

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 7760	Department General Services	Priority No.
Budget Request Name 7760-007-BCP-BR-2016-GB		Program 9900 - ADMINISTRATION	Subprogram 9900100 - ADMINISTRATION

Budget Request Description
 Human Resources Modernization, Workforce Planning, and Overall Customer Satisfaction

Budget Request Summary

The Department of General Services, Office of Human Resources requests a \$511,000 augmentation from various fund sources and four permanent positions in fiscal year 2016-17 to meet the goals set in the Strategic Plan for a reduction in Accounts Receivables, to properly supervise and support specialized technical staff, to meet increased workload demand in the training unit, and to develop a recruiting position.

This increase in staffing will not result in an increase in rates charged to external human resources customers.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>Angie Beeda</i>	Date 12/31/15	Reviewed By <i>Handa E. Basaviah</i>	Date 12/31/15
Department Director <i>[Signature]</i>	Date 12/5/15	Agency Secretary <i>[Signature]</i>	Date 1-4-16

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA <i>[Signature]</i>	Date submitted to the Legislature 1/7/16
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BCP Fiscal Detail Sheet

BCP Title: Human Resources, Workforce Planning, and Overall Customer Satisfaction

DP Name: 7760-007-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	4.0	4.0	4.0	4.0	4.0
Total Positions	0.0	4.0	4.0	4.0	4.0	4.0
Salaries and Wages						
Earnings - Permanent	0	233	233	233	233	233
Total Salaries and Wages	\$0	\$233	\$233	\$233	\$233	\$233
Total Staff Benefits	0	121	121	121	121	121
Total Personal Services	\$0	\$354	\$354	\$354	\$354	\$354
Operating Expenses and Equipment						
5301 - General Expense	0	65	65	65	65	65
5302 - Printing	0	5	5	5	5	5
5304 - Communications	0	6	6	6	6	6
5322 - Training	0	1	1	1	1	1
5324 - Facilities Operation	0	48	48	48	48	48
5326 - Utilities	0	12	12	12	12	12
5346 - Information Technology	0	13	13	13	13	13
5368 - Non-Capital Asset Purchases - Equipment	0	7	7	7	7	7
Total Operating Expenses and Equipment	\$0	\$157	\$157	\$157	\$157	\$157
Total Budget Request	\$0	\$511	\$511	\$511	\$511	\$511

Fund Summary

Fund Source - State Operations						
0006 - Disability Access Account	0	13	13	13	13	13
0328 - Public School Planning, Design, and Construction Review Revolving Fund	0	83	83	83	83	83
0666 - Service Revolving Fund	0	413	413	413	413	413
3245 - Disability Access and Education Revolving Fund	0	2	2	2	2	2
Total State Operations Expenditures	\$0	\$511	\$511	\$511	\$511	\$511
Total All Funds	\$0	\$511	\$511	\$511	\$511	\$511

Program Summary

Program Funding						
6320010 - Division of the State Architect	0	98	98	98	98	98
6325046 - Building and Property Management Branch	0	341	341	341	341	341
6330055 - State Publishing	0	72	72	72	72	72
9900100 - Administration	0	511	511	511	511	511
9900200 - Administration - Distributed	0	-511	-511	-511	-511	-511
Total All Programs	\$0	\$511	\$511	\$511	\$511	\$511

Analysis of Problem

A. Budget Request Summary

The Department of General Services' (DGS) Office of Human Resources (OHR) requests a \$511,000 augmentation from various funds and four permanent positions in fiscal year 2016-2017. These positions are needed to meet the goals set in the Strategic Plan for a reduction in Accounts Receivables (AR), to properly supervise and support specialized technical staff, to meet increased workload demand in the training unit, and to develop a recruiting position.

The four permanent positions would be allocated as follows: two Associate Governmental Program Analysts, one Senior Personnel Specialist, and one Personnel Supervisor II.

B. Background/History

OHR provides the full scope of state human resources services including: personnel transactions, classification and pay, examinations and certifications, department-wide training, constructive intervention, disability and return to work coordination, and labor relations. Unlike most state human resources shops, OHR faces unique challenges due to DGS' complex workforce. As of June 30, 2015, DGS had 3,567 active employees located throughout the state in 25 separate facilities. These employees belong to 274 classifications spanning 13 bargaining units.

In addition to DGS staff, OHR also contracts its services to boards, commissions, and conservancies who are too small to house their own human resources office. OHR currently provides services to 16 contracted clients with an approximate total of 588 employees including additional classifications and bargaining units. All OHR employees work with both internal and external clients. There were 64.0 total authorized positions in FY 14-15.

OHR Resource History
(Dollars in thousands)

Program Budget	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Authorized Expenditures	\$6,819	\$7,687	\$7,444	\$8,572	\$8,533
Actual Expenditures	\$7,195	\$7,268	\$7,525	\$8,873	\$8,751
Revenues	\$6,982	\$7,741	\$7,435	\$963	\$716
Authorized Positions*	75	79	71	69	64
Filled Positions*	70.5	61.3	62.7	73	69.3
Vacancies*	4.5	17.7	8.3	0	0

* Data only includes authorized positions in both OHR and CHR. See Table-1 In Section H for more information.

OHR is currently facing four major problems necessitating this proposal: 1) a large amount of open employee accounts receivable, 2) a highly specialized transactions team without a proper supervisor, 3) a workload increase in OHR's training unit, and 4) the difficulty DGS faces with turnover and filling certain classifications.

Employee Accounts Receivable

An employee AR is created when an employee is overpaid and money is owed to the state. Reasons for overpayment are caused by a myriad of issues, including employees reporting dock after cutoff, supervisors approving a timesheet late, an employee using leave he/she does not have, charging the wrong leave, issues arising from a disability claim, and ARs due to a six month processing backlog at the State Controller's Office (SCO).

When employees change their benefits with an eligible event, the forms for the new deductions must be processed by SCO before the deductions begin appearing on the employee's warrant. Even if the deductions have not yet begun, the benefit is still active on the effective date. Once SCO processes the deduction forms, an AR is issued to pay for the gap of time. SCO recently announced their current backlog on processing these forms is approximately six months which causes substantial ARs for DGS employees.

Analysis of Problem

In 2013-14 and 2014-15, OHR authorized several employees to work overtime to reduce the balance of open ARs, which significantly reduced the open balances. As shown in Table 1, OHR reduced the balance of open ARs by 24 percent in 2013-14 and 46 percent in 2014-15:

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Total Dollars of Outstanding ARs	N/A	N/A	\$949,326	\$723,846	\$394,186	\$406,012*
Percentage Change	N/A	N/A	N/A	-24%	-46%	+3%*

*Projected

However, key senior staff leading this effort have since left the department, relying on staff working ongoing overtime is not a sustainable, long-term solution. Due to this lack of staff, OHR predicts ARs will increase in 2015-16.

Unit Supervisor

In addition to ARs created through employee errors, keying errors, and SCO delays, DGS has many ARs that are due to disability claims. According to the Employment Development Department, State Disability Insurance (SDI) claims have increased steadily for the last seven years and DGS experiences a higher rate of claims due to the physical nature of its classifications. DGS OHR has a dedicated unit within its Personnel Transactions Unit that process SDI, Non-Industrial Disability Insurance, and Enhanced Industrial Disability Leave claims. The Disability Transactions Unit (DTU) is comprised of three senior personnel specialists who are supervised by a staff services manager I (SSMI) within OHR's Return to Work Unit. The size of this unit exacerbates challenges associated with the volume and complexity of AR workload.

DGS University (DGSU)

DGSU staff assesses the department's training needs, develops the curriculum for the training, prepares the materials, performs the logistics for each training, advertises the training, registers the employees training requests, tracks attendance, and completes several closeout tasks. Examples of the types of training that are provided includes Introduction to Personal Computers, Microsoft Access, Excel, PowerPoint, Publisher, Visio and Word; Leadership Training; Interview Techniques Training; Supervisors Forum; and Hiring Process/Upward Mobility. In addition to providing the training, DGSU employees also assess the needs of the department, research/locate appropriate training to meet the identified needs, develop the scope of work/contract, advertise the training, register the interested employees, and take care of the course's logistics.

As of July 1, 2016, DGSU will begin providing mandatory training to all DGS programs including the Building Property Management Branch (BPM), an addition of nearly 1,600 positions. This represents a 100 percent increase in training workload for the four existing staff. In prior years, BPM was responsible for coordinating its own internal training procedures and identifying its ongoing training needs. DGS discovered, however, that BPM staff was not consistently receiving adequate training and BPM was not properly staffed to provide training services at all statewide locations.

Table 2 – DGSU Workload

	2014-15	2015-16	2016-17
Number of Classes Offered	170	196	298
Number of Student Registrations	4,272	4,913	7,476
Number of Instructional Hours	23,312	26,809	40,796

DGSU will have sole responsibility for coordinating sexual harassment training and mandatory supervisor training for all programs under the DGS umbrella, tracking employee training, and ensuring all employees are meeting their training requirements. The addition of BPM to the DGSU training portfolio includes the

Analysis of Problem

coordination and delivery of new training services to almost 1,600 employees; an increase in workload that the existing four staff will not be able to manage.

Recruitment

DGS does not currently have a dedicated recruiter. OHR would like to hire a recruiter in order to help reduce its vacancy rate and turnover, and to help recruit for hard-to-fill classifications.

The department's current vacancy rate is 7.45 percent. The vacancy rate in classifications deemed "hard-to-fill" is much higher. For example, the stationary engineer classification currently has a vacancy rate of 15 percent, which is twice the percentage rate of the department as a whole. DGS has several other hard-to-fill classifications, including the office building manager series, custodian supervisor III, senior real estate officer, staff real estate officer, and chief engineer II.

Some classifications are hard-to-fill based solely on their location. For example, due to the large gap in pay between state engineers and private sector engineers, it is extremely difficult to hire engineers in the Bay Area. Not only does the private sector offer more pay for most positions, it also has a less complex hiring process.

In addition to these classifications, DGS also employs several classifications with high turnover. The custodian classification, which comprises 25 percent of DGS' total workforce, experiences a 60 percent turnover rate. Every custodian hired must complete a medical examination and some custodians, depending on reporting location, must also pass a background check. The medical examination is \$140 per custodian. With a 60 percent turnover rate, DGS is spending approximately \$77,000 each year on medical exams alone.

C. State Level Considerations

Approval of this staffing increase will allow OHR to continue to meet current goals, improve the customer satisfaction rate of DTU, be prepared for the impending workload increase to DGSU, and adequately poise DGS as a destination employer.

This proposal is consistent with DGS' Strategic Plan for 2013-2018 by allowing OHR employees to focus more on customers, to increase the integrity of its disability work, and to remain on track with the Strategic Plan's goal of reducing the amount of ARs by 10 percent each year.

This proposal aligns with DGS' mission to achieve excellence in the business of government and aligns with all the goals of the Department:

- **We Are Customer Centered:** This proposal implements measurable processes to continuously enhance service delivery to make DGS a service provider of choice.
- **We Deliver Efficient and Effective Results:** This proposal reduces costs while maintaining or improving services, and uses data to make informed business decisions and allocate resources.
- **We Work as One Enterprise:** This proposal delivers services and processes from an enterprise perspective while recognizing the distinct functions in the organization, and enhances centralized administrative services to provide continuous improvement in the delivery of support services.
- **We are a Healthy Organization:** This proposal allows DGS to be an employer of choice, and actively solicit better ideas and improved ways to do things from everyone at DGS

D. Justification

The requested four permanent positions will be used to remain on track to continue to reduce ARs; to properly supervise, develop, and assist highly specialized disability transactions staff. Further, the additional staff resources will be used to address the new workload anticipated within DGSU and to create and maintain an active recruiting position for DGS. The four permanent positions will include: two Associate Governmental Program Analysts (AGPA), one Senior Personnel Specialist, and one Personnel Supervisor II.

OHR proposes a two part solution for addressing the increasing AR workload. The first part involves hiring one senior personnel specialist to work full-time on reducing employee ARs. This senior specialist will fill the gap left by the overtime team and become an expert in all things AR. By having an in-house AR

Analysis of Problem

specialist, OHR will reduce the costs associated with overtime, educate transactions staff on ARs to lessen errors that may create ARs in the future, and stay on track to meet the goals laid out in the Strategic Plan. OHR requests the senior personnel specialist level due to the sensitivity and complexity of ARs, especially as they increase in age.

The second part is to hire one permanent personnel supervisor II to manage DTU. This supervisor would possess the technical skills to adequately support DTU to reduce errors and assist in working the disability related ARs. Without these positions, OHR predicts the amount of outstanding ARs will increase by 3 percent, offsetting the decreases OHR obtained in 2013-14 and 2014-15. These decreases cannot continue without the additional permanent positions.

In addition to reducing ARs, having a properly managed DTU will improve customer satisfaction. Currently, the DTU staff is supervised by an SSML. Acquiring a personnel supervisor II classification will ensure that the DTU staff is properly supervised in addition to being able to respond to escalated situations and ensure DGS employees are well educated about their disability benefits.

In order to fully staff DGSU for the intake of approximately 1,600 additional students, OHR requests one permanent AGPA. The AGPA will address the new workload from BPM employees by assisting in the creation of a tracking system to accommodate current and new students. Adding an AGPA to DGSU ensures the additional workload does not impair current staff and result in a degraded training program. DGSU has made large strides in the quality and amount of courses offered. Without the addition of an AGPA, that quality will be compromised.

Finally, the second AGPA will be DGS' department-wide recruiter who will be instrumental in bringing talent to DGS, educating potential candidates, and reducing turnover and vacancy rates. The recruiter will accomplish this by visiting college campuses, attending job fairs, and frequenting business centers to not only explain the state's merit process to potential candidates, but to encourage them to apply for these positions.

A dedicated recruiter will be able to better educate potential incumbents to ensure they are aware of the demands and other aspects of the position. In addition, some of DGS' classifications (especially information technology and engineering) are difficult to recruit due to considerably higher pay and easier application processes in private industry. A recruiter can educate these potential candidates on the other benefits to state employment including health, dental, vision and retirement benefits in addition to providing guidance to the appropriate tests and application process.

Table 4 – Projected Outcomes from the Recruiter

Workload Measure	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2020-2021
Overall DGS Vacancy Rate	7.45%	8.35%	6.25%	5.75%	5.31%	5.25%
Stationary Engineer Vacancy Rate	15%	18%	12%	10%	8%	7.25%
Custodian Turnover Rate	60%	60%	45%	35%	25%	25%
Custodian Medical Examinations	\$77,000	\$80,000	\$74,500	\$60,030	\$54,325	\$48,115
TAUs Processed	12	15	8	6	5	5

OHR plans to send the recruiter to campuses in the cities where DGS operates, especially within Sacramento, by routinely visiting the University of California, Davis and Sacramento State University. Aside from colleges, the recruiter will attend at least 24 job fairs a year as well as establishing working relationships with community career centers, universities, high schools, and professional organizations. In addition, the recruiter will be able to perform focused recruitments in order to fill lists which will allow DGS to comfortably cut back on the amount of examinations it offers each year. This would also save money by reducing the time OHR staff spends on TAUs allowing them to focus on their significant duties.

Analysis of Problem

E. Outcomes and Accountability

Approval of this request will allow OHR to meet new DGSU workload demands, to effectively manage and assist the highly technical disability transactions team, to continue to collect money owed to the state, develop a statewide recruiting position to improve vacancies and turnover within DGS, and to allow for improved overall customer satisfaction, without impacting rates for external clients.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve the request of \$511,000 from various funds and four positions beginning in fiscal year 2016-17.

- Pros
 - Increases overall customer satisfaction.
 - Reduces dollar amount of outstanding ARs.
 - Reduces new ARs from occurring.
 - Provides superior training programs for BPM staff.
 - Provides recruitment opportunities for known difficult to recruit classifications.
 - Reduces DGS vacancy rate and turnover.
- Cons
 - Will increase state operating costs.

Alternative 2: Approve the request for \$394,000 for three positions from various funds beginning fiscal year 2016-17 and \$117,000 for the addition of the remaining one position beginning in 2017-18.

- Pros
 - Decrease in cost from Alternative 1.
 - Increases overall customer satisfaction.
 - Reduces dollar amount outstanding ARs.
 - Supervised staff reduces new ARs from occurring.
 - Provides superior training programs for BPM staff.
 - Addresses DGS' workforce issues over two fiscal years.
- Cons
 - Will delay the development of a recruiting program.
 - Difficult to fill classifications will remain plagued with vacancies.
 - DGS unable to attract new talent to fill positions caused by high turnover and impending retirements.

Alternative 3: Do not approve this request and continue with the current OHR staffing levels.

- Pros
 - No additional cost to the state.
- Cons
 - OHR customer dissatisfaction will increase.
 - Dollar amount of ARs will increase; Strategic Plan goal will not be met.
 - Increased delays and confusion for employees with disability claims.
 - Difficult to fill classifications will remain plagued with vacancies.
 - DGS unable to attract new talent to fill positions caused by high turnover and impending retirements.
 - DGSU will be understaffed and unable to handle increased workload.

Analysis of Problem

G. Implementation Plan

The effective date for this proposal is July 1, 2016. Recruitment will begin for the four new positions immediately upon establishment.

H. Supplemental Information

None

I. Recommendation

Approve Alternative 1 – Approve this request of \$511,000 from various fund sources for four permanent positions effective July 1, 2016.

Without approval of this request for additional staff, OHR will not be staffed to handle the influx of BPM staff to DGSU, the growing amount of accounts receivable, or recruit as effectively for hard-to-fill positions.