

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

Fiscal Year 2016	Business Unit 8660	Department Public Utilities Commission	Priority No. 002
Budget Request Name 8660-002-BCP-BR-2016-GB		Program 9900100-ADMINISTRATION	Subprogram 9900200-ADMINISTRATION-DISTRIBUTED

**Budget Request Description**

Human Resources Work Force Planning and Development—Strategic development and implementation of CPUC Human Resources' workforce, succession, and training plans

**Budget Request Summary**

The total amount of this budget request is \$672,000.

This proposal requests funding of \$260,000 from Public Utilities Commission Utilities Regulation Account (Fund 0462) for two (2) full-time permanent positions (one Training Officer I and one Training Officer III) to execute strategic planning initiatives in the areas of workforce planning, succession planning, and workforce training. The Workforce and Succession Planning initiatives focus on recruitment and retention efforts. The PUCURA funding would be distributed across CPUC special funds as detailed below in A.

Additionally, the proposal requests further funding in the amount of \$412,000, distributed across CPUC special funds (as detailed below in A), for four (4) two-year limited term positions to support the Workforce Training expansion initiative. This initiative focuses on key knowledge transfer of core functions and expanding the technical, supervisory, managerial, and leadership capabilities of staff.

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 No	Code Section(s) to be Added/Amended/Repealed	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 Jennifer Torres 	Date 01-05-16	Reviewed By Jack Dwyer 	Date 01-05-16
Department Director Timothy J. Sullivan 	Date 01-05-16	Agency Secretary	Date

**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 Original Signed By: **Ellen Moratti** Date submitted to the Legislature

1-7-16

## Analysis of Problem

### A. Budget Request Summary

Effective workforce planning and development is essential so that the State of California has the diverse and competent workforce needed to serve Californians now and in the future, but, currently, the CPUC lacks designated staff to address strategic planning activities related to workforce and succession planning. This request for funding is for the staff necessary to support the CPUC's ability to execute strategic planning initiatives in the areas of workforce planning, succession planning, and workforce training.

Two full-time permanent positions (1 Training Officer I and 1 Training Officer III) and limited-term funding for additional staff resources (handling Training Officer I responsibilities) will focus on knowledge transfer, especially in highly specialized and critical safety positions; onboarding programs so that CPUC Core Values are understood by staff as a critical component of their success; the creation and implementation of a rotational program to allow cross-training across branches and units, thereby strengthening the Succession Plan; and expansion of the mentoring program to add additional strategies to include all levels of CPUC staff and management.

This Budget Change Proposal seeks funding in the total amount of \$672,000, distributed administratively across the following special funds: (0462) Public Utilities Commission Utilities Reimbursement Account, (3089) Public Utilities Commission Ratepayer Advocate Account, (0042) State Highway Account State Transportation Fund, (0046) Public Transportation Account State Transportation Fund, (0412) Transportation Rate Fund, (0461) Public Utilities Commission Transportation Reimbursement Account, (0464) California High-Cost Fund-A Administrative Committee Fund, (0470) California High-Cost Fund-B Administrative Committee Fund, (0471) Universal Lifeline Telephone Service Trust Administrative Committee Fund, (0483) Deaf and Disabled Telecommunications Program Administrative Committee Fund, (0493) California Teleconnect Fund Administrative Committee Fund, (3141) California Advanced Services Fund, and (0890) Federal Trust Fund.

### B. Background/History

In the past five years following the tragic 2010 San Bruno pipeline explosion, the CPUC has come under significant public pressure to change its culture. As part of its response, the CPUC has developed several workforce initiatives; however, current Human Resources (HR) staffing has proved insufficient to fully support these efforts.

In 2012, the current HR Director was appointed and the office underwent a major reorganization to better align functional areas of HR and provide adequate oversight. This restructuring created the Learning and Development Unit (unit out of existing resources) to support performance management and to create resources and accountability for the CPUC's supervisors and managers. The role of this unit has increased substantially, while maintaining its compliance function, but needs to shift in focus to preventive training, e-learning, and facilitating key resources to support the success of the CPUC and its ability to effectively carry out its mission.

Current training staff fulfilling the role of compliance and workforce training, procurement, facilitation, and administration are unable to effectively address our current and future operational and personnel training needs. The role of the Learning and Development Unit must evolve and will involve targeted development of the CPUC's specialized departmental training needs, to benefit all employees, as they fulfill their regulatory and safety mandates within the CPUC.

#### Human Resources Workload

The CPUC staff has increased by 10 percent in the past five years (130 additional positions since FY09/10); however, there has been no increase in HR staffing to support the additional required employee development, training, and long-term planning.

Prior to 2012, CPUC Human Resources faced significant turnover in the position of HR Director. With the appointment of a new HR Director in 2012, there has been a renewed emphasis organization-wide on performance management, resulting in an increase in the number of disciplinary cases since 2012. With this increase comes the need for training to address core issues with a more preventive, rather than reactive, approach.

## Analysis of Problem

Human Resources is expected to play an active role in supporting the CPUC Executive Management team's Strategic Plan efforts, an integral part of which is developing a Workforce and Succession Plan.

Workload to develop a Workforce and Succession Plan is measured by detailing each phase outlined by CalHR into tasks and calculating the increments in which the work must be performed. Current resources preclude current Human Resources staff from taking on these major developmental projects without dropping other critical functions such as the Reasonable Accommodation and Worker's Compensation programs. The attached spreadsheet provides data analysis of tasks performed, objectives, priorities, frequency, number of hours, and the staff resources devoted to each work category/task.

### C. State Level Considerations

This proposal will allow the CPUC to move forward with a clear vision with respect to the Workforce and Succession Plan, which are key components of human resource management, in addition to employee engagement, onboarding, and development of CPUC employees. This proposal will directly address and support the outcomes identified in the Strategic Plan by hiring, developing, and retaining a successful workforce for serving California today and in the future. CalHR is aware of the critical need to address the state's aging workforce, while developing a specific plan and strategies. This request focuses particularly on fulfilling two areas that are essential components of CalHR's overall strategic plan:

#### Goal 4: State Employee Training

Collaborate to provide high quality, cost-effective training to the state workforce to improve productivity and performance and enhance professional development.

- 4.1 Assess and prioritize training needs for the state workforce to enhance employee productivity, performance and professional development.
- 4.2 Establish and maintain quality, cost-effective training for employees through the State Training Center and our partners.
- 4.3 Create and implement a training marketing plan to promote professional development.
- 4.4 Develop a single information technology solution for departments and employees to identify and register for training.

#### Goal 5: State Employee Workforce Planning, Recruitment and Selection

Manage the state's strategy for recruiting, hiring and retaining a motivated and talented workforce. Create and administer civil service exams to recruit high quality candidates in a fair and open process.

- 5.1 Re-engineer the exam process to be accessible and timely.
- 5.2 Educate managers about hiring and retaining the best candidates.
- 5.3 Create and implement a state workforce marketing strategy to recruit and retain a diverse, high-caliber workforce.
- 5.4 Provide guidance to departments on the importance of succession planning and share best practices.
- 5.5 Collect ongoing workforce demographic and statewide performance data to enhance recruitment, hiring and retention approaches

### D. Justification

Human Resources workload has increased since the 2012 restructure and addition of responsibilities related to critical areas of performance management and training. This increased workload is a result of the CPUC's required shift from a former reactive mode to a proactive strategy which preempts obstacles and stasis in employee development. In order to mitigate workforce performance issues and to continue building an effective and efficient CPUC for our current and future needs, a strong and specialized learning and development unit is necessary.

## Analysis of Problem

This proposal will add specific resources to the unit focused on recruitment, development, and retention of employees. It aligns with key workforce and succession goals and strategies in the CPUC's new strategic plan, assist the CPUC in seeing that the CPUC's future leaders are successfully developed and equipped.

This request for two additional full-time permanent and funding for limited-term resources emerged from analysis of past training needs assessment reports from 2005 and 2011, and an analysis of the work output over the 2014-2015 year. Further, the CPUC's overall training needs assessment identified, through internal and external reports, the number of staff necessary to effectively execute the critical training/employee development needs in support of the CPUC's mission.

These reports concluded that the role of the training function within the CPUC must address greater divisional support. The industry, legal, and policy-specific divisions of the CPUC all have similar yet varied training needs; the variety of their training support generally is due to the specific nature of the work that each division executes. Report findings include and suggest:

- "Budget is very limited for divisions to provide industry-specific trainings and to capture and provide on-demand."
- "A lack of coordination, resources, and time hinders implementation of divisional-specific training."
- "Division's subject matter experts, though they may help in training development, already have too much work as it is to execute the initiative."
- "Many divisions have training materials that may be useful, but they are not in a format easily shared."
- "Divisions have specific training needs requiring the assistance of a training resource development team to fully execute."
- "Core training competencies have been identified. Current training efforts are able to address only the top-twenty percent."

The needs assessment and reports cited above assisted in identifying unrealized training support and estimated hours of time for completion, as displayed in the attached workforce training spreadsheet.

Without approval of this proposal, the CPUC will continue to operate in a reactive mode with minimal targeted resources for training and development. Approval will enable identification of skill and knowledge gaps in the current workforce. Full implementation of the required workforce plan will empower employees, strengthen divisions, and lead to an overall better-developed and better-trained staff to carry out the CPUC's mission and mandates.

This proposal is necessary now, as the CPUC's strategic plan is currently being implemented, and there will be a major focus on the areas cited above as outcomes and initiatives. Frequent and unanticipated changes in HR management have contributed to the failure to implement better workforce development and focused training plans.

In the past five fiscal years, the CPUC has hired 397 external employees, in addition to 486 internal promotions and transfers. These numbers indicate that over 85 percent of the CPUC's current workforce is new to their position in the past five years. 358 separations over the same interval mandated a concentrated progression of hiring. The CPUC requires an improved workforce plan to continue to recruit, develop, and retain a workforce beyond the short term (next 5 years). The CPUC, bound by long-term goals and objectives, will be challenged to fulfill its mission in the years ahead if it lacks a strong and knowledgeable workforce.

The methodology used to determine the additional required resources consisted of identifying each task associated with each step of a given project or program, and the total time necessary (in resources) to carry out these projects. A subtraction of current resources assigned to carry out these tasks leave a void which is the increase we are seeking.

This proposal addresses both a short-term and long-term need to recruit, develop, and retain the future generation which is the CPUC's workforce. The short-term need would focus more on critical gaps in the workforce and succession plan, with specific strategies to mitigate such deficiencies with outreach and targeted training. The long-term need would develop training, mentoring, coaching, and leadership programs to identify and develop employees early in their career as future leaders of the CPUC.

## Analysis of Problem

No action is needed from other entities to implement this proposal. We have started working with CalHR on the resources and steps necessary to develop and carry out these workforce and succession plans.

### E. Outcomes and Accountability

Approval of this proposal would allow the CPUC's Learning and Development Unit to expand its delivery of training, development, and administration of programs that will increase engagement and retention. In addition, it will allow the CPUC to establish a Workforce and Succession Plan addressing critical gaps in the current and future workforce.

Improvements will be measured by increased retention rates, measurable employee development, expanded knowledge and engagement, and, ultimately, more and better tools so that employees are enabled for success, a critical component in fulfilling our mission.

A multi-disciplinary steering committee would be assembled to assist with and provide support for workforce and succession planning. This committee would see that the workforce meets the needs of our mission. Establishment of this steering committee is step one in the five-step process. Each phase of the Workforce Plan and Succession Plan has a specific deliverable. In addition to the deliverables, there would be accountability to and with the steering committee, which would consist of executive level participants.

### F. Analysis of All Feasible Alternatives

#### Alternative 1- Approve requested BCP

Funding for both fulltime and limited term positions is necessary to position the CPUC for the future. Creating a Workforce Plan and Succession Plan, along with effective Onboarding, Offboarding, Rotational, Mentoring, and Training programs and an expanded Knowledge Transfer system will help to attract, retain, and develop excellent talent. Ideally, all these parts would be considered when the overall plan is being coordinated so that each element would be introduced at the appropriate time. The \$672,000 requested will enable this to happen.

#### Alternative 2- Redirect vacancies within the CPUC

Redirection of vacancies is a possible alternative and would require no additional funds. However, it would come at a cost to the performance of the agency functions to which those positions are otherwise assigned.

#### Alternative 3- Augment HR staff with outside consultants and external training vendors

Outside experts could be used instead of adding to staff in order to meet some of our workforce planning and development needs and goals. New staffers and outside experts would both require time and some degree of training to become familiar with the CPUC's culture and mission. However, due to the temporary nature of this alternative, there would be significant issues with the ongoing refinement and maintenance of the workforce and succession plans. In addition, it would more than likely take more time before the work could start due to the requirements necessary to execute a contract, as opposed to hiring new staff. Non-uniform results could be obtained if differing consultants were used, and over reliance on outside experts for work that could be done by civil service employees is not consistent with Memorandum of Understandings (bargaining units). Most importantly, knowledge retention is an extremely valuable asset, and having staff do the work allows for not only staff development, but better retention and adoption of work products, recommendations, and outputs of these programs. This would be a more expensive alternative, as outside experts typically receive a significantly higher hourly rate than do CPUC staff. Finally, the Human Resources Office works closely and strategically with agency leadership, including on sensitive and confidential matters. This type of ongoing involvement would not be appropriate for consultants.

#### Alternative 4- Reduce scope of plan

We could reduce the scope of our improvement plan to include only the areas that are the most fundamental and delay or eliminate others. The Workforce and Succession plans would remain, as well as the offboarding, onboarding, and mentoring programs. The industry specific training, however, would take a back seat until such time as we had access to more resources. The downside to this alternative is that the

## Analysis of Problem

overall plan coordination would be missing an important component, one that contributes to employee attraction, retention, development, and success.

### G. Implementation Plan

In January 2016 the Human Resources Office will begin phase 1 of the plan to identify and develop a steering committee in preparation of the addition of new positions. The CPUC will post the vacant positions via Job Opportunity Bulletin and canvas eligible lists for candidates in these new positions. The Human Resources Office will undergo a reorganization to better align recruitment, testing, onboarding, training, development, and workforce/succession planning. The Training Officer III position would be filled first so the selected candidate would be the hiring supervisor for the additional position in that unit. These newly hired positions would be expected to immediately begin phase 2 of the workforce plan in addition to the list of training initiatives currently in queue.

### H. Supplemental Information

N/A

### I. Recommendation

The CPUC recommends Alternative # 1. We recommend adding two new permanent full-time training positions and additional funding to augment limited term staffing for two years. The two permanent full-time positions are 1.0 Training Officer III and 1.0 Training Officer I. The additional staff will create and implement both a Workforce and Succession Plan; develop offboarding and onboarding programs; expand our mentoring program to include Commissioners, new hires, and senior analysts; and establish more complex and effective training programs. This recommendation will allow the CPUC to operate effectively and strategically by staffing the Human Resources Office consistent with the staffing level it supports. It will also allow necessary improvements as determined by past training needs assessment reports as well as supporting CalHR's overall strategic plan.

Any of the feasible alternatives – redirecting existing staff, farming these responsibilities out to outside experts, or remaining with the status quo – would result in delays that would negatively impact on our ability to produce the changes necessary to create a new culture of accountability and excellence. Bringing on additional staff would be the most efficient use of resources to quickly and accurately implement the programs to achieve those goals.

## BCP Fiscal Detail Sheet

BCP Title: Human Resources Work Force Planning and Development

DP Name: 8660-002-BCP-DP-2016-GB

### Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	2.0	2.0	2.0	2.0	2.0
<b>Total Positions</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
Salaries and Wages						
Earnings - Permanent	0	351	351	141	141	141
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$351</b>	<b>\$351</b>	<b>\$141</b>	<b>\$141</b>	<b>\$141</b>
Total Staff Benefits	0	146	146	58	58	58
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$497</b>	<b>\$497</b>	<b>\$199</b>	<b>\$199</b>	<b>\$199</b>
Operating Expenses and Equipment						
5304 - Communications	0	24	24	8	8	8
5320 - Travel: In-State	0	24	24	8	8	8
5322 - Training	0	12	12	4	4	4
5324 - Facilities Operation	0	30	30	10	10	10
5346 - Information Technology	0	18	18	6	6	6
539X - Other	0	67	67	24	24	24
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$175</b>	<b>\$175</b>	<b>\$60</b>	<b>\$60</b>	<b>\$60</b>
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$672</b>	<b>\$672</b>	<b>\$259</b>	<b>\$259</b>	<b>\$259</b>

### Fund Summary

Fund Source - State Operations						
0042 - State Highway Account, State	0	30	30	11	11	11
0046 - Public Transportation Account, State	0	17	17	7	7	7
0412 - Transportation Rate Fund	0	19	19	7	7	7
0461 - Public Utilities Commission Transportation	0	65	65	25	25	25
0462 - Public Utilities Commission Utilities	0	349	349	137	137	137
0464 - California High-Cost Fund-A Administrative	0	2	2	1	1	1
0470 - California High-Cost Fund-B Administrative	0	2	2	1	1	1
0471 - Universal Lifeline Telephone Service Trust	0	6	6	2	2	2
0483 - Deaf and Disabled Telecommunications	0	11	11	4	4	4
0493 - California Teleconnect Fund Administrative	0	6	6	2	2	2
0890 - Federal Trust Fund	0	40	40	15	15	15
3089 - Public Utilities Commission Ratepayer	0	116	116	44	44	44
3141 - California Advanced Services Fund	0	9	9	3	3	3
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$672</b>	<b>\$672</b>	<b>\$259</b>	<b>\$259</b>	<b>\$259</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$672</b>	<b>\$672</b>	<b>\$259</b>	<b>\$259</b>	<b>\$259</b>

## Program Summary

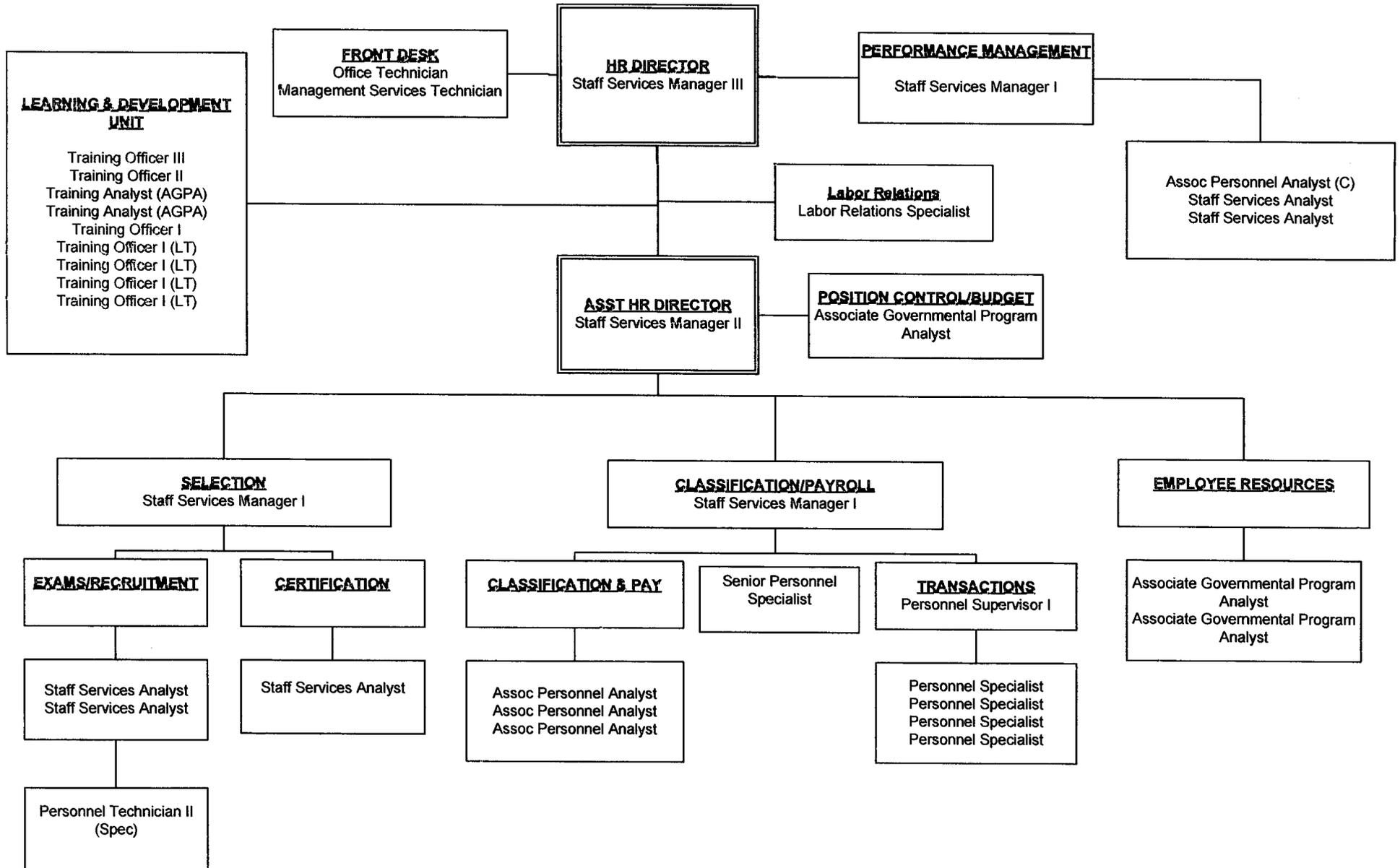
### Program Funding

6695 - Office of Ratepayer Advocates	0	116	116	44	44	44
6680055 - Energy	0	249	249	97	97	97
6680064 - Water/Sewer	0	52	52	20	20	20
6680073 - Communications	0	72	72	27	27	27
6685010 - California High-Cost Fund-A Program	0	2	2	1	1	1
6685019 - California High-Cost Fund-B Program	0	2	2	1	1	1
6685028 - Universal Lifeline Telephone Service	0	6	6	2	2	2
6685037 - Deaf and Disabled Telecommunications	0	11	11	4	4	4
6685055 - California Teleconnect Fund Program	0	6	6	2	2	2
6685064 - California Advanced Services Fund	0	9	9	3	3	3
6690046 - Transportation Licensing and Enforcement	0	53	53	20	20	20
6690055 - Freight Safety	0	31	31	12	12	12
6690064 - Rail Transit Safety	0	38	38	15	15	15
6690073 - Crossing Safety	0	30	30	11	11	11
9900100 - Administration	0	672	672	259	259	259
9900200 - Administration - Distributed	0	-677	-677	-259	-259	-259
<b>Total All Programs</b>	<b>\$0</b>	<b>\$672</b>	<b>\$672</b>	<b>\$259</b>	<b>\$259</b>	<b>\$259</b>

# Human Resources

proposed

7/1/16



# Human Resources

current

12/1/15

