The California State Auditor released the following report today:

**High-Risk Update—Human Resources Management**
*A Significant Number of State Employees Are Beginning to Retire, While Certain Departments That Provide Critical State Services Lack Workforce and Succession Plans*

**BACKGROUND**
In a May 2007 report on areas that present high risk to the State, the Bureau of State Audits (bureau) identified, among other issues, human resources management as a statewide high-risk area—any large exodus of experienced employees due to retirement could reduce state departments’ ability to perform their core missions effectively and efficiently. Further, such an exodus could threaten the ability of state programs to deliver critical services.

The State Personnel Board and the Department of Personnel Administration (personnel administration) are responsible for setting policies and overseeing a variety of broad personnel issues. Both these departments work together on workforce and succession planning efforts, which aim to streamline hiring, reward performance, and simplify the State’s vast job classification system. Personnel administration has developed a workforce planning model that outlines seven steps to assist departments in developing their workforce and succession plans. However, state departments are not required to follow this model.

**KEY REVIEW RESULTS**
In our review to assess the State’s progress in managing human resources, we noted the following:

- As many as 42 percent of today’s state employees in leadership positions and nearly 23 percent of rank-and-file employees may retire in the next seven years—leaving a void in leadership and amongst experienced employees who could fill those leadership vacancies.

- Most departments we reviewed believe that the State’s lengthy and complicated hiring process and lower salaries compared to the private sector will make it difficult to replace experienced employees. While personnel administration indicates it has made some progress towards streamlining the State’s hiring process, its efforts are not expected to be completed until fiscal year 2014–15.

- California’s planning efforts lag behind other states—other states have been planning how to mitigate the impact of future retirements since 2001, while California is generally just in the beginning stages of preparing for its impending loss of institutional knowledge and expertise.

- Of the five departments we reviewed that provide critical public health and safety services, none had completed workforce and succession plans that address all the steps in personnel administration’s suggested workforce planning model despite having large numbers of employees who may retire over the next seven years.

- Current fiscal constraints may adversely impact workforce and succession planning, although we highlighted some cost-effective strategies some departments are using to address future retirements such as job-shadowing and mentoring programs.