

Office of the City Manager

## **SUPPLEMENTAL AGENDA MATERIAL for Supplemental Packet 2**

**Meeting Date:** July 11, 2023

**Item Number:** 31

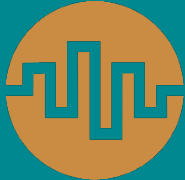
**Item Description:** Staff Shortages: City Services Constrained by Staff Retention Challenges and Delayed Hiring

**Submitted by:** Jenny Wong, City Auditor

This supplement is to add the presentation slides for this item.

# Staff Shortages: City Services Constrained by Staff Retention Challenges and Delayed Hiring

Berkeley City Council Meeting  
July 11, 2023



BERKELEY CITY AUDITOR

# Staff Shortages: City Services Constrained by Staff Retention Challenges and Delayed Hiring

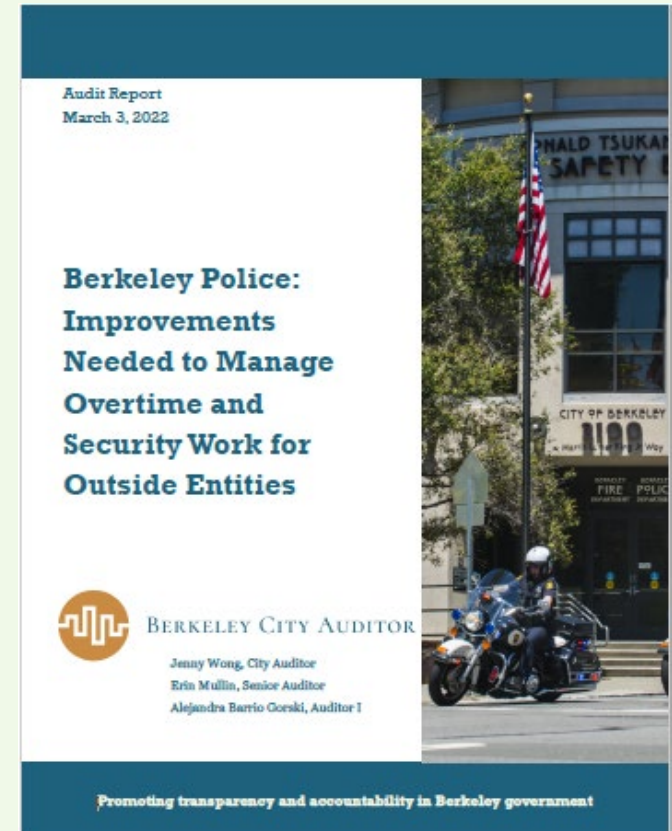
## Overview

- Why we did this audit
- Objectives
- Findings
- Recommendations
- Management response



# Why we did this audit:

- Staff shortages and employee retention issues in past audits.
- City staffing challenges impact almost everyone who lives in, works in, or visits Berkeley.
- Retaining employees is important in light of outside factors: increased retirements, Great Resignation.



An audit of police overtime found issues with vacancies in the Police department.



BERKELEY CITY AUDITOR

# Objectives, Scope, Methodology:

## Objectives:

1. How do staff shortages affect city services?
2. What is the state of employee satisfaction?
3. What internal factors affect the City's ability to fill vacancies?
4. How does telework affect the City's ability to retain employees?
5. How does the City use data to address staff shortages?

**Scope:** Audit period of FY 2018 – FY 2022

## Methodology:

- Analyzed available employee data
- Satisfaction survey (current employees)
- Exit survey (former employees)
- Interviewed all department directors
- Met with union representatives
- Reviewed best practices, data from other cities



## High Response Rate for Employee Surveys:

Satisfaction survey of **2,094 active** employees: **771 responses (37%)**

Exit survey of **495 former** employees: **142 responses (29%)**



## What we found:

### **Finding 1: Staff shortages constrained city services.**

Finding 2: Some surveyed employees reported dissatisfaction and many have contemplated leaving.

Finding 3: Instability in Human Resources delayed hiring and impacted internal services.

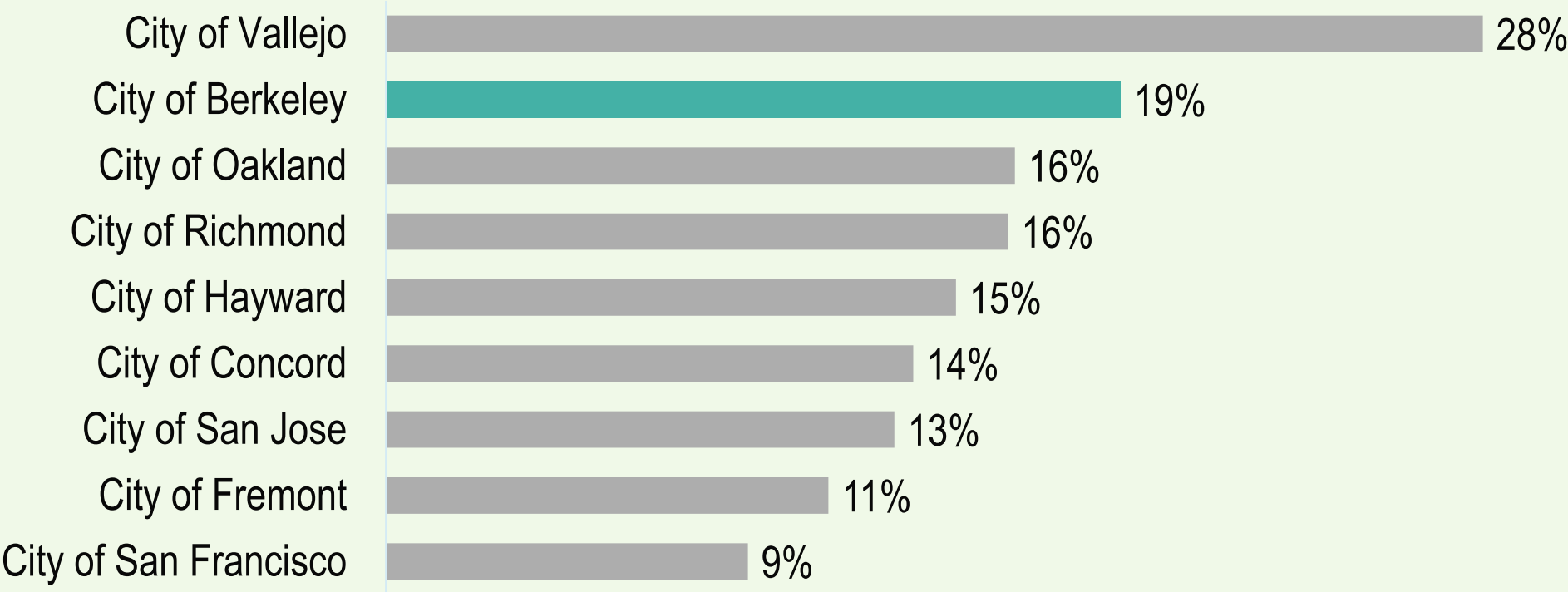
Finding 4: Telework can benefit the City but the current policy is limited.

Finding 5: The City lacked reliable data to address staff shortages.



# Berkeley's high vacancy rate reflected staff shortages.

**Berkeley had the second highest vacancy rate compared to other Bay Area cities in 2022.**



Source: City of Berkeley, City of San Francisco Human Resources, City of Oakland Human Resources. See page 7 of the report for more details.



# Berkeley's high vacancy rate reflected staff shortages.

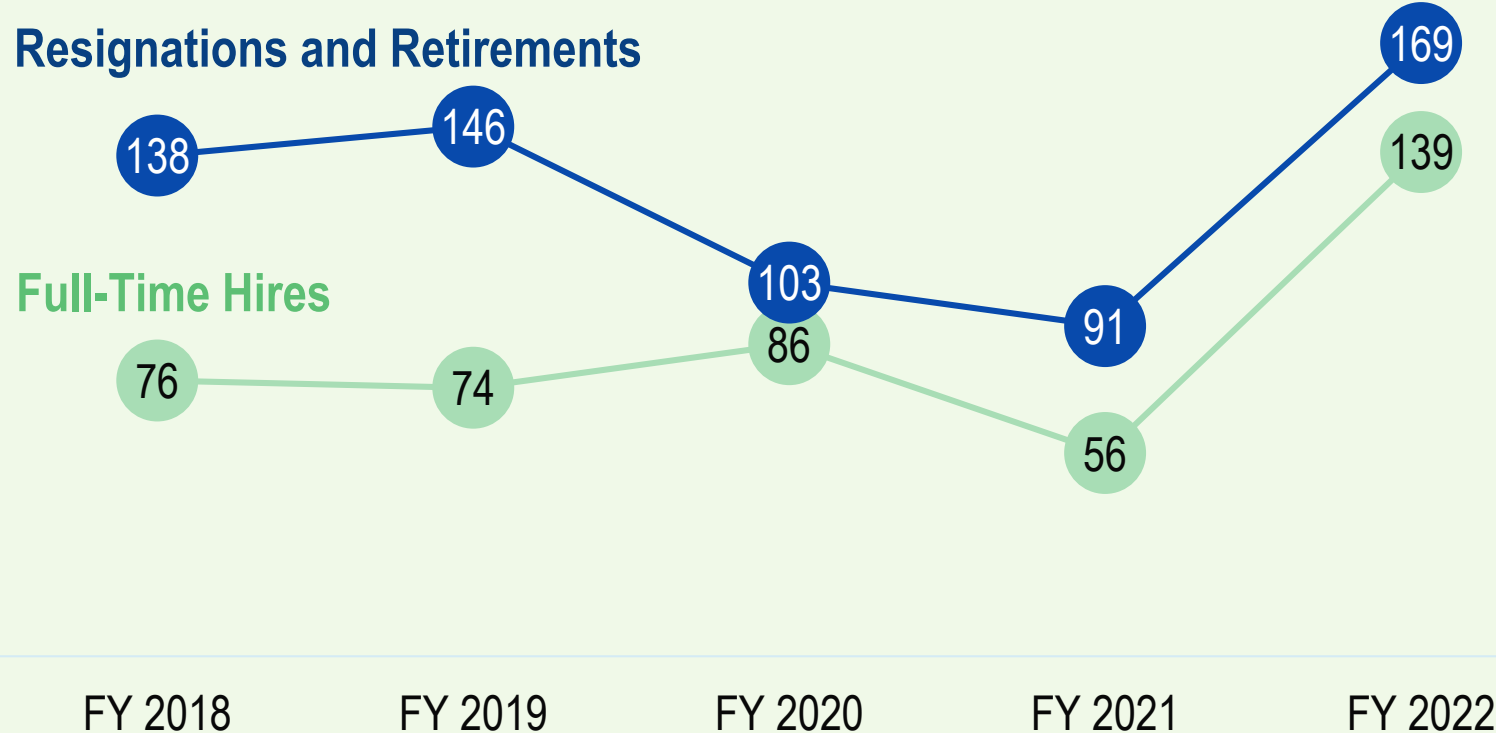
The City did not hire enough employees to address the gap between voluntary separations (resignations and retirements), and new hires.

\*Update: Hiring has exceeded separations every month since January 2023

**Resignations and retirements outpaced full-time hires during the audit period.**

**Resignations and Retirements**

**Full-Time Hires**



Source: ERMA, FUND\$, and NEOGOV. See page 8 of the report for more details.



# Staff shortages impaired services to the community and the City lacked a clear retention strategy.



## Staff shortages impacted city services.

- Reduced services or hours of operation at clinics and senior centers.
- Temporary closures of some fire stations and increases in mandatory overtime.
- Increased risk of overpayments, missed payments, or fraud.



## The City also lacked a clear and data-driven retention strategy during the audit period.

- Lack of clarity around strategy to reach strategic plan goal to attract and retain a talented and diverse city government workforce.
- No analysis of staffing levels for successful operations and services.



# What we found:

Finding 1: Staff shortages constrained city services.

**Finding 2: Some surveyed employees reported dissatisfaction and many have contemplated leaving.**

Finding 3: Instability in Human Resources delayed hiring and impacted internal services.

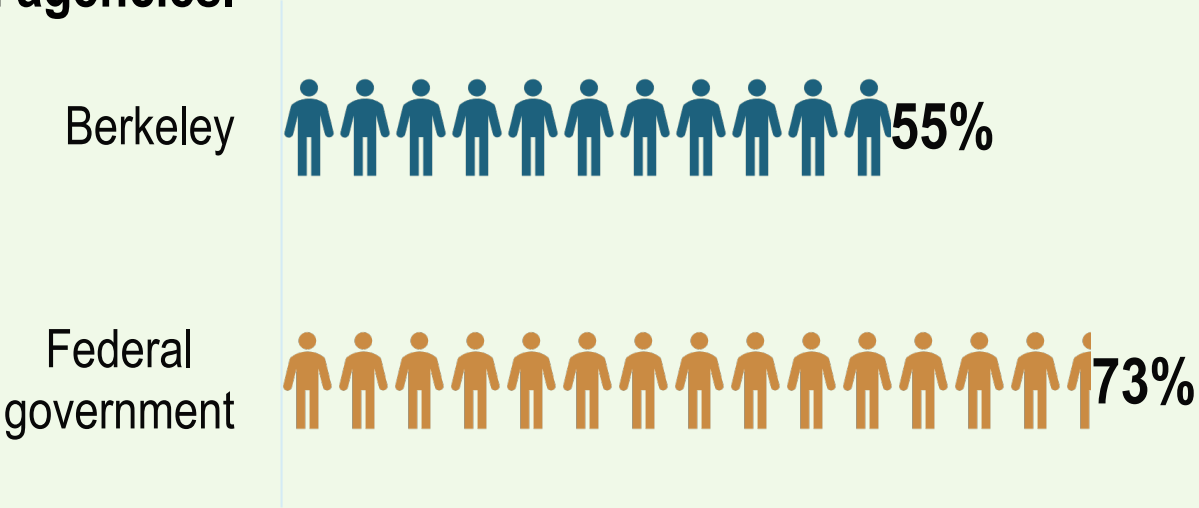
Finding 4: Telework can benefit the City but the current policy is limited.

Finding 5: The City lacked reliable data to address staff shortages.



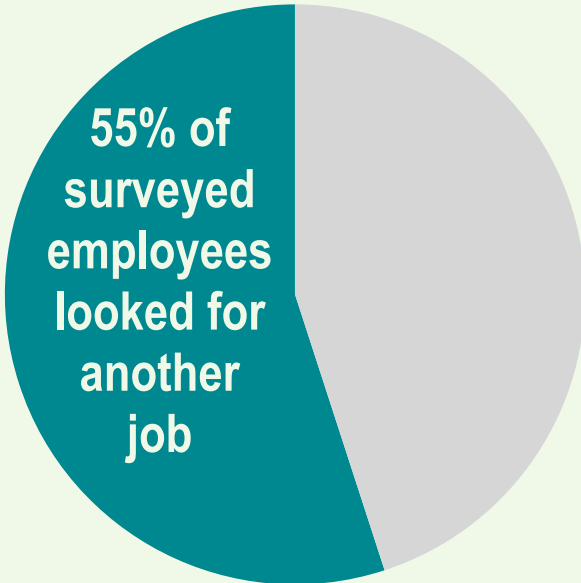
# Some City of Berkeley employees reported low job satisfaction and over half have contemplated leaving.

Surveyed City of Berkeley employees reported lower job satisfaction than federal government employees in similar-sized agencies.



Source: 2022 City of Berkeley employee satisfaction survey and 2022 federal employee viewpoint survey. See page 12 of the report for more details.

Over half of surveyed employees reported looking for another job in the prior year.



Source: 2022 satisfaction survey. See page 12 of the report for more details.

# Employee dissatisfaction made it harder for the City to retain staff.



## Current employees:

- Workloads
- Professional development opportunities
- Pay
- Communication and support from city leadership



## Former employees:

- Organizational culture problems
- Poor work environment
- Retirement
- Poor relationship with supervisor



## What we found:

Finding 1: Staff shortages constrained city services.

Finding 2: Some surveyed employees reported dissatisfaction and many have contemplated leaving.

**Finding 3: Instability in Human Resources delayed hiring and impacted internal services.**

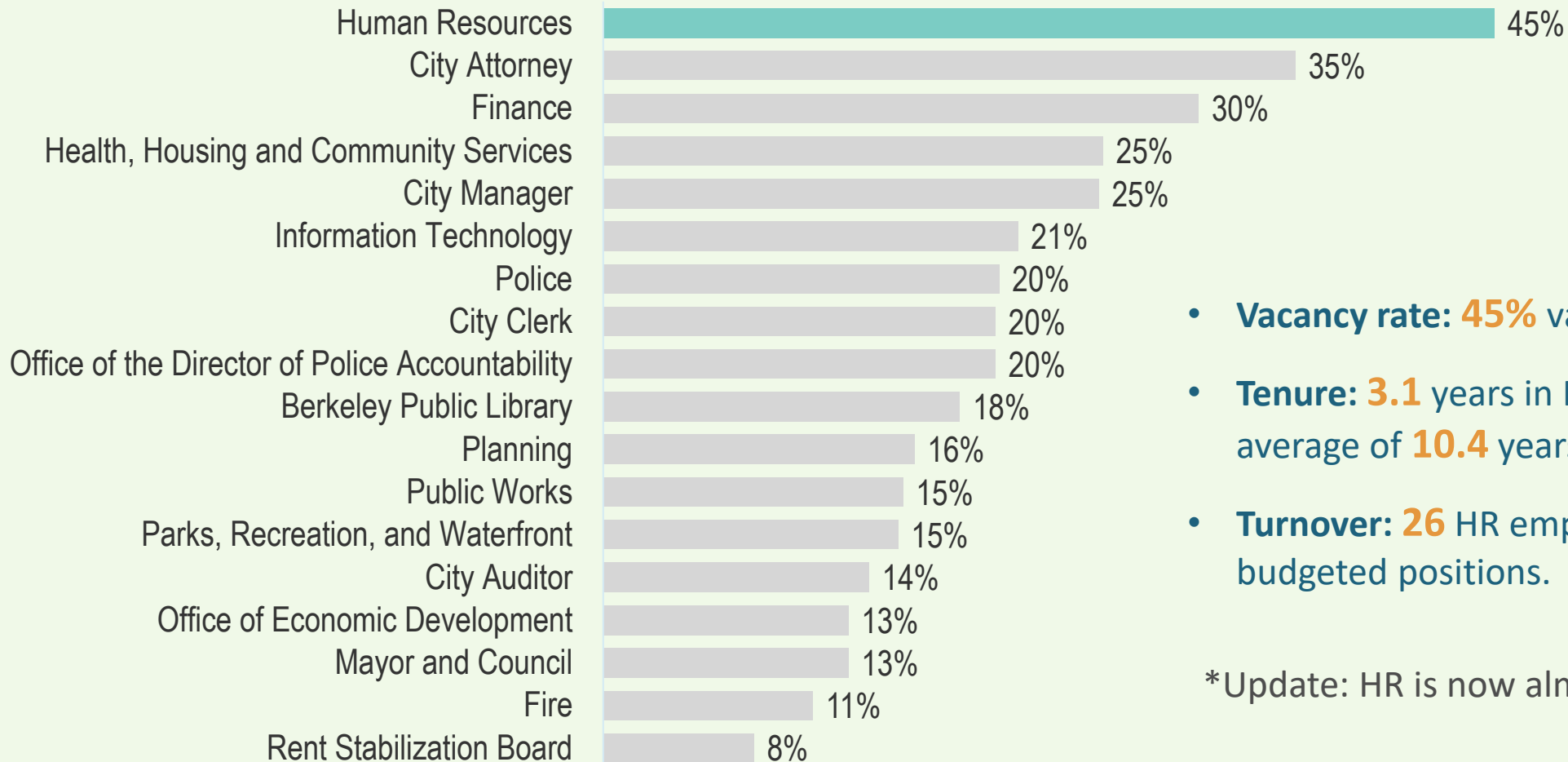
Finding 4: Telework can benefit the City but the current policy is limited.

Finding 5: The City lacked reliable data to address staff shortages.



# There was instability in the HR department during the audit period.

## Human Resources had the City's highest vacancy rate in October 2022.



- **Vacancy rate: 45%** vacancy rate in HR in 2022
- **Tenure: 3.1** years in HR compared to citywide average of **10.4** years.
- **Turnover: 26** HR employees left out of **22** budgeted positions.

\*Update: HR is now almost fully staffed

Source: Department directors. See page 25 of the report for more details.



BERKELEY CITY AUDITOR

## Instability in HR contributed to challenges in the City.

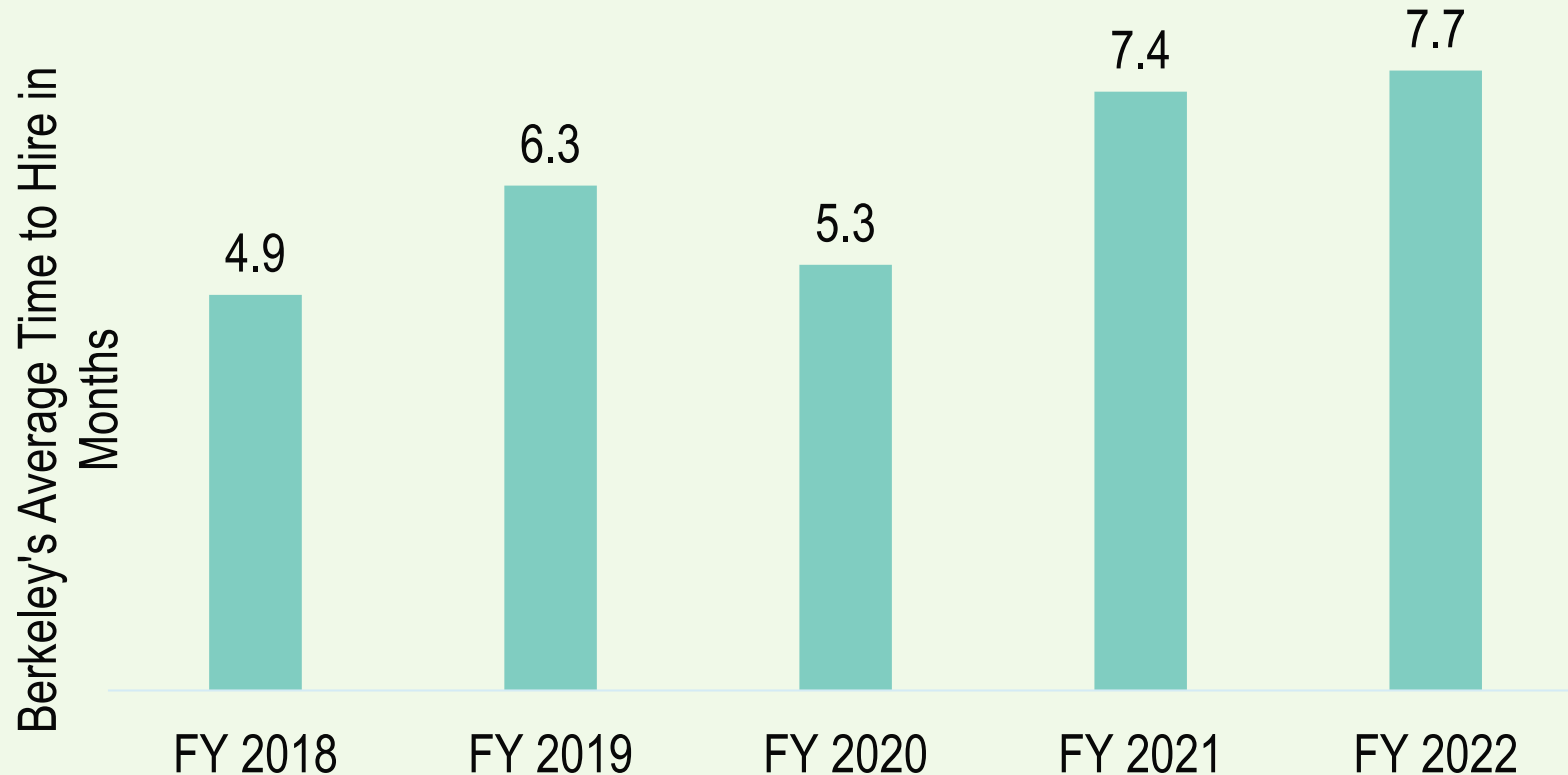
- **Training compliance:** City has been out of compliance since at least **2022**.
- **Performance evaluations:** **67%** of surveyed employees reported that they did not receive a performance evaluation in the year prior.
- **Exit surveys:** **75%** of surveyed former employees said they did not receive an exit survey upon leaving their position.





# The average time to hire increased by almost three months.

The average time to hire increased since fiscal year 2018.



Source: NEOGOV. See page 24 of the report for more details.



## Ineffective procedures may have contributed to challenges with hiring and internal services.



- HR did not generally use modern hiring processes during the audit period, and the management approval process was inefficient.



- HR did not provide hiring managers with trainings on the hiring process.



- Some employees reported inadequate onboarding.



# What we found:

Finding 1: Staff shortages constrained city services.

Finding 2: Some surveyed employees reported dissatisfaction and many have contemplated leaving.

Finding 3: Instability in Human Resources delayed hiring and impacted internal services.

**Finding 4: Telework can benefit the City but the current policy is limited.**

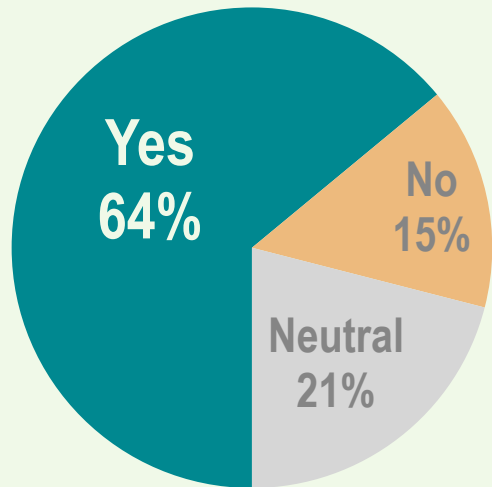
Finding 5: The City lacked reliable data to address staff shortages.



# Most surveyed city employees reported being satisfied with telework.

**Sixty-four percent of teleworking employees we surveyed were satisfied with their experience.**

I am satisfied with my teleworking experience.



Surveyed employees reported some positive impacts of telework:

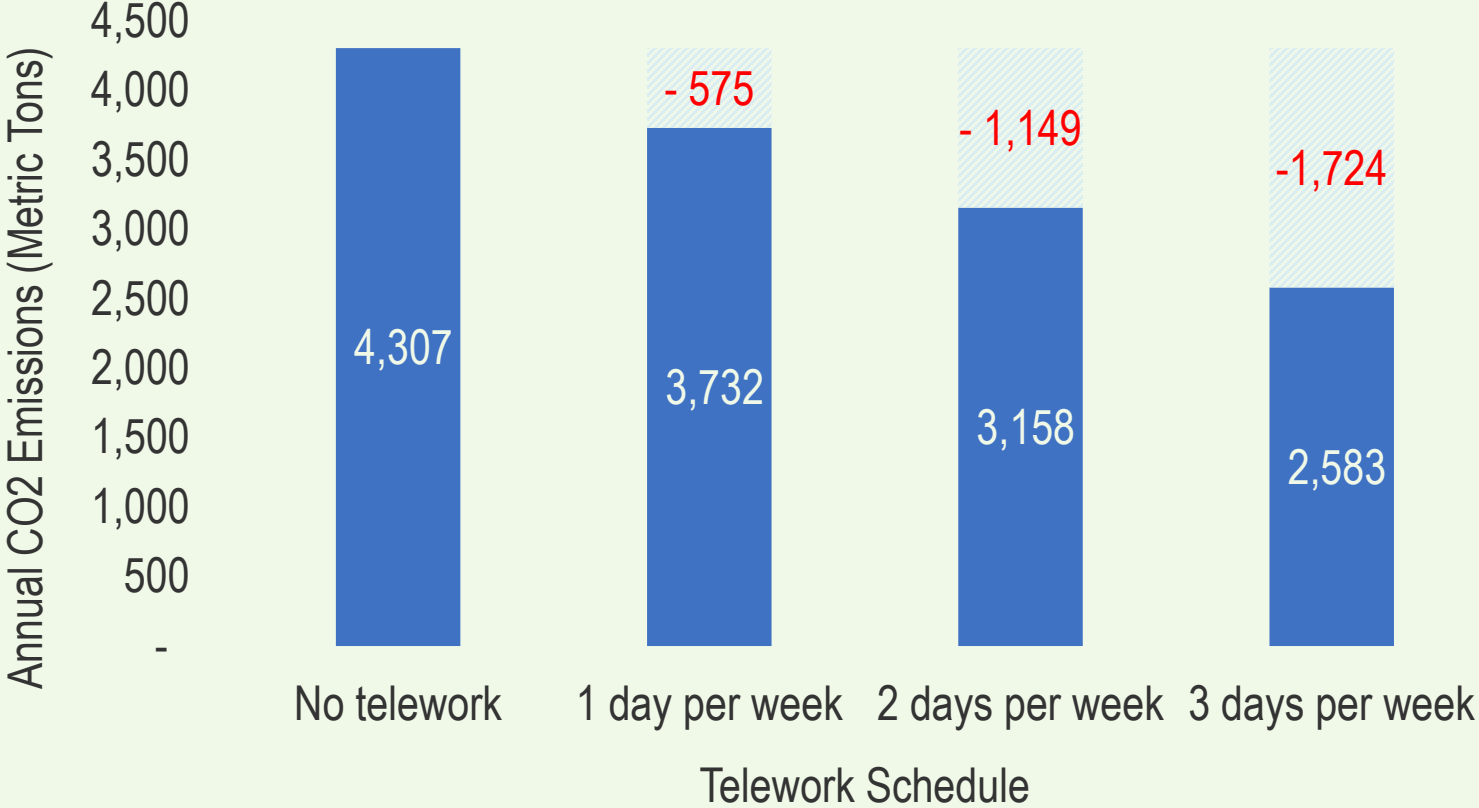
- Decreased commute time
- Improved job satisfaction
- Improved work-life balance
- Improved workplace safety

Source: 2022 satisfaction survey. See page 29 of the report for more details.



# Telework may have additional benefits to the City.

Telework can reduce the amount of CO2 produced by employee commutes.



Source: Berkeley City Auditor analysis. See page 32 of the report for more details.



# The telework policy is not comprehensive and lacks accountability elements.

## The City of Berkeley does not have a comprehensive telework policy.

Elements of a Comprehensive Policy	State of California	Alameda County	City and County of San Francisco	City of Berkeley
The policy requires employees to be available for contact while teleworking.	✓	✓	✓	✓
The policy states that employees must comply with health and safety requirements at their telework site.	✓	✓	✓	✓
The policy has specific eligibility guidance.	✓	✓	✓	X
The policy has clear communication guidelines and expectations.	✓	✓	X	X
There is an accountability element for unresponsive employees.	✓	✓	✓	X
There are clear instructions for requesting equipment.	✓	✓	✓	X
There are training resources and requirements.	✓	✓	✓	X
Supervisors must provide justification for denying telework requests.	✓	✓	X	X

Source: State of California telework guide, Alameda County telework policy, City and County of San Francisco's teleworking policy, City of Berkeley telework policy. See page 35 of the report for more details.



BERKELEY CITY AUDITOR

# What we found:

Finding 1: Staff shortages constrained city services.

Finding 2: Some surveyed employees reported dissatisfaction and many have contemplated leaving.

Finding 3: Instability in Human Resources delayed hiring and impacted internal services.

Finding 4: Telework can benefit the City but the current policy is limited.

**Finding 5: The City lacked reliable data to address staff shortages.**



# The City did not have reliable data on trends in retention, employee satisfaction, or diversity, equity, inclusion, and accessibility (DEIA).

## Key Retention Data Was Unreliable

Data	Definition	Status
Vacancy rate	Percent of total positions that are vacant.	Unreliable
Turnover rate	Percent of employees to leave an organization during a given time period.	Unreliable

- The City did not have reliable retention data.
- The City did not consistently send out exit surveys or collect satisfaction data.
- Berkeley has not reported sufficient data to track progress towards its diverse workforce goal and DEIA trends.

Source: Auditor conclusion. See page 36 of the report for more details.





# Recommendations

We recommend that the City:

- Establish retention goals, conduct an analysis of staff needed for city services and consider staff capacity around new legislation.
- Take steps to address employee satisfaction and improve the recruiting and hiring process.
- Expand the telework policy to align with best practices.
- Regularly collect data on employee satisfaction and on diversity, equity, inclusion, and accessibility.



# Management Response

City management and Human Resources agreed with our audit findings, conclusions, and recommendations, and provided an action plan to address our recommendations.



## Examples of management progress on addressing staff shortages:



- Hired twice as many new employees as the number who left the City in 2023.



- Filled vacancies and increased staff capacity in HR.



- Currently developing new trainings and hiring procedures.



*We would like to thank city management and Human Resources for their cooperation with this audit.*

*We would also like to thank the employees and department directors who provided their perspectives through survey responses and interviews.*

