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***FROM HIRING TO RETIRING:***  
***STRATEGIES FOR MODERNIZING***  
***STATE HUMAN RESOURCES***

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***LITTLE HOOVER COMMISSION***

**February 2014**

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# To Promote Economy and Efficiency

The Little Hoover Commission, formally known as the Milton Marks "Little Hoover" Commission on California State Government Organization and Economy, is an independent state oversight agency.

By statute, the Commission is a bipartisan board composed of five public members appointed by the governor, four public members appointed by the Legislature, two senators and two assemblymembers.

In creating the Commission in 1962, the Legislature declared its purpose:

*...to secure assistance for the Governor and itself in promoting economy, efficiency and improved services in the transaction of the public business in the various departments, agencies and instrumentalities of the executive branch of the state government, and in making the operation of all state departments, agencies and instrumentalities, and all expenditures of public funds, more directly responsive to the wishes of the people as expressed by their elected representatives....*

The Commission fulfills this charge by listening to the public, consulting with the experts and conferring with the wise. In the course of its investigations, the Commission typically empanels advisory committees, conducts public hearings and visits government operations in action.

Its conclusions are submitted to the governor and the Legislature for their consideration. Recommendations often take the form of legislation, which the Commission supports through the legislative process.

## Contacting the Commission and Copies of Reports

All correspondence should be addressed to the Commission at:

- ❖ 925 L St., Suite 805, Sacramento, CA 95814
- ❖ E-mail: [littlehoover@lhc.ca.gov](mailto:littlehoover@lhc.ca.gov)
- ❖ Telephone: (916) 445-2125 Fax: (916) 322-7709
- ❖ Worldwide Web: [www.lhc.ca.gov](http://www.lhc.ca.gov)

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*State of California*

# LITTLE HOOVER COMMISSION

February 27, 2014

The Honorable Edmund G. Brown Jr.  
Governor of California

The Honorable Darrell Steinberg  
President pro Tempore of the Senate  
and members of the Senate

The Honorable Robert Huff  
Senate Minority Leader

The Honorable John A. Pérez  
Speaker of the Assembly  
and members of the Assembly

The Honorable Connie Conway  
Assembly Minority Leader

Dear Governor and Members of the Legislature:

Nearly three years ago, California leaders set out to transform the way the state manages its workforce. In May 2011, Governor Brown offered a two-part vision: a reorganization and a reinvention. The Governor proposed creating a California Department of Human Resources, under which he would merge many of the state's existing personnel operations to organize a system that had become heavily bifurcated and dysfunctional. The reorganization plan promised increased efficiency and improved customer service to state agencies. It also promised to enable human resource leaders to reform overarching policies and help state agencies ensure a strong workforce for the future.

The reorganization plan was implemented in July 2012. The Department of Personnel Administration became the Department of Human Resources (CalHR), and several units of the State Personnel Board merged into the new agency. In November 2013, the Little Hoover Commission conducted a hearing to assess the progress of the reorganization. The Commission found, 17 months after implementation of the reorganization plan, CalHR still lacks a department-wide strategic plan and a sophisticated method for measuring its progress. The department also has been slow or inactive on key components of the reorganization plan, including delegating decision-making authority to departments, establishing best practices and setting performance measures.

A reorganization is not a small undertaking. In this case, the logistics included staff relocation, construction, merging programs and ensuring a smooth transition for staff who were seeing their routines change dramatically. In addition, soon after the formation of CalHR, the state began negotiating labor contracts with employee bargaining groups, an endeavor that consumed much of the first several months of the department's existence. Additionally, in 2013, CalHR and SPB moved under the newly created Government Operations Agency as part of a second reorganization plan by the Governor.

The physical reorganization has been a success; however, the job of reinventing how the state manages its workforce remains unfinished. The Commission calls upon CalHR and other state human resource organizations to demonstrate ambition and leadership and to finish the reforms so that the state can be a more productive employer.

The users of CalHR's services need to see more from the department's leadership. Those in the highest levels of management at the department need to have the broad skill set that is needed to effectively manage the array of services they provide. This is particularly true at a time of reform, when the department is launching new programs and changing processes and when CalHR's consumers need the guidance of a unifying vision and strong leadership. Additionally, the hiring

and management processes that have been in need of updating since before the reorganization in many ways remain outdated, confusing and difficult to navigate.

The Commission recommends the department strengthen the role it plays in leading these reforms. This includes demonstrating broader leadership and greater command at the top of the organization, as well as completing a strategic plan and performance measures. In addition, the Commission recommends the department improve its communication and customer service to client departments, and that it show significant progress on delegating decision-making authority, establishing best practices and streamlining the long list of state job classifications. Finally, the Commission calls upon the department to review its online services in concert with stakeholders and the public, and make updates as needed to ensure the CalHR website meets the needs of departments, employees and job seekers.

The cornerstone of effective public service delivery in California is the state workforce. Laws regulations, policies and procedures mean little in government if the 355,000 Californians serving the public are not well-qualified, well-trained and motivated to succeed. Many of these Californians are drawn to public service out of a desire to make a difference in the world. Finding a way in the door to a state job can be complicated and confusing. Once hired, many are confronted with red tape, bureaucratic rules and layers of well-intended compliance measures that can prove daunting to even the most dedicated public servants.

A generation ago, a career in civil service was widely regarded as a laudable outgrowth of a sense of duty. Currently, governments nationwide struggle to shed a perception that they are sluggish and rigid as employers. In California, the state's workforce is aging, with 43 percent of employees nearing retirement age. Without preparation, state agencies stand to lose crucial institutional knowledge as these employees leave. At the same time, state employees seek opportunities to enhance their skills and grow in their contributions, and new generations must be recruited through a system that is flexible to foster their creativity, technical savvy and drive for fulfilling work.

State departments need the mechanisms and incentives of a modern human resources system to enable them to maintain a high-quality and motivated workforce for the future. Californians deserve the efficient and effective services that these dedicated workers can provide.

The Commission continues to view the reorganization as a step in the right direction and one that shows significant promise for integrating and modernizing the state's personnel management system. The Commission stands ready to assist in ensuring success in these reforms and looks forward to continuing to monitor their progress.

Most sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Shapiro". The signature is fluid and cursive, with the first name "Jonathan" written in a larger, more prominent script than the last name "Shapiro".

Jonathan Shapiro  
Chairman

# ***FROM HIRING TO RETIRING: STRATEGIES FOR MODERNIZING STATE HUMAN RESOURCES***

## **Table of Contents**

A History that Bred Reform.....	1
Reinventing the State Workforce.....	5
Conclusion.....	19
Appendices & Notes.....	21
Appendix A: Public Hearing Witnesses.....	23
Notes.....	25

## **Table of Sidebars & Charts**

State Personnel Board Compliance Review Division.....	5
California Department of Human Resources.....	7
Demographics and Trends.....	13
State Hiring Process.....	16



## ***A History that Bred Reform***

**T**he state's management of its civil service system began in 1934, when the State Personnel Board (SPB) was created to oversee personnel matters and ensure that hiring was based on merit, rather than political patronage. In 1977, during Governor Edmund G. Brown Jr.'s first term, the state passed the Ralph C. Dills Act, which established certain labor negotiation practices and other civil service rights and principles in California.

In 1981, Governor Brown created the Department of Personnel Administration (DPA), charging it with representing management in collective bargaining as well as administering all salary and non-merit aspects of the personnel system.<sup>1</sup>

In the 30 years that followed, this bifurcated system became problematic for its users as well as from the perspective of outside reviewers. Decades of piecemeal reforms had created a system that human resource managers, state employees and potential job applicants deemed convoluted and inefficient. Processes were bogged down by duplication, excessive paperwork and outdated regulations. At times, human resource managers were unclear on which of the two organizations to contact for a particular service. At other times, requests required the approval of both organizations.

In light of these inefficiencies and others, prior to the 2011 reorganization, numerous organizations had recommended the state consolidate DPA's and SPB's functions. Those offering the recommendations included the Legislative Analyst's Office, the California Research Bureau, the California Performance Review and the Little Hoover Commission, which called the system "dysfunctional" and cited "calcified personnel practices" and "training and development that are afterthoughts."<sup>2</sup>

### ***Governor's Reorganization Plan***

In May 2011, Governor Brown and the Legislature, through the reorganization process, offered a vision. Governor Brown proposed a reorganization in which DPA would be replaced by a new agency, the California Department of Human Resources (CalHR). The functions of

SPB would be streamlined. SPB's programs pertaining to appointments, career executive assignment position allocation, test development, recruitment, examinations, psychological and medical screening, training and the Office of Civil Rights would be moved into CalHR. Also moving would be SPB's internal administrative offices such as accounting, budget, business services, human resources, information technology, legislative affairs and public information. The reorganization plan preserved SPB's constitutionally established role as guardian of the merit system within state personnel practices. The board would retain its Appeals Division and would gain a Policy Division and Compliance Review Division. According to the plan, the reorganization would create a more efficient connection between the role SPB serves and its day-to-day operations. The new department, CalHR, would represent an expansion from DPA's role, absorbing some of SPB's functions and staff to become a broader full-service human resources organization.

A second critical step in transforming civil service would shift the new CalHR from operating as a "control agency" administering regulations to an agency with a focus on customer service. Many state departments and agencies turn to the state's top human resources department for clarification on policies and help navigating evolving processes. The expanded role for CalHR would set the tone and provide strategies for more modern workforce management, in addition to serving client departments' human resource needs in a more efficient manner.<sup>3</sup>

The Governor's plan stated: "Study after study point out that the state's personnel management system with its redundant responsibilities is outmoded, inefficient, unresponsive, and lacks the organizational focus necessary for the management of an effective public service. It wastes money and is a bureaucratic impediment to implementing reforms that would make all state agencies more effective in serving the public. The State of California can no longer afford disjointed, duplicate, and wasteful programs."<sup>4</sup>

In proposing the merger, the administration also projected financial savings, through increased overall efficiencies and a 15 to 20 percent reduction in staff from DPA and SPB. The plan estimated the staff reduction would save approximately \$5.8 million per year in salaries and benefits.<sup>5</sup>

### ***A Second Reorganization***

The Legislature allowed the reorganization to take effect, and in July 2012, CalHR began operating. In between, in March 2012, Governor Brown proposed a second reorganization. This second plan was far more sweeping, creating three additional state agencies while reducing the

total number of agencies, and consolidating or relocating more than two dozen departments and organizations.

As part of the second reorganization, the Governor proposed creating the Government Operations Agency, which would oversee CalHR and SPB, as well as the Department of General Services, Franchise Tax Board, Department of Technology, California Public Employees' Retirement System, California State Teachers' Retirement System, Victims Compensation & Government Claims Board, and Office of Administrative Law. Previously, CalHR and its predecessor, the Department of Personnel Administration, had reported directly to the Governor.<sup>6</sup>

The Legislature allowed the second reorganization to take effect and in July 2013, the Government Operations Agency was formed. The agency's leadership of state personnel processes includes the secretary and a deputy secretary for human resources. Secretary Marybel Batjer, appointed to lead the Government Operations Agency in June 2013, told the Commission that, once appointed, the deputy secretary for human resources will focus on best practices and ways of modernizing government processes.

### ***The Commission's 2013 Review***

The Commission supported both the 2011 and 2012 reorganization plans and recommended the Legislature allow the plans to go forward.

In its 2011 review of the human resources consolidation, the Commission was encouraged that the administration viewed the underlying mission of CalHR as a catalyst for the fundamental change that needs to occur within state personnel administration. Additionally, as the state was realigning various public safety and health and mental health programs and services to the counties in 2011, the Commission saw a need for a state workforce with different knowledge, skills and abilities, highlighting the importance of training the existing workforce and improving the process for recruiting new employees. The Commission also noted that tracking progress on the implementation of the reorganization would be critical to holding the organizations accountable and making course corrections as needed. It committed to checking back on the progress a year after implementation.

On November 21, 2013, the Commission held a hearing to assess the progress of the reorganization. Hearing witnesses included Secretary Batjer of the Government Operations Agency; Dave Rechs, who co-led the transition following the reorganization plan's adoption; officials at CalHR and SPB; and users of the human resources system, including state

department human resource managers and employee union representatives. The Commission also received public comments from representatives from a coalition of state employee advocacy groups and organizations.<sup>7</sup> A list of witnesses from this hearing is included in Appendix A.

The Commission's hearing provided an opportunity to better understand the ways in which the Governor's office, CalHR and SPB had achieved the goals of the reorganization plan and any additional reforms that remained. The Commission also wished to learn whether the outcomes sought in the reorganization plan had been achieved, including efficient and organized customer service and policy reforms that would modernize the system and better equip departments as employers. The following chapters in this report detail the Commission's findings and recommendations.

## Reinventing the State Workforce

Input from stakeholders indicates that the reorganization transition itself was effective. The process involved physically relocating more than 100 staff from the State Personnel Board to CalHR, constructing a new entrance and examination center for the department’s office building and merging programs. According to Mr. Rechs, a former government reorganization specialist for the Office of the Governor, the transition team addressed employees’ anxiety about relocating by conducting tours of the new offices, providing information through email and an internal website and holding regular staff meetings to introduce managers and supervisors to employees.<sup>8</sup> According to a budget document, the reorganization saved the state approximately \$8.6 million in total funds over three fiscal years (\$3.7 million of the General Fund) and resulted in a reduction of 60.3 positions.<sup>9</sup>

As part of the November 21, 2013, hearing and study process, the Commission sought information on how the successes, hurdles and pitfalls of the reorganization had provided lessons in change management that could be useful to state leaders in future restructuring efforts. Mr. Rechs told the Commission the most important factor in a successful reorganization is clear, frequent communication with staff and external stakeholders about the underlying vision of the reforms. The vision should be communicated “and repeated often,” he told the Commission, and the strategy should employ all available media.<sup>10</sup> Other essential factors, he said, include securing the full support of an organization’s leaders and developing a clear strategy to simplify decision-making, motivate employees and establish a roadmap.<sup>11</sup>

**Streamlined State Personnel Board.** With SPB’s new structure and streamlined operations, stakeholders have said the board has focused on its core mission and embarked on longer-term projects under its purview. The new Policy Division has begun reviewing, sorting

### **State Personnel Board Compliance Review Division**

Following the 2011 reorganization that streamlined the State Personnel Board, the board’s Compliance Review Division conducts regular reviews in four areas – examinations, appointments, equal employment opportunity and personal service contracts – as well as focused investigations of certain departments as directed by the board. Since forming, the division has conducted nearly 80 compliance reviews, as well as defined the scope of its work based on policies, launched an auditing database for use in its reviews and for tracking its work, developed standardized forms and other documents, created an audit schedule and prepared a manual. In addition, at the request of the Legislature, the division conducted a special investigation of managerial and supervisory employees serving in additional rank-and-file appointments at 11 departments.

Source: Suzanne Ambrose, Executive Officer, California State Personnel Board. November 21, 2013. Written testimony to the Commission. Page 2.

and analyzing 1,600 policy memoranda that have been issued since 1960. The division also convened workgroups of board and department staff and employee organization representatives. The workgroups have begun studying five policy areas in which they will make recommendations for the board: appointments, classifications, career executive assignment positions, examinations and the Limited Examination and Appointment Program (LEAP). Similarly, SPB Executive Officer Suzanne Ambrose told the Commission, the Policy Division has partnered with department, employee organization and employee advocacy group representatives in an effort to reinvent the civil service process through, among other activities, increasing the effectiveness of the merit-based selection process, addressing outdated resource information and creating a new regulatory manual.<sup>12</sup>

Despite these successes of the reorganization, much work remains in defining CalHR as the forward-thinking and customer service-focused entity envisioned in the 2011 plan. The Commission recognizes these processes are challenging. Additionally, the circumstances of the labor negotiations and the newness of CalHR Director Julie Chapman's leadership of the organization, as well as moving into the new Government Operations Agency, may have added hurdles.

However, the reorganization promised reforms, and when facing the question of whether CalHR has taken significant steps toward these achievements during the past year and a half, the Commission determined the department has fallen short of expectations. The reorganization promised a reinvention of the way the state approaches the recruitment, development and retention of its workforce. The most significant outstanding needs as the formation of CalHR continues are in the following areas:

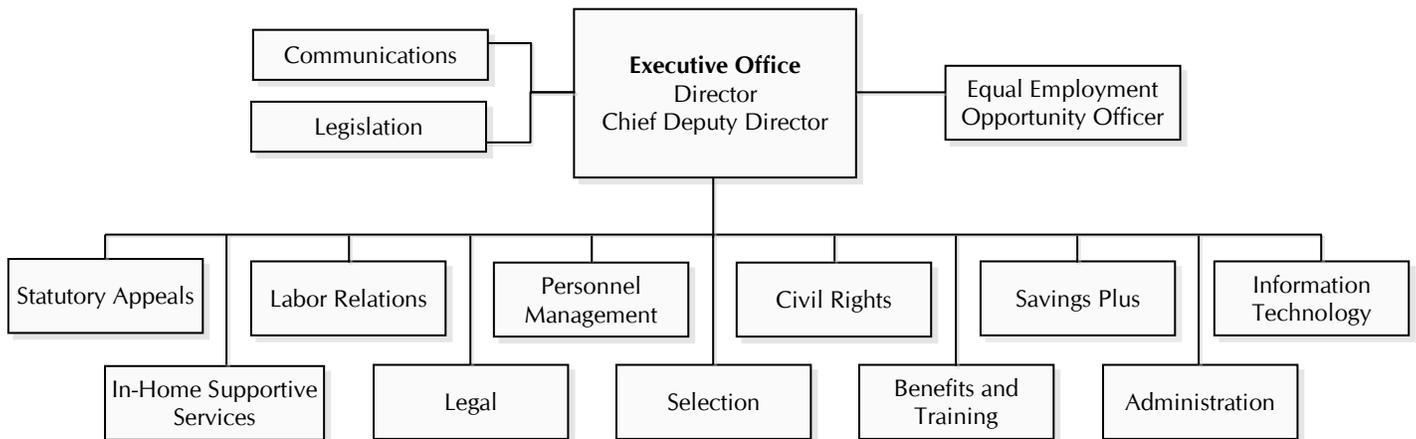
- Leadership;
- Strengthening the department's abilities as a full-service human resource organization;
- Empowering departments through delegation of decision-making authority;
- Modernizing processes to improve hiring and workforce management.

## ***Leadership and Service***

CalHR is still in the process of adopting its role as the state's primary day-to-day full-service human resources organization. Some of the primary goals stated in the reorganization plan have yet to begin, despite the fact that the same needs have existed and been well known for years.

Over several months in 2013, the department’s leadership prioritized the state’s negotiation of new labor contracts with 16 bargaining units. While this represents a significant aspect of state workforce management, it is only one aspect of a state human resource organization. Additionally, labor relations represents just one of many functions the department’s 11 divisions perform. Further progress must be made before CalHR as a whole demonstrates a vigorous, holistic agenda for improving the state’s human resources system. Effective leadership at CalHR requires that equal energy be dedicated to every aspect of a modern human resources organization. As CalHR continues its transformation toward a full-service department, those in leadership positions will require knowledge and skills that are consistent with the broader vision and mission of an organization dedicated to managing the state workforce.

**California Department of Human Resources**



Note: Boxes in lowest two rows are staggered to preserve space, not to indicate hierarchy

Source: California Department of Human Resources. August 1, 2013.

Similarly, the department lacks several key guiding statements, including a strategic plan, action plans for addressing the remaining goals of the reorganization, and sophisticated metrics for measuring success in outcomes. These items represent crucial opportunities in leadership. When completed under the direction of the department’s executive office and with input and interest of top managers, these documents can serve as a unifying vision and motivational message for the department’s employees and the consumers of its services.

The Commission sees significant potential in the guidance afforded by the new Government Operations Agency. Secretary Batjer told the Commission that the agency’s leadership of state human resource reforms will balance “recognizing the needs of today and planning for the

needs of tomorrow.” She wrote in her November 21, 2013, testimony to the Commission:

*“My focus is to bring efficiencies of process. This includes re-examining classifications so that individuals outside public service can more easily align their education and skills to what is required for a state position. In addition, we want to focus on retaining our current employees through both training and providing opportunities for advancement. California is the birthplace of the Silicon Valley and the digital age. We must harness the greatness of this state and make sure state government and its workers are not left behind.”<sup>13</sup>*

The Commission sees potential in the position of deputy secretary for human resources, within the Government Operations Agency, as it may provide expertise and a productive path to additional reforms as needed. The Commission looks forward to the appointment of this individual.

***Recommendation 1: CalHR and its leaders should have broad experience with best practices in human resource management to modernize the system and set and meet workforce goals.***

- ❑ The department’s leaders must demonstrate an equal focus on a wide spectrum of human resource operations. These should include personnel recruitment and management, equal employment opportunity programs, benefits administration, workforce planning and training, and labor relations.

***Recommendation 2: The CalHR director should spearhead an extensive planning process that ultimately leads to a forward-thinking strategic plan for the department.***

- ❑ The planning process should include active participation by program managers and other appropriate state human resource leaders.
- ❑ Ultimately, the goals and principles of this process should be woven into a strategic plan and throughout all CalHR programs, with concrete metrics for assessing progress.

## ***Delegating Responsibilities and Improving Communication with Client Departments***

State department personnel officers expressed several concerns during the Commission’s review of the progress of the reorganization. While some said CalHR’s and SPB’s response times to client agency inquiries had shortened when compared with the bifurcated system and communication and training opportunities had increased, these

improvements have exceptions. Others have said CalHR lags behind expectations, particularly in expertise on the details of state personnel processes and overarching coordination and strategy.

Finally, the 2011 reorganization plan promised that the newly created CalHR would “establish performance measures and ‘best practices’ for personnel offices and programs in the line agencies, standards for delegation of authority to the line agencies, and review departmental personnel performance and compliance.”<sup>14</sup> Identified as a top priority in the reorganization plan, CalHR has yet to implement the delegated decision-making which could lead to additional cost savings and more importantly, improvements in hiring and retaining qualified employees.

Doris Bloom, chair of the state’s Ad Hoc Committee on Personnel, a group of senior personnel managers from some of the state’s largest departments, told the Commission that committee members had experienced service delays and a lack of depth of knowledge among some CalHR and SPB staff.<sup>15</sup>

Some have said that service and communication on issues related to exams, hiring, the exemption process for hiring certain retired annuitants and SPB compliance reviews have been inconsistent. Additionally, committee members received incorrect information from CalHR and requests from CalHR that required short turnaround times, both of which were overwhelmingly time-consuming for the client departments. Finally, the Ad Hoc Committee chair said, CalHR and SPB had conducted some audits simultaneously and asked for the same information as the California State Auditor’s office, requiring departments to respond to identical requests multiple times.<sup>16</sup>

The state has numerous entities with expertise in civil service, including not only the Ad Hoc Committee on Personnel, but also a group of personnel leaders from small state departments, the Small Personnel Offices Information Network, and advocacy groups such as a coalition that includes the Association of California State Employees with Disabilities and other associations representing employees of various ethnicities and employee unions. Representatives from these organizations are ready and willing to help guide CalHR in further streamlining the state’s human resource policies and processes. Department personnel officers have indicated they are interested in seeing improvements in the following areas:

- Up-to-date information and technical guidance on human resource processes;
- Sharing of best practices among departments;

- Frequent and productive communication with departments, an expansion of the benefits gained through the existing CalHR newsletter;
- More assertive leadership on issues such as technology;
- More communication surrounding SPB compliance review billing and audit results.<sup>17</sup>

Additionally, stakeholders represented by the coalition of state employee advocacy organizations, the Civil Rights Coalition, told Commission staff that CalHR should establish timelines for processing standard requests for services and for answering questions from client departments. The coalition also suggested the department develop timelines and instructions for departments as it begins delegating decision-making authority.<sup>18</sup>

***Recommendation 3: CalHR must prioritize delegation of human resources decision-making to line agencies, as promised, under a unified system of oversight, transparency and accountability. CalHR also must continue to improve communications with client agencies and further streamline services.***

- These steps should be implemented with input and in collaboration with members of the Ad Hoc Committee on Personnel, the Small Personnel Offices Information Network, employee unions, the coalition representing numerous state employee organizations, and the public.

### ***Recruiting and Retaining a Qualified Workforce***

With or without a reformed personnel system, California state agencies perform the services and implement the regulations they are mandated to provide to the public. However, without a qualified and satisfied workforce, these programs will not represent the state's highest levels of service – to its citizens or to its employees. The Commission and other organizations for years have called for modernization of the state human resources system, both for improved efficiency and service to state agencies, and for melding into the system the flexibility needed to build and maintain a quality workforce. Many stakeholders have cited the generational changes on the horizon for public employers. Younger generations of employees are motivated by factors that differ from their predecessors. They also are more mobile, knowing they will work in multiple careers during their lives. Yet, the state's hiring and workforce management system historically has been too rigid and complicated to provide an environment that appeals to an evolving workforce.

## ***Career Planning and Classification System Modernization***

When the Governor reorganized the human resources system, he proposed the discontinuation of the Human Resources Modernization Project (HR Mod), which was created to consolidate classifications, as well as improve training and workforce planning, suggesting its goals instead be woven into the fabric of CalHR. Previously, HR Mod had represented a policy reform mechanism with SPB and DPA collaborating to modernize the state's human resources system. The HR Mod team had succeeded in expanding online exams to be an option for several entry-level, supervisory and legal positions, tripling the number of job candidates available for hire in some cases. The team also had started reducing and combining job classifications and promoting additional training opportunities.<sup>19</sup>

In the Commission's review, CalHR officials said the department has endeavored to adopt HR Mod's goals, such as creating an attractive recruitment and expeditious hiring process, simplifying the classification system, improving and instilling high performance standards in the workplace, ensuring departments and agencies have workforce plans, and compensating based on factors including individual self-development, business needs and competitive market practices.<sup>20</sup> CalHR Director Chapman told the Commission in November that, in 2013, the department worked with the California Association of Professional Scientists to consolidate 33 scientist classifications into a single environmental scientist label. The department also was working with the California Attorneys, Administrative Law Judges and Hearing Officers in State Employment to explore restructuring legal professional classifications. Additionally, she said, the department's continuation of the consortium exams that began as part of the HR Mod process represented an adoption of the project's goals, as did CalHR's continuation of the Exam and Certification Online System (ECOS) project and an upgrade to the technology used in the department's Exams Call Center.<sup>21</sup>

As part of the reorganization, CalHR took over the ECOS project from SPB. The project is designed to integrate seven legacy systems that state agencies use to administer state hiring examination and certification processes. Upon taking it over, CalHR conducted an assessment of the project and reported to the California Technology Agency the project had not been closely monitored and was over budget and unable to meet its 2015 completion deadline.<sup>22</sup> Once complete in 2017, the project is expected to combine all of the state's hiring systems, creating a streamlined system for employers and a user-friendly process for applicants.<sup>23</sup>

Many stakeholders for years have called for the reduction of the lengthy list of state job classifications, and, as previously described, the state has begun consolidating like positions. According to CalHR officials, the department has mapped the state's classifications to the Occupational Information Network, a collection of tools for employers, workers and researchers that revolves around a database of standardized information about occupations.<sup>24</sup> The department plans to align the state's classifications to this system, which is used by the federal government, state governments, local governments and private organizations, to improve search options and enable users to compare occupation specifics.<sup>25</sup> Department officials told the Commission in November that CalHR's Personnel Management Division had established, revised or abolished 89 classifications out of a total of more than 4,000. According to officials, the state's classifications currently total approximately 3,800.

Despite the intentions cited by CalHR, many of the principles of HR Mod have not been visible to onlookers as the new department has begun its work. The goals of HR Mod – sorely needed in the management of the state's workforce and the modernization of its practices – should have an obvious presence within CalHR. These goals do not simply represent steps in upgrading processes. They should be evident across CalHR's programs, a visible and consistent message about the type of human resources system the state will operate for the benefit of its client agencies and its workforce. The Commission urges CalHR to accelerate its progress in this area.

### ***Salaries***

One state human resource official suggested the state also take a fresh look at the salaries associated with classifications. According to Tina Campbell, chief of the Human Resource Services Division at the Employment Development Department, inconsistent salary increases over time have thrown off the alignment between similar classifications.<sup>26</sup> One way in which state employees move into new positions in the state system is by transferring across similar classifications. State rules allow employees to move laterally without having to take an exam as long as the existing and new classifications are similar in duties, responsibilities and salaries.<sup>27</sup> Ms. Campbell told the Commission that inconsistent changes in salaries may inhibit employees' opportunities to make these transfers.<sup>28</sup>

In noteworthy achievements, program leaders at CalHR have launched two new programs that represent the department's first steps into the much-needed big-picture reforms. The first new program is a robust and user-friendly selection of training opportunities via a redesigned website. The second is the department's Statewide Workforce Planning Unit.

**Training.** One need that critics had called for was training, arguing it would keep existing state employees engaged and provide opportunities for them to grow in their contributions to the state. The CalHR website lists more than 195 free training programs to clerical, analytical, managerial, executive, information technology and human resource staff. Some are offered online through webinars, and some are in person through classroom instruction. In the 2012-13 fiscal year, 18,000 state employees participated in the online and in-person training.<sup>29</sup>

**Statewide Workforce Planning.** The CalHR Statewide Workforce Planning Unit has begun working with departments to design and implement long-term workforce plans specific to their needs. The unit initially formed as part of the Department of Personnel Administration, but did not receive sufficient resources for operating a statewide program.<sup>30</sup> It transitioned into the Human Resources Modernization Project (HR Mod), which was eliminated in the 2011 reorganization. When CalHR formed in July 2012, the Statewide Workforce Planning Unit became part of the new department. Stacie Abbott was hired to lead the unit in April 2013, and she hired two additional employees in July 2013.<sup>31</sup>

Within its first six months, the unit identified departments and classifications that are most at risk of losing large percentages of their staff to retirement, developed an assessment tool for agencies to use in evaluating workforce plans, developed a “Frequently Asked Questions” brochure, updated demographic data regarding the state workforce, surveyed workforce planning coordinators to determine the status of department-specific plans and convened a meeting of 40 workforce planning professionals from 20 departments. The unit also presented training programs on how to use data in recruitment and on “maximizing the strengths of a multi-generational workplace.”<sup>32</sup> The department had plans for this year to distribute an anonymous exit survey to employees leaving their organizations, in an effort to develop staff retention strategies, and begin an online forum board, among other programs.<sup>33</sup>

The Commission commends CalHR for its progress in training and workforce development, but other aspects require significant additional efforts.

### ***Demographics and Trends***

The types of data that the CalHR Statewide Workforce Planning Unit discusses with departments’ workforce planners include:

- The age demographics within a department’s classifications
- Vacancies within classifications
- Whether a department has related classifications or apprenticeship programs that feed into vacant jobs
- Industry trends, such as recent graduates
- Recruitment efforts and exam offerings

Source: Stacie Abbott, Statewide Workforce Planning Coordinator, California Department of Human Resources. September 27, 2013. Communication with Commission staff.

## ***Recruitment in the Digital Age***

The process of employing the best candidates in available state positions historically has been a challenge for state employers and for applicants. Similarly, those already employed by the state and wishing to advance their careers must navigate a complex, inflexible system of new job opportunities. In the fall of 2013, a review of CalHR's online services produced the following observations:

- Upon arriving at the department's website, [www.calhr.ca.gov](http://www.calhr.ca.gov), those interested in a position with the state click on a button titled "Job Seekers" or a tab titled "Get a State Job." Both options take site users to a page that outlines two clear steps in the process: 1) Take an Exam, and 2) Apply for Job Vacancies. The same website provides an opportunity to search for available exams and open positions, but the state's system for labeling jobs with classification titles makes it challenging for newcomers to know what key phrases to type into the search box. Phrases such as "policy analyst," "policy development," "strategic planning" and "website design" produce few or no results. The same is true for searches under the "Career Planning" tab which indicates it would offer classification descriptions and minimum qualifications.
- Once a classification is identified, such as associate governmental program analyst, the website produces a description that outlines a salary range, general description of the work, desired applicant characteristics and required education and experience. The description does not, however, despite its being listed under "career planning," offer guidance regarding additional classifications that the title typically leads to. Observers have said it is difficult for a newcomer or an existing state employee to determine a career path based on the information available via these links.
- Job seekers interested in learning about future openings in a particular classification are unable to enroll in an email notification system for alerts unless the classification already has an opening. Instead, job seekers must check the website frequently to learn of a vacancy, at which point they could enroll in the system to be alerted of future openings.

In late December 2013, CalHR began updating its website to implement changes that were part of the ECOS project.<sup>34</sup> These ECOS updates completed in January 2014 did not improve the features described in this section, but CalHR's description of the project indicates the next

phase will make changes that will be noticeable to those seeking information about career opportunities.

### ***Outdated Exams and Complicated Hiring Rules***

Prior to the reorganization, as part of the HR Mod effort, the state began offering some online exams, such as for the staff services analyst position, the entry-level classification for many college graduates. This online option keeps applicants from having to check daily for in-person exam opportunities, as was previously required, and offers instant exam results. The test itself, however, remains outdated. One question asks applicants whether they have experience using a modem to connect to the Internet. Another asks applicants about their experience with computer languages such as Basic or C, which are not likely to be relevant to many applying for staff services analyst jobs. Finally, other exam questions do not distinguish between degrees of difficulty, such as managing a budget or “using a personal computer in an academic or work setting.”<sup>35</sup> In reality, these questions may not provide significant screening for employers, yet being selected – or even considered – for a vacancy requires scoring highly on an exam.

Additionally, the Commission heard from one stakeholder that the examination process for all entry-level classifications should be revised for greater access by job seekers. Ms. Campbell said that, rather than the application filing process for many classifications being open just periodically and for short periods of time, the tests should be continuous to enable screening of candidates. As positions are open, she suggested, applicants who submit their information on time should participate in written or interview-style exams.<sup>36</sup>

State personnel managers may continue to find the current system lacking in navigability, efficiency and, at times, effectiveness in outcomes. Following an exam, the highest ranks on a qualifying list can be crowded with applicants who in fact are not qualified for a particular job opening. This may be due to applicants embellishing on the exam, applicants transferring from classifications that may have technical similarities but in reality are not comparable, or an employer being required to mail a bulletin regarding a vacancy to members of certain eligibility lists. Crowding among high ranks also may be due to the fact that those who have been selected for layoffs in state agencies get priority in new vacancies. Any of those in higher ranks who are not qualified for positions or are not interested in applying result in time spent by employers who must identify, communicate with and remove them from

***“We have to look at those young people in their 20s who are going to be entering, hopefully, our workforce. They have totally grown up the digital world. Then we bring them into state government and hand them a pencil, hand them a piece of paper and say, ‘Hey, John, go over and sit in that cubicle, that 5-by-5 cubicle, come in at 8 o’clock, go home at 5, and by the way, here’s your career path,’ And it’s all this gobbledygook: (staff services manager) I, SSM II ... the nomenclature makes no sense.”***

Marybel Batjer, Secretary,  
Government Operations Agency  
January 8, 2014  
The Sacramento Bee

### **State Hiring Process**

Obtaining a state job begins with a qualifying examination. Some exams are offered online, continuously, and others are held in person and are sponsored by agencies or state human resources offices when vacancies exist.

Exam scores place applicants in “ranks” on qualifying lists. Once on a list, a potential employee may apply for a vacant position. Vacancies are posted on state websites and in printed form in state offices, and some are sent by mail to those on a qualifying list. In order to be considered for a position – dubbed “reachable” – an applicant typically must have scored at least 90 to 95 percent on an exam so that he or she is listed within the top three ranks. Military veterans are listed in the top rank automatically.

Applications for open positions are mailed to the state department advertising the open position and are routed to hiring managers, who review them in the same manner that private-sector managers review résumés. Prior to conducting interviews, managers check the applicants’ ranks to determine whether they are reachable.

Applicants who have been laid off or who have been notified that they will be laid off from state service are given top priority and are notified by mail regarding the job opportunity. Managers are required to hire an applicant from either of these lists, regardless of whether the skill set matches the job duties, although managers can request a waiver through CalHR. If no one from either of these lists applies for the position, the hiring manager can then tap into the top three ranks from the exam list and conduct interviews with qualified applicants. Depending upon the position level, the applicants may be interviewed by a panel. A typical hiring process takes approximately two months.

consideration. At times, unqualified applicants obtain positions over more qualified applicants, either because of civil service rules or because the more qualified people – often those outside of state service who struggle to translate private sector knowledge, skills and abilities into the nomenclature used on public sector exams – do not score highly enough to be considered.

Another challenge for state employers arises when they wish to promote staff. If a promotion occurs within a classification, such as from one salary range to another, the process and paperwork are relatively simple.

If a promotion requires moving into a new classification, the organization must advertise an opening, even if a vacancy is not present. This process involves many steps for managers and may have the potential to mislead job seekers. In addition, the Commission heard input that the state’s hiring rules may affect departments’ efforts to engage in workforce planning. Ms. Bloom, chair of the Ad Hoc Committee on Personnel, told the Commission that workforce planning may become complicated when state rules prevent agencies from hiring and training replacement staff prior to an incumbent’s departure.<sup>37</sup>

***Recommendation 4: CalHR officials and program leaders should publicize a strategy, including a timeline, for consolidating a significant number of the state’s approximately 3,800 job classifications. The strategy should include measurable landmarks for gauging progress and should be monitored regularly by the department director and publicized routinely for public awareness.***

***Recommendation 5: Human resource leaders at CalHR, SPB and the Government Operations Agency, on an ongoing basis, should assess the CalHR website and state examination process with a focus on attracting and retaining a qualified and motivated workforce. These leaders should develop, with input from public employees, managers and the public, and publish a plan and timeline for improvements to the website and exams, including regular updates on progress to state personnel managers and the public.***



## *Conclusion*

The Little Hoover Commission offers these recommendations while urging the state's human resource leaders to seize the opportunity that is before them. From the Commission's viewpoint, CalHR should have achieved additional modernization goals prior to this review. However, the Commission also concluded its November 2013 hearing with the perception that momentum is in the state's favor and an opportunity exists to channel it toward additional progress.

Following the 2011 reorganization, the Governor proposed the broader 2012 reorganization, which among other changes created the Government Operations Agency. At the helm of this new agency, Secretary Batjer has publicly embraced the opportunity to modernize the state's management of its workforce. Heeding this charge, the agency's deputy secretary, SPB and CalHR must work in concert to provide the leadership and overarching direction needed to finish designing a system that is efficient, customer-service oriented and responsive to the needs of the state workforce and California.

In recent years, California civil service has been tarnished by isolated high-profile scandals. State employees have endured furloughs and related pay reductions, hiring freezes that stretch the remaining human capital and budget cuts that make it difficult to efficiently and effectively provide programs and services. There are 17,000 fewer state employees in 2014 than there were in 2011. This leaner government requires smarter hiring practices and an emphasis on leadership and training.

State leaders must recognize they have an opportunity to inspire Californians to consider a career in civil service, and they should demonstrate a commitment toward creating a human resources system to match this important goal. Civil service should be about service, and the state's personnel system must offer the efficiencies needed to build and maintain the state's talented, lasting and innovative workforce.



## ***Appendices & Notes***

✓ ***Public Hearing Witnesses***

✓ ***Notes***



# Appendix A

## Public Hearing Witnesses

*Public Hearing on the Human Resources Progress Update  
November 21, 2013  
Sacramento, California*

Stacie Abbott, Statewide Workforce Planning  
Coordinator, California Department of Human  
Resources

Julie Chapman, Director, California  
Department of Human Resources

Suzanne Ambrose, Executive Officer, State  
Personnel Board

Patricia Clarey, President, State Personnel  
Board

Marybel Batjer, Secretary, California  
Government Operations Agency

J. Felix De La Torre, Chief Counsel, Service  
Employees International Union (SEIU) Local  
1000

Doris Bloom, Personnel Officer, California  
Department of Parks & Recreation; and Co-  
chair, Ad Hoc Committee on Personnel

Gerald James, Chief Counsel, Professional  
Engineers in California Government (PECG)

Tina Campbell, Chief, Human Resource  
Services Division, Employment Development  
Department

Dave Rechs, former Reorganization Specialist,  
Office of the Governor



## Notes

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3. Governor Edmund G. Brown Jr. See endnote 2. Pages 12-18.
4. Governor Edmund G. Brown Jr. See endnote 2. Page 1.
5. Governor Edmund G. Brown Jr. See endnote 2. Page 21.
6. Governor Edmund G. Brown Jr. March 30, 2012. "Government Reorganization Plan No. 2." Pages 2-3.
7. Civil Rights Coalition. November 21, 2013. Written testimony provided to the Commission. Coalition members include: Association of California State Employees with Disabilities, CAFÉ de California – Chicano Latino State Employees Association, Asian Pacific State Employees Association, Black Advocates in State Service, and LULAC Lorenzo Patiño Council of Sacramento.
8. Dave Rechs, former Government Reorganization Specialist, Office of the Governor. November 21, 2013. Written testimony to the Commission. Page 1.
9. California Department of Finance. January 2012. Budget Change Proposal for Governor's Reorganization Plan Number One. "CalHR Consolidation Timeline." Attachment 1. On file.
10. Dave Rechs. See endnote 8. Page 2.
11. Dave Rechs. See endnote 8. Page 2.
12. Suzanne Ambrose, Executive Officer, California State Personnel Board. November 21, 2013. Written testimony to the Commission. Pages 1-2.
13. Marybel Batjer, Secretary, California Government Operations Agency. November 21, 2013. Written testimony to the Commission. Page 4.
14. Governor Edmund G. Brown Jr. See endnote 2. Page 16.
15. Doris Bloom, Chair, Ad Hoc Committee on Personnel. November 21, 2013. Written testimony to the Commission. Pages 1-2.
16. Doris Bloom. See endnote 15. Pages 1-2.

17. Doris Bloom. See endnote 15. Page 2.
18. Civil Rights Coalition. February 3, 2014. Communication with Commission staff. Coalition members include: Association of California State Employees with Disabilities, CAFÉ de California – Chicano Latino State Employees Association, Asian Pacific State Employees Association, Black Advocates in State Service, and LULAC Lorenzo Patiño Council of Sacramento.
19. Little Hoover Commission. June 23, 2011. “A Review of the Governor’s Reorganization Plan to Unify and Streamline the California State Personnel System.” Page 12.
20. Julie Chapman, Director, California Department of Human Resources. November 21, 2013. Written testimony to the Commission. Pages 2-3.
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29. Julie Chapman. See endnote 20. Page 1 of Accomplishments section.
30. Stacie Abbott, Statewide Workforce Planning Coordinator, California Department of Human Resources. November 21, 2013. Written testimony to the Commission. Page 1.
31. Stacie Abbott. See endnote 30. Page 1.
32. Stacie Abbott. See endnote 30. Pages 2-3.
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35. California Department of Human Resources. Staff Services Analyst (General). Class Code: 5157 – Exam Code: 7PB34. <https://jobs.ca.gov/JOBSGEN/7PB34.PDF>. Accessed on February 3, 2014.
36. Tina Campbell. See endnote 26. Page 1.
37. Doris Bloom. See endnote 15. Page 3.

# Little Hoover Commission Members

**CHAIRMAN JONATHAN SHAPIRO** (*D-Beverly Hills*) Appointed to the Commission by the Senate Rules Committee in April 2010 and reappointed by the Senate Rules Committee in January 2014. Writer and producer for FX, HBO and Warner Brothers. Of counsel to Kirkland & Ellis. Former chief of staff to Lt. Governor Cruz Bustamante, counsel for the law firm of O'Melveny & Myers, federal prosecutor for the U.S. Department of Justice Criminal Division in Washington, D.C., and the Central District of California. Elected Chairman of the Commission in March 2013.

**VICE CHAIRMAN DAVID A. SCHWARZ** (*R-Beverly Hills*) Appointed to the Commission by Governor Arnold Schwarzenegger in October 2007 and reappointed by Governor Schwarzenegger in December 2010. Partner in the Los Angeles office of Irell & Manella LLP and a member of the firm's litigation workgroup. Former U.S. delegate to the United Nations Human Rights Commission.

**ASSEMBLYMEMBER KATCHO ACHADJIAN** (*R-San Luis Obispo*) Appointed to the Commission by Speaker of the Assembly John Pérez in July 2011. Elected in November 2010 to the 33rd Assembly District and re-elected to the 35th District in November 2012. Represents Arroyo Grande, Atascadero, Grover Beach, Guadalupe, Lompoc, Morrow Bay, Paso Robles, Pismo Beach, San Luis Obispo, Santa Maria and surrounding areas.

**SENATOR ANTHONY CANNELLA** (*R-Ceres*) Appointed to the Commission by the Senate Rules Committee in January 2014. Elected in November 2010 to the 12th Senate District. Represents Stanislaus, Merced, Madera and San Benito counties and a portion of Monterey County.

**JACK FLANIGAN** (*R-Granite Bay*) Appointed to the Commission by Governor Edmund G. Brown Jr. in April 2012. A member of the Flanigan Law Firm. Co-founded California Strategies, a public affairs consulting firm, in 1997.

**LOREN KAYE** (*R-Sacramento*) Appointed to the Commission by Governor Arnold Schwarzenegger in March 2006 and reappointed by Governor Schwarzenegger in December 2010. President of the California Foundation for Commerce and Education. Former partner at KP Public Affairs. Served in senior policy positions for Governors Pete Wilson and George Deukmejian, including cabinet secretary to the governor and undersecretary for the California Trade and Commerce Agency.

**PEDRO NAVA** (*D-Santa Barbara*) Appointed to the Commission by Speaker of the Assembly John Pérez in April 2013. Advisor to telecommunications industry on environmental and regulatory issues and to nonprofit organizations. Appointed in 2011 to the California Department of Fish & Game Blue Ribbon Commission to assist in the development of the Wildlife Strategic Vision. Former state Assemblymember. Former civil litigator, deputy district attorney and member of the state Coastal Commission.

**ASSEMBLYMEMBER ANTHONY RENDON** (*D-Lynwood*) Appointed to the Commission by Speaker of the Assembly John Pérez in February 2013. Elected in November 2012 to represent the 63rd Assembly District. Represents Bell, Cudahy, Hawaiian Gardens, Lakewood, Lynwood, Maywood, Paramount and South Gate and the North Long Beach community.

**SENATOR RICHARD ROTH** (*D-Riverside*) Appointed to the Commission by the Senate Rules Committee in February 2013. Elected in November 2012 to the 31st Senate District, representing Corona, Coronita, Eastvale, El Cerrito, Highgrove, Home Gardens, Jurupa Valley, March Air Reserve Base, Mead Valley, Moreno Valley, Norco, Perris and Riverside.

**SUMI SOUSA** (*D-San Francisco*) Appointed to the Commission by Speaker of the Assembly John Pérez in April 2013. Officer of policy development for San Francisco Health Plan. Former advisor to Speaker Pérez. Former executive director of the California Health Facilities Financing Authority, special assistant to San Francisco Mayor Willie Brown, Jr., and member of the California Children and Families Commission, the California Health Facilities Financing Authority and the Asian Pacific Youth Leadership Project.

Full biographies available on the Commission's website at [www.lhc.ca.gov](http://www.lhc.ca.gov).

“Democracy itself is a process of change, and satisfaction and complacency are enemies of good government.”

*Governor Edmund G. “Pat” Brown,  
addressing the inaugural meeting of the Little Hoover Commission,  
April 24, 1962, Sacramento, California*