

OFFICE OF
CONTROLLER

LAURA N. CHICK
CONTROLLER

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LOS ANGELES 90012
(213) 978-7200

April 13, 2009

The Honorable Antonio Villaraigosa
The Honorable Rockard J. Delgadillo
The Honorable Members of the City Council

The City of Los Angeles is one of the largest employers in the State of California with over 50,000 people in its workforce. My audit found that the City's Personnel Department, given their existing limitations, is doing a stellar job in the hiring of those public servants. However, if we are to meet the challenges of a growing population, the evolving needs of the public, and the complex delivery of services, the City must have a strategic approach to whom and how it hires.. No such strategy exists.

The City is not aggressive or proactive in identifying and reaching out to those individuals who are the best and most qualified. Further, many officials are concerned that giving extra credit to applicants who have served the City the longest , skews score rankings so the best candidates cannot necessarily be hired.

For many years the City's leadership has not prioritized giving the up-dated systems and resources the Personnel Department needs to be truly effective. For example, both the recruitment of candidates and processing of applications are antiquated, time consuming and predominantly manual.

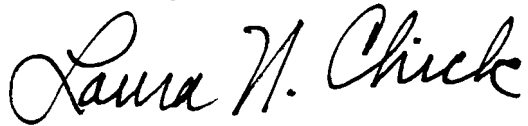
My report shows that there is very little opportunity for City employees to acquire the skills they lack and to develop professionally including the acquisition of management and leadership abilities. The City should explore the possibilities of partnering with local community colleges and state universities to provide city employees with the additional education and training they need.

Instead of planning now for near and long-term future needs, the City is reactionary, concentrating only on filling current openings. There is no succession plan to deal with retirements from a workforce that is older than the national average.



I am painfully aware that some of the recommendations in my report require additional dollars that are not available during this City's current budget crisis. However, there are many recommendations that do not require significant funding and could be implemented expeditiously. Of course, that will require the leadership of the Mayor and Council to push for these needed changes. Even in good times, how can the City of Los Angeles meet the needs of the people if department managers are constantly lacking the workers they need and are scrambling to find them?

Sincerely,

A handwritten signature in black ink that reads "Laura N. Chick". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

LAURA N. CHICK
City Controller



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April 13, 2009

Ms. Margaret Whelan, General Manager
Personnel Department
700 E. Temple
Los Angeles, CA 90012

Dear Ms. Whelan:

Enclosed is a report entitled "L.A. City Hiring Process Performance Audit." A draft of this report was provided to your Department on March 16, 2009. Comments provided by your Department at the exit conference held on March 25, 2009, were evaluated and considered prior to finalizing the report.

Please review the final report and advise the Controller's Office by May 13, 2009, of actions taken to implement the recommendations. If you have any questions or comments, please contact me at (213) 978-7392.

Sincerely,

FARID SAFFAR, CPA
Director of Auditing

Enclosure

cc: Robin Kramer, Chief of Staff, Office of the Mayor
Jimmy Blackman, Deputy Chief of Staff, Office of the Mayor
Raymond P. Ciranna, Interim City Administrative Officer

Margaret Whelan, General Manager
April 13, 2009
Page 2 of 2

Karen E. Kalfayan, Interim City Clerk
Gerry F. Miller, Chief Legislative Analyst
Civil Service Commission
Independent City Auditors



March 30, 2009

Laura Chick, Controller
Office of the Controller, City of Los Angeles
200 N. Main Street, Room 300
Los Angeles, CA 90012

Dear Ms. Chick:

Enclosed is our report entitled "L.A. City Hiring Process Performance Audit." This report was prepared on behalf of the Los Angeles City Controller by Sjoberg Evashenk Consulting, and includes our analysis and recommendations. A draft report was discussed with the Personnel Department prior to completion of our audit fieldwork. Management comments received at an exit conference held on March 25, 2009 were considered in drafting the report.

Sjoberg Evashenk Consulting was pleased to work with the City Controller's Office on this important project, and appreciate the cooperation we received from Personnel Department management and staff.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Kurt Sjoberg". The signature is fluid and cursive.

KURT R. SJOBERG
Chairman

Los Angeles City Controller

L.A. City Hiring Process Performance Audit

March 30, 2009



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Executive Summary

Sjoberg Evashenk Consulting has completed an audit of the City of Los Angeles' (City) hiring processes, under contract with the Office of the City Controller's Internal Audit Division. The scope and objectives of the audit were to evaluate and assess how the City:

- Identifies particular skill sets for employment positions needed to accomplish departmental objectives.
- Develops the job requirements, qualifications, and standards for those positions.
- Reaches out to identify qualified candidates that meet the job requirements.
- Selects and hires qualified candidates.
- Compares with civil service systems in other major metropolitan cities through best practices benchmarking research.

The scope of the audit primarily focused on the City's non-Department of Water and Power (DWP) civilian workforce as the DWP and sworn workforce utilize somewhat autonomous hiring and workforce planning strategies (supported by the Personnel Department). Refer to detailed scope and methodology on pages 11 and 12.

Background

The City of Los Angeles is the second most populous city in the United States with an estimated 2008 population of 4 million persons. In addition, the City operates one of the most active public service employment systems in the nation and supports a workforce of more than 51,000 civil service employees. Each year, the Personnel Department processes over 100,000 applications, conducts approximately 300 examination processes, and facilitates more than 4,000 hiring appointments from both open and promotional eligible lists.

The City's civil service system, mandated by the City Charter, was created in 1903 through the centralization of the City's personnel functions under a Civil Service Department and was renamed the Personnel Department through a charter amendment passed in 1967. The Civil Service Commission, consisting of five part-time Commissioners appointed by the Mayor per the City Charter, are responsible for retaining oversight of the City's civil service system which is regulated by the Rules of the Board of Civil Service Commissioners. Though studies conducted over the years have addressed the structure of the civil service system itself, they provided little analysis of the Personnel Department's processes. Furthermore, while the City implemented some of the recommendations proposed in these reviews such as class consolidation, most were rejected by city leaders as they were viewed as drastic changes to the civil service system that the City was not prepared to undertake.

As part of a 1999 charter reform effort, the Personnel Department's former General Manager drafted recommendations for the Mayor's consideration to help improve the civil service system. One area that was reformed relates to the number of exempt employees who are not subject to the provisions of the civil service system and considered "at will." In 1995, voters passed a measure exempting department heads from the civil service system and vesting the hiring and firing authority of those employees in the Mayor's Office, commissions, and City

Council. The 1999 charter reform refined this change by broadening these exemptions to include many assistant department heads, and by allowing the Mayor and City Council to increase the overall percentage of exempt positions. Despite the increased number of exempt positions, the vast majority of city employees are covered under civil service rules and protection.

In order to receive a regular civil service appointment, employees must meet minimum qualifications for a position, successfully participate in a civil service examination for the position, receive a qualifying score on the examination to be placed on an “eligible list,” be appointed by a city department/agency/office, and serve a probationary period.

Summary of Results

Overall, we found that the Personnel Department (Personnel) continually strives to achieve its mission: “To partner with city departments to efficiently produce and sustain a diverse workforce which reflects the City's population and provides quality public service to the residents of Los Angeles.” In addition to our observations, nearly all departments we spoke with indicated that since the current General Manager was appointed in 2000, the culture within the Personnel Department has shifted from simply acting as a “gatekeeper” defending the City’s regimented and rule bound civil service system to functioning as a service department assisting other departments in all aspects of their hiring needs. Despite the challenges of working within a civil service system that is steeped in tradition and widely perceived to be cumbersome, time consuming, and bureaucratic, we found that the Personnel Department maximizes the management of the citywide hiring processes, including their efforts to recruit candidates as well as maintain and update classification specifications and examinations.

For the City to ensure that it can face the challenges of a changing workforce, population growth, and increasing complexity of the services it provides, it must establish a strategic approach to its human resources management processes. Needed will be a commitment to workforce and succession planning, building and identifying needed skills and expertise, addressing the gaps in automation and management information that exist, and adopting a future-looking citywide, rather than department-specific approach to finding, hiring, and retaining top employees. To begin, the City should consider adopting strategies that ensure eligibility lists have the best qualified candidates ranked highest through strategic use of “seniority credits.” It can also offer incentives for employees who pursue professional development and training on their own, and provide assistance by building partnerships with the City’s numerous institutions of higher education.

It is important to note that these citywide challenges cannot be addressed by the Personnel Department alone. Initiatives to improve the City’s overall workforce and hiring practices require support from the Mayor, City Council, and the City’s General Managers to successfully bring about needed change. In fact, we consistently heard from city officials and stakeholders that the Personnel Department was doing a great job with its limited resources, and our review revealed that the department was getting the most out of antiquated and manual processes it has at its disposal.

While Personnel strives to provide a high level of service and finds creative ways to work within a civil service environment, the City faces significant challenges that hamper its ability to attract and maintain a talented workforce. Based on the information gathered and analyzed relative to the audit objectives, we identified the following key issues:

The City Lacks the Systems and Resources to Perform Strategic Workforce Planning

The City of Los Angeles does not strategically plan its workforce needs in terms of future vacancies resulting from normal attrition as well as retirements, future changes in required employee skill sets, or staffing imbalances resulting from inconsistent labor agreements. Rather, the City has a decentralized and reactionary approach that simply focuses on immediate needs and filling current vacancies. The lack of planning is a result of decentralized information systems as well as lack of resources to either analyze and trend retirement data or implement a mechanism to forecast future staffing requirements, needed expertise, and skill sets. Our benchmarking survey revealed that the lack of workforce planning is not unique to Los Angeles as more than half of the cities surveyed also do not have strategic plans yet in place.

Despite lacking strategic plans and centralized information relative to its workforce, it appears that the City attracts sufficient numbers of potential candidates to meet existing hiring needs for certain positions and is not in immediate danger of losing a significant portion of its current employees to retirement. Furthermore, Los Angeles is very similar to other entities in that more employees are working past retirement eligibility due to the state of the economy—which in the short term reduces the strain of potential mass vacancies due to the aging national workforce. While retirements may not be an immediate concern, the issue could rapidly resurface as economic conditions improve in the future, which will only heighten the need for strategic workforce and succession planning. Moreover, without strategic planning, the City cannot ensure a constant flow of appropriately skilled candidates will be available to meet the City's hiring and promotion needs and could even face a situation in the future where departments lack the qualified and trained individuals to fill critical vacancies.

Citywide Hiring Processes and Systems are Antiquated and Labor Intensive

We found that the Personnel Department's systems related to recruiting, processing applications and examinations, and creating the eligible lists are manual and labor-intensive. Also, the City's rule-bound civil service system involves time-consuming processes. For example, to change and update minimum qualifications or examinations, Personnel needs participation by the affected departments, subject matter experts, and unions to develop and review proposed changes as well as must obtain final approval from the Civil Service Commission for any modifications. Rules also require that every position have an examination process and every minimally qualified applicant be examined—thus, under existing processes, Personnel has no options to simplify or streamline the effort and as a result the lengthy examination processes can involve literally thousands of candidates. Benchmarking data revealed that most cities surveyed do not require formal testing for most classifications and, as a result, they have shorter timeframes related to establishing an eligible list and hiring a candidate.

Despite the challenges of a working within a civil service system that is steeped in tradition and widely perceived to be cumbersome, time consuming, and bureaucratic, we found that the Personnel Department has created timeframe goals to ensure “client” departments are provided a sufficient number of candidates on a timely basis for current vacancies—even though its staffing resources have dwindled and its workload increased. Our benchmarking data revealed that cities with comparable rule-bound civil service systems with stringent examination requirements and manual processes have goals and timeframes similar to Los Angeles. Moreover, we found that the Personnel Department consistently receives positive feedback from hiring departments who appreciate its creative approaches to screen and qualify applicants as efficiently as possible.

City Policies and Practices Do Not Always Ensure the Most Qualified Candidates are Reachable

While the Personnel Department is able to provide departments with a sufficient number of candidates to fill current vacancies, there is a widespread perception among various city officials that “reachable” candidates are not always the best qualified. We consistently heard from hiring managers, Personnel Department staff, and city officials that departments often have to “settle” for candidates because the best-qualified applicants are not always reachable within the top ranks of an eligible list¹. Many expressed concerns that seniority credit as well as veterans credit to a lesser extent is responsible for skewing eligible list rankings such that the best candidates are not necessarily within the top-ranks and can be “blocked” by less qualified candidates ranked higher due to more years of services with the City. Benchmarking data revealed that cities with comparable rule-bound civil service systems most often do not award seniority credits.

Another factor significantly influencing whether the best-qualified candidates are top ranked is the absence of any employee performance considerations in the examination process. Specifically, through our benchmarking efforts we found that approximately half of the surveyed cities considered performance evaluations when promoting employees, yet the City does not include past job performance in any portion of the examination or ranking of candidates on promotional eligible lists. The Personnel Department believes performance evaluations are too subjective and would result in inconsistent criteria.

In-lieu of requiring full performance evaluations for all employees given the current lack of a city-wide performance evaluation system, one approach the City could consider involves creating performance readiness self-assessment examinations that would require the participation of employees, supervisors, and managers. This information could be incorporated within the analysis to rank candidates on an eligible list rather than simply adding credits based solely on the amount of time a candidate has spent in City employment.

The City Lacks Employee Development and Training Programs

While the City may currently have sufficient numbers of individuals available to meet hiring needs, it lacks tools and programs to train and develop employees to meet future demands. Existing programs provide few, if any, incentives to encourage its workforce to embrace

¹ LA City operates under the “rule of three” whole scores (ranks) system that assigns scores to qualified candidates and then limits selection to those in the top three ranks.

professional growth and expand their skills. A critical component of a holistic and strategic workforce plan involves identifying skills and competencies required by city departments now and in the future and comparing them to the actual competencies of the workforce.

The Personnel Department acknowledges the lack of professional growth and continuous learning opportunities for employees and stated that it was simply the result of a lack of resources. In Fiscal Year 2008-2009, the City is projected to spend approximately \$14 per employee on citywide training and employee development (this does not include departmental training efforts that is reportedly very limited as well) which is considerably lower than the dollar amount range of \$750-\$1,500 quoted by the Saratoga Institute as the employee development investment benchmark for “world-class” organizations. Additionally, a 2008 report indicates that corporations spend nearly \$1,200 per employee and the U.S. General Services Administration spent an average of \$1,440 on training and developing employees in 2006.

Benchmarking data revealed that most of the cities surveyed had regular workforce training and development programs including customized training to meet specific departmental needs, leadership boot camps for first-time managers, rising stars program to identify future leaders and develop curriculum, crafts/skills apprenticeships, management/leadership development programs, and career development programs including tuition reimbursement.

While it would be difficult for such programs to be implemented with the City’s limited resources, city leaders could leverage resources of the local higher education institutions to encourage the offering of courses that would allow employees to obtain the education and skills to be better qualified for promotional opportunities and the City could offer incentives to those that seek growth on their own initiative.

Recommendations

In this report, we offer several recommendations to assist the City in ensuring that it can respond to the challenges of changes in its workforce and accomplish its mission, goals, and objectives, as detailed below.

Recommendation Description/#		Report Page #
1	The Mayor and City Council should commit the necessary resources to allow Personnel and city departments to work together to develop, implement, and maintain workforce and succession planning strategies and activities, including identifying critical skills needed presently, conducting analyses, surveys and research needed to project future requirements, and anticipating gaps in leadership.	20
2	Personnel should develop, as part of succession planning efforts, training and mentoring programs to transfer institutional knowledge, critical skills, and expertise from retiring workers to new leaders and managers.	20
3	Personnel should work with the City’s retirement systems to receive information and reports by classification and department on a regular basis related to projections of future retirements and ensure the information is	20

	analyzed and utilized within strategic planning efforts.	
4	Personnel should develop regular and on-going processes to receive vacancy information, by classification and department, generated from the new position control module within PaySR and ensure the information is analyzed and utilized within strategic planning efforts.	20
5	Personnel should proactively and regularly work with client departments to identify current and future needs related to vacancies, transfers, retirements, and changing business needs and ensure information is analyzed and utilized within strategic planning efforts. Personnel should continue its related efforts to develop and implement a “Competency Model” program.	20
6	Personnel should work with the Mayor (Personnel reports directly to the Mayor) to re-evaluate the need to examine every applicant. At a minimum, consider instituting some form of web-based preliminary examination to be made available to all minimally qualified candidates. Those scoring in the top of the web-based examination would then be examined in a traditional fashion.	32
7	Personnel should work with the Mayor to re-evaluate the need to examine every position, particularly for positions that require certifications obtained through examination processes of accredited institutions, such as certain State boards. For classifications approved by the Civil Service Commission, consider allowing candidates with relevant licenses and/or certifications from approved institutions to bypass the City’s examination process and be automatically placed on an eligible list to be considered for positions, as appropriate and compliant with minimum qualification requirements.	32
8	Personnel should continue current efforts to implement automated application processing (i.e. NEOGOV) as well as continue efforts and initiatives to implement computer-based examination processes in the future. Given the budget issues facing the City, as an alternative to the budget request for 125 computers, consider exploring the feasibility to utilize existing computer resources in which to conduct computerized examinations, such as those located in libraries or other public facilities.	32
9	In conjunction with implementing automated examination processes, Personnel should determine the feasibility of offering examinations for additional classifications on a continual basis as part of an overall workforce planning strategy.	32
10	Personnel should continue its efforts to regularly evaluate classification requirements and testing methodologies to ensure the most appropriate and up-to-date information is relied upon.	40
11	Personnel should work with the Mayor to develop and implement a performance evaluation system (including evaluation training for supervisors and managers) and requiring supervisors and managers to provide performance evaluations for all employees at least annually. Also,	40

	consider incorporating employee self-assessments.	
12	In lieu of requiring full performance evaluations for all employees given the current lack of a citywide performance evaluation system, one approach Personnel should propose to the Mayor involves creating performance readiness self-assessment examinations that would require the participation of employees, supervisors, and managers.	40-41
13	The City should reconsider its policy of providing unlimited seniority credits when employees compete for promotional examinations and Personnel should either:	41
	a. Work with the Mayor to begin process to eliminate seniority credits and incorporate performance readiness examinations, job performance evaluations, and/or additional training and certifications employees earn within the analysis to rank candidates on an eligible list. This will ensure that promotions are based on job related qualifications and demonstrated performance and ability rather than simply based solely on the amount of time a candidate has spent in city employment (Requires a change to the City Charter); or	41
	b. Work with the Mayor and Civil Service Commission to cap the seniority credits for non-management employees as they did with management employees (1 point cap). (Requires a change to the Rules of the Board of Civil Service Commissioners).	41
14	Personnel should work with the Mayor to prioritize the development and implementation of citywide training and development needs.	46
15	Personnel should continue developing its “Competency Model” to identify skills and competencies required by city departments and compare them to the actual competencies of the workforce as part of a holistic and strategic workforce plan.	46
16	Personnel should work with the Mayor to expand on current professional employee development offerings. Consider creating a professional development program with local schools and colleges and work with city departments to identify skills that are lacking. Develop corresponding training and development programs that target those areas and provide upward mobility at the same time.	46
17	Personnel should work with the Mayor to develop incentives, such as awarding points towards promotional final examination scores, for employees to seek training and development opportunities on their own. Consider providing employees with incentives, such as minor pay grade/step increases or automatically meeting minimum qualifications, for completing a designated program or course at their own cost.	46

Introduction

The City's civil service system, mandated by the City Charter, was created in 1903 through the centralization of the City's personnel functions under a Civil Service Department and was renamed the Personnel Department through a charter amendment passed in 1967. The original intent of civil service was to prevent political patronage from dominating decisions on city employment and to protect employees from frivolous discipline and termination. At the same time, however, there is an inherent conflict within the civil service system, i.e. providing equal opportunity, consistency, and job protection while ensuring flexibility to compete in hiring and maintaining the best and brightest candidates in a convenient, expeditious, and efficient manner. According to the Personnel Department, their unique challenge is to balance the application of merit and opportunity with the public's expectation that taxpayer funds are used wisely.

Past studies have addressed the structure of the civil service system itself, but provided little analysis of the Personnel Department's processes. While the City implemented some of the recommendations proposed in these reviews such as class consolidation, most were rejected by city leaders as they were viewed as drastic changes to the civil service system that the City was not prepared to undertake.

As part of a 1999 charter reform effort, personnel managers from around the City formed a Departmental Personnel Officers' Association to review recommendations drafted by the Personnel Department's former General Manager to improve the civil service system for the Mayor's consideration. Recommendations included:

- Eliminating seniority credits applied to scores on eligibility lists.
- Establishing one eligible list of candidates passing an examination (combining open and promotional eligibility lists).
- Expanding the length of probationary periods.
- Increasing the number of positions exempt from the civil service system.

However, most of the recommendations were not incorporated in the charter reform process and relatively few changes to the civil service system have been undertaken in decades. One area that was reformed relates to the number of exempt employees who are not subject to the provisions of the civil service system and considered "at will." In 1995, voters passed a measure exempting department heads from the civil service system and vesting the hiring and firing authority of those employees in the Mayor's Office, commissions, and City Council. The 1999 charter reform refined this change by broadening these exemptions to include many assistant department heads, and by allowing the Mayor and City Council to increase the overall percentage of exempt positions. The Charter specifically exempts the following positions from the civil service system:

- Elected Officials, all positions in the Office of the Mayor and City Attorney, and positions that support members of the City Council except clerical personnel;

- Top Appointed Officials (Chief Legislative Analyst, City Administrative Officer, City Clerk, Treasurer) and General and Assistant General Managers (or Deputies) of all city departments and Offices;
- All members of boards of commissioners, Executive Director of the Board of Police Commissioners, and Executive Officer and non-clerical personnel of the City Ethics Commission;
- Two positions in the class of Deputy Controller in the Office of Controller;
- All Deputy Chiefs of Police and Inspector General of the Police Department;
- Traffic Manager and Port Warden of the Harbor Department;
- Physicians and psychologists;
- Election officers and part-time Election-day workers employed by the City Clerk;
- 15 positions for Department of Water and Power and 10 positions to be shared between Airport and Harbor; and
- Crossing guards and certain unskilled laborers, part-time employees, and limited-term grant-funded positions.

In addition to the positions listed above that are specifically exempted, the Charter also allows the City to exempt 150 additional individuals with management, professional, scientific, or expert skills under a procedure that involves approval by the Mayor and City Council. The process requires the Mayor to send a letter to the City Council recommending the creation of an exempt position, which can only be rejected by a two-thirds vote of the City Council.

Despite the increased number of exempt positions, the vast majority of city employees are covered under civil service rules and protection. Exempt employees do not compete for positions through civil service examinations and are not placed on an eligible list, appointed from such a list, nor do they serve a probationary period. As a result, exempt employees do not have what is referred to as “property rights” in their job. Exempt employees serve at the will of the appointing authority (i.e. department head) and can be terminated at any time without cause. Employees with a property interest in their job, i.e. civil service employees, cannot be deprived of their employment—discharged or suspended—without due process.

Civil Service Hiring Process

In order to receive a regular civil service appointment, employees must meet minimum qualifications for a position, successfully participate in a civil service examination for the position, receive a qualifying score on the examination to be placed on an “eligible list,” be appointed by a city department/agency/office, and serve a probationary period. The following entities are integral to the City’s hiring processes:

- Personnel Department (Personnel)—Recruits and examines applicants to obtain the best qualified, eligible candidates. Its divisions focus on recruitment/selection, classification plans, examining, background investigation, medical services, employee benefits, and public safety hiring. There is also the Executive Recruitment

section that is responsible for providing executive search services for exempt managerial and executive positions.

- City Departments (departments)—Submits requests to the Personnel Department to fill vacancies, conducts interviews of eligible applicants from certified lists, and makes hiring decisions.
- City Administrative Officer (CAO)—Coordinates the compensation, benefits, and employee-relations activities of city employees as well as conducts salary surveys for new classifications and establishes/approves pay grade requests. The CAO also represents the City’s management in negotiations with the 40 collective bargaining units representing city employees.
- Civil Service Commission (CSC)—Establishes and enforces the civil service system rules as well as hears discharge and suspension appeals, discrimination complaints, background and medical disqualifications, classification issues, and examination protests.
- City Controller’s Office (Controller)—Administers the payroll processing for all city departments, except the Department of Water and Power, through the City’s PaySR system, which is expected to include a position control function in the future.

In 2008, in an effort to close the City’s \$406 million budget gap, the Mayor eliminated hundreds of positions—a combination of vacant and filled positions—and directed all city departments to suspend hiring for the remainder of the fiscal year, except for the most critical positions, such as public safety and revenue-generating positions. On February 26, 2008, the City Council approved a “managed hiring freeze” in which the Mayor, CAO, and Chief Legislative Analyst will jointly approve departmental requests to fill authorized positions through review and approval processes.

Scope and Methodology

Sjoberg Evashenk Consulting was hired by the Los Angeles City Controller to conduct a performance audit to evaluate the City of Los Angeles' (City) hiring process. The audit commenced in September 2008 and audit fieldwork concluded January 2009. To fulfill this objective, we focused our efforts on gathering and analyzing information relative to the following audit questions and objectives:

- How does the City identify the particular skill set for employment positions needed to accomplish departmental objectives?
- How does the City develop the job requirements, qualifications, etc. for those positions?
- How does the City reach out to identify qualified candidates that meet the job requirements?
- How does the City select and hire qualified candidates?

To answer these questions and identify key issues that hamper the City's ability to attract and maintain the talented workforce it needs, we specifically reviewed the following as part of our work during the preliminary review phase of this audit:

- City Charter
- Rules of the Board of Civil Service Commissioners (Civil Service Rules)
- City Personnel Policies and Procedures
- City MOUs
- City Administrative Code
- Mayor's Executive Directives related to Personnel and Hiring
- Various reports, including:
 - "City of Los Angeles Review of the City's Personnel System", Griffith & Associates, 1996.
 - "Too Many Agencies, Too Many Rules: Reforming California's Civil Service", Little Hoover Commission, 1995.
 - "Prospects for Civil Service Reform in California: A Triumph or Technique Over Purpose?" SEIU, 2002.
 - "Preserving the Promise of Government", San Francisco HR Department, 2005.

In addition, we obtained relevant information from and performed numerous detailed interviews with Directors, staff, and key stakeholders and interested parties, including the following:

- Los Angeles City Personnel Department
- Los Angeles City Council Members
- Los Angeles City Civil Service Commissioners

- Los Angeles Police Department
- Los Angeles City Department of Water and Power
- Los Angeles City Department of Transportation
- Los Angeles City Information Technology Agency
- Los Angeles City Parks and Recreation
- Los Angeles City Office of Finance
- Los Angeles City Housing Department
- Los Angeles City Treasurer
- Los Angeles City Emergency Management
- Los Angeles City Environmental Affairs
- Los Angeles City Employees' Retirement System (LACERS)
- Los Angeles City Administrative Officer (CAO)
- Los Angeles Police Union, Service Employees' International Union, and Engineers and Architects Association Employee Unions

Lastly, we have, with the aid of a professional civil service researcher, conducted a best practices review of twelve major metropolitan cities regarding civil service hiring practices, including:

- New York City
- Atlanta
- San Francisco
- Oakland
- Portland
- Minneapolis
- Seattle
- Nashville
- Boston
- Denver
- Philadelphia
- Miami

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Chapter 1: The City Lacks the Systems and Resources to Perform Strategic Workforce Planning

The City of Los Angeles (City) does not strategically plan for its workforce needs in terms of projecting future vacancies and competencies arising from normal attrition as well as retirements, future demands for employee skill sets or expertise, or staffing imbalances resulting from mobility within the city labor pools. Rather, the City exercises a decentralized reactionary approach, focusing on immediate demands for filling current vacancies. The combination of the existing antiquated systems, lack of centralized information, and minimal resources to dedicate to the City's human resources needs has left the City with few tools for planning. Nonetheless, the City's Personnel Department (Personnel) successfully manages to meet its day-to-day demands for providing its client departments with sufficient numbers of candidates to address current hiring needs and given the ongoing economic downturn and the apparent delay of retirements within the workforce, it is unlikely the City will lose significant numbers of employees within the short term.

The City Does Not Actively Engage in Workforce or Succession Planning Despite an Aging Workforce, Changing Competency Needs, or Challenges Caused by Mobility within the City's Workforce

According to the *International Public Management Association-Human Resources*, "Workforce planning is the strategic alignment of an organization's human capital with its business direction. It is a methodical process of analyzing the current workforce, identifying future workforce needs, establishing the gap between the present and future, and implementing solutions so the organization can accomplish its mission, goals, and objectives." Unfortunately, the City of Los Angeles currently does not actively engage in workforce or succession planning activities despite likely changes in skill requirements, normal turnover, or the aging workforce. The City's workforce, like that seen in most of the country, is growing older and the average age of city employees is higher than the national average.

City Workforce is Somewhat Older than National Trends

City employees are older on average than the United States' general workforce. As shown in Table 1, data obtained from the Los Angeles City Employees Retirement System (LACERS) reflects that as of 2007, LACERS members already average 45 years old whereas the U.S. labor force, while growing older, is projected to average only 42 by year 2014. Further, within the United States general labor force population, approximately 43 percent of workers are projected to be 45 or older by 2014, but 53 percent of the City's LACERS workforce was already 45 or older at the end of 2007.

Table 1. U.S. Labor Force and LACERS Population & Median Age of Workforce Data

U.S. Labor Force Population				LACERS Population ²
Age Groups (percentage of population)	1994	2004	2014	2007
16 to 24 years	16.5%	15.1%	13.7%	3.2%
25 to 34 years	26.2%	21.8%	22.7%	17.5%
35 to 44 years	26.9%	24.5%	20.6%	26.8%
45 to 54 years	18.5%	22.9%	21.9%	31.8%
55 to 64 years	8.5%	11.5%	14.7%	17.1%
65 years and older	3.4%	4.1%	6.5%	3.6%
Median age of workforce	38	40	42	45

*Source: Bureau of Labor Statistics and LACERS Actuarial Reports

Over the last ten years, when the average age of the LACERS workforce has grown older, the average years of service has slightly decreased from just over thirteen years in 1998 to just under twelve years in 2008, as shown in Table 2.

Table 2. LACERS Average Age of Workforce and Average Years of Service Data

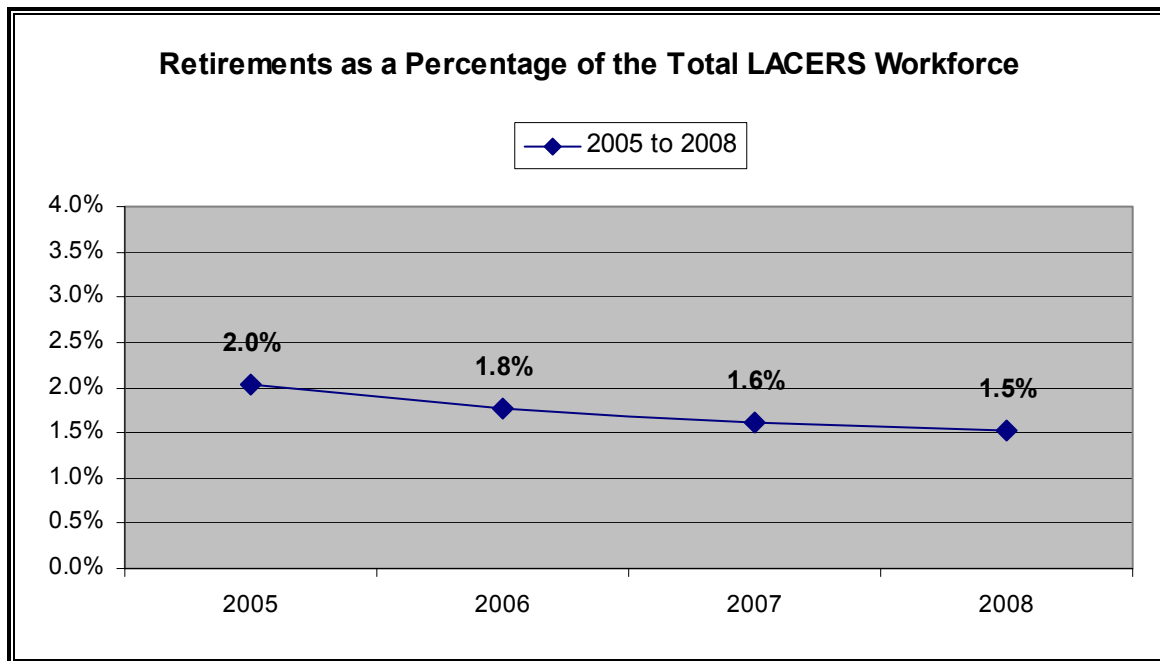
Year	# of LACERS Members	Average Age of Workforce	Average Years of Service
1998	22,091	44.5	13.2
1999	22,504	44.6	13.1
2000	24,234	44.4	12.3
2001	25,654	44.3	11.8
2002	25,930	44.4	11.8
2003	26,358	44.8	11.8
2004	27,092	45.2	11.9
2005	27,333	45.6	12.0
2006	28,839	45.4	11.7
2007	30,175	45.3	11.5
2008	30,236	45.8	11.8

Moreover, employees in Los Angeles appear to follow national trends in that more employees are delaying retirement and working later into their lives. As Table 1 reflects, in 1994 less than twelve percent of the national workforce was 55 years or older; but in 2004, that percentage grew to more than fifteen percent and is expected to be over twenty percent by 2014. City employees are currently working past traditional public employee retirement age. In fact, according to LACERS data, as of 2007, more than twenty percent of its

²LACERS is the largest of the City's three retirement systems and at the end of Fiscal Year 2007, it covered over 30,000 active employees or 59 percent of the City's total workforce and 79 percent of the City's civilian workforce.

workforce is 55 or older. These trends, such as working past retirement eligibility, may be in part due to better health and longer life expectancy and more recently to the state of the economy, which reduces the immediate likelihood of mass vacancies due to retirements. City statistics show the percentage of employees retiring has declined from two percent of the workforce in 2005, to one and a half percent in 2008, as shown on Figure 1.

Figure 1: Retirements to Total LACERS Workforce



While retirements may not be an immediate concern, the issue could likely resurface as economic changes occur in the future, which will only heighten the need for strategic workforce and succession planning. Strategic planning now could allow the City to anticipate retirements by job classification and department; thus, planning for filling the future needs of entry positions, but more importantly, leaders and managers. Such planning is particularly important during extended periods of hiring freezes and economic downturn as vacancies tend to occur at lower level positions filled typically by younger employees. As the economy turns around and the workers age, the retirements will likely occur—without plans for succession, the City could experience significant loss of institutional knowledge, critical skills, and expertise.

Strategic Planning is Needed to Address Mobility between Departments

Not only does the City lack human resources strategic and succession planning or centralized systems to promote such management information, the City also is challenged by mobility within its labor ranks due to competition for the top, skilled employees between departments. Specifically, city departments are at a significant disadvantage when competing with the Department of Water and Power (DWP) for the same applicants. As noted in the City Controller's Labor Negotiation report in 2007, labor contracts negotiated by the DWP create discontent among many city workers because salaries and pay increases at DWP are often higher than those negotiated for other employees performing the same work. DWP states

that as a proprietary department with revenues generated from ratepayers, it faces competition from other utilities for the best workers. Nonetheless, while there are classifications in the DWP that require higher levels of skill and are in greater demand in the marketplace, there are also many comparable non-DWP classifications. As a consequence, doing similar or equivalent work at other agencies results in substantial inequities in pay. City departments are losing employees to DWP via transfers or promotions as job bulletins call attention to pay and benefit discrepancies. As was the case during the City Controller's Labor Negotiations Study and is the case in this audit, nearly all of the managers interviewed indicate that transfers and resignations in order to take jobs at DWP have a significantly disruptive influence on managing the workforce. The effect is particularly pronounced under the current circumstances since DWP is able to hire while the vast majority of city departments are under a managed hiring freeze and cannot backfill vacancies, even those resulting from transfers.

Without a workforce strategic plan, the City may not be able to ensure there are sufficient qualified candidates available to meet the City's hiring needs; it could even face a situation in the future where they may not have enough individuals to fill vacancies. Because all employers, private and public as well as city departments, compete for employees from the same labor pool, workforce planning is critical for attracting and retaining the talent needed to serve the public.

The City Lacks the Resources and Systems to Strategically Plan its Changing Workforce

In addition to the need to have strategic plans to increase the City's ability to address vacancies related to normal turnover and retirement, the City will be tasked to adapt to changes in future skills sets and competencies required to handle the City's operations in the future. The City has not committed the resources needed for succession planning or to strategically plan for any changes in future skills due to changing business needs and evolving technology. These changes will emanate not only from evolving technology and more complex business processes, but also from green initiatives and global competition for talent.

The City commits existing resources to fulfill its immediate demands in terms of recruiting and examining applicants and creating eligibility lists as requested by client departments. It lacks any resources to conduct analyses, surveys, and research needed to project future requirements. Further, it lacks any mechanisms to determine even short-term department needs such as likely vacancies or types of positions to be left vacant as a result of employees retiring even though information is available through the City's retirement systems.

The lack of resources to plan for these circumstances is largely because Personnel's Workforce Planning Unit, formed in July 2007, was cut less than a year after being established. Specifically, the Workforce Planning Unit consisted of four employees—two budgeted and two borrowed—who analyzed data for the first time from the City's three retirement systems to plan for vacancies and identify which skills the City will lose in the future. However, less than a year after it was formed, the Unit was eliminated due to budget cuts. The Personnel Department states there are plans to begin meeting with each of the City's departments to understand their future needs as part of their efforts to develop a "Competency Model" to "identify skills, knowledge, abilities, and other characteristics that

an individual needs to perform work roles or occupational functions successfully.” Nevertheless, Personnel has only one employee who spends a very small portion of their time on workforce planning activities.

Because of this absence of resources and information to centrally and strategically plan, individual departments are left to plan for the retirements of their employees and resulting skill loss. Some departments, such as the DWP, take a more proactive role and utilize statistical information available from their retirement system to plan, while most other departments have little or no succession plans. For example, the City’s DWP and Police and Fire Departments (sworn only) demonstrate somewhat autonomous workforce planning strategies—supported by the Personnel Department—and plan for current and future hiring needs, largely attributable to their significant, continuous, and critical needs that compel them to avoid any potential hiring deficiencies. Specifically, DWP utilizes information from its own retirement system and prepares 10-year projections on how much of its workforce will be eligible to retire and the types of skills likely to be lost each year. The police and fire departments have different challenges as the focus of recruiting efforts concentrates on a few entry-level sworn classifications. Both DWP and the Police and Fire Departments have specific hiring goals in place and actively work toward meeting those goals through their recruitment and hiring activities.

The City of Los Angeles is not unique in its lack of strategic planning for civil service needs. We conducted a benchmarking survey of 12 major metropolitan cities with civil service systems, and the 10 cities that responded to this area of our inquiry, we found that the lack of workforce planning is not uncommon, as half of these cities also do not have strategic plans in place. In addition, an International Public Management Association (IPMA) commissioned a nationwide survey of 67 entities that identified themselves as having rule-bound civil service systems and found that only 19 of the entities actually perform workforce planning. Nonetheless, these results should not undermine the importance of workforce planning as it helps the City ensure it does not experience significant loss of institutional knowledge, critical skills, and expertise. Without workforce planning, the City may not be able to ensure there are sufficient qualified candidates available to meet the City’s hiring needs, especially as it relates to filling positions of leaders and managers.

The City’s Information Systems do not Provide Necessary Workforce Planning Data

In addition to the lack of resources, the decentralized approach is also the result of information needed to determine vacancies (authorized less filled positions) residing in separate systems that do not interface with each other—leaving the City without a position control system and each department tracking their own vacancies. Specifically, budgetary information related to authorized positions resides within the City Administrative Officer’s (CAO) information system while data related to filled positions resides within the City Controller’s PaySR payroll system. According to the CAO’s office, the only type of information it can currently provide related to vacancies is the amount of funds budgeted at the start of the fiscal year in the salary account for each department versus the amount of funds remaining in each account at the end of the fiscal year. Thus, since planning information is limited and cannot be easily developed, available data must be retrieved from various sources.

In fact, in both 2002 and 2008, when the City was faced with eliminating hundreds of positions, the Personnel Department literally had to call and/or e-mail each of the City's more than 40 departments to identify each vacant position in order to reassign workers whose positions were cut. This process was time- and labor-intensive and took weeks for several employees to reach out to departments and compile the data. Additionally, not all departments responded to queries, and thus, the final data may not have been complete. A similar situation could occur in the near future leaving the City facing layoffs and transfers without the management information critical to make sound decisions.

Although Reactionary, Personnel Department Activities Address Immediate Hiring Needs

Although the City lacks centralized information related to human resource needs, the Personnel Department addresses the immediate demands of its client departments through the use of a "Master Calendar" mechanism. However, even this process is manual and requires the active participation of departments to identify and communicate vacant positions and hiring needs. Specifically, the Personnel Department contacts each city department twice a year to identify the expected number of vacancies the departments will need to fill within the next six months and tracks this information utilizing a listing of all of the classifications departments identify as vacant and require examinations. As part of the process, the Personnel Department requests information such as:

- Classifications for which examinations will be necessary
- Number of vacancies for the classes in which the examinations are needed
- Testing priority for each examination listed

Also, the Personnel Department requires client departments to include only those vacancies with authority so it does not administer examinations and establish lists from which individuals cannot be appointed due to the lack of authority. Departments can also contact the Personnel Department outside of the bi-annual process if unanticipated vacancies arise. Using this information, Personnel's Examining Division updates the Master Calendar weekly with tentative bulletin opening dates based on priorities, in an effort to communicate the exam priorities to the departments and manage their expectations.

The Master Calendar process serves as the primary basis for planning and managing Personnel's hiring activities; however, it only covers departmental vacancies for the immediate six month period. As a result, if departments do not communicate these needs timely, it is difficult for Personnel to quickly react to an unexpected vacancy request. This is particularly true if an eligibility list does not currently exist, examination and/or minimum qualifications have to be developed or modified, or special requirement efforts—more than just posting on Personnel's website—are requested. Each is a time-consuming process that could have been started earlier if the departments had proper planning activities in place.

To address the City's piecemeal, decentralized approach to tracking vacancies where each department maintains its own vacancy information due to a lack of centralized information systems, functionality was developed and implemented in late 2008 within the City's payroll system, PaySR, to incorporate a position control module. According to Personnel, the

position control module is fully operational and has allowed Personnel and departments to begin to centrally manage and track positions.

Overall, although the City does not strategically plan its workforce, it appears that the City has sufficient candidates available to address their current hiring needs and is not in immediate danger of losing significant numbers of employees to retirement. However, without a strategic plan, it cannot ensure a constant flow of candidates will always be available to meet the City's hiring needs and could even face a situation in the future where they will not have enough individuals to fill vacancies. This is particularly true if they do not plan in advance for inevitable future retirements or expanding skills or training of the City's workforce in positions that demand new or changing knowledge or technologic competencies. With the new position control module implemented within PaySR, additional human resources data will be available. Using the new information from PaySR in concert with the LACERS retirement data, the City could enhance their current limited succession and strategic planning. However, such efforts would likely require some level of resource commitment beyond the one position that currently spends little time on workforce planning activities.

Recommendations:

For the City to ensure that it can respond to the challenges of changes in its workforce and accomplish its mission, goals, and objectives, the Mayor and Council should:

1. Commit the necessary resources to allow Personnel and city departments to develop, implement, and maintain workforce and succession planning strategies and activities, including identifying critical skills needed presently, conducting analyses, surveys and research needed to project future requirements, and anticipating gaps in leadership.

Further, Personnel should:

2. Develop, as part of succession planning efforts, training and mentoring programs to transfer institutional knowledge, critical skills, and expertise from retiring workers to new leaders and managers.
3. Work with the City's retirement systems to receive information and reports by classification and department on a regular basis related to projections of future retirements and ensure the information is analyzed and utilized within strategic planning efforts.
4. Develop regular and on-going processes to receive vacancy information, by classification and department, generated from the new position control module within PaySR and ensure the information is analyzed and utilized within strategic planning efforts.
5. Proactively and regularly work with client departments to identify current and future needs related to vacancies, transfers, retirements, and changing business needs and ensure the information is analyzed and utilized within strategic planning efforts. Personnel should continue its related efforts to develop and implement a "Competency Model" program.

Chapter 2: Citywide Hiring Processes and Systems are Antiquated and Labor Intensive

Our review of the City's various activities related to recruiting, processing applications, and conducting examinations, and creating the eligible lists reveal that these efforts are manual, labor-intensive, and time-consuming. Moreover, the City's rule bound civil service system also requires additional needed, but cumbersome processes related to changing and updating minimum qualifications for classifications or refreshing examinations that both involve the participation of affected departments, subject matter experts, and labor unions in developing and reviewing changes that all must be approved by the Civil Service Commission (CSC).

Despite these and other challenges presented in working within a bureaucratic civil service system within in a manual process environment, we found that the Personnel Department has created a functional environment and established timeframe goals to ensure client departments are provided candidates on a timely basis. In addition, it strives for success in working with departments in order to provide a sufficient number of candidates for current vacancies even while experiencing dwindling resources and increased workload. One measure of success relates to the positive feedback we found that the Personnel Department consistently receives from hiring departments expressing appreciation of its creative approaches to screen and qualify applicants.

Personnel Department's Current Hiring Systems and Processes are Manual and Labor Intensive

Overall, Personnel's current systems related to processing applications and administering examinations involve antiquated systems including multiple manual processes that are labor intensive. The process begins when departments notify Personnel and request to fill a vacancy within a specific classification. If a current eligible list does not already exist, Personnel and the requesting department work together to determine the level of recruitment efforts needed as well as if any changes of the job bulletin or examination process is needed. After any such changes have been made and approved, the job bulletin announcement is posted on Personnel's website as well as on bulletin boards within each department and the filing period to apply is officially opened. Once the job bulletin is posted, Personnel's hiring process³ involves the following three key steps:

- Application Processing and Review
- Examination Administration and Scoring
- Eligible List Promulgation

The first two steps in Personnel's hiring process lack automation and are completely manual and as a result require significant resources. Initially, Personnel receives applications from interested candidates through two sources: in-person and on-line. Regardless of the method

³ Refer to the civilian hiring process flow chart in Appendix A and the detailed hiring process narrative in Appendix B.

received, Personnel clerical staff must manually input all the information contained on the applications into their Application Tracking System (ATS). Next, Personnel Analysts review and screen each application to determine whether minimum qualifications of the classification are met to qualify the applicant to sit for a future examination. For entry-level classifications that attract large candidate pools, Personnel receives thousands of applications. Manually inputting and screening all these candidates is a significant undertaking. For example, in 2007, Personnel received over 11,500 applications during a two-day filing period for the entry-level Clerk Typist classification. After each application was reviewed by Personnel, it was determined that nearly all candidates were qualified to be examined. Because the City Charter has been interpreted to require that every applicant deemed qualified must be examined, Personnel had to generate letters notifying every qualified candidate of examination information dates and times and prepare hard copy testing materials for the thousands of candidates. While many application processes do not involve such volumes of candidates, each application review and notification process requires significant Personnel Department staff resources, which is especially daunting when processing applications for large, entry-level classifications.

Types of Examinations Manually Administered include:

- ✓ Multiple choice tests
- ✓ Written essays
- ✓ Interviews
- ✓ Application reviews
- ✓ Performance tests
- ✓ Training and experience questionnaires
- ✓ Combination of any of the above

Another time consuming and manual aspect of the hiring process involves the City's examination administration and scoring, which also are not automated or otherwise computerized. Typically all civil service selection processes involve an examination. As noted in the text box, examinations vary and may entail only writing examinations, oral examinations, or a combination of processes depending on the classification. Personnel examination staff must administer hard copy tests for examinations that are multiple choice and written essay. In other than multiple choice tests, Personnel must locate a panel of subject matter expert volunteers from within city departments or outside of city government that are willing to grade the performance of each applicant during the examination process. It may take volunteers weeks to grade written tests and essays, conduct interviews or performance tests, or analyze questionnaires to provide examination scores for each applicant tested as these efforts are in addition to their normal work duties and responsibilities. Once examinations are scored by subject matter expert panelists, Personnel staff must manually:

- Tally the scores of each test,
- Calculate and apply seniority and veterans' credit to all applicable exam scores,
- Input results into ATS, and
- Notify each candidate of their examination results.

Once the scores are posted in ATS, Personnel staff can relatively quickly promulgate eligible lists for hiring departments to use to begin internal selection processes. Because of the significant consumption of staff resources involved with the manual examination processes, the City is limited in the number of examinations that can be administered, in particularly

those that are “continuously” examined. Currently, only a few hard-to-fill classifications with vacancies are continuously examined, such as Systems Programmer, Correctional Nurse, and Wastewater Treatment Operator. Despite these challenges, the Personnel Department appears to meet the immediate demands for hiring needs.

Civil Service Mandates Allow Little Administrative Flexibility

The City Charter and the Rules of the Board of Civil Service Commissioners (Civil Service Rules) are intended to ensure that all individuals are allowed to compete fairly for city positions and to ensure appointments are based on merit. As such, City Charter Section 1005 mandates that all applicants for positions in the classified civil service shall be subject to an

Charter Section 1005:

Examinations—“All applicants for positions in the classified civil service shall be subject to examination, which shall be public, competitive and open to all ...”

examination process, which shall be public, competitive, and open to all. In other words, all employees other than those specifically exempted, such as department heads and their assistants, must be hired on merit as determined by competitive examination. While the Civil Service Rules are important to protect against unfair hiring practices and to afford broad opportunity, the lack of flexibility in some of the rules create extraordinary resource burden and require unnecessary processes. For example, because certain classifications already require specific state licenses or certifications, such as certain engineering classifications, it may be

redundant to also have the City examine these candidates once proof of licensure is verified. While the Personnel Department lacks the authority to waive examinations, Personnel indicates they adjust the focus of the examinations away from technical aspects that would have already been tested through the licensing examination process to focusing on evaluating candidates’ personal qualities. However, by allowing individuals with active licenses obtained through another entity’s testing process to bypass a city examination process altogether, and allowing departments to evaluate personal qualities, the City would save money, expedite the eligibility process, and make qualified candidates available to departments for consideration nearly immediately. Importantly, those applicants without such licenses would still be able to take a traditional examination.

Further, the Deputy City Attorney gave the Personnel Department an informal opinion in 2004 stating that, unless Charter language is changed, Personnel must examine every applicant despite its request to use alternative selection approaches for large applicant pools. Unlike other entities, following the City Attorney’s guidance requires Personnel to examine every applicant meeting minimum qualifications rather than allowing for a level of sub-selection to first identify the best qualified candidates to be examined first. In particular, situations related to large, entry-level classifications, following best practices used by others when each applicant is screened, those deemed most qualified would be examined first. All minimally qualified candidates would be examined as the need for additional candidates is determined. Alternatively, the City could institute some form of web-based preliminary examination to be made available to all minimally qualified candidates that would allow for a less labor-intensive focusing of the applicant pool. Those scoring in the top of the web-based examination would then be examined in a traditional fashion. While open and fair competition must be maintained, formally examining literally hundreds of candidates to fill

only a dozen vacancies is costly and overly burdensome. If Personnel was afforded some flexibility and not required to fully examine every qualified applicant, the time to establish an eligible list and getting the employee in place would be reduced.

As part of our benchmarking efforts, we surveyed 12 comparable cities with civil service systems and found that half of these cities do not require formal testing for many of their classifications. Further, of the 67 civil service entities surveyed by IPMA, more than half do not require formal testing for most of their classifications. As a result, these cities have shorter timeframes related to establishing eligible lists and hiring candidates. Specifically, timeframes from job posting to hiring for the six cities that do not always require formal examinations ranged from 30 to at least 60 days while 63 percent of the responding IPMA entities had timeframes under 50 days as compared to the City of Los Angeles' average of 135 days⁴. Because the rules specifically require competitive examinations for all applicants and require that every applicant that is deemed minimally qualified be examined, Personnel currently attempts to manage the impact of a potentially large candidate pool through abbreviated filing periods—such as two days. Nonetheless, Personnel can only be as efficient as the technology they have to utilize, which currently is an entirely manual examination process.

Additionally, current practices to change and update minimum qualifications or examination methodologies are bureaucratic and cumbersome as these efforts involve the participation of affected departments, subject matter experts, and labor unions to develop and review changes. Moreover, once these amendments are agreed to among the parties, the Civil Service Commission must approve such modifications. Current practices require that before a job bulletin is posted, Personnel reviews prior materials to determine if there were past problems or change requests related to the exam and classification requirements. Additionally, Personnel makes inquiries of user departments as to whether any changes are needed to the bulletin or exam, and will also meet with subject matter experts and special examining assistants from the departments to determine the necessary competencies, requirements, and testing methodology. If an exam or bulletin must be updated, Personnel notifies user departments and affected labor unions (if applicable) of proposed changes and requests their feedback. Departments and labor unions discuss any issues they may have with Personnel which often results in extended, time-consuming processes. Furthermore, once Personnel obtains consensus and makes all the necessary changes, the Civil Service Commission must formally approve the new exam or bulletin.

Another factor lending to the lengthy process are the protests that can be made at various steps during the hiring process under the Rules of the Board of Civil Service Commissioners. These protests can result in delays in creating the eligibility list. However, in Fiscal Year 2007-2008, the Civil Service Commission removed the option to file protests related to denial of their qualifications from open candidates.

⁴ On average, it takes Los Angeles 87 days from job posting to eligibility list and 48 days from certified eligible list to hire date as discussed later in this chapter.

Given the Antiquated Systems in Place and Civil Service Process Requirements, Timeliness of Hiring Processes Appear Reasonable

Despite its manual time-consuming processes and systems, Personnel has implemented timeline goals related to the key steps in the hiring process, such as the timeframe from accepting applications to promulgating an eligible list, to ensure it provides departments with candidates in a reasonable timeframe. Additionally, our benchmarking data revealed that cities with comparable rule-bound civil service systems with stringent examination requirements and manual processes have goals and timeframes similar to Los Angeles. Personnel's established goals and actual results via timeline testing (in days) are:

Timeframe	LA's Goals	LA's Actual
Date Work Begins on Job Bulletin to Date Applications Accepted	75	N/A ⁵
Date Job Posted to Date Eligibility List Promulgated	120	87
Date Certified Eligibility Issued to Date Job Offered	60	48

Performance Measures Indicate Timely Processing

Date Work Begins on Job Bulletin to Date Applications Accepted

Personnel has established a goal of 75 days from the date Personnel staff begins working on a job bulletin to the date the job bulletin is posted and applications are accepted. A bulletin is the official public written notice of an examination and includes job and examination information such as annual salary, duties, requirements, application deadline, and selection process details. If a current eligibility list does not exist, the hiring process begins with this step where Personnel, user departments, and labor unions work together to determine any changes needed in terms of minimum qualifications, job specifications, or examination processes. Input from all stakeholders during this part of the hiring process is critical to ensure that the City seeks such candidates having the appropriate skills and education to perform the work and are placed on eligible lists and considered during the internal selection process of hiring departments. Any changes needed are subject to the approval by the Civil Service Commission.

Date Job Bulletin Posted (Applications Accepted) to Date Eligibility List Promulgated

Another goal established by Personnel is 120 days to promulgate 70 percent of the eligible lists from date of the job posting (date candidates are eligible to apply). If a current eligibility list does not exist, this is the second step in the hiring process. As described previously, this step is a manual process that involves receiving and reviewing applications for minimum qualifications, notifying eligible candidates of testing information,

⁵ Personnel does not track when staff actually begin work to update or modify a job bulletin and as a result, we were unable to conclude as to whether or not Personnel is able to generally meet this specific goal.

administering and scoring examinations, notifying candidates of final scores and ranks, and creating the eligibility list.

Overall, for the 467 unique eligibility lists currently established, we found that Personnel met its goal for establishing an eligible list. Specifically, 73 percent of the eligible lists were established within 120 days. Additionally, it took Personnel an average of 87 days to establish eligibility lists that are currently active for 467 unique classifications, with a range of 1 to 817 days. Normally, the shorter timeframes related to establishing the eligibility lists

Job Bulletin:

Publically posted documents for civil service classifications that list information, such as:

- Date(s) applications will be accepted
- Description of minimum qualifications, job duties, and salary ranges.

Eligibility List:

List of names of persons who have qualified through a competitive examination for consideration for appointment to vacancies in a specific civil service classification.

Certified Eligibility List:

Names of persons from an official eligibility list that scored within the top ranks and is provided to the appointing authority for the purpose of employment selections.

for examinations offered continuously and/or those consisting of only application reviews. “Continuous examinations” are intended to be administered on a frequent and regular basis to smaller groups of candidates rather than administered once every couple of years on a non-continuous basis to single, large groups of candidates. As such, processing applications and scoring tests for a few candidates at a time is faster. Also, some examinations involve application reviews and do not require any other form of testing; as a result, the review process can be relatively quick and an eligibility list can be created on the same day.

Interestingly, we found that longer timeframes also can relate to continuous examinations. For instance, in the past, Personnel has waited a significant amount of time in order to receive sufficient applications before administering the examination to the

group of applicants. This previous process basically allowed applications to be submitted continuously rather than the actual examinations happening continuously and this resulted in extended timeframes to establish the eligibility lists. However, according to Personnel, they currently administer examinations more frequently and on a regular basis for classifications with a continuous examination process.

Our benchmarking data revealed that cities with comparable rule-bound civil service systems with stringent examination requirements and manual application and examination processes have goals and timeframes similar to Los Angeles. For example, one particular California city has an established 90-day timeframe from job posting to creation of eligibility list compared to the City of Los Angeles’ 120-day goal. However, it did not typically meet its goal as its average actual timeframe is approximately 115 days compared to Los Angeles’ average timeframe of 87 days.

Within its overall timeline goals from date of job bulletin posted to date eligible list is created, Personnel has established several “interim” goals and we tested these processes from

the past three fiscal years to determine whether it is meeting these goals. (Refer to Appendix C for discussion of Personnel’s interim testing.)

Date Certified Eligibility Issued to Date Job Offered

The City Charter requires that a job offer must be made within 60 days from the date Personnel provides a department with a list of “certified eligibles” to the date the department selects a candidate and makes a job offer. However, because departments control the interview and selection process, the Personnel Department does not have full control of meeting the timeframe. If an eligibility list currently exists for a classification that a department is seeking to fill a vacancy, the hiring process begins with this step. This is the only automated step in the hiring process as departments submit a request to receive a list of “certified eligibles” through the City’s Certification Request and Fulfillment Tracking System (CRAFTS) and Personnel’s ATS generates the list of “certified eligibles.” Once Personnel provides the certified list and sends letters to the candidates notifying them that a department will contact them to schedule an interview, the hiring department is responsible for interviewing and selecting candidates on a timely basis. After the selection process is completed, the hiring department submits the disposition of the list of “certified eligibles” to Personnel who confirms the appointment was made in accordance with the City Charter and civil service rules.

To assess the timeliness of the interviewing and selection process and ensure that the City complies with the 60 day requirement from certified eligible list to job offer, we tested the associated timeframes involving six individuals that were part of our overall timeline testing, described in Appendix C. However, because the centralized information kept at the Personnel Department does not indicate the date the job offer was made—this information is kept with individual departments—we reviewed the timeliness between the dates the certified eligible list was provided to the effective start date of the six individuals. We found that it took the client departments on average 48 days from receiving a certified eligible list to the individuals’ effective start dates with timelines ranging from 38 to 66 days. The two selection processes that fell slightly outside of 60-days related to Load Dispatcher and Workers’ Compensation Analyst—each with 66 days. However, it is reasonable to assume that it is likely that these two processes complied with the 60-day requirement from certified eligible list to job offer as the individuals would have received a job offer before their effective start date.

The City’s timeframe goals are comparable to our benchmarking data. According to the IPMA survey, 84 percent of 49 entities stated that they were able to hire candidates within 56 days from the date of certification list to date of hire and 55 percent were able to hire within 29 days.

Benchmark Data Suggests Automating Hiring Processes Improves Overall Hiring Timelines

Overall, given the antiquated systems, time-consuming processes, and limited number of staff resources, we found that established goals for the various steps to be reasonable and note that Personnel is meeting such goals. Nonetheless, Personnel is determined to improve the timeliness of its hiring processes and is in the testing phase of implementing NEOGOV

Insight (Go-Live is scheduled for May 2009), which is an online applicant services system that automatically processes applications, calculates exam scores, and generates eligibility lists. Additionally, Personnel is investigating options to restructure and automate its administration of the many examination processes. In particular, Personnel requested 125 laptops to conduct on-line testing; however, there are no immediate implementation plans.

These initiatives should help reduce staff resource consumption as well as improve timelines through electronically processing applications and allowing for some computer-based examinations so that scoring is automated rather than manual. Using technology to assist will be especially valuable to classifications with large applicant pools. In fact, to get a sense of how automating the application and examination processes affects hiring timelines of entities with comparable rule-bound civil service systems and stringent examination requirements, we reviewed IPMA's corresponding survey results and found that automating the application and examination process has a positive impact on hiring timelines:

- Using only automated processes for applications, 67 percent of the entities took more than 50 days from job posting to hiring while 33 percent took fewer than 49 days.
- With combined automated processes for applications and examinations, 56 percent of the entities took more than 50 days from job posting to hiring and 44 percent took fewer than 49 days.

Lastly, the City's initiatives to automate hiring processes will also enable Personnel to offer continuous examinations more often and to more classifications since online examining will require less time and far fewer human resources.

Personnel's Hiring Efforts Result in a Sufficient Number of Candidates

While having to work within a civil service system that is steeped in tradition and widely thought to be cumbersome, time consuming, and bureaucratic, we found that, overall, Personnel is successful in providing departments with sufficient numbers of candidates that have been deemed qualified through the application and examination processes for consideration to fill current vacancies. This observation is supported through discussions with the City's hiring managers, the limited use of emergency appointments, Personnel's ability to maintain active eligible lists for approximately 70 percent of the City's most populated classifications, and our analysis of city hiring statistics related to vacancies based on past hiring and turnover data.

Specifically, the notion that Personnel consistently provides client departments with sufficient numbers of applicants for current vacancies is evidenced through the City's very limited use of emergency appointments, especially when compared to other large cities. Specifically, an emergency appointment is a temporary appointment outside of the civil service system—without involving a competitive examination—occurring when departments lack eligible candidates from which to choose, typically because an active eligibility list does not exist. Emergency appointments are carefully overseen and approved by Personnel to ensure such tools are used strictly as intended and for a limited period of time—240 days maximum or when an eligible list is established, whichever is shorter. Currently, the City has 333 emergency appointments, slightly more than one-half of one percent of its total workforce. Other cities that experience difficulty meeting hiring demands through the civil

service system utilize emergency or provisional appointments at much greater rates—Massachusetts has experienced times where 40 percent of its workforce was on emergency appointments and New York had more than 19 percent of its workforce as provisional workers in 2007.

Furthermore, the City currently has active eligible lists for 467 of the City’s 906 civil service classifications, or 52 percent, with 70 percent of the City’s most populated and active classifications having a current eligible list. Other entities reflecting difficult hiring show far fewer eligibility lists—Massachusetts has experiences where examinations were current for 2.5 percent of its classifications. Additionally, having so many eligibility lists is quite a feat for Personnel as it has experienced significant cuts over the years in its Examining Division; during the 1980s, it had 40 employees whereby it currently operates with only 12 employees. Moreover, we conducted a high-level gap analysis to determine if situations exist where hiring demand may significantly exceed supply of eligible candidates. Because comprehensive vacancy information does not exist, we were able to conduct only a cursory comparison of high-level position projections of future hires and turnovers based on limited data provided by LACERS to identify significant gaps existing between the City’s future hiring needs and resource availability for the highest-risk classifications. It is important to note that our review does not account for workforce expansion (or reduction) in any area; it merely assesses the City’s ability to hold the current course.

First, to determine the highest risk classifications in which to project future hires and turnovers, we:

- Identified employee groups that could create challenges for the City in meeting hiring demands in the future, such as heavily populated groups with large numbers of employees eligible to retire as well as groups with few individuals, but where a large percentage are eligible to retire.
- Measured (subjectively) the relative difficulty in replacing employees within the identified employee groups (i.e. clerical workers are typically easier to replace than managers) to select the six highest-risk employee groups. These groups included Supervisors, Management Employees, Librarians, Professional Medical, Technical, and Plant Equipment Operations, Repair, and Labor.
- Ascertained the highest-risk *classifications* within the highest-risk employee groups—similar to our process to identify high-risk employee *groups*. These classifications included, but were not limited to Senior Accountant, City Planner, Wastewater Treatment Operator, Systems Programmer, Chief Management Analyst, Correctional Nurse, and Librarian.

For each of the highest risk classifications, we projected future hires, turnover, and retirements based on previous LACERS data trends. We compared projected turnovers and retirements to projected hires (new members) to determine where future hiring demand may significantly exceed supply. We found that though certain employee groups and classifications may experience higher turnover in the future, and thus, be impacted to a greater extent than others, there was no compelling evidence suggesting that the City will be unable to hire sufficient numbers of individuals to fill future vacancies within the civil service system.

Nonetheless, of note is during discussions with hiring managers and city leaders, they agree that the City's issue is typically not with the number of candidates available on eligible lists, but rather with the City's inability to attract the best candidates and ensure that those that are most qualified are within the top reachable ranks.

Certain Classifications Remain Difficult to Fill for Reasons Outside of Personnel's Control

While Personnel may be able to provide a sufficient number of candidates to departments, there are several classifications that remain challenging to fill for reasons outside of Personnel's direct control such as a classification where the compensation package and minimum qualifications are not in sync or where the City is unable to offer skill development to qualify existing employees for higher positions. For example:

- Accountants—Competition from the private sector is great as the compensation and type and variety of work offered is more desirable in private sector compared to employment with the City. The City's challenge comes from the difficulty in adjusting the salary structure for the accounting series as any change creates a domino effect within the classification series, as well as in other comparable classifications.
- Auditors—Current minimum qualifications require two years of experience—the intent of the requirement is to attract qualified candidates. However, in most cases, the two years of experience is likely to be obtained outside of city employment and the compensation package offered may not be sufficient to attract candidates to city employment. Also, the City does not offer the type of work that will qualify auditors to obtain the relative work experience required for Certified Public Accountant (CPA) licensure.
- Systems Analysts and Programmers—While the City is able to recruit and hire these individuals, the City has difficulty retaining these employees as its development and training efforts are lacking, but critical in assuring that employees maintain and develop needed skills. As a result, trained employees often leave city employment to seek mobility and professional growth opportunities. Another disincentive is the City's typically outdated technology which does not attract the best quality Information Technology (IT) professionals who prefer to work with leading-edge technology.

Personnel Maximizes the Utilization of Methods Available to Qualify and Examine Applicants as Efficiently as Possible

While Personnel is bound by strict civil service rules and cannot directly affect the efficiencies of labor union input and review, Civil Service Commission approval process, or the City's antiquated systems, Personnel appears to utilize all the tools available to ensure that departments hiring needs are met. For example, Personnel frequently utilizes

the “selective certification⁶” process to target individuals within an established eligible list that have specific skills or background to provide client departments with those candidates appropriate for the type of work to be performed. When departments identify specific skills or backgrounds needed, Personnel will provide a certification list reflecting only those employees with the specialized skills requested. For example, from a general Systems Programmer classification eligibility list, a client department may request a certified list of only those candidates with “Visual Basic” programming experience while another department may request to certify only those candidates with “Cobol” programming experience—all from the same eligibility list.

In addition, Personnel also works with departments to develop new specialized classifications when a demonstrated need arises, usually because departments are unable to attract candidates having specific skills or education even through the use of selective certification. For example, the Office of the Treasurer is working with Personnel to develop a new classification titled, Portfolio Manager. Currently, the department utilizes the Investment Officer classification, which is shared amongst various departments. However, the Office of the Treasurer’s experience found that most of the Investment Officers, on the list lacked the necessary experience or knowledge critical to the work. The department was able to provide sufficient justification to Personnel that a new classification was needed; thus, a new classification specific to the Office of the Treasurer is being developed.

Moreover, it is widely acknowledged that Personnel continually strives to produce and sustain a diverse workforce and nearly all departments we spoke with indicated that since the current General Manager was appointed in 2000, the culture within the Personnel Department has shifted from simply acting as a “gatekeeper” of the rules to functioning as a service department assisting other departments in all aspects of their hiring needs. For example, Personnel has:

- Strengthened its relationship with the City’s Administrative Office. Previously, the relationship between these two agencies was strained for various reasons including disagreements over how to handle the inherent conflicts between collective bargaining and the civil service system. However, Personnel now reviews Memoranda of Understanding (MOU) language during negotiations, attends departmental budget meetings, and conducts budget training with the CAO’s office.
- Begun attending City Council Personnel Committee meetings as well as the Executive Employee Relations Committee meetings.
- Prioritized improved communications with departments by:
 - Assigning classification analysts to every department to act as the point of contact for all departmental hiring and selection issues and questions and to focus on

⁶ City Charter Section 1010 allows the general manager of the Personnel Department to establish a separate register of eligibles based on factors such as special skills, licenses, language proficiency and specialized training.

specific department's unique hiring needs, from exam creations to strategizing recruitment efforts.

- Obtaining input from user departments and labor unions (if applicable) related to changes to classifications, minimum requirements, examinations, etc.
- Utilizing a Master Calendar to track department examination requests that is available for departments to view examination open dates.
- Acting as a safety net for departments by requesting information related to upcoming hiring needs and notifying departments that eligibility lists are expiring.
- Offering some continuous application submittal and exam processes.
- Conducting (limited) on-campus recruiting and application reviews on candidates that hold licenses and certifications rather than written examinations to speed up adding candidates to eligible list.

Overall, in spite of the antiquated, labor-intensive, and time-consuming systems currently in place, the inherently difficult positions to fill, and the fact that it has lost significant resources over the years, Personnel is generally able to meet timeline goals as well as provide the City with enough available candidates for current vacancies by utilizing all the tools that are available to them and remaining proactive.

Recommendations

For the City to further improve the timeliness and reduce the resource requirements of the citywide hiring process, Personnel should:

6. Work with the Mayor (Personnel reports directly to the Mayor) to re-evaluate the need to examine every applicant. At a minimum, consider instituting some form of web-based preliminary examination to be made available to all minimally qualified candidates. Those scoring at the top of the web-based examination would then be examined in a traditional fashion.
7. Work with the Mayor to re-evaluate the need to examine every position, particularly for positions that require certifications obtained through examination processes of accredited institutions, such as certain State boards. For classifications approved by the Civil Service Commission, consider allowing candidates with relevant licenses and/or certifications from approved institutions to bypass the City's examination process and be automatically placed on an eligible list to be considered for positions, as appropriate and compliant with minimum qualification requirements.
8. Continue current efforts to implement automated application processing (i.e. NEOGOV) as well as continue efforts and initiatives to implement computer-based examination processes in the future. Given the budget issues facing the City, as an alternative to the budget request for 125 computers, consider exploring the feasibility to utilize existing computer resources in which to conduct computerized examinations, such as those located in libraries or other public facilities.
9. In conjunction with implementing automated examination processes, determine the feasibility of offering examinations for additional classifications on a continual basis as part of an overall workforce planning strategy.

Chapter 3: City Policies and Practices Do Not Always Ensure the Most Qualified Candidates are Reachable

While the Personnel Department is able to provide client departments with sufficient numbers of candidates to meet current vacancies, there is a widespread perception among various city officials that reachable candidates are not always the best qualified. We consistently heard from hiring managers, Personnel Department staff, and city officials that departments often have to “settle” for candidates because the best-qualified applicants are not always “reachable” within the top ranks of an eligible list. Many expressed concern that seniority credit—as well as veterans credit to a lesser extent—is responsible for skewing eligible list rankings enough so that the best candidates are not necessarily within the top-ranks and can be “blocked” by less qualified candidates. Another significant influence on whether or not the best-qualified candidates are “reachable” is the absence of any employee performance considerations in the examination process. Specifically, the City does not include past job performance in its analysis when ranking candidates on promotional eligible lists.

Key Steps Determine if Most Qualified Candidates are Reachable within Top Three Ranks

The City of Los Angeles operates under the “rule of three” highest whole scores (ranks) system, that assigns scores to qualified candidates and then limits the pool to the “Certified Eligibles” within the top three ranks. When departments request to fill a vacancy, Personnel provides the list of “Certified Eligibles” from which departments are required to interview each applicant in the three ranks and select the individual(s) best suited for the position(s). Within this method, there are three key opportunities to influence whether or not the most qualified candidates are “reachable” within the top ranks:

- Setting Appropriate Minimum Qualifications
- Developing Relevant Competitive Testing Processes
- Calculating Examination Scores

The first step in all selection procedures is the evaluation of a resume or application against the minimum qualifications (experience and/or education) that are set for each classification. Typically, minimum qualifications are established to require specific types or levels of education and/or certain areas and years of experience. For example, an accountant classification may specify requirements of either a Bachelor’s Degree in accounting or related field, or the passing of certain college-level accounting and related courses combined with a particular number of years of accounting or other specific relevant experience. If minimum qualifications are set appropriately from the outset and an applicant does not possess the minimum qualifications required for the job, the applicant is deemed unqualified for the position and should not be invited to participate in any additional selection processes. Therefore, this is the first opportunity to ensure that only the most qualified candidates are ultimately “reachable.” As such, classifications require meaningful and on-going assessment to ensure that these minimums adequately and appropriately reflect the basic skills and knowledge to be successful in the classification series.

After Personnel determines that applicants meet the minimum qualifications of a classification, all qualified candidates must participate in a competitive testing process as required by the Civil Service Rules. This part of the selection process varies considerably from a simple application review to multi-part examination processes involving multiple choice tests, written essays, in-depth interviews, performance tests, training and experience questionnaires or any acceptable combination of these tools. If an appropriate testing methodology is employed, the most qualified applicants for the position will perform the best on the examination(s) and thus, obtain the highest scores. As such, this is the second opportunity to ensure the most qualified candidates are at the top of the eligibility list.

As described in Chapter 2, Personnel and departmental subject matter experts, along with the labor unions work together to propose revisions to minimum qualifications and examination processes, when necessary, and the Civil Service Commission ultimately reviews and approves any new or updated examinations and job specifications. As compared to one California city that has made changes to only 12 classifications within the past five years, the City of Los Angeles has made changes more than six times to the classifications within just one year. Specifically, out of the approximate 185 examination processes administered in 2008, we found that modifications were made to 80 job specifications and/or examination methodologies in an effort to reflect up-to-date requirements with dual goals—to ensure a large enough candidate pool to fill vacancies while attracting top quality candidates. To understand the types of changes made, we reviewed 10 of the 80 job bulletins with recent changes. For example, Personnel increased the number of years of experience required for the Heavy Duty Truck Operator class after receiving feedback from departments that candidates needed more experience since the individuals being hired seemed to lack the practical experience needed to perform the job satisfactorily. In another example, because the feeder class for Electrical Tester was quite small and failing to produce a large enough candidate pool, Personnel broadened the eligibility requirements for the classification to also allow candidates outside the civil service system having the specific experience to apply.

Because general managers provide subject matter experts that are instrumental in working with the Personnel Department to develop and change as needed, minimum qualifications and competitive testing processes, these two key opportunities that influence whether the most qualified individuals reach the top of the eligible list are within the control of the client departments.

However, the last opportunity to influence whether the most qualified candidates are “reachable” within the top ranks of an eligible list is outside the control of Personnel as well as departments. Specifically, the arrangement (ranking) of qualified candidates on an eligible list is ultimately determined by the computation of the final score—this calculation is not limited to a candidate’s performance during the examination process, but also includes non-performance related “loyalty” credits provided to promotional applicants. Thus, the focus of our analysis relates to the impact of credits on the City’s ability to reach the most qualified candidates on an eligible list.

Credits Added to Examination Scores Provide Undue Advantage and Increase Potential that Most Qualified Candidates Are Not “Reachable”

The outcome of the competitive testing process is an examination score for each candidate that serves as the basis to rank candidates with the intention that the most qualified candidates will fall within the top ranks. In fact, the Los Angeles City Charter Section 1008 states that applicants will be ranked “in the order of their relative excellence, as determined by their examination...” However, in the case of promotional opportunities, seniority credits are added to raw examination scores to arrive at a final score and candidates are ranked accordingly. City Charter Section 1009 requires that the Civil Service Commission Board make an allowance for past service credits, but does not stipulate the method to apply such credits. Additionally, City Charter specifies that veteran’s receive a five percent credit that is added to “open” examination scores and can be used only once; thus, the impact of veterans’ credit is relatively minimal.

With the exception of management employees, Civil Service Rules Section 4.10 allows current employees to accumulate .25 points of seniority credit per year of service with no limitation or cap. For example, an employee that has 20 years of service will receive 5 points added to their raw examination score. Seniority credits can create a significant advantage for long-term employees as some employees move up in rankings once seniority credits are added to examination. Other less-tenured employees, even after receiving seniority credits, may move down in rankings even though their raw examination scores were higher. To gauge the impact of seniority credits on the ranking of candidates on eligible lists, we reviewed five promotional eligible lists out of the approximate 220 established annually. Specifically, we reviewed promotional eligible lists related to the following job classifications:

- City Planning Associate;
- Emergency Preparedness Coordinator;
- Principal Librarian;
- Senior Real Estate Officer; and
- Systems Programmer.

Within each of these classifications, our analysis revealed that the candidates with the top six or seven examination scores received an average of 3.5 seniority credits added to their raw score. These credits ranged from one to nine points. In each of these five classifications we reviewed, we found that seniority credits do, in fact, skew the arrangement of candidates within ranks and, most importantly, can impact candidates being “reachable” or “unreachable.”

To illustrate the implications of these credits, in Table 3, we provide an example related to the Principal Librarian promotional eligibility list.

Table 3. Impact of Seniority Credits on the Principal Librarian Classification

Ranking Without Credits	Raw Score Without Credits	Credits Added	Final Ranking With Credits	Ranking Without Credits	Ranking With Credits	Impact When Adding Credits
Promotional Candidate A	97	7	104	#1	#1	No Change
Promotional Candidate B	94	9	103	#2	#2	No Change
Promotional Candidate C	94	8	102	#2	#3	Drops 1 rank
Promotional Candidate D	93	2	95	#3	#6	Drops 3 ranks and becomes unreachable
Promotional Candidate E	92	6	98	#4	#4	No Change
Promotional Candidate F	92	5	97	#4	#5	Drops 1 rank
Promotional Candidate G	92	2	94	#4	#7	Drops 3 ranks
Promotional Candidate H	91	3	94	#5	#7	Drops 2 ranks
Promotional Candidate I	90	8	98	#6	#4	Rises 2 ranks and becomes reachable
Promotional Candidate J	89	5	94	#7	#7	No change

*Grey cells represent “unreachable ranks”

As illustrated in Table 3, the rankings of six of the 10 top individuals were impacted by the addition of seniority credits. Most importantly, “Promotional Candidate D,” with only 2 credits, dropped three ranks becoming unreachable while “Promotional Candidate I” rose two ranks, with 8 credits, becoming reachable. This is particularly significant for a classification such as Principal Librarian where only one department—Library—utilizes this classification, which reduces the number of available opportunities for advancement for these candidates on such a promotional list and increases the importance of being within the initial reachable ranks.

While our analysis of the impact of seniority credit on the Principal Librarian promotional eligible list was limited to the top 10 candidates, and because there were actually a total of 33 candidates on that eligibility list, the impact of seniority credits could be even greater and farther reaching than what was demonstrated in Table 3. Furthermore, the Principal Librarian classification also had an open eligibility list with candidates scoring in the nineties without seniority credits, with the top open candidate having a score of 94. Under the scenario where candidates are ranked without seniority credit, the top candidate from the “open list” would be reachable and be considered—with approval of the Civil Service Board—for the position, but only after Promotional Candidates A, B, and C were removed from the list due to taking another position, lack of interest, etc. However, once candidates are ranked with seniority credit, every candidate on the table would have to be removed before even the highest ranked individual on the open list would be reachable for consideration. Furthermore, because the City Charter and the Civil Service Rules state that only those candidates on open lists with scores higher than the highest promotional candidate can be approved for consideration an

open candidate with a perfect score is unable to compete with promotional candidates having scores of 100 points or higher.

While it is understandable that the City wants to reward long-term employees for their continued loyalty, the City's use of seniority credits creates situations where tenure can outweigh the skills and knowledge of the most qualified candidates and even render such individuals as not "reachable" even though they received higher raw examination scores. This perpetuates the perception that it does not matter how qualified applicants are when filing promotional vacancies, but only matters how long individuals have been employed by the City. Additionally, our benchmarking data revealed that cities with comparable rule-bound civil service systems generally do not award seniority credits. Specifically, of the 11 large metropolitan cities that responded to this area of our benchmarking survey, only five utilize seniority credits. Further, of the 67 civil service entities surveyed by IPMA, only eight utilize seniority credits.

Promotional eligible list:

List of current City employees who have qualified for consideration for positions within a classification through a competitive examination process.

Open eligible list:

List of candidates from outside of the City that have qualified for consideration for positions within a classification through a competitive examination process.

Requiring Certified Eligible Lists to be Exhausted Creates Situations Where the Most Qualified Candidates are "Blocked"

Further complicating matters, Civil Service Rules Section 5.8 requires hiring managers to exhaust their current list of "certified eligibles" before receiving additional certified lists, which requires every individual on the certified list to have accepted other employment, turned down the position, or not responded to an interview request. If one individual on the current "certified eligible" list indicates that they would accept the position, the hiring authority must offer that candidate the position or leave the position vacant and the department is unable to receive additional certified lists.

Consider the previous Principal Librarian example in Table 3 and assume the hiring manager interviewed all six reachable candidates (A, B, C, E, F, and I) and each turns down the position except for Promotional Candidate I, who was only reachable after adding seniority credits. In this instance, if the hiring manager deems Promotional Candidate I not suitable for the position, the hiring manager will be unable to reach any other candidates in the lower ranks, including several candidates that had better raw examination scores than Promotional Candidate I. In this instance, the appointing department has two choices, "settling" for the only reachable candidate or not filling the vacancy. Requiring the certified list containing the top three ranks to be exhausted can create situations where city candidates in lower ranks and potentially better qualified candidates are "blocked" and therefore, "unreachable." In fact, according to the 1995 Little Hoover Commission study titled "Too Many Agencies, Too Many Rules: Reforming California's Civil Service," "the rule of three...has prevented agencies from matching the right person to the job. The entire convoluted process discourages many of the best candidates from even applying."

Further, City Charter Section 1009 requires that hiring managers exhaust every rank on a promotional eligible list before they can receive an “open” eligible list. Specifically, the intent of the Civil Service Rules require that “...in all cases where it is practicable, that vacancies shall be filled by promotion.” This requirement creates a situation where an entire list of “eligible” open candidates are unable to compete. Under these rules, the only recourse a hiring manager has is to request special approval from the Civil Service Commission Board to certify an open list ahead of a promotional list. However, because the rules also state that the only open candidates that can be considered for approval ahead of promotional candidates must have a higher score than the highest promotional candidate, the Civil Service Commission Board’s ability to approve such a request is limited and the requests are rare.

Consider the previous example once again of Principal Librarian as illustrated in Table 3, three promotional candidates received a score higher than 100 points due to added seniority credit making it impossible for any open candidates to compete. Moreover, when we reviewed six other classifications having both promotional and open eligible lists established in Fiscal Year 2007-2008 where the open list resulted in no hires, our comparison of the open and promotional eligible lists revealed that no open candidates had scores higher than the top promotional candidate. We also noted that four of the six promotional lists included candidates with final scores were equal to or exceeded 100 points. Both situations are likely a result of adding seniority credits to the examination scores of promotional candidates and, consequently, the Civil Service Commission Board would be unable to provide approval to consider the open candidates. Because open candidates are at a disadvantage as they are unable to surpass 100 points even with a perfect examination score, the opportunity for these open candidates to compete is eliminated short of waiting for the top promotional candidates to be removed from the list after accepting other employment.

Moreover, we were also told that even if open candidates achieve higher scores than the highest promotional candidates, departments do not often request the Civil Service Commission to certify open candidates ahead of a promotional candidate over concern of a dispute with labor unions. We found there have been no such requests made since 2005.

Absence of Employee Performance Consideration Exacerbates Inability to “Reach” Top Qualified Candidates

In addition to the influence of seniority credits and examination scores on whether or not the best-qualified candidates are “reachable,” another factor is the absence of any employee performance considerations in the examination process. However, the City of Los Angeles does not include past job performance in any aspect of its analysis or scoring of potential candidates. Thus, actual job performance is not necessarily considered in ranking individuals for promotional eligible lists. One reason is that the City has no mandates that require supervisors and managers to evaluate and provide on-going performance evaluations to city employees. Though departments are encouraged to provide performance evaluations annually, as well as at the 2nd and 5th months of probation, no central oversight exists to ensure evaluations are conducted and thus, supervisors are not held responsible for completing evaluations. As a result, when combined with the process to award non-performance related seniority credits, poor performers that are good test takers can have higher scores and placement on eligible lists than employees that excel in the performance of their duties; thus, creating another opportunity to block the most qualified candidates from

being “reachable.” This lack of focus on employee performance not only short-changes the employee in terms of receiving valuable feedback relative to their existing job, but also stifles professional growth. Moreover, as no mechanism exists to allow actual performance to be considered in evaluating rankings, employees are not held accountable for their performance and applicants with poor performance history can be ranked high on promotional eligible lists.

In lieu of requiring full performance evaluations for all employees given the current lack of a citywide performance evaluation system, one approach the City could consider involves creating performance readiness self-assessment examinations that would require the participation of employees, supervisors, and managers. Specifically, in a similar process used to develop minimum qualifications, departmental subject matter experts and Personnel staff can work together to develop specific, classification-related attributes that candidates must possess in order to be considered for a position in the classification. Employees wishing to be considered for promotional opportunities would participate in a performance readiness examination of the higher classification by evaluating their own perceived readiness and personal attributes against the identified classification’s specific attributes. Additionally, employees’ current supervisors or managers would participate in the evaluation process by reviewing their employees’ responses to performance readiness examinations, providing feedback and buy-in related to the accuracy of the information given, and offering insight relative to their perspective of the employees’ readiness for promotion.

Personnel’s management team does not believe that performance evaluations should be incorporated into the civil service process as they are not reliable enough to be part of the mandated process. Multiple employees competing for the same promotional opportunity may be evaluated by different supervisors and managers that have different perspectives of what constitutes poor, good, or excellent performance. Therefore, they believe incorporating performance evaluations into promotional considerations will be unfair as all employees will not be on a “level playing field” due to evaluation continuity issues. However, we found that many public entities are faced with similar dilemmas, but still recognize the importance of incorporating performance evaluations within the analysis of promoting employees. Specifically, our benchmarking efforts concluded that six of the 11 cities responding to this area considered performance evaluations when promoting employees. For example, one particular California city requires employees to have a “fully effective” performance evaluation for the previous twelve months in order to have seniority credits applied to their raw examination score. Further, the IPMA survey revealed that 31 of the 67 rule-bound civil service entities also consider performance evaluations when promoting employees.

Also, Personnel indicates that departments are able to consider past performance during the department’s internal interview and selection process by reviewing employee files located at the Personnel Department. However, because the City does not widely perform on-going performance evaluations beyond the probationary period, the personnel files do not typically include performance-related information, but instead contain information related to disciplinary matters. In fact, we were told by multiple managers that these files are either not considered or are only reviewed for “red flag” problems. Further, at the point departments would review personnel files, candidates are already ranked on eligibility lists and could already be blocking better performers; thus, reviewing personnel files during the

departmental interview and selection phase of the process does not necessarily help resolve the issue of the most qualified candidates not always reaching the top of eligibility lists.

Overall, the combination of allowing seniority credits to skew the arrangement of promotional candidates within ranks, requiring certified eligible lists to be exhausted, and excluding job performance increases the opportunity for situations to arise where the most qualified candidates are not reachable. While the intent of seniority credits are to reward long-term employees, assigning such a reward for tenure alone when competing for promotional opportunities results in the unintended consequence of the final rankings being artificially skewed for reasons unrelated to the promotion or job. Further, because all individuals applying for promotional opportunities are city employees and seniority credits are not limited to “on-the-job” experience, this approach awards varying degrees of loyalty credit based simply on years of city service—regardless of the type of work or how well the employee performed. In fact, if length of service is important enough to deserve points towards being deemed most qualified, the on-the-job experience gained from years of service should, in and of itself, result in better performance during the examination process and thus, a better raw score than another applicant that has less service time.

The City should reconsider its policy of providing unlimited seniority credits. Rather than simply adding credits based solely on the amount of time a candidate has spent in city employment. The City could eliminate seniority credits and incorporate performance readiness examinations, job performance evaluations, and/or additional training and certifications employees earn within the analysis to rank candidates on an eligible list. Though this would require a change to the City Charter, it will also ensure that all city employees compete for promotional examinations based on their qualifications, proven skills, demonstrated knowledge, and ability to perform well rather than their length of service. At a minimum, the City should cap the seniority credits for non-management employees as they did with management employees (1 point cap), which would only require a change to the Civil Service Rules. This will also provide candidates competing from open lists a more realistic means to compete and afford the City a usable tool to attract top candidates from the private sector or other entities.

Recommendations

For the City to ensure only the most qualified candidates are at the top of the eligibility list and reachable:

10. Personnel should continue its efforts to regularly evaluate classification requirements and testing methodologies to ensure the most appropriate and up-to-date information is relied upon.
11. Personnel should work with the Mayor to develop and implement a performance evaluation system and requiring supervisors and managers to provide performance evaluations for all employees at least annually.
12. In-lieu of requiring full performance evaluations for all employees given the current lack of a citywide performance evaluation system, one approach Personnel should propose to the Mayor involves creating performance readiness self-assessment

examinations that would require the participation of employees, supervisors, and managers.

13. The City should reconsider its policy of providing unlimited seniority credits when employees compete for promotional examinations and Personnel should either:
 - a. Work with the Mayor to begin the process to eliminate seniority credits and incorporate performance readiness examinations, job performance evaluations, and/or additional training and certifications employees earn within the analysis to rank candidates on an eligible list. This will ensure that promotions are based on job related qualifications and demonstrated performance and ability rather than simply based solely on the amount of time a candidate has spent in city employment (Requires a change to the City Charter); or
 - b. Work with the Mayor and Civil Service Commission to cap the seniority credits for non-management employees as they did with management employees (1 point cap). (Requires a change to the Civil Service Rules).

Chapter 4: The City Lacks Employee Development and Training Programs

While the City may be able to attract and hire individuals to fill current vacancies, the City lacks training and employee development programs and incentives to encourage its workforce to continue professional growth and expand their skills. As part of a holistic and strategic workforce plan, one critical component involves identifying skills and competencies required by city departments and comparing them to the actual competencies of the workforce. This activity facilitates the process of prioritizing training and development needs. Unfortunately, as previously mentioned, the City does not strategically plan its workforce and has very few employee development or training activities, specifically related to supervisory and management positions—the very type of training needed to develop the City’s future leaders.

Budgetary Constraints Cause Lack of Employee Development and Training Programs

According to Section 4.312 of the Los Angeles Administrative Code, the General Manager of the Personnel Department is required to maintain a comprehensive program for the development of all city employees. However, the Personnel Department has been unable to provide training and development programs for all city employees and states the reason is due to the fact that these types of programs are often the first to be eliminated in harsh budgetary times. For example, in Fiscal Year 2008-2009, the City budgeted \$1.28 million for citywide training programs; however, because of budget cuts, Personnel projects to only spend \$587,000. This averages out to be approximately \$14 per employee, which is considerably lower than the dollar amount range of \$750-\$1,500 quoted by the Saratoga Institute⁷ as the employee development investment benchmark for “world-class” organizations. Additional data related to average dollars spent by corporations and the federal government highlights the City’s lack of training even further:

- 2008 study of corporate training budgets, spending, and trends published by Bersin & Associates—a research advisory firm specializing in human resources topics—states the average spent per employee is approximately \$1,200.
- U.S. General Services Administration (GSA) spent an average of \$1,440 training and developing their employees in 2006.

Although limited, Personnel currently offers some training and professional development, including:

- ✓ Administrative Training & Development Workshops
- ✓ Advanced Supervision
- ✓ Civil Service Rules for Supervisors
- ✓ Conducting Selection Interviews

⁷ Saratoga Institute is a division of PricewaterhouseCoopers with expertise in human capital measurement, benchmarking, and strategic application of human resources.

- ✓ Diversity in the Workplace
- ✓ Equal Employment Opportunity
- ✓ Frontline Supervision
- ✓ Office Administration Skills

In the past, the City offered a tuition reimbursement program as well as provided short courses, such as Business Writing—both programs were cut years ago.

Unfortunately, a lack of city training staff significantly limits the number and variety of the courses that can be offered as well as the number of employees that can be trained. Specifically, the City had 8.5 positions budgeted to conduct training; however, as of January 2009, it will have 5 vacancies leaving only 3.5 positions available to conduct training. This decrease in training staff and resources significantly limits the number of training sessions offered and Personnel is unable to accommodate all requests for training. Specifically, the number of sessions offered has fallen dramatically over the years; in Fiscal Year 2006-2007, Personnel provided 281 training sessions and only 130 sessions are anticipated for Fiscal Year 2008-2009. According to a December 2008 report to the City's Personnel Committee, during 2007-2008, the Personnel Department was able to train only approximately 24 percent of the city's workforce—excluding state mandated sexual harassment training. Any employee training outside of Personnel offerings must be provided by city departments within existing budgets through contractual arrangements with labor unions, or paid for by individual employees.

During our department interviews, we were often told that employees that want to promote to a higher classification do not possess the needed skills and employees are not able to enhance desired skill sets because of the limited training opportunities within the City—particularly in supervisory and managerial areas. For example, employees wanting to promote to supervisor positions often lack relevant supervisory skills and knowledge even though they may perform their current job well. Being a supervisor requires specialized skills that are not necessarily learned while employed in a non-supervisory, lower level position; consequently, departments find that supervisory training is a necessary step to help candidates develop the skills and knowledge to become successful and effective supervisors. Though the City does offer a “Frontline Supervision” training class, priority is given to current supervisors over those who are seeking to become supervisors. As a result, those employees wanting to develop supervisory skills are unlikely to do so through city training.

Though the budget for employee training and professional development is limited, Personnel would like to offer more training classes and broaden the types of classes offered. As mentioned in Chapter 2, Personnel is submitting a budget request for 125 laptops to be used for examining purposes; however, if approved, these laptops are also slated to be used for online training, including the pilot program for online training currently under development. Specifically, according to the Personnel Department, they have submitted a budget request for next fiscal year requesting \$300,000 to create an Employee Training Academy that will provide a larger variety of classes related to subjects, such as:

- Customer service,
- Supervision,
- Equal Employment Opportunity, and
- Risk management.

Once Personnel completes the development of the “Competency Model” (as discussed in Chapter 1), the department plans to use the competency information obtained related to needed skills, knowledge, and abilities to develop training programs to prepare employees to take on supervisory and management positions. In addition to these desired new training and professional development courses, it is critical to also consider incorporating succession planning training into the citywide training program, including transferring institutional knowledge, critical skills, and expertise from retiring workers to new leaders and managers.

Given the City’s budget issues, implementing such programs may be unlikely. However, other comparable public sector agencies, with similar budget issues, have made it a priority to dedicate resources to employee training. For example, the GSA has made training and development of their employees a top priority. In February 2002, the GSA implemented the “GSA Leadership Institute,” a program that GSA still utilizes, that provides leadership development programs that focus on employees in current leadership positions and employees seeking leadership positions to “ensure that our leaders have the essential knowledge and skills to create world-class workplaces and results.” The program identifies high-potential individuals that enter an 18-month “Advanced Leadership Development Program (ALDP).” According to GSA, of the ALDP graduates:

- 89 percent are still employed with GSA,
- 42 percent have received promotions,
- 20 percent are minorities and GSA’s percentage of minority employees (18.58 percent) exceeds overall federal government average (17.44 percent), and
- 46 percent are female.

Furthermore, our benchmarking data revealed out of the 12 cities surveyed, all ten that responded to this particular area of inquiry have employee development programs including customized training for department needs, leadership boot camps for first-time managers, and rising stars program to identify future leaders. These cities also develop training curricula, crafts/skills apprenticeships, and management, career, and leadership development programs as well as offer tuition reimbursement. Moreover, the IPMA survey revealed that at least 48 of the 67 rule-bound civil service entities, or 72 percent, had regular workforce training and development. While under the current national economic downturn, these circumstances may have recently changed; nonetheless, the commitment to training and professional development is essential to ensure top employees in the future.

In addition to the lack of programs provided by the City to develop and train employees and considering the likelihood that not many new programs will be developed due to budgetary concerns, we also found that there is a lack of incentive for employees to seek training on their own to enhance their skills that would assist them in being prepared for promotional

opportunities or that would afford benefits in their current position. Given the City's current economic situation, in the short-term, it may be impractical to implement the types and number of training programs departments need in order to develop better qualified employees. Alternatively, the City should consider developing incentives for employees to seek training and development opportunities on their own.

To provide an avenue employees could follow to acquire training on their own, the City should consider creating a professional development program with local schools and colleges to expand employee development. Other states and cities are working in coordination with local colleges and universities to identify skills and knowledge sets departments believe are lacking or needed for advancement and then to develop corresponding training certificates and development programs that target those areas. Not only do these partnerships offer professional personal development, but they provide upward mobility at the same time. One example is the City of San Francisco's "City University" program in which it partners with local colleges to provide focused programs to meet critical needs throughout San Francisco. Through the partnerships, the City University program offers the following professional certificate and skill and professional development programs:

- ✓ Project Management Professional Certificate Program,
- ✓ Human Resources Management Professional Certificate Program,
- ✓ English for Professional Purposes Professional Certificate Program,
- ✓ Professional Communications Development Program,
- ✓ Computer Applications,
- ✓ Business Writing, and
- ✓ Oral Communications.

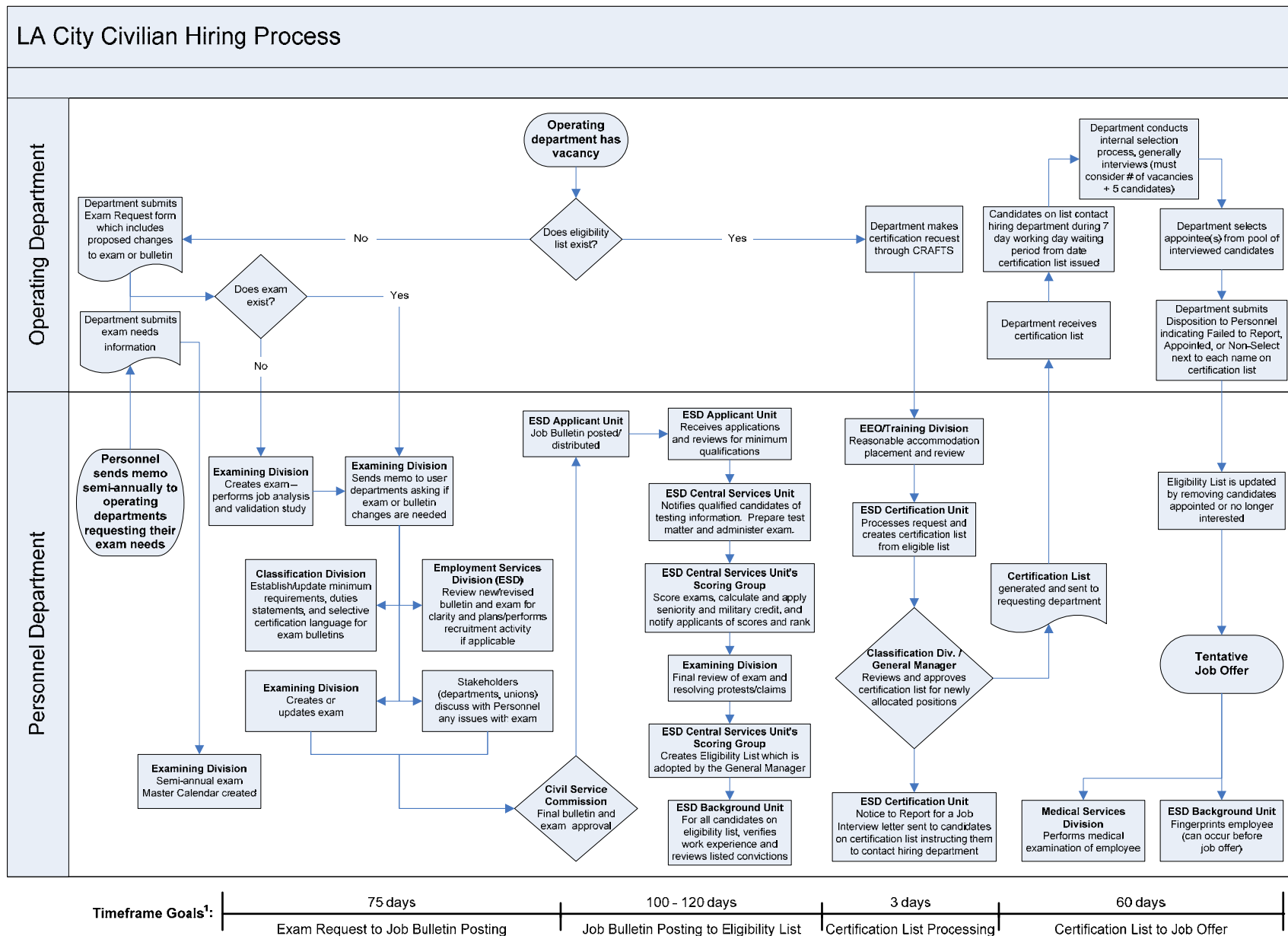
Although, the City at one time had a partnership with the Los Angeles Community College District, which offered employees classes to obtain professional development, certificates, and degrees, it proved to be unsuccessful since tuition costs had to be covered by employees who found little incentive to participate in the program. For new programs to be successful, the City must provide some type of incentives for employees to invest and participate—otherwise a new program would likely fail. For example, the City could consider providing employees with tangible rewards, such as minor pay grade/step increases upon achieving certain certificates or programs or "automatically" meeting the minimum qualifications for selected promotional examinations. An incentive for candidates seeking promotions who have completed a specified training program at their own cost could be awarding additional points to the final examination score, which would provide talented employees with fewer years of experience an opportunity to be competitive with candidates who have more years of service, but little continuing education and development. This would help ensure the best qualified and trained candidates are reachable on the eligible list. Regardless of the approach the City takes, the public sector workplace is evolving and the City needs to ensure its employees and future leaders are prepared with the skills and knowledge needed to serve and protect the interests of the residents of America's second largest city.

Recommendations:

For the City to ensure its employees are professionally developed and trained as well as to comply with Administrative Code, Personnel should:

14. Work with the Mayor to prioritize the development and implementation of citywide training and development needs.
15. Continue developing its “Competency Model” to identify skills and competencies required by city departments and compare them to the actual competencies of the workforce as part of a holistic and strategic workforce plan.
16. Work with the Mayor to expand on current professional employee development offerings. Consider creating a professional development program with local schools and colleges and work with city departments to identify skills that are lacking. Develop corresponding training and development programs that target those areas and provide upward mobility at the same time.
17. Work with the Mayor to develop incentives, such as awarding points towards promotional final examination scores, for employees to seek training and development opportunities on their own. Consider providing employees with incentives, such as minor pay grade/step increases or automatically meeting minimum qualifications for completing a designated program or course at their own cost.

Appendix A: Civilian Hiring Process Flowchart



¹The number of days listed are goals and the actual number of days may vary (longer or shorter).

Appendix B: Civil Service Hiring Process Detailed Narrative

The hiring process begins with the Master Calendar—a document that lists the classes for which examinations are needed as well as the tentative opening dates. About three months prior to the beginning and middle of each year, the Personnel Department's (Personnel) Examining Division (Examining) sends a memo to the operating departments requesting their anticipated examination needs. Specifically, the memo requests the department provide the following information: 1) classes for which examinations will be necessary, 2) number of current and anticipated vacancies for the classes in which the examinations are needed, and 3) testing priority for each examination listed. From this information, Examining updates the Master Calendar which is also updated weekly based on changing department needs. The creation of a Master Calendar allows Personnel to plan for the examinations that will need to be given throughout the year since the process is lengthy and requires efforts from multiple divisions.

Job Bulletins

Before examinations are administered, Personnel is responsible for reviewing the job bulletins and examinations to determine if they must be updated or created anew. The various hiring-related divisions of Personnel have separate roles in this process. Specifically, the Classification Division (Class) establishes the minimum requirements and duties statements for the job bulletins, Examining creates and updates the examinations including performing job-analyses and validation studies, and the Employee Services Division (ESD) reviews and distributes the job bulletins. Personnel also works with user departments, subject matter experts, and the unions to ensure it receives input and feedback as well to resolve any potential issues. The Civil Service Commission (CSC) is responsible for approving the new or updated examinations and job bulletins.

Recruitment

Recruiting activities are primarily funded by Personnel; although departments may also fund additional, specific recruiting efforts. ESD's Recruitment Services Unit is responsible for developing and implementing recruitment plans for specific and hard-to-fill classifications and exempt positions as requested. Generally, plans include posting job announcements to websites and only rarely include other types of recruiting such as college on-campus recruiting. As of November 2008, there were recruitment plans corresponding to 25 of the 46 current examinations.

Examinations

Three types of examinations are administered: 1) open, 2) departmental promotional, and 3) interdepartmental promotional. Open examinations are offered to the public whereas promotional examinations are only offered to city employees; however, some examinations are both open and promotional and are therefore open to both the public and city employees. Most promotional examinations are interdepartmental meaning employees can promote into positions in other departments. Departmental promotional examinations—in which an employee can promote into a position only in its current department—are rare and used primarily for sworn positions. Promotional-only and open/promotional examinations

constitute the majority of the examinations administered while open-only examinations are administered less often.

According to the City Charter, the City “shall provide, in all cases where it is practicable, that vacancies shall be filled by promotion.” As a result, the City will generally administer promotional-only examinations for all those classes that have an adequate candidate pool within the City. These examinations are typically not for entry-level classes with the exception of certain classes created specifically for upward mobility of current city employees, such as Craft Trainee, Management Aide, and Planning Aide. Conversely, open-only examinations are normally administered for those classes that have no feeder classes and thus cannot be promoted into. Typically, these are entry-level classes and require little to no experience such as Clerk Typist. These may also be entry-level classes requiring specific education and experience that cannot be provided by a city training program, such as the Engineering, Nurse, and Management Assistant classes. Furthermore, the City may choose to offer an exam as both open and promotional when it does not have a large enough candidate pool to meet its needs, perhaps due to small sized feeder classes.

In addition, the City administers various types of tests. Most examination processes involve either multiple choice, essays, or interviews, but may also be application reviews, performance tests, training and experience questionnaires, or a combination of these. Moreover, examinations are administered on either a continuous or non-continuous basis. Continuous examinations are administered by Personnel on an on-going or recurring basis as opposed to non-continuous examinations which are administered only when an eligible list has expired or been exhausted. The frequency of administering continuous examinations depends on the number of candidates on the existing eligible list and number of vacancies needing to be filled. Generally, the classes with continuous examinations are those that are in high demand or those that are difficult to fill.

Eligibility Lists

Once applications have been reviewed and the examinations administered, ESD’s Central Services Unit is responsible for scoring the examinations which includes applying seniority credit and veterans’ credit. The Rules of the Board of Civil Service Commissioners allows all promotional examinations to receive promotional seniority credit for each year of continuous service—non-management classes receive .25 points for each year and have no maximum while management classes receive .10 points for each year within a qualifying class and are maxed at one point. Also, scores for promotional candidates may be higher than 100 points due to the added seniority credit. A veterans credit of 5 points is given to each person passing the examination (pass score set at 70 percent or above). Veterans’ credit is added to the passing score only during the five years following release from active military service or a lifetime veterans’ credit is added if the person served during specified wars and has military-related permanent disability. Veterans’ credit is applied once and only for open examinations.

Once scores have been calculated, the eligible list is created. An eligibility list is an officially promulgated list of names of persons that passed the exam with a score of 70 percent or higher, ranked in order of their final examination ratings, and that are eligible to be considered for hire. The eligible list must be officially adopted (approved) by the General

Manager. At this point, the City has a group of qualified candidates ready to be hired or promoted as the departments have need. Also during this time, the Backgrounds Unit of ESD reviews the applications of all candidates on the eligible list to ensure that they meet city background standards including appropriate work experience, admitted conviction information, and any special license, education, or training required.

An open eligibility list may be active from six months to four years while a promotional list is active for a maximum of two years. Eligibility lists may be extended in six month increments up to the respective maximum. On a monthly basis, Examining will send the departments a report of all eligible lists with upcoming expirations and request that the departments respond as to whether they would like to expire or extend the eligible list and why. Examining will decide whether the eligible list will be extended or expired based on department input, exam scores, and the number of candidates, vacancies, and appointments needed. Once an eligible list expires, all candidates on the list must reapply.

Protests

At various steps during the hiring and promotion process, protests can be made within the designated timeframes per the Rules of the Board of Civil Service Commissioners. For example, once qualified candidates receive their scores, they are able to protest them within a designated four-day timeframe. According to the Rules of the Board of Civil Service Commissioners, only fraud, prejudice, or clerical errors serve as appropriate grounds for protest. Also, during Fiscal Year 2007-08, the City no longer provided new candidates (non-city employees) with the option to appeal/protest qualification determinations. While the Examining Division is responsible for reviewing protests, the General Manager of Personnel makes the final ruling.

Emergency Appointments

If an eligible list does not exist and a department has a critical need to fill a vacancy, then an emergency appointment may be made. According to the Rules of the Board of Civil Service Commissioners, the General Manager may approve an emergency appointment in order to prevent the stoppage of public business or to meet extraordinary exigencies. Two types of emergency appointments exist: regular and limited. Most emergency appointments are regular which occurs when a department needs to fill a permanent position. Once an eligible list is created, it is automatically certified to the department(s) with the emergency appointment(s) so a person can be permanently hired. Limited appointments do not require the creation of an eligible list because these are temporary vacancies. For example, if an employee is on maternity leave, but will eventually return, then the department will make a limited emergency appointment to fill her position until she returns. Emergency appointments may not exceed 120 days unless an eligible list has not yet been established in which a 120-day extension is allowed.

Certification

In order for a department to hire or promote, it must have authorization to fill a vacancy and then request for the eligible list to be certified. The department is able to make a certification request through the online system called Certification Request and Fulfillment Tracking System (CRAFTS). ESD's Certification Unit is responsible for generating the certification

lists which include a specific number of candidates from the eligible list which act as the “candidate pool.” The Certifications Unit determines the number of score bands to be included on the certification list which will depend on the number of vacancies that need to be filled. According to the Rules of the Board of Civil Service Commissioners, “the General Manager shall certify in order of standing the names of persons in the top three whole scores from the register of eligibles....and certify no less than five names more than the number of positions to be filled, and shall certify such additional whole scores as are necessary to provide sufficient eligibles.”

Selective Certification

Departments can choose to certify only those candidates on an eligible list who possess special skills, licenses, language proficiency, or specialized training—otherwise known as selective certification. Departments submit a request for selective certification and identify the specialized criteria to be used and the positions in the class which require it. Selective certification language will appear on the exam bulletin requiring applicants to include this information on their application. The departments will identify the skills they want to certify on the certification list request and Personnel will provide them a certification list listing only those employees with the specialized skills they requested. Occasionally, the need for selective certification arises after a bulletin has been issued. In this circumstance, the Civil Service Commission will review the department’s selective certification request. If approved, all candidates in the examination will be notified to submit proof that they meet the specified criteria.

Selective/Hiring Processes

Once the department receives the certification list, its internal selection process begins. Though the internal process varies amongst departments, many conduct interviews with the candidates to determine if they are the best qualified. According to the Rules of the Board of Civil Service Commissioners, “certifications from eligible lists must be acted on by the appointing authority within 60 days from the date of issuance except when final action is delayed pending receipt of the results of a medical examination.” In other words, the department must make a job offer before 60 days otherwise the certification list will expire and the department would have to submit a new request.

In addition, the City must fill vacancies by promotion where it is practicable. As a result, when the City administers both an open and promotional exam for a certain classification, the department is required to exhaust the promotional eligible list before hiring from the open eligible list. This means that the department must first hire or attempt to hire (candidate may not be interested) all candidates from the promotional list before it hires from the open list. The exception to this is when the promotional list has few candidates and they must go to the open list in order to certify no less than five names more than the number of positions to be filled as required by the Rules of the Board of Civil Service Commissioners. Also, according to the City Charter, if the open list has candidates with higher scores than the highest scoring on the promotional list, then departments can request permission from the CSC to certify open list candidates ahead of promotional candidates. However, no requests to certify open ahead of promotional have been made since 2005.

If a person declines appointment or fails to report as the result of certification, other persons can be certified in order to meet the specific number of candidates required to be considered. Also, if an eligible candidate from an open eligible list declines appointment or fails to report a total of three times, they are removed from the list of eligibles in accordance with the Rules of the Board of Civil Service Commissioners. Once appointed, individuals are removed from list of eligibles and ESD's Backgrounds Unit performs fingerprinting while Medical Services performs a medical examination of the individual.

Appendix C: Hiring Timeline (Interim) Goals Testing Results

As described in Chapter 2, the Personnel Department (Personnel) achieved, on average, its overall goal of 120 days from the date a bulletin is posted and applicants can begin applying to the date the eligible list is established. In addition to reviewing the overall 120 day goal, we also conducted in-depth testing of 20 hiring processes of Personnel’s “interim” goals within the overall 120 day. Specifically, Personnel has established the following interim goals:

- Date Bulletin Issued to Date of Close of Application Filing Period—20 days
- Date of Close of Application Filing Period to Date of Determination of Applicants’ Qualifications—15 days
- Date of Determination of Applicants’ Qualifications to Date of Examination—15 days
- Date of Examination to Date Eligibility List Established—70 days

For each of the interim-goals, our testing revealed that most hiring process fell within the established timeframes. And for those processes that did not meet the interim goals, timeframes appeared reasonable given the various circumstances of each exam.

Bulletin issued to close of application filing period—20 days

Of the 14 hiring processes with non-continuous examinations, only one process occurred outside of the 20 day goal. Specifically, the Director of Field Operations classification took 206 days from the date the bulletin was issued to the close of the application filing period. According to Personnel, they continued extending the application filing period because they were not getting enough qualified candidates due to various reasons such as the difficult nature of the job and the feeder class not providing proper preparation.

This timeframe does not apply to the 12 individuals tested as part of the continuous hiring process because the application filing period does not close after a specified timeframe for continuous examinations, but rather stays open continuously until it needs to be closed.

Close of application filing period to determination of applicants’ qualifications—15 days

Of the 14 hiring processes with non-continuous examinations, all but two processes fell outside of the 15 day goal. Specifically, only the Auditor and Chief Transportation Investigator met the goal—they took 8 days and 12 days respectively from the close of the application filing period to determination of applicants’ qualification. The remainder of the processes took between 19 and 42 days. According to Personnel, this timeframe is flexible and may be longer than 15 days depending on when the exam is scheduled since Personnel will prioritize the review of applications based on how soon the exam is scheduled to be administered. For example, if the exam is not scheduled to be administered for another month or two, then it may take longer than 15 days to review those applications since time should be spent reviewing applications with earlier examinations. Also, Personnel sometimes examines in groups and thus, applications are processed in groups.

It is also important to note that non-continuous processes related to classifications with numerous applicants may be at risk of exceeding the goal due to the paper-driven nature of the current process. It can be difficult to manage workload when all applications have to be manually reviewed to determine if applicants meet minimum requirements. A perfect example of this is the Clerk Typist exam which received approximately 11,500 applicants and took Personnel 42 days to determine the applicants' qualifications.

Of the 12 individuals tested as part of the continuous hiring process, only two individuals were not deemed qualified within 15 days—Systems Analyst (39 days) and Workers' Compensation Analyst (67 days). As previously mentioned, Personnel may take longer than 15 days to process applications because the exam might not be scheduled for another three or more months. This especially applies to continuous examinations since they are not administered on a regular basis, but rather intermittently. In the case of the Systems Analyst and Workers' Compensation Analyst, these applications were not priority since their examinations were scheduled further out and thus, went beyond 15 days.

Determination of applicants' qualifications to examination—15 days

Of the 14 hiring processes with non-continuous examinations, four fell outside of the 15-day goal. Specifically, the process for Auditor, Communications Engineer, Director of Field Operations, and Machinist Supervisor took 22, 28, 28, and 90 days, respectively. The longest, Machinist Supervisor at 90 days, was an interview-only exam and it took Personnel two months to find outside raters to conduct interviews which were then not scheduled for another month out due to availability of raters.

While non-continuous hiring processes have a goal of 15 days from determination of applicants qualifications to examination, continuous hiring processes do not have a similar specific goal. This is because while applicants apply and have their qualifications determined continuously, applicants are examined intermittently in groups. For example, while one applicant may apply in early January and another in mid-February, both could be examined in late February. As a result, Personnel does not have goals related to the number of days between the determination of applicants' qualifications to examination for continuous hiring processes. For the 12 individuals that we tested, the number of days it took to qualify the applicants for examination ranged from 21 to 160 days.

Examination to creation of eligibility list—70 days

Of the 14 hiring processes with non-continuous examinations, only three processes fell outside of the 70-day goal of creating an eligibility list after the examination—taking between 114 to 150 days. The three processes that fell outside of Personnel's goals include Auditor, Management Analyst, and Procurement Analyst—each being a multi-part examination. Reasons these fell outside the goal include, respectively, a lengthy resolution to a protest, 365 essays and interviews requiring review and scoring, and a lengthy decision-making process on the pass point. For the 12 individuals tested as part of the continuous hiring processes, all were added to the eligibility list within 70 days of examination.

Appendix D: Findings Summary with Ranked Recommendations

Section Number	Summary Description of Findings	Ranking Code	Recommendation
<i>For the City to ensure that it can respond to the challenges of changes in its workforce and accomplish its mission, goals, and objectives:</i>			
1.	The City Does Not Actively Engage in Workforce or Succession Planning Despite an Aging Workforce, Changing Competency Needs, or Challenges Caused by Mobility within the City's Workforce	U	1. The Mayor and City Council should commit the necessary resources to allow Personnel and city departments to work together to develop, implement, and maintain workforce and succession planning strategies and activities, including identifying critical skills needed presently, conducting analyses, surveys and research needed to project future requirements, and anticipating gaps in leadership.
1.		U	2. Personnel should develop, as part of succession planning efforts, training and mentoring programs to transfer institutional knowledge, critical skills, and expertise from retiring workers to new leaders and managers.
1.	The City Lacks the Resources to Strategically Plan its Changing Workforce though Retirement Data is Available from the Three Retirement Systems	U	3. Personnel should work with the City's retirement systems to receive information and reports by classification and department on a regular basis related to projections of future retirements and ensure the information is analyzed and utilized within strategic planning efforts.
1.	The City has a Decentralized Approach to Tracking Vacancies Due to a Lack of Centralized Information Systems, but a Position Control Module was Recently Developed in PaySR	U	4. Personnel should develop regular and on-going processes to receive vacancy information, by classification and department, generated from the new position control module within PaySR and ensure the information is analyzed and utilized within strategic planning efforts.
1.	The City Lacks the Resources to Strategically Plan its Changing Workforce	U	5. Personnel should proactively and regularly work with client departments to identify current and future needs related to vacancies, transfers, retirements, and changing business needs and ensure the information is analyzed and utilized within strategic planning efforts. Personnel should continue its related efforts to develop and implement a "Competency Model" program.
<i>For the City to further improve the timeliness and reduce the resource requirements of the citywide hiring process, we recommend Personnel:</i>			
2.	Civil Service Mandates Allow Little Administrative Flexibility	N	6. Work with the Mayor to re-evaluate the need to examine every applicant. At a minimum, consider instituting some form of web-based preliminary examination to be made available to all minimally qualified candidates. Those scoring at the top of the web-based examination would then be examined in a traditional fashion.
2.		N	7. Work with the Mayor to re-evaluate the need to examine every position, particularly for positions that require certifications obtained through examination processes of

			accredited institutions, such as certain State boards. For classifications approved by the Civil Service Commission, consider allowing candidates with relevant licenses and/or certifications from approved institutions to bypass the City’s examination process and be automatically placed on an eligible list to be considered for positions, as appropriate and compliant with minimum qualification requirements.
2.	Given the Antiquated Systems in Place and Civil Service Process Requirements, Timeliness of Hiring Processes Appear Reasonable	N	8. Continue current efforts to implement automated application processing (i.e. NEOGOV) as well as continue efforts and initiatives to implement computer-based examination processes in the future. Given the budget issues facing the City, as an alternative to the budget request for 125 computers, consider exploring the feasibility to utilize existing computer resources in which to conduct computerized examinations, such as those located in libraries or other public facilities.
2.		N	9. In conjunction with implementing automated examination processes, determine the feasibility of offering examinations for additional classifications on a continual basis as part of an overall workforce planning strategy.
For the City to ensure only the most qualified candidates are at the top of the eligibility list and reachable:			
3.	City Polices and Practices May Not Ensure the Most Qualified Candidates are Reachable	N	10. Personnel should continue its efforts to regularly evaluate classification requirements and testing methodologies to ensure the most appropriate and up-to-date information is relied upon.
3.	Absence of Employee Performance Consideration Exacerbates Inability to “Reach” Top Qualified Candidates	N	11. Personnel should work with the Mayor to develop and implement a performance evaluation system and requiring supervisors and managers to provide performance evaluations for all employees at least annually.
3.		N	12. In-lieu of requiring full performance evaluations for all employees given the current lack of a citywide performance evaluation system, one approach Personnel should propose to the Mayor involves creating performance readiness self-assessment examinations that would require the participation of employees, supervisors, and managers.
3.	Credits Added to Examination Scores Provide Undue Advantage and Increase Potential that Most Qualified Candidates Are Not “Reachable”	N	13. The City should reconsider its policy of providing unlimited seniority credits when employees compete for promotional examinations and Personnel should either: a. Work with the Mayor to being process to eliminate seniority credits and incorporate performance readiness examinations, job performance evaluations, and/or additional training and certifications employees earn within the analysis to rank candidates on an eligible list. This will ensure that promotions are based on job related qualifications and demonstrated performance and ability rather than simply based solely on the amount of time a candidate has spent in city employment (Requires a change to the City Charter); or

			b. Work with the Mayor and Civil Service Commission to cap the seniority credits for non-management employees as they did with management employees (1 point cap). (Requires a change to the Civil Service Rules).
<i>For the City to ensure its employees are professionally developed and trained as well as to comply with Administrative Code, we recommend Personnel:</i>			
4.	Budgetary Constraints Cause Lack of Employee Development and Training Programs	D	14. Work with the Mayor to prioritize the development and implementation of citywide training and development needs.
4.		D	15. Continue developing its “Competency Model” to identify skills and competencies required by city departments and compare them to the actual competencies of the workforce as part of a holistic and strategic workforce plan.
4.		D	16. Work with the Mayor to expand on current professional employee development offerings. Consider creating a professional development program with local schools and colleges and work with city departments to identify skills that are lacking. Develop corresponding training and development programs that target those areas and provide upward mobility at the same time.
4.		D	17. Work with the Mayor to develop incentives, such as awarding points towards promotional final examination scores, for employees to seek training and development opportunities on their own. Consider providing employees with incentives, such as minor pay grade/step increases or automatically meeting minimum qualifications for completing a designated program or course at their own cost.

U - Urgent = The recommendation pertains to a serious or materially significant audit finding or control weakness. Due to the seriousness or significance of the matter, immediate management attention and appropriate corrective action is warranted.

N - Necessary = The recommendation pertains to a moderately significant or potentially serious audit finding or control weakness. Reasonably prompt corrective action should be taken by management to address the matter. Recommendation should be implemented no later than six months.

D - Desirable = The recommendation pertains to an audit finding or control weakness of relatively minor significance or concern. The timing of any corrective action is left to management's discretion.