

HUMAN RESOURCES – A DEPARTMENT IN NEED OF ATTENTION
A County in Need of a Sustainable Workforce
March 20, 2013

SUMMARY

The citizens of Mendocino County rely on their public employees, elected and otherwise, to deliver a variety of services from public safety to building permits. The quality and quantity of these services are directly related to how well the employees perform. There are many factors that contribute to the building and maintenance of an effective work force. The purpose of this Grand Jury (GJ) investigation was to examine the Human Resources Department (HR) specifically focusing on staff recruiting, development and training functions.

The tasks of attracting and building a qualified work force that contributes to delivery of quality services at sustainable costs are major undertakings, demanding rigorous management support from the highest levels in conjunction with appropriate budget and funding priority. Recruiting and staff development have not been a major focus of Mendocino County’s senior administrative management: Board of Supervisors (BOS) and Chief Executive Officer (CEO).

The GJ believes the lack of senior administrative management attention to human resource development is jeopardizing workforce stability. The BOS, CEO, and the elected department heads would do well to collectively prioritize the improvement of the HR department to effectively manage the County’s aging and stressed workforce. The HR department is not budgeted, staffed or organized for change and success. The department has no resources to explore strategic efforts, such as, eliminate multiple recruitment systems, build up recruitment efforts, and position the County for obtaining the workforce it will need in the future.

The County will continue to experience a volatile work force due to employee turnover, layoffs, and retirement. This presents an opportunity to revitalize County employee culture and sustainability through effective hiring and training. The GJ would like to see Mendocino County become the “go to” place for young people to obtain training and experience, in exchange the County will benefit from their creative and energetic years.

The GJ recommends that senior administrative management transparently fund and implement active recruiting and training programs. These programs should be developed and implemented by the HR Department. The GJ further recommends that HR streamline its recruitment process. This will optimize efforts to attract and hire the vital young workers the County needs to develop a well-trained, sustainable work force.

GLOSSARY

Zero based budgeting: A method for preparing a budget that must start from scratch each year with no pre authorized funds.

Fungible: Uniform, interchangeable, and substitutable funds.

Senior Administrative Management: Mendocino County Board of Supervisors and the Chief Executive Officer.

Staff Development: Refers to skills and knowledge attained for both personal development and career advancement.

Full Time Equivalent (FTE): An economic term used to refer to a worker’s full time status of employment.

BACKGROUND

The Mendocino County GJ has historically chosen to investigate a topic that is related to County administration. This year we chose to investigate the County’s Human Resources Department. Our attention was drawn to this department because of the budgeting process for 2012/2013. As part of the process, a Position Allocation Table – Schedule D-2 was included in the Recommended Budget Supplemental Materials presented to the BOS in September 2012. The purpose of the Position Allocation Table, as the GJ understands it, is to reflect the allocated staff levels both filled and vacant by position number and department. In compliance with the recently revised County Policy, Schedule D-2 included the new category: Vacant Unfunded (Frozen). Attachment D2 to the Recommended Budget identified the following:

Grand Total Allocated FTE	Funded FTE	Vacant Funded FTE	Vacant Unfunded FTE (Frozen)
1,436.95	1,017.85	211.80	207.30

The large number of vacant funded positions drew the attention of the local newspaper and the GJ. Several articles were published highlighting the apparent, unknown employment opportunities in the County. The GJ questioned the high number of vacant positions.

County administration and union officials agree that workplace sustainability is a Mendocino County goal. However, the GJ found no verifiable evidence of a concentrated effort by the BOS or CEO to accomplish this goal. The recruitment, cultivation and retention of “staff” across departmental lines are not budgeted items. All monies for these staff activities are held at the department level in budget line items that are fungible and not given priority. Traditionally, recruitment funds are taken from other unused funds and training funds are not used for training. Anecdotal evidence has some money set aside for a program referred to, by the CEO’s office, as “leadership

development and succession planning.” However, these funds have no visibility and are not identified in the budget. This lack of transparency indicates to the GJ, reluctance by some or all county administrative management to elevate and legitimize workplace sustainability into an actionable priority.

Mendocino County has an HR department that is processing a diverse set of tasks that leaves little time for concentrated recruiting and training efforts. Mendocino County has had a total of six HR directors/acting directors since 2007. The current director is leaving in March. This creates an opportunity to hire a director with the authority and resources to re-structure the HR organization. The new organization needs to streamline operational activities AND undertake long term planning. Improved recruitment and staff development will ensure a more sustainable work force.

APPROACH

The budget process highlighted the abundance of vacant positions with the publishing of the Position Allocation Table. The GJ commenced their investigation by examining the budget for funds allocated to “staffing” functions. In total, eight interviews were conducted with HR staff, departmental staff responsible for HR interface, and a staff member who represents employee labor relations. The GJ examined budgets from 2008/2009 to present, noting dollars planned and spent on recruiting and training. The GJ examined the HR department’s processes, procedures, and organizational structure.

DISCUSSION

Maximizing human resources in lean budget years is a challenging and vital management and administrative effort. The effectiveness of the HR department plays a key factor in successfully weathering difficult economic and employment cycles. Austere budget cycles should provide the opportunity to maximize employee productivity by streamlining processes, eliminating redundant/ non-productive staff positions, recruiting apprentice talent and focusing on staff development.

Recruiting

As of June 2012, Mendocino’s work force was approximately 1000 + employees and there were between 200 and 400 allocated vacant positions, depending on what positions you count. The number of vacant positions, as a percentage of the total, seemed very high and fluid, leading the GJ to look at how the recruiting and hiring functions were performed. The HR department, in conjunction with the department that is hiring, is responsible for filling vacant positions. HR has a well-documented step by step procedure on hiring. The recruiting function is a planned two week activity and typically takes three weeks. It includes website/bulletin board postings and flyer distribution. The goal is to create a list of qualified candidates. The HR department has no budget for recruiting activities outside of the “in house” tasks. Any additional activities that involve budget expenditures are absorbed by the hiring department. Looking at the processes, the GJ requested information from HR on “in progress” hiring efforts. After a couple of

requests, a number of weeks, and constructing a template for HR to use, GJ received the requested information in the first week of December. The report based on the GJ template showed HR currently recruiting (in one stage or another) for 89 positions as of September 2012.

The GJ's experience in working with HR showed that the department is focused solely on trying to keep up with the day to day operational tasks. There is no opportunity to do anything other than follow the process, work as hard as you can and hope it all comes together. There is no staff capacity for planning beyond the immediate and no capability to effectively position the organization for the continued staff turnover endemic of an aging workforce. Attracting qualified personnel to Mendocino County and creating a sustainable workforce will require staff resources in the HR department which are currently not available. The HR department is keeping the "factory" running and making some progress in filling vacant positions, but the County is not getting ahead of the game. Elapsed time for hiring can take up to six or seven months. The County utilizes two recruiting systems (the Civil Service System and the Merit System Services) and operates under several labor contracts which can be problematic for both County and applicant. Qualified candidates are difficult to attract and may not be interviewed and offered a position in a timely manner.

The challenge of attracting qualified candidates cannot be effectively overcome until it is given visibility at the County senior administrative level. The County has some unfortunate, but real disadvantages when it comes to building a well trained workforce to carry it through the 21st century. Mendocino has a small tax base, as measured by population, compared to some of the neighboring counties. Mendocino County does not have a four year state college to use as a recruitment venue for potential candidates. Mendocino has a reputation for generally lower compensation than the surrounding counties. In other words, why work in Mendocino County government? The pay is not good, it is a small County, it does not sell itself, and opportunities for training and advancement are non-existent or not well articulated. Most importantly, and the GJ does not know this for a fact but believes through our interviews, current staff are not good ambassadors who encourage County employment. Low morale will dissuade qualified candidates.

The GJ is convinced that effective recruitment procedures are not in place to meet the County's workforce needs. There is little to no budget allocated for expanding recruiting activities outside of the immediate "in house" postings. The GJ would like to see a wider net cast in search of workforce applicants and the hiring process more efficient.

Staff Development

Expanding applicant recruiting will not solve the workplace sustainability problem alone. The County has very little to attract qualified, talented candidates. The County has no strong points to differentiate itself in the career development arena from more competitive surrounding counties. Mendocino County is suffering the ills of the economic slowdown (which might be the new norm), an aging workforce, a recent cut in

salaries and benefits, and an increasing competitive employment market for qualified labor. The County must create a reason to attract capable workers. The GJ chose to identify “staff development” as the County’s differentiator in the employment market.

The final 2012/2013 budget has over \$700,000 allocated for training and education. The GJ was initially impressed at the monies for staff development. However, in exploring the numbers of the past four budget cycles, the GJ discovered that training has consistently been over budgeted and/or under-utilized:

Budget Line # 862187 Training and Education

2008/2009 Budget/Actuals (000)	2009/2010 Budget/Actuals (000)	2010/2011 Budget/Actuals (000)	2011/2012 Budget/Actuals (000)	2012/2013 Budget/Actuals (000)
622.7 / 289.7	417.4 / 215.5	514.6 / 153.2	665.6 / 212.3	706 / TBD
47.5 % spent	51.6 % spent	29.7 % spent	31.8 % spent	TBD

The accountability for unspent staff development dollars is at the department level. The GJ did not attempt to reconcile budgeted versus spent dollars. The large amount of unaccounted money originally planned for training and education year after year, does beg a few questions: Why is that money not being spent on what it is budgeted for and where is that money going? Is the real purpose of the budget line on training to stash cash for other line items as the year progresses? If this is the case, it does not speak well for both the County’s budget process and its commitment to staff development.

There are certain functions that impact the County across all departments. Traditionally these types of functions are organized to matrix across all departments to ensure continuity and effectiveness. In Mendocino County, the budget process is conducted from the CEO’s office, but there is no authority to enforce budgeting guidelines across all County departments. Departments that are headed by elected officials may or may not adhere to budget guidelines. This decentralized approach to budgeting makes it difficult to carve out monies to support County wide efforts. The GJ believes that the County’s functions for recruiting and staff development activities be centralized and funded across departmental lines. A centralized approach to funding will task the HR department with the authority and responsibility to develop workforce sustainability by expanding recruiting programs and encouraging staff development through professional and vocational training.

FINDINGS

- F1. Mendocino County senior administrative management has not effectively focused on the HR department’s organizational needs, resulting in the inability to retain a qualified department head.

- F2. Not all departments use the same budgeting premises for training which has led to lack of transparency and accuracy of the training budget and training activities.
- F3. The HR department does not perform long term planning of recruitment and staff development to the detriment of building a sustainable workforce.
- F4. HR recruitment is currently governed by either the Civil Service System or the Merit System Services which increases hiring complexity and extends recruiting time.

RECOMMENDATIONS

- R1. The CEO and BOS allocate budget and staff to design and implement recruiting and training/staff development functions within the HR department. Summaries of progress should be reported to the BOS in the CEO's report. (F1)
- R2. The CEO and BOS create a line item in the budget and fund the initiation of the leadership development and succession planning program. (F2)
- R3. The CEO and BOS officially request in next year's budget instructions that training budgets across the County be zero based and non-fungible. (F3)
- R4. The CEO issue a letter of instruction to the new HR department head to initiate a feasibility study on streamlining the two recruiting systems into a single compliant system. (F4)

REQUEST FOR RESPONSES

Pursuant to Penal code section 933.05, the following response is *required*:

- Board of Supervisors, Mendocino County: respond to F1- F3 and R1- R3 within 90 days.

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

The Grand Jury *requests* the following individual to respond:

- Carmel Angelo, Chief Executive Officer Mendocino County: respond to F1- F4 and R1- R4 within 60 days.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.
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