




## M E M O R A N D U M

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**Date:** November 19, 2020

**To:** California State Lottery Commission

**From:** Alva V. Johnson, Director 

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Human Resources Division

**Subject:** Item 8(c) – Request to Add Positions to Human Resources Division

### **ISSUE**

The Human Resources Division (HRD) requests 7 new positions to properly manage increased workload and responsibility. The additional staffing is necessary to facilitate the effective provision of critical services, support the department's efforts to move forward strategically, and ensure compliance with employment policies, laws, rules, and accepted best practices related to personnel operations and safety.

### **BACKGROUND**

HRD is responsible for developing and administering workplace programs that comply with the state's employment and labor laws and regulations. HRD currently has 37 authorized positions and is comprised of six functional areas that are primarily responsible for: employee recruitment and selection; payroll and employee benefits; health and safety; labor relations; training and workforce development; and performance management.

HRD maintains strategic partnerships with each Lottery division and provides critical services to the organization, while ensuring compliance with employment policies, laws, rules, and accepted best practices. Lottery employees and management rely upon the critical services provided by HRD, such as compensation, benefits administration, performance management, employee wellness, disability, safety program management, employee training and development, recruitment, examination administration, management consultation services, and workforce and succession planning. Failure to properly staff these critical Lottery human resources programs would adversely impact all Lottery divisions.

The Commission approved additional positions for HRD in January 2020 to increase staffing in our Labor Relations Office, add one position to health and safety, add one position to update policies and procedures, and to establish an Organizational Development Section to enhance Lottery recruitment activities, develop and administer workforce and succession planning, and oversee training and employee development.

HRD has hired additional staff and is in process of building this new section and implementing other improvements based on increased capacity granted through those positions. However, additional resources are needed in the areas of safety and compliance and this memorandum is requesting the establishment of a Section dedicated to these functions.

In conjunction with reorganization of existing resources, this request seeks to add staffing to HRD to create a new Safety and Compliance Section, a new Disability/Wellness Unit, and add additional staff to key HRD programs.

### **Safety and Compliance Section**

The safety of Lottery employees is the department's highest priority. In 2019, responsibility for safety was centralized in HRD. Since then a long-term project has been underway to implement a safety culture Lottery-wide. Presently, Lottery only has two positions dedicated to safety and the COVID-19 pandemic has stretched these resources too thin, creating significant workload challenges and requiring shifting of resources throughout HRD to facilitate pandemic response. The development of a dedicated safety unit within a new Safety and Compliance Section is needed to ensure the department's obligations as an employer pursuant to Cal/OSHA are met and that appropriate measures are taken to prevent workplace injuries. There will be significant need for these safety staffing resources, even once the COVID-19 pandemic has come to an end.

Additionally, Lottery HRD is arguably one of the most frequently audited departmental human resource programs in the state. This is in large part because of the connection to the gaming industry, Lottery revenues in excess of \$6 Billion, a variety of stakeholders, and the interest of media outlets. Consequently, the programs HRD administers are subject to audit by external industry-related organizations in addition to multiple internal state control agencies.

Unfortunately, as with many other State departments, most of Lottery HRD's processes and back-office functions are manual and paper-based. In the absence of human resource management system technology, these audits require Lottery HRD to manually report and retrieve hundreds of records and/or documents. As the audits progress, the research, review and explanation of Lottery records and transactions is time-consuming and consequently degrades the provision of needed services throughout the department.

Response to these audits has required the redirection of existing HRD resources and reduced HRD's ability to effectively provide employee and management services. It is in the Lottery's best interest to staff HRD in a manner that allows the program to focus dedicated management and staff resources on compliance. Additionally, there is a need to focus resources on the implementation of technology needed to modernize and support HRD operations. Staffing HRD appropriately to meet these needs will eventually enable the program to take a more proactive role in terms of talent acquisition and management.

### **Disability/Wellness Unit**

A separate but related concern is the need to devote additional resources to employee wellness and workplace injury management through the creation of a Disability/Wellness Unit. Effective employee health and wellness programs inspire employees to adopt healthy behaviors and reduce elevated health risks. As the Lottery's workforce continues to grow to meet the evolving needs of consumers, retailers, and other stakeholders, the need for services such as Reasonable Accommodation, Workers Compensation, and various specialized disability leave benefits increases as well. These benefits change over time, as evidenced by two new types of leave recently being introduced to mitigate the impacts of the health pandemic under the Family First Coronavirus Response Act. A strong post-injury management function will enable the department to meet the needs of injured and/or temporarily disabled employees and return them to full duty as swiftly as possible. Again, dedicated resources are required to handle these specialized services and avoid redirecting resources from other critical areas.

### **Request**

If approved, the additional seven positions will be assigned as follows:

1. One new Assistant Deputy Director position, subject to the approval of the California Department of Human Resources (CalHR) to oversee, guide, direct, and assist in the high-level management of the HRD. This position will assume a critical policy development role and oversee day-to-day operations; the implementation of the new organizational structure; and assist the Deputy Director in the development of human resource strategies that align with the Lottery's business and strategic plans.
2. One new Staff Services Manager II to oversee a new Safety and Compliance Section. The Safety and Compliance Section will be responsible for the development, oversight, and administration of employee safety programs, administration of position control, assist with HRD policy maintenance, and manage HRD's response to payroll, and personnel operations compliance audits.
3. One new Staff Services Manager I position to oversee the new Disability/Wellness Unit. The Disability Wellness Unit will oversee and administer the existing disability programs including but not limited to Worker's Compensation, the Family Medical Leave Act (FMLA), Non-industrial Disability and State Disability Insurance, Reasonable Accommodation and ergonomic programs.
4. Three new Staff Services Analyst/Associate Governmental Program Analyst positions:
  - a. One additional analyst for HRD's Disability/Wellness Unit.
  - b. One additional analyst for HRD's new Safety Unit.
  - c. One additional analyst for HRD's Compliance unit to coordinate and facilitate response to internal/external audits.
5. One Staff Services Manager I position for the Performance Management Office. Lottery currently has two SSM I positions in the Performance Management Office, but one is a temporary position. This request will make that temporary position permanent, as an ongoing need has been clearly identified.

**RECOMMENDATION**

Lottery staff recommends that the Commission approve the establishment of 7 positions in HRD along with the associated funding of approximately \$281,000 for the remainder of Fiscal Year 2020-21. The full fiscal year cost of the 7 positions is approximately \$840,000, which will fluctuate over time based on bargaining union contracts and salary range adjustments.