audits to assure merit system compliance.

5. How can CalHR be successful if the SPB retains authority over key elements of the civil service system?

The purpose of this reorganization is to:

- Eliminate dual HR control departments
- Consolidate bifurcated functions
- Streamline processes
- Reduce costs of personnel via efficiencies

The above goals and the intent of this reorganization can be fully achieved and implemented leaving all constitutional authority and approvals of the five-member State Personnel Board. The Board's overarching constitutional requirement is to protect the merit principle, not administer the day-to-day operations of the state's workforce. This model has been successful in other states and the federal government - One HR department and an independent "merit or civil service oversight board." (New York State, Washington State, Georgia, Delaware, etc).

6. How will the consolidation lead to a potential reduction of personnel staff at the department level, as the reorganization plan suggests?

The consolidation reduces HR staff needed by simplifying HR processes, increasing efficiency through better automation and use of web resources, and enhances employee development. The possible reduction in line departments is unknown. Some examples of how the consolidation will reduce staff time at the line departments follow:

- Eliminates dual approval requirements
- Enhances statewide training which leverages technology and uses online courses
- Streamlines processes and creates on-line tools for departments
- Unifies the audits now performed by both DPA and SPB to a single "touch"

7. How will the goals and activities of the HR Modernization Project be integrated into CalHR? What successes of the project will and should continue? Which aspects of the project should be discontinued?

The HR Modernization Project has successfully paved the way to improving the states HR functions in key areas: shortened hiring process through on-line testing and the 3-rank pilot project; improved the classification system by abolishing unused classes and consolidated numerous others; improved systematic approach to personnel by creating competency models; enhanced learning by beginning a systematic, on-line approach to educating the state's employees (Reference – Attachment 3 & 4). All of these activities are worthwhile and will be continued following the integration. The goals will be integrated with the appropriate CalHR functional areas, in essence growing the team that is responsible for enhancing the state's systems and approaches to HR.

Activities that will also be integrated and continued include:

Statewide mapping to the Federal Standard Occupational Catalog of Classifications (allows the state to use vast array of tools, resources, training, workforce analysis and recruitment information available for free.

Creation of useful tools for HR department staff, including completion or enhancement to the supervisors, analysts and leadership virtual help desks, creation of the state's virtual training center, launch of the performance management resource center to train all on the best practices for performance management.

8. What are the benefits of moving non-merit discrimination complaints from the SPB to the Department of Fair Employment and Housing?

The Department of Fair Employment and Housing (DFEH) and the U.S. Equal Employment Opportunity Commission both accept discrimination complaints. Eliminating the non-merit related discrimination complaint processing from SPB stops this overlap in responsibility between SPB and DFEH. The two state departments will work cooperatively to create a system that ensures complaints are heard by the correct body having the highest level of expertise based on the type of complaint (Attachment 5).