

Building the Team

The State's greatest assets are its employees. But California's personnel system hampers efforts to make the best use of the most skilled public servants, particularly those in leadership positions. The State has not undertaken sufficient workforce planning to ensure that departments have the people and talents they need. Recruitment is nearly non-existent. Selection tools are inaccurate, expensive and time consuming. And the State's managers do not receive the training they need to best manage limited public dollars and essential public programs. Most importantly, the State has failed to create a unifying vision of state work that recognizes the value of public service.

To address these challenges, the State must put in place reforms in five areas:

- 1) Hiring procedures should be streamlined and designed to bring into state service the best and brightest public servants.
- 2) Public service must be reinvented and recognized as a noble cause by potential employees and members of the public.
- 3) The State must reform its management structure to nurture skilled managers.
- 4) Departments must invest in training and professional development to grow future leaders and ensure that employee competencies remain apace with emerging public needs.
- 5) California needs a workforce strategy to ensure it has the workers with the skills needed to address public priorities over time and as they change.

California faces dramatic challenges to the health and well-being of its residents. Over the next decade, the State will lose a significant portion of its veteran managers to retirement. Replacing those managers represents a tremendous opportunity to build a corps of talented, and experienced managers with aspirations to transform state programs. But under existing practices, experienced managers from other public agencies and the private sector cannot compete for most management openings in state service.

California's Personnel System

The State employs some 330,000 workers throughout all branches. Of those, 212,000 work for the executive branch. The rest are employed by the Legislature, courts, state colleges and universities. This report focuses on supervisors, managers, Career Executive Assignments and political appointees who work for the executive branch, primarily for the governor, but also for other constitutional offices and independent agencies.

Civil Service System. The majority of executive branch employees are covered by the civil service system. The Constitution and statutes exclude some workers from civil service provisions. These exclusions are intended to give state officials discretion in selecting senior administrators who help guide policy, and their immediate support staff.

The civil service system grew out of public perception that state employment was a system of political favoritism. In 1913 the Legislature created the State's first civil service system as a defense against patronage. But in less than 20 years that system was under attack for failing to ensure that public jobs went to qualified workers.

A 1934 measure defined the civil service system in the California constitution as a merit-based system that would prohibit political patronage. Reforms established a merit-based examination and selection process to prevent patronage at the front end of the personnel system and established a tenure system to protect employees from termination for political reasons.

To get hired into a civil service job, applicants must take an exam for a particular job, pass that exam and get on a certified list, and then hope to be interviewed and selected. Having gained civil service status, employees can take exams to promote up or laterally transfer into related classifications or other departments.

The Expansion of Worker Rights. In addition to the civil service system – which defines many aspects of employment for nearly all workers – the State also has a collective bargaining process, which determines the remaining terms of employment for rank-and-file workers.

California, in a series of laws enacted mostly in the 1970s, granted collective bargaining rights to state and local workers. Collective bargaining provisions apply to the majority of executive branch workers, whose union leaders negotiate with the State for many terms and conditions of employment, including salaries and benefits. Those workers fall into bargaining units, each with a separate contract, which is called a "Memorandum of Understanding."

Supervisory and management employees are part of the civil service system, but are not covered by collective bargaining agreements. But they are represented by the Association of California State Supervisors in a "meet and confer process" for addressing workplace issues.

Notes and Sources: See page 76.

Managerial Ranks

Political appointees. The State employs 3,370 political appointees who are exempt from the civil service system. Not all political appointees are managers.

Career Executive Assignments (CEA). The CEA position is a senior management position that confers exempt status – like political appointees – on persons from within the civil service system. In 2004 there were 1,224 CEAs in state service.

Management classifications. Select state jobs are classified – or defined – as managers. Management positions are part of the civil service system, but not covered under the collective bargaining process. In 2004 there were 2,813 state employees designated as managers.

Supervisory classifications. Like managers, state supervisors have civil service protections, but are not part of the bargaining process. In 2004, there were 23,610 state supervisors.

Problem #1: Flawed hiring procedures thwart efforts to bring the best candidates into state service.

For many potential employees, the complexity of the hiring process is a key factor in deciding where to seek employment. Job seekers look for a clear personnel process, a reasonable timeline for applying and receiving a response and a smooth transition into a new position. In competitive markets, successful employers expedite the recruitment and hiring of standout performers, even offering positions at recruitment fairs. Hiring procedures have become so expedited that Stanford University now requires on-campus recruiters to slow the process down so that students feel less pressure to accept positions.¹⁵ The GAO requires its management corps to recruit new employees, which helps them assess the market for talent and to mentor candidates through the hiring process.¹⁶

Hiring is tedious and slow. In contrast, the State’s two-tier exam and application process confounds many potential applicants. The cost of administering exams and reviewing applications discourages departments from conducting expansive searches for the best talent. And on average, the hiring process takes four months for state jobs, longer than many new graduates and job seekers can wait, particularly when competing job offers require a fast response.

A survey by the Brookings Institution found that students who would prefer a career in government would not know where to start. Students commented that the hiring process for government work is “worse than any campus hazing.”¹⁷ To bring in national caliber managers, the State must make its hiring process timely and uncomplicated.

Hiring is closed. State policy favors promoting workers up through the ranks rather than bringing in experienced managers.¹⁸ Non-state employees are closed out of state jobs in two ways. First, departments can limit eligibility for employment tests to current state employees. And second, departments transfer current state employees into new positions and circumvent the testing and qualification review process completely.

In fiscal year 2003-04, 71 percent of all managerial exams were closed to the public.¹⁹ Of the 29 percent of

Closed Hiring Restricts Access to Talent

One way departments restrict outside candidates is limiting exams to current state employees, which are called promotional exams. The table shows recent testing and hiring patterns for managerial classes for fiscal years 2002-03 and 2003-04.

	Testing		Hiring	
	Exams offered		Employees hired	
	Number	%	Number	%
Open	24	29%	15	12.6%
Promotional	59	71%	104	87.4%
Total	83		119	

Source: State Personnel Board.

So You Want a State Job?

Give yourself six to 12 months before you need a paycheck. Prior to applying for a state position, applicants must first take an exam and “get on the list.” Missed the last exam? You may need to wait months for the next opportunity. Some exams are offered monthly, but spaces can fill quickly as state employees seeking better jobs scramble to get into the exam. The official advice, check the state’s Web site daily for exam news.

Opportunity for improvement: For most state jobs, education and experience – along with a reworked probationary process – can ensure applicants are qualified and take the place of an expensive and complicated exam process. If an exam is essential, it should be offered electronically at any time, meaning that hiring lists will be continuously updated.

Even if you are the best and brightest, the State will not recruit you. In fact, state procedures will make it hard for you even to learn what jobs are available. After passing the exam and being ranked at the top, it can be difficult to learn about openings. For many positions, people are randomly selected to receive job notices. Other applicants must look each day for openings. And the State operates an employment Web site, but not all openings are listed. And the real kicker: You may be the best there is, but most departments will not consider your qualifications because most management jobs will only be open to current state employees.

Opportunity for improvement: The State should actively recruit the best and the brightest from everywhere. The civil service system was originally guided by merit, but that no longer means that the most qualified can apply and get jobs. To hire the best, all qualified applicants must be eligible to apply and be hired.

If you score at the top of the exam you are eligible for hire, but so are those who squeak by. Departments must hire people from employment lists, even if the lists were created months ago. As the best are hired or find work elsewhere, those lower down move to the top. As a result, a minimally passing grade can still result in a state job. If you are the best, chances are you found a job working for someone else long before the State even reviewed your qualifications. But tell your friends who have been passed over elsewhere to come to the State, the best strategy for a state job is not to be the best, but to persist.

Opportunity for improvement: Continuous testing would address the problem of old eligibility lists and ensure that departments can hire the most competitive applicants, not just those still in the job market when the State has an opening. The State also should establish performance measures for personnel practices, including the periodic review of whether those hired are the most qualified.

The State spends thousands of hours and millions of dollars testing applicants who have no chance of being hired. Under current rules, departments must test all candidates meeting minimum qualifications for a job. Thus hundreds of candidates may qualify to take a test for a single job opening. Departments are not allowed to use graduated screening procedures to identify only the best for an exam. As a result, departments limit hiring to internal candidates, rely on old lists to avoid paying for new exams or use other gimmicks to limit costs.

Opportunity for improvement: Limiting the use of exams will address this challenge for most departments. But where examinations continue to be needed, mostly in those areas where education and training are not good indicators of ability, the State should allow for graduated screening to reduce costs and ensure that departments focus on the most qualified applicants who sign up for an exam, not all minimally qualified applicants.

exams that were open to outside candidates, most were for highly technical positions, such as chief medical officers, chief investment officers or actuaries.²⁰ Of the 119 people who were hired in 2003-04 for management positions, just 15 or 12.6 percent were hired based on exams that were open to the public.²¹

From 1999 to 2005, the State hired 2,592 people into its core management position, staff services manager. Of those hires, 24 percent were done using transfer provisions in which state employees are eligible for transfer into new positions based on comparable salaries.

Taken together, these two factors – closed exams and transfer provisions – effectively exclude non-state employees from being hired. Not a single successful candidate for the 2,592 staff services manager positions came from outside of state service.²²

These practices limit the talent pool. On average, for all management hires, successful candidates were selected from a pool of just 13 applicants. In 11 instances, departments selected from a hiring pool of just one qualified applicant.²³

Hiring is equally closed for the State's entry-level position for aspiring managers, the staff services analyst (SSA) classification. The SSA classification is intended to bring college graduates into state jobs that require a significant level of analytic skill. Employment examinations for the SSA position are open to the public.

But that does not mean that college graduates can easily enter the system at this point. Each month, over 230 applicants sign up to take the exam. And the State has a running list of nearly 1,800 eligible SSA candidates. The top 50 to 60 candidates can be hired by departments seeking to fill a position.²⁴

From 1999 to 2004, the State hired 7,665 staff services analysts. However, the majority of those positions, 82 percent, were filled through transfers. Just 17 percent of SSA candidates entered the State system through the examination process. And half of those hired through an examination process were already working for the State. Over those six years, 94 percent of all new SSA hires were drawn from other state positions. Just 6 percent of SSA jobs were granted to candidates who did not have previous positions with the State. In 2003 and 2004, years in which hiring was made more difficult because of budget pressures, just 1 percent of SSA positions went to candidates from outside of state service.²⁵

Although the SSA classification is intended to draw in college graduates, state employees who transfer are not required to meet the same educational standards. And nearly 50 percent of state employees who move into SSA positions are drawn from clerical positions, for which a college degree generally is not required.²⁶ State officials, however, note that many applicants transferring into SSA positions are indeed college graduates.

To build a competent management corps, the State must open its recruitment, application and hiring procedures to managers and potential managers from outside of state government.

Candidate assessments are inaccurate. In 2003, the State Personnel Board reviewed the effectiveness of hiring practices conducted by state agencies. The board found numerous concerns:²⁷

Management Skills for Senior Managers

California's Career Executive Assignment sparked the creation of the federal Senior Executive Service. But unlike the federal government, California has not used this job classification to establish mandatory management skills. The federal government has established five qualifications for senior managers. These characteristics are intended to improve the culture of public service, guide candidate assessments, hiring and career development efforts.

Leading change. The capacity to develop and implement a vision around key public goals.

Leading people. The ability to maximize employee potential and foster high ethical standards.

Results driven. The skills to make timely and strategic decisions that lead to improved outcomes.

Business acumen. The tools to manage people, finances and technology in manners that instill trust and accomplish goals.

Building coalitions. The competency to use data, explain, advocate and network to overcome resistance and forge alliances with internal and external stakeholders that support the organizational mission.

Source: U.S. Office of Personnel Management.

- Examination procedures failed to test for job-related competencies.
- Qualifying standards were applied inconsistently.
- Departments failed to accurately score test results, leading to inaccurate ranking of candidates.
- Non-job-related criteria were used to produce scores, undermining merit principles.

The board found that just 2 percent of departments ask applicants to demonstrate their competencies through a work sample or performance test.²⁸ Performance tests are considered the most accurate predictor of performance.²⁹

But the State primarily and ironically uses performance tests for entry level positions – mostly secretarial staff required to demonstrate common tasks during the hiring process. Most managers and supervisors are assessed using less predictive strategies. To bolster the quality of hiring procedures, agencies must put in place assurances that candidates are assessed in manners that are fair, valid and reliable.

Historically, the State has used probationary periods to bolster the reliability of the hiring process. State employees are subject to probationary periods of six to 12 months prior to being given tenure in the civil service system. But the value of the probationary system has diminished as the requirements for rejecting an employee on probation have become only slightly less tedious than terminating a tenured civil servant. In fiscal year 2001-02, less than 1 percent of the more than 36,000 new hires, rehires and promotions were rejected during their probationary period.³⁰

State officials assert that many terminations were likely for technical violations of personnel rules, rather than poor performance. Few jobs have clear performance metrics, making performance appraisals more subjective, more difficult to validate and less likely to withstand appeals.

Increasingly, public sector agencies are recognizing the value of performance contracts and establishing clear management competencies to ensure good fit between the work and candidates and remove barriers to termination for cause. The federal Senior Executive Service has outlined the qualifications it needs in senior managers. The Office of Personnel Management has designed hiring, training and evaluation tools around those competencies. Creating clear expectations for managers is a path that some public agencies have pursued to improve performance. The City of Christchurch, New Zealand has required its chief executives to sign five-year performance contracts and can be fired for failure to perform.³¹ The governor of Virginia requires “executive agreements” with his cabinet secretaries.³²

The State could invest in similar approaches to ensure the most skilled employees are charged with leading essential public sector programs.

Solution #1: The State must improve its hiring procedures to bring into state service the most skilled management candidates. The administration should:

- ❑ **Identify management skills.** To be successful, departments must determine the skills that managers need to improve outcomes and use those competencies to select, develop and manage the managers. The State should incorporate into the hiring process the core competencies used by the federal senior executive service.
- ❑ **Establish performance exams.** The State should develop efficient mechanisms for merit-based selection and explore the use of short-term contracts as an assessment tool prior to offering permanent civil service positions.
- ❑ **Open the hiring process.** Hiring procedures should not discriminate against non-state employees. The State Personnel Board should re-craft selection rules to expand applicant pools, reduce costs and improve the recruitment of mid-career and other management candidates into state service.
- ❑ **Tap top graduates from California's colleges and universities.** The State should reform exam rules so that top-tier baccalaureate graduates are automatically eligible for entry-level professional jobs such as Staff Services Analyst.
- ❑ **Establish performance measures for the personnel system.** The Department of Personnel Administration and the State Personnel Board, in consultation with human resource professionals, should adopt and report performance measures that reflect the accessibility, clarity and reliability of the personnel system in bringing gifted managers into state service.

Problem #2: Poor public perception and a lack of recruiting keep the best and brightest from considering a career in public service.

An improved hiring process needs to be supported by strong recruitment efforts to attract skilled applicants out of college and experienced professionals away from competitors. High caliber employees, in turn, look for opportunities to make a difference and quality work environments. In perception and reality, the State is often uncompetitive on these points.

Making careers in public service matter. In the 1950s and 1960s, the public sector was an employer of choice. President Kennedy's call to service energized a generation.³³ Thousands of idealistic students and workers turned to government to create quality communities, assist struggling families and build a legacy of public service. Working for government was a calling, a commitment and a contribution.

Since the 1960s, the charge of government has expanded, placing more demands on state employees and opening new opportunities for public service. State employees are increasingly called upon to address fundamental needs.

- The Office of Emergency Services coordinates responses to natural and human-caused disasters. Over the last decade, OES has come to the aid of Californians in the midst of 42 major emergencies and disasters and numerous smaller emergencies. Last year alone, the agency trained some 4,000 first responders in disaster prevention and preparedness.³⁴
- California’s Department of Health Services facilitates medical and dental care for 6.8 million Californians and through its public health initiatives saves lives each and every day.³⁵
- The Department of Social Services is charged with responding to the 500,000 reports of child abuse made each year and nurturing the more than 100,000 children in the State’s care.³⁶
- California’s public colleges and universities have prepared generations of leaders and today serve 3.1 million students annually.³⁷

***Building Public Trust
Through Performance***

A high-performing government earns public trust and inspires residents to dedicate their lives to public service. Following the attacks of September 11th, public confidence in government rose significantly. The coordinated response to this national tragedy revealed the dedication of competent public leaders and skilled public servants. And increased numbers of Americans expressed their willingness to enter public service. But in the less than one year, the outpouring of support for the public sector began to fall, primarily because of concern for the performance of public programs. And federal, state and local governments missed the opportunity to recruit new public servants.

Source: G. Calvin Mackenzie and Judith M. Labiner. 2002. “Opportunity Lost: The Rise and Fall of Trust and Confidence in Government after September 11.” Center for Public Service. The Brookings Institution.

But those accomplishments are marred as scandal after scandal tarnishes the real and potential accomplishments of public service. In 2005, less than a third of Californians expressed a high level of trust in their elected leaders and government.³⁸

The Brookings survey found that two-thirds of college seniors wanted to contribute to their communities.³⁹ More than money, young Americans are looking for opportunities to make a difference. A survey for the Council for Excellence in Government found similar results.⁴⁰ But few of those surveyed saw government as offering that opportunity.⁴¹ Campus officials in California validate these findings. Recent college graduates frequently are disappointed by the caliber of state work; it is viewed as unexciting, unchallenging and not competitive with other sectors.⁴²

A number of states and the federal government are working hard to communicate the importance of public service. Indiana, Virginia, Missouri and the GAO have adopted branding initiatives to convey their value to constituents and potential employees.⁴³ And they work. The GAO recruits top candidates with the slogan, “When We Talk, Others Listen.”⁴⁴ The Social Security Administration is documenting its accomplishments to educate employees and customers on what they do and how well they do it. For example, each month 51 million people

“Indiana – Work in Progress”

Developing a brand, making it visible and strategically structuring personnel functions have allowed Indiana to lay a strong foundation for a productive public service. Prior to 2000, Indiana did not have a state brand to attract potential employees. The State Personnel Department fulfilled a regulatory and transactional role for agencies that were responsible for their own recruiting and hiring. Recruitment meant little more than posting job opportunities and the State faced a dearth of applicants for some positions. When job announcements produced a healthy applicant pool, no mechanism allowed multiple agencies to share information.

Ushered by the brand “Indiana – Work in Progress,” the State has comprehensively revamped its recruitment efforts. The Personnel Department now leverages technology and strategically aligns responsibilities of agencies and of the department. The department now serves as a recruitment consultant to agencies – networking at job fairs, posting job applications to online databases like monster.com, and finding niche avenues to recruit for hard-to-fill positions – even calling competitors in order to share applicant pools.

The State dispatches representatives to recruiting events equipped with logo-ed Frisbees, chip clips, cups, tote bags, and recruitment videos and brochures in English and Spanish. Business cards saying, “Hey! Check us out!” direct job-seekers to the newly-designed www.indianastatejobs.org. The flip side of business cards list the benefits of a job in state service.

Sources: Michelle Fullerton, Assistant Deputy Director, Indiana State Personnel Department. April 7, 2005. Personal communication. Jeff Sullivan, Recruitment Director, Indiana State Personnel Department. April 7, 2005. Personal communication.

receive social security benefits from the agency, a third of these clients rely on the payments for their livelihood.⁴⁵

State employment offers the opportunity to make meaningful contributions to the lives of residents, the economy and the environment. But the State must address the reality and the perception that undermines confidence in public service and public servants.

Establishing a quality work environment. Everyone likes to be on a winning team, but not at all costs. People look for quality in their work environment. Twenty-one percent of USC management graduates cited reputation and work culture as a leading reason for accepting job offers.⁴⁶ The Great Place to Work Institute asserts that trust in the workplace is a defining characteristic of quality employment experiences.⁴⁷

Anecdotal evidence suggests that the State is not viewed as a demanding employer. Reliable cost of living increases, lack of performance measures and job security support the perception that the State fails to push its employees to do their best. Acrimonious relations between senior leaders and workers at the bargaining table spill into the workplace. And many veteran workers – particularly managers charged with addressing persistent challenges – are frustrated over the pace of change, the complexity of rules and their inability to reward high performing staff and discipline others.

Partnership for Public Service

Founded in 2001 and funded by private donations, the non-partisan, nonprofit Partnership for Public Service has mounted an aggressive campaign to improve the quality and reputation of public service in the federal government. The achievements of the partnership include:

- **Making government an employer of choice.** The partnership has created an alliance of 500 universities and 60 agencies to better connect graduates with federal jobs, sponsored legislation to remove tax disincentives obstructing employer-funded loan repayment programs for students and brought to life the publication of the *Best Places to Work in the Federal Government* – the first ever ranking of federal workplaces. The partnership also championed the creation of the Presidential Management Fellows program to connect graduate degree holders with federal jobs.
- **Hiring and retaining the best and the brightest.** The partnership has helped federal agencies improve pay and personnel systems and tapped private sector recruiters to ensure that more and better candidates are informed about government jobs. The partnership pushed for the creation of a Chief Human Capital Officer position in major agencies to boost management competencies, and for the use of annual employee surveys to measure the need for personnel reforms. And the partnership helped found the bipartisan Public Service Caucus, which is coordinating legislative reforms.
- **Improving public perception of government.** The partnership is utilizing the talents of the entertainment community to promote public service and inspire the service of a new generation. Partnership initiatives include: awarding Service to America Medals to recognize the achievements of civil servants; creating a Youth Advisory Board to target public service opportunities to the future workforce; and, tapping media partners to highlight the successes of individual employees.

Sources: Marcia Marsh. 2004. "The Hiring Process: The Long and Winding Road." Testimony to the Subcommittee on Civil Service and Agency Organization, Committee on Government Reform, U.S. House of Representatives. http://www.ourpublicservice.org/usr_doc/Marsh_testimony_June_7_2004.pdf. Accessed March 2, 2005. Bethany Hardy, Press Secretary, Partnership for Public Service. March 8, 2005. Personal Communication. Partnership for Public Service. 2004. "Building Communities of Support: Annual Report 2003-04."

Throughout its work on child welfare, mental health, corrections, juvenile justice and other policy areas, the Commission heard from veteran managers who lamented the lack of progress, the difficulties associated with public sector management and the tendency for staff and others to resist reforms, even in the face of failing programs. For aspiring leaders, the message from current managers suggests that the State offers more frustration than opportunity.

Leading edge companies have learned that recruiting the best requires a positive image, clarity of purpose, opportunities for professional development, growth and achievement and a focused effort to convey those values to potential employees. At the federal level, the Partnership for Public Service is working to re-craft the reality and perception of the federal government as an employer of choice.

To attract the best and the brightest, the State must reinvent public service and create opportunities for achievement and advancement. And to attract national caliber candidates into state positions, state agencies must document the opportunity that state service represents.

Solution #2: To attract talented managers the Governor should initiate a campaign to service. The campaign should address two core issues:

- ❑ ***Establish a unifying vision of public service.*** The Governor must reinvigorate public service as a noble commitment to improve the quality of life of all Californians. The vision for public service should be embedded in the mission of state agencies, public policy and agency practices.
- ❑ ***Document the State's contributions to quality of life.*** Each state agency should document its contributions to the people of California – providing clear information on the work they do and its value to Californians.

Problem #3: The State's management structure thwarts efforts to develop promising and proven managers.

Leading edge employers recognize that the best and brightest employees grow with each accomplishment and must be nurtured through new challenges and opportunities. Management graduates from the University of Southern California cite growth opportunities as the second leading reason for accepting employment, just below their concern for the responsibilities of the job.⁴⁸ The most common reason for employee turnover is the perception of inadequate opportunities for advancement.⁴⁹ The Brookings survey found college graduates put a high value on new opportunities.⁵⁰

State employment offers tremendous potential for learning and advancement. Management challenges range from managing California's massive \$6.5 billion correctional system to protecting the State's 840-mile coastline.

But the State has not created explicit career paths to motivate excellence and move stellar managers into positions of increasing responsibility. Internships are not conceived as strategic recruiting efforts. Agencies do not collaborate to grow the cadre of skilled managers.

Further, the State's job classification system blocks career advancement and professional development. Over time, individual departments have created specialty job classifications to better align positions with their needs. But the proliferation of job categories has added to confusion and isolated departmental workforces. The State has 4,462 separate job classifications. Just 12 percent are utilized by multiple departments and designated as service wide.⁵¹ Most positions are used only by a small number of departments and thus less likely to be explicitly linked to promotional opportunities.

A range of public sector employers have begun to recognize the value of a career ladder and the need to facilitate recruitment across departments and other divisions. The federal government and local agencies have created new access points on their management ladder, both for entry-level trainees, outstanding scholars and mid-career professionals. The federal government operates the Student Educational Employment Program, designed to attract temporary student employees and students interested in transitioning into the federal service. The federal government also operates the Presidential Management Fellows Program for graduate degree holders.⁵²

In the United Kingdom, the national government operates the Civil Service Fast Stream Development Programme, a graduate-level accelerated training and development program for individuals who are selected on the basis of their potential for senior Civil Service positions.⁵³ The City of Long Beach offers a one-year apprenticeship for aspiring managers.⁵⁴ Private sector companies and the federal agencies recruit future managers through internships.⁵⁵ And several states are streamlining their job classification systems to improve career opportunities. Virginia cut 80 percent of its job classifications to streamline procedures and better equip the personnel system to support public programs.⁵⁶

California statute already allows agencies to pursue demonstration projects to improve operations and outcomes.⁵⁷ The Student Transition Appointment/Recruitment demonstration project was designed to improve the recruitment of outstanding scholars into state jobs.⁵⁸ The Career Management Assignment demonstration project within the Department of General Services provides valuable guidance on streamlining managerial classifications, improving the pairing of positions and personnel, and using performance-based pay.⁵⁹ Unfortunately, both efforts have been shut down.

To recruit the best and the brightest, the State must create explicit career paths for Californians willing to commit their lives to public service. Aspiring and experienced managers must be given the opportunities to enter state service and all managers must have opportunities for career advancement.

Technical Track

California's classification system creates pressure for technical experts to move into management positions. For technical experts seeking promotions – computer programmers, scientists and others – they often must enter the managerial ranks, even when they lack management skills or aspirations. In addition to a career ladder for the best and brightest managers, the State must create a career path for technical experts the State needs to retain but does not envision serving as managers.

Solution #3: The State must reform its management structure and actively develop stellar managers.

- ❑ **Reform the classification system.** The Department of Personnel Administration and the State Personnel Board should reform job classifications – and the rules governing transfers – to ensure that state employees have appropriate opportunities for upward mobility and that all hires are based on competency rather than comparable salaries.
- ❑ **Establish a fast-track management development program.** To develop promising employees into potential managers, the Governor should appoint an innovative leader to conceive, design and implement a management development initiative. Participation should be highly competitive and open to employees from Staff Services Analysts to those in Career Executive Assignments. Participants should receive enhanced training, mentoring, and rigorous performance evaluation. Participating employees should be excluded from collective bargaining, subject to performance management and benefit from performance compensation.
- ❑ **Establish a Governor’s mid-career management fellowship.** The one- to two-year fellowship should be highly competitive and open to experienced managers from outside of state government who want to serve the public. The fellowship should provide participants with sufficient background in public sector budgeting, personnel, public process and public service to allow them to successfully lead a state program or department. Successful participants should be eligible for state management positions without further testing.
- ❑ **Establish a student career experience program.** The State should establish a program that provides work opportunities for highly skilled college students interested in temporary employment or transition into civil service positions. Modeled after federal programs, participation should be competitive and include performance evaluations. Successful participants should be eligible for state positions consistent with their internship responsibilities without further testing or review.

Problem #4: The State fails to invest in training to improve the skills of its managers.

Policy-makers have declared training and professional development as crucial to improving the quality and efficiency of public programs.⁶⁰ Each state agency is required to develop an annual training plan that assesses needs, identifies strategies for improvement, targets limited resources to their most efficient use and evaluates results.⁶¹ But agency training plans are not monitored and often do not exist. The State does not have an enterprise-wide training and professional development agenda.

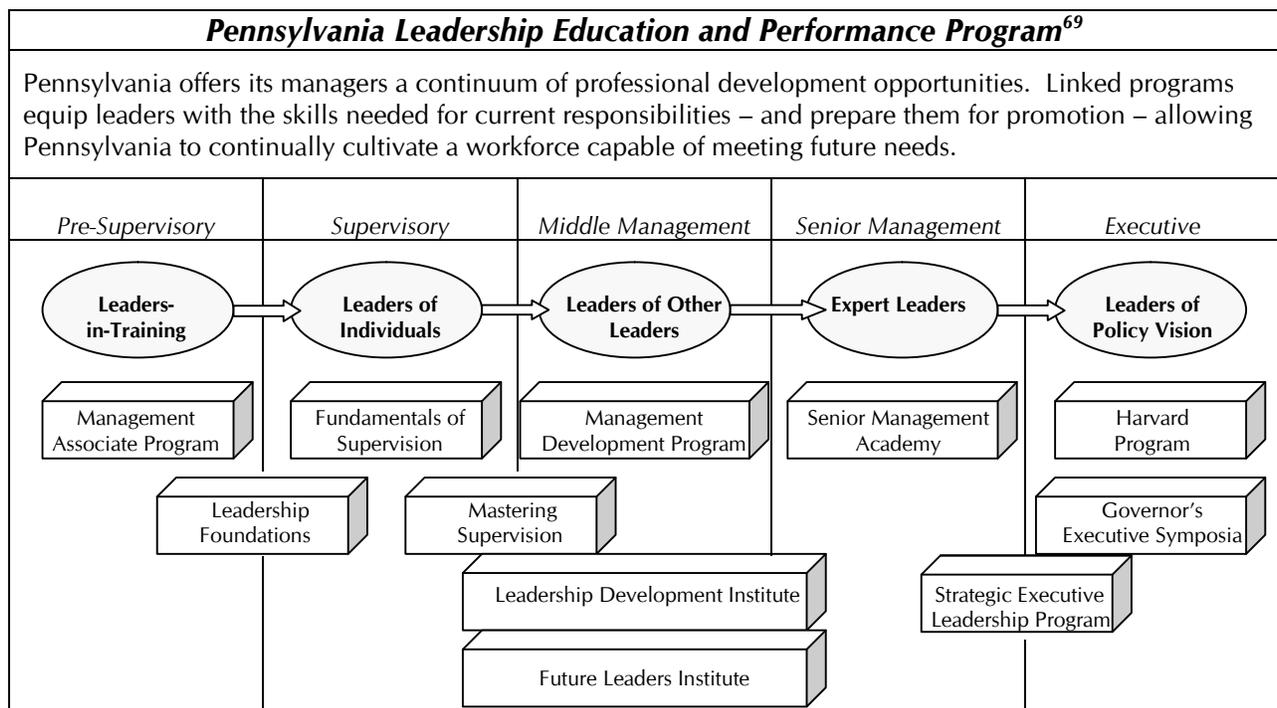
Some departments have made training and professional development a priority. The Department of Financial Institutions and the Department of Parks and Recreation have developed strategic training initiatives for managers and aspiring managers. The Department of Social Services established a professional management development program and a mid-level manager training academy to better prepare managers to meet needs.⁶² But turnover at the top and increasing budget pressures

brought those efforts to a halt. Statewide, agencies have found diminished support for training in the front budget office and Legislature. The California Performance Review found that less than half of state agencies have a training unit.⁶³

In 1999, in conjunction with the University of Southern California, the State created the California Leadership Institute to strengthen the leadership skills of senior executives. Over 200 senior leaders participated in Institute training.⁶⁴ In 2004, the State ended its participation in the Institute and shuttered the State Training Center.⁶⁵ In fiscal year 2003-04, just 4 percent of managers participated in training through the State Training Center. Employees may have attended training offered by their departments or other venues. But the State does not track training, training expenditures or who participates.

Department leaders assert that a commitment of time and resources is required to continuously train managers. Departments must work under enterprise-wide standards to better prepare current and future managers to tackle public sector challenges.⁶⁶

Pennsylvania has developed a continuum of leadership education, beginning with a management associate program and capped by participation in a Harvard program for senior executives and a Governor’s Executive Symposia.⁶⁷ The federal government also supports a master of public administration program for federal executives, under a partnership with the University of Colorado.⁶⁸ Also in conjunction with a



university partner, the State of Louisiana has developed a competency-based training and development program to outfit its managers with the real-world skills needed to manage public sector programs.⁷⁰

The GAO and professional development experts assert that continuous training is essential to meeting public needs in a cost-effective manner.⁷¹ The federal government has three training centers dedicated to building a cadre of skilled, ethical and dedicated managers to guide improvements throughout the federal system. The U.S. military is known for its commitment to institutional training, operational assignments and self-development to nurture new leaders and help them hone their skills.⁷²

State and local agencies are making comparable investments in training and professional development. The Los Angeles County Sheriff's Department places all of its employees – civilian, deputy and management – in a three-day leadership course as part of the department's Deputy Leadership Institute. Employees are encouraged to participate beyond minimum requirements.⁷³

To improve outcomes, California must invest in upgrading the skills and competencies of its current and future managers.

Solution #4: To improve outcomes, the State needs to make a commitment to management training and develop the capacity to train managers and leaders.

- ❑ ***Invest in management and leadership development.*** The State should establish a continuum for leadership and management development, starting with training for management trainees and capped by a strategic executive academy.
- ❑ ***Build training costs into allocations for positions.*** The State should incorporate in the budgets for individual positions the total costs of employee compensation, as well as professional development and training. Departments should be allowed to carry a limited surplus from year-to-year for training.
- ❑ ***Document value of training.*** As part of the budget process, departments should document training expenditures and the results of training investments to ensure its efficacy in improving public outcomes.

Problem #5: Departments do not know which skills their employees possess and which additional skills are required to meet public needs.

The executive branch of state government employs a workforce of more than 212,000, with some 208,000 in the civil service system.⁷⁴ The State Personnel Board has reported that over 70,000 employees in the civil service system, or 34 percent, are eligible to retire. An additional 37,000 will reach retirement age over the next five years.⁷⁵ Together, these figures indicate that half of the people in the civil service system could move to retirement in the next five years. On average, the State loses 7,000 employees each year, or just 3.4 percent, due to retirements.⁷⁶

Predictably, the management corps could be hardest hit. In 2004, 47 percent of state employees in management classifications were eligible to retire.⁷⁷

Workforce and succession planning identify needs. All employers must attract and train new workers to replace those who are retiring. As the U.S. population ages, the overall labor market is undergoing a demographic shift.⁷⁸ This shift is significant for managers and administrators. In Southern California, firms are reporting moderate to extreme difficulty finding experienced professionals for managerial positions.⁷⁹ Simultaneously, public agencies around the country are facing increased pressure from taxpayers to improve outcomes, reduce costs and tackle new challenges.

The federal government and many states are using workforce and succession planning to identify workforce competencies required to meet strategic goals. The U.S. Government Accountability Office has recommended workforce planning to ensure that the present workforce is aligned with organizational goals and to develop long-term strategies to acquire, develop and retain essential staff. Agencies are encouraged to identify priorities, identify workforce gaps, develop strategies to fill those gaps and evaluate outcomes.⁸⁰

Workforce and succession planning in Virginia includes the components recommended by the GAO: workforce assessment, gap analysis, and workforce development strategies. Virginia’s efforts highlight succession planning: a determined effort to replace staff with critical skills who may leave state agencies.⁸¹

Government Performance Project

In 2000, the Government Performance Project (GPP) found that 23 states had formal workforce planning requirements. A number of states stand out. Since 2003, Georgia agencies have been required to submit to the governor a unified plan that incorporates strategic goals, workforce plans, funding requests and technology needs. In South Carolina agencies are surveyed annually on their workforce data and performance measures, and the State has a Workforce Planning Champions task force to share knowledge and guide improvements. Workforce planning has helped South Carolina identify the need for improved knowledge transfer among employee groups and facilitated strategies for doing so.

Source: Jessica Crawford. 2001. "State Workforce Planning 2000. A Report of the Government Performance Project." Syracuse, NY. Syracuse University.

But California's departments are not universally planning for future needs, emergencies or knowledge transfer. The Independent Review Panel on corrections, for instance, found that the correctional agency lacks a workforce plan.⁸² A number of agencies have their own initiatives, including the Department of Social Services, the Public Employees Retirement System, the Franchise Tax Board and the Department of Water Resources.⁸³ But enterprise-wide, workforce needs are not articulated with agency goals, budget requests or technology needs. As employees have retired or otherwise left state employment, replacements are hired on an ad hoc basis.

State personnel officials are unable to document which agencies have sound work plans, are intentionally capturing the experience of departing veteran employees, and where improvement is needed.

Solution #5: Each state agency should engage in workforce planning.

- ❑ ***Require workforce plans.*** To better meet current needs and prepare for future needs, each agency should document needed skills, inventory existing skills and develop strategies to address gaps.

Building the Team

Personnel responsibilities are dispersed among multiple agencies, with no leader and no consistent voice to bolster the quality of management decisions. Only when the people at the top value quality management will the people at the bottom receive the tools they need to improve their work. A visionary leader is needed to map the way, remove barriers and set high standards.

- ❑ **Assigning a leader.** The governor should designate a single leader for personnel management, including workforce planning, recruiting, hiring, career development, compensation, and retirement functions. That leader should improve existing personnel strategies, champion new approaches and identify the policy, funding and regulatory changes needed for long-term improvement.

The State only has ad hoc advisory bodies to suggest personnel improvements. A structure of formal advisors can better support and guide the State's personnel leader. The federal government has established a council of Chief Human Capital Officers to share knowledge, coordinate initiatives and improve relations with unions. Other states have formed task forces or councils to guide improvements. And private companies routinely tap advisors to ensure personnel practices remain competitive. Formal advisors can ensure California becomes and remains an employer of choice.

- ❑ **Creating a structure.** The governor should appoint an advisory council of human resource experts from the public and private sectors to guide the State's efforts to build and manage its workforce.

Improving performance will require cultural change within the State's workforce. Too much time and attention is dedicated to whether state employees are paid too much or too little, diminishing attention on what they have accomplished. The culture of California's personnel system must be transformed from a closed system that protects incumbent workers from scrutiny to the noble profession it is – one that saves lives, protects communities and nurtures the economy. Boosting public awareness of the value of public service will dramatically improve public support for public workers, improve efforts to recruit into state service the best and the brightest and reinforce a performance culture.

- ❑ **Enhancing a culture of public service.** The governor, cabinet secretaries and department directors can refashion the culture of public service by highlighting the essential nature of state service, publicly valuing the contributions of the state's workforce and recognizing the accomplishments of state programs.

