

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 STATE ADMINISTRATION****ASSEMBLYMEMBER ADRIN NAZARIAN, CHAIR****WEDNESDAY, AUGUST 26, 2015
10 A.M. - STATE CAPITOL ROOM 447**

ITEMS TO BE HEARD		
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0511 7501 7503	GOVERNMENT OPERATIONS AGENCY DEPARTMENT OF HUMAN RESOURCES STATE PERSONNEL BOARD	
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ITEMS TO BE HEARD

0511 GOVERNMENT OPERATIONS BOARD
7501 DEPARTMENT OF HUMAN RESOURCES
7503 STATE PERSONNEL BOARD

INFORMATION ONLY: OVERVIEW OF CIVIL SERVICE IMPROVEMENT

The Director of the Department of Human Resources, Richard Gillihan will provide an overview of the Civil Service Improvement efforts by the Government Operations Agency, Department of Human Resources, and State Personnel Board.

BACKGROUND

As part of the Governor's budget proposal, a proposal was included to improve the State's Civil Service System. According to the Governor, the state's current civil service system is a complicated, inflexible, and highly bureaucratic set of rules, regulations, and policies that has been slow to adapt to generational and demographic changes in the workforce and to emerging trends in the workplace. As a result, California is not optimally positioned to consistently recruit and retain, train and support employees, and plan for the succession of future leaders.

In the past, the State has issued a number of reports on how to improve the State's Civil Service from the Legislative Analyst's Office, the Little Hoover Commission, the California Constitution Revision Commission, the California Performance Review in 2004, and the Human Resources Modernization Project. These reports have all identified significant problems and potential ways to address them. However, very little reform has been implemented.

The Civil Service Improvement is a collaborative effort to improve California state governments' human resource process. The goal of Civil Service Improvement is to create a system that makes the State of California an employer of choice and to build a workforce prepared to meet the challenges our state government will face in the future.

STAFF COMMENTS

There have been numerous discussions on the State's Civil Service, however very little has been implemented. As a result, the State's Civil Service falls behind and fails to build a more robust workforce. The new proposal before the subcommittee is not a traditional comprehensive approach to Civil Service reform but rather are changes that will move the State's Civil Service forward incrementally and provide momentum for future changes. It is likely that some reform will happen internally within Government Operations, while other pieces will move through the legislative and budget processes.

ISSUE 1: TRAILER BILL LANGUAGE RELATING TO CIVIL SERVICE: STATE HIRING PROCESS (SB 99)

David Munoz from the Department of Finance will provide a brief presentation of SB 99, which includes the proposal on the Civil Service state hiring process.

BACKGROUND

The trailer bill language before the Legislature is part of the effort to make civil service improvements and provide transparency. It is divided into three areas: Certification Rules, Career Executive Assignment Appointments, and Department of Finance Appropriation.

Certification Rules- Included at May Revise

- Consolidates various hiring eligibility lists into a single process
- Eliminates statutes relating to the Rule of One Rank hiring eligibility list.
- Eliminates statutes relating to the Rule of Three Names hiring eligibility list.
- Eliminates statutes relating to the Rule of Six Ranks hiring eligibility list.
- Broadens pool of candidates eligible to compete for a promotional or Career Executive Assignment (CEA) position by eliminating the one-year maximum period for which an employee of the Legislature or non-elected exempt individual can have separated from their previous position.

Career Executive Assignment Appointments – New

- Expands the pool of eligible candidates that can be appointed to a CEA position to include individuals from the private sector.
- Extends the existing due process rules to CEA appointments hired from outside state civil service.
- Eliminates rules prohibiting a CEA from competing in multiple civil service promotional exams.

Department of Finance Appropriation – New

- Request of \$300,000 one-time General Fund for the Department of Finance to post all budget requests included as part of the Governor's Budget on its website.
- Appropriation will be used for the purchase of high-speed industrial scanners and additional software programming.

STAFF COMMENTS

According to the Department of Finance, this trailer bill includes the first round of Civil Service Improvement proposals aimed at simplifying the state's outdated and overly bureaucratic processes. These specific proposals will make modest improvements to streamline the state's existing hiring process and broaden the pool of eligible candidates for Rank and File or Managerial appointments within state civil service. Additionally, this proposal will increase state resource transparency by requiring the Department of Finance to make all budgetary requests available electronically on its website.

Staff Recommendation: Adopt Trailer Bill language relating to civil service.

INFORMATION ONLY: IMPLEMENTATION OF 2015 BUDGET ACT CIVIL SERVICE IMPROVEMENTS

David Munoz from the Department of Finance will give a brief update on how Finance plans to implement the Civil Service Improvements that were included in the 2015 Budget Act.

BACKGROUND

The 2015 Budget Act eliminated Government Code 12439 and replaced it with Control Section 4.11. Government Code 12439 required the elimination of positions that have been vacant for six consecutive months or more at the end of the fiscal year. This mechanism was intended to maintain accurate numbers of authorized personnel but has proven to be ineffective.

Control Section 4.11 provides an alternate mechanism to monitoring department's budgets by providing more transparency in departments' budgeting of positions and operation expenses and equipment. According to the Department of Finance, in the 2016-2017 budget, departmental budgets and the Salaries and Wages publication will be adjusted to display historically filled positions and associated funding. The intent of the process is to identify the number of positions that have historically been held vacant and reallocate funds associated with those vacant positions to expenditures categories where those funds are actually being expended.

STAFF COMMENTS

This is a new process that the Department is implementing. The Legislature should continue to monitor it and have continued discussions with the Department of Finance about implementation.