

2003-2004 GRAND JURY REPORT

Riverside County Human Resources Department Temporary Assistance Pool (TAP)

Background

On January 15, 1998, the Riverside County Personnel Department submitted to the Riverside County Board of Supervisors a Form 11 (Submittal Form), recommending the creation of a Temporary Assistance Pool (TAP), to be administered by the Riverside County Personnel Department. The Form 11 was signed by the County's Human Resources Director/Assistant Executive Officer, the Auditor-Controller, and the County Counsel.

The Form 11 and supporting documents indicated to the Board of Supervisors that, in Fiscal Year (FY) 1996-1997, Riverside County paid more than five million dollars (\$5,000,000) to various temporary staffing agencies to meet short term County needs brought on by emergencies or other temporary staffing shortages. The Form 11 also stated that if the creation of TAP were approved, the annual cost of operating TAP would be five million, three hundred fifty seven thousand dollars (\$5,357,000). Attachment "D" to the Form 11 (Costs of TAP) indicated that TAP would require the services of four personnel department staff employees, at a maximum total salary of over one hundred forty thousand dollars (\$140,000), (assuming all four were paid at the top step rate for their position classification), and set forth a requirement for allocation of 200 positions to establish a pool of persons available for temporary employment (See Attachment "D").

The Form 11 recommending the establishment of TAP stated that the County would benefit by:

- a) Eliminating the ninety (90) day limit on temporary employment;
- b) Saving County money by substantially reducing the use of temporary employment agencies while paying County hired temporary employees at a higher rate;
- c) Improving the quality of temporary hires;
- d) Insuring equitable treatment of temporary employment applicants;
- e) Responding to departmental temporary hiring requests promptly.

In March 1998, pursuant to the policy of the County Board of Supervisors, a business plan was prepared for the purpose of establishing an in-house TAP administered by the department. According to this business plan, the TAP would have "a minimal increase" of twenty percent (20%) of the annual cost or \$6,428,400 over the 5-year period, beginning with establishment of the TAP.

Findings

1. The FY 2003-2004 budget for TAP was set at twenty five million dollars (\$25,000,000), 37 funded employees and 1035 inventory part-time personnel, reflecting an increase of five hundred percent (500%) over that of FY 1998-1999. Based on the Business Plan (Form 11) submitted to the Board of Supervisors the budget increase over 5 years would be twenty percent (20%) for a budget of \$6,428,400.
2. Since its inception in 1998, the TAP function has not been audited.
3. County employment has grown from approximately 12,000 employees in 1998 to over 19,000 in 2003. During this period, 2,659 temporary employees were transferred to permanent status. In addition, 12,374 employees were hired through the Resumix System. The Resumix System is a computer based program matching resumes to job descriptions. A total of 8,000 employees transitioned out of the County, resulting in an employee turnover rate of forty-two percent (42%).
4. Each time a person terminates and a new hire is brought in to fill the position, the County incurs additional cost. Based upon information provided by the Riverside County Assistant Director of Human Resources, and by Advantage Hiring, Inc., during the period 1998 through 2003 this cost was fourteen hundred forty dollars (\$1,440) per employee for a total of eleven million five hundred twenty thousand dollars (\$11,520,000).

Note: "True turnover costs are more complex than simply figuring out the average cost of replacement. The costs of losing a good performer are greater than the costs of losing an average performer. The true cost of losing a key seasoned player is hard to estimate. There is the investment in development of the employee, the value of the knowledge and experience gained,

and the lost productivity that also have to be considered to arrive at a true cost figure.” Advantage Hiring Inc.

5. The County Department of Human Resources has projected that unemployment compensation claims from temporary hires in FY 2003-2004 will approach six million, six hundred thousand dollars (\$6,600,000) or approximately ten thousand dollars (\$10,000) per claimant. This accounts for more than one-third of such claims filed by all County employees.
6. Sixty eight percent (68%) of permanent County employees currently staffing the TAP function within the Human Resources Department began County employment as temporary hires. This situation creates a duplication of efforts and additional costs to the County.
7. On January 24, 2004, the Board of Supervisors ordered all departments to cut spending across the board by eight percent (8%). In spite of the directive, on Sunday, February 22, 2004, a local newspaper carried a County TAP advertisement for new temporary hires in more than thirty (30) positions.
8. Through interviews and documents, it was established that employment decisions were not completely based on merit in the hiring of temporary personnel through TAP. It was found that, in some cases, relatives of supervisory, managerial, or administrative permanent employees were afforded employment consideration not available to other applicants; for example:
 - a) A temporary employee file was found in the archive with a “post-it” note attached stating that the file contained the application of a permanent TAP employee’s daughter. This applicant was immediately hired.
 - b) The spouse of a supervising permanent County employee submitted an application for temporary employment for work that the applicant was not qualified to perform. It was made clear to the employee reviewing the application, that this person would be hired even if the document had to be altered.

- c) During the course of this inquiry, the Grand Jury physically inspected the employment files of temporary employees in pre-selected alphabetical categories corresponding to the surnames of certain persons known to have been hired by TAP. The alphabetically maintained employment records of some persons known to be related to permanent County employees serving in supervisory capacities could not be located. The records were produced by TAP employees only after specific name requests were made.
9. Several employees interviewed stated fears of management retaliation were they to speak candidly with the Grand Jury.

Recommendations

Riverside County Board of Supervisors
Riverside County Executive Officer
Riverside County Human Resources Director
Riverside County Auditor-Controller

1. Human Resources reduce the size and budget of TAP to its FY 1998-1999 size including the increased projected by the March 1998 Business Plan, resulting in a budget of \$6,428,400. The Form 11 and supporting documents submitted to the Board of Supervisors for the establishment of the TAP Program stated that a twenty percent (20%) increase was projected for the five year period following FY 1998-1999. This translates into a budget of six million, four hundred twenty eight thousand dollar (\$6,428,020) for FY 2003-2004. If one used the Cost of Living Index for the Los Angeles, Long Beach, and Riverside area of sixteen percent (16%) for the same period, the figure would be about two hundred thousand dollars (\$200,000) less.
2. The County Auditor-Controller conduct a full audit of the TAP function within the Department of Human Resources.

3. Since the Auditor-Controller performs fiscal audits only, it is recommended an independent managerial auditing firm be hired to conduct a study to report on the following:
 - a) The County employee turnover rate.
 - b) High incidence of temporary employee unemployment insurance claims.
 - c) Whether the use of temporary employees was required by an operational necessity or unanticipated event.
4. Human Resources establish a database so all departments can access current and former employees records for tracking all TAP employees' records and those who have transitioned to permanent status as County employees. The capability already exists within County Information Technology.
5. Human Resources establish specific policies defining the circumstances under which a manager may request the hiring of temporary staff and impose limitations on the number of temporary hires authorized at any given time within each department.
6. Departments shall not exceed their temporary hire quotas unless the Chief Executive Officer personally authorizes such a hiring increase based upon the existence of a temporary emergency or other non-recurrent necessity.
7. Human Resources require that all departments comply with the hiring freeze ordered by the Board of Supervisors.
8. All TAP applications be amended to require the applicant to disclose the name and permanent duty assignment of any of his or her relatives employed by the County.
9. TAP permanent employees shall not review, make any recommendation, or take any action, with respect to an employment application submitted by a family member.

ATTACHMENT "D"
 ORDINANCE AND RESOLUTION AMENDMENTS
 TRANSFER OF FUNDS

It is requested the Board approve the following:

- 1) By Ordinance, amend the Table and Index of Ordinance #440 to add the following classification:

CLASS CODE	CLASS TITLE	SALARY RANGE
13871	Temporary Assistant	0 (\$5.75 - \$125.00 per hour)

- 2) By Resolution, amend Ordinance 440, Section 49 (a) Personnel to add the following positions:

NUMBER	CLASS CODE	CLASS TITLE	SALARY RANGE
+1	74774	Senior Personnel Analyst	350 (\$41,787 - \$51,750)
+1	15915	Accounting Technician I	273 (\$27,664 - \$34,278)
+2	13868	Supervising Office Assistant II	241 (\$23,317 - \$28,870)

- 3) By Resolution, amend Ordinance 440, Section 49 (a) Personnel – TEMPORARY to add the following positions:

NUMBER	CLASS CODE	CLASS TITLE	SALARY RANGE
+200	13817	Temporary Assistant	0 (\$5.75 - \$125.00 per hour)

To be effective on the date of approval.

- 4) An advancement/transfer of funds of \$600,000 to the Personnel Department, Temporary Assistance Program, Fund 706, Organization 951, to fund the initial period of the Temporary Assistance Pool including staff salaries, initial physicals/drug and alcohol testing, hardware and software requirements for testing, tracking and billing, etc. It is anticipated these monies and staff will be transferred to an approved Internal Services Fund, and that the \$600,000 will be paid back by June 30, 2000.

- 5) The budget for the Temporary Assistance Program be set up and the Board approve the recommended appropriations and estimated revenue as attached.

1997-1998 APPROPRIATIONS

1-10101	Regular Salaries (+10% increase) (1) Senior Personnel Analyst, (1) Accounting Technician, and (2) Supervising OA II positions.	\$120,000
1-11101	Temporary Salaries Temporary Assistance Pool employees' salaries	1,026,000
1-20101	Budgeted Benefits/mandated costs	30,500
2-30003	Accounting Services RIFMIS for billings/payments to/from departments.	10,000
2-35303	Insurance Liability Insurance Charge based on employees & mileage driven	5,000
2-42101	Office Expense Computer hardware and software, printing services, advertisements, etc.	40,000
2-42109	Temporary Services Paid to external services (and guarantee to cover first 8 hours of TAP employees)	4,000
2-43809	Drug Testing Physical and drug & alcohol testing per policy	10,000
2-50202	Car Pool Mileage Staff, when monitoring employees at departments and reviewing departments' needs, and TAP employees, (mileage billed to/reimbursed by departments)	2,000
2-50203	Private Mileage Mileage when using personal car is more advantageous	2,000
2-50206	Registration/Conference Fees Registration for human resources conferences	500
2-50208	Meals Meals when out of the area visiting departments or resolving problems	0
TOTAL		\$ 1,250,000

REVENUE

7246 Charges for Current Services/Personnel Services

Reimbursement from user departments: \$1,250,000

ANNUAL OPERATING BUDGET JUSTIFICATION

1-10101	Regular Salaries (1) Senior Personnel Analyst, (1) Accounting Technician, and (2) Supervising OA II positions.	\$ 195,525
1-11101	Temporary Salaries Temporary Assistance Pool employee's salaries	4,000,000
1-20101	Budgeted Benefits/mandated costs TAP = \$116,000/Staff = \$51,756 + offset of certain employees who work over 1,000 hours	211,756
2-30003	Accounting Services RIFMIS for billings/payments to/from departments.	60,000
2-35303	Insurance Liability Insurance Charge based on employees & mileage driven	15,000
2-42101	Office Expense Computer hardware and software, printing services, advertisement, etc.	140,000
2-42109	Temporary Services Paid to external services (and guarantee to cover first 8 hours of TAP employees)	459,000
2-43809	Drug Testing Physical and drug & alcohol testing per policy	35,200
2-50202	Car Pool Mileage Staff, when monitoring employees at departments and reviewing departments' needs and TAP employees, (mileage billed to/reimbursed by departments)	2,000
2-50203	Private Mileage Mileage when using personal car is more advantageous	2,000
2-50206	Registration/Conference Fees Registration for human resources conferences	500
2-50208	Meals Meals when out of the area visiting departments or resolving problems	19
3-64102	Interest on loan	36,000
	REPAY LOAN (1/3 of \$600,000) (After payback of loan, this amount will be placed in reserve for future computer software purchases, including computer software/hardware for training and testing.)	200,000
	TOTAL	\$ 5,357,000

REVENUE

Reimbursement from user departments:

Salaries of TAP employees	\$4,000,000
22.9% markup	916,000
Temporary Services	400,000
\$1.00 per hour administrative fee	40,000
Mileage reimbursement for TAP employees	1,000
TOTAL	\$5,357,000