

ACTION CALENDAR

July 11, 2023

**To:** Honorable Mayor and Members of the City Council

**From:** Jenny Wong, City Auditor *zw*

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

RECOMMENDATION

We recommend City Council request that the City Manager report back by January 2024, and every six months thereafter, regarding the status of our audit recommendations until reported fully implemented. Some of our recommendations include: establish retention goals and conduct an analysis of staff needed for city operations and services; consider staff capacity around new legislation; take steps to improve employee satisfaction; identify opportunities for efficiency in the hiring process, and modernize its recruiting process; expand the telework policy to align with best practices; and regularly collect data on employee satisfaction and on diversity, equity, inclusion, and accessibility.

FISCAL IMPACTS OF RECOMMENDATION

Implementing the recommendations outlined in the audit *Staff Shortages: City Services Constrained by Staff Retention Challenges and Delayed Hiring* will have fiscal implications for the city. While the exact financial impact will depend on specific implementation strategies and timelines, it is crucial to allocate adequate resources to ensure the successful execution of these initiatives. The long-term benefits of improved employee retention, such as enhanced service delivery, reduced recruitment and onboarding costs, and increased employee productivity, will outweigh the initial investments.

CURRENT SITUATION AND ITS EFFECTS

During the audit period of fiscal year 2018 to fiscal year 2022, Berkeley experienced staff shortages that impacted the delivery of crucial city services. The City lacked a clear and data-driven retention strategy, exacerbating the problem. Employee dissatisfaction emerged as a key factor contributing to staff turnover, with voluntary separations (resignations and retirements) surpassing new hires each year of the audit period. Outcomes of the employee satisfaction survey that we performed as part of the audit highlight concerns related to workload, outdated internal systems, limited professional development opportunities, employee pay, and inadequate support and communication from city management. In a survey of former employees, 47 percent reported that organizational culture problems were among their primary reasons for leaving the City.

The instability in the Human Resources department further impeded Berkeley's ability to fill vacancies effectively. Over the audit period, the average time to hire new employees increased substantially, from 4.9 months in fiscal year 2018 to 7.7 months in fiscal year 2022, causing

delays in crucial recruitment processes. Additionally, while telework showed potential in retaining employees, the City's existing telework policy is limited and in need of enhancement. We also found a lack of reliable data for monitoring workforce retention trends, including accurate information on vacancies and employee satisfaction.

BACKGROUND

The City of Berkeley has 1,792 budgeted full-time equivalent (FTE) positions as of FY 2023. Retaining employees is important for government organizations to ensure there are enough staff to deliver services and programs effectively. Though outside factors such as the Great Resignation provide a larger context for employee retention, retaining employees in Berkeley was a problem before the pandemic and the Great Resignation, which are not solely responsible for citywide retention challenges.

Some level of employee turnover is necessary in healthy organizations. Employees leave for many reasons other than job dissatisfaction, including retirement, or relocation. Employee turnover also allows new talent and people with new skillsets to enter the organization. However, too much employee turnover becomes costly and makes it more difficult for organizations to function. Excessive turnover can also lower the morale of the remaining staff in an organization.

ENVIRONMENTAL SUSTAINABILITY

In our report, we identify opportunities to reduce greenhouse gas emissions created from employee commutes through the use of telework. Decreasing emissions aligns with Berkeley's Climate Action Plan goal to reduce the year 2000 emissions by 80 percent by 2050.

RATIONALE FOR RECOMMENDATION

Implementing our recommendations will improve the City's management of employee retention and mitigate risks associated with excessive turnover and vacancies.

CONTACT PERSON

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Attachments:

- 1: Audit Report - Staff Shortages: City Services Constrained by Staff Retention Challenges and Delayed Hiring

Audit Report  
June 22, 2023

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



BERKELEY CITY AUDITOR

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

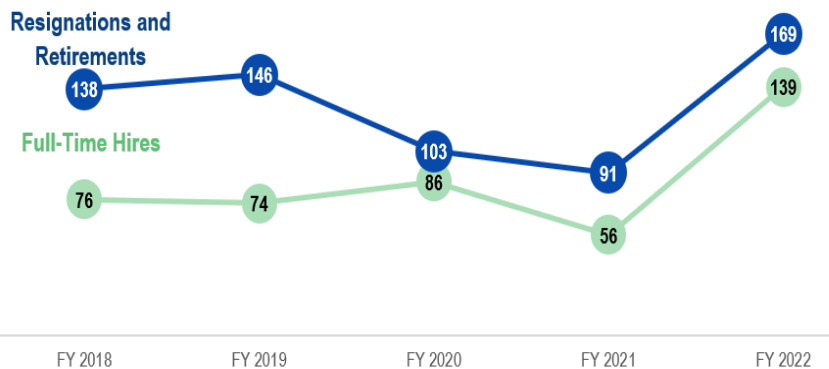
## Report Highlights

June 22, 2023

### Findings

1. Berkeley's staff shortages constrained city services, but the City did not have a clear strategy to improve retention during our audit period. More employees left the City than were hired in each year of the audit period, contributing to the staff shortage.

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



Source: ERMA, FUND\$, and NEOGOV

2. Employee dissatisfaction made it harder for the City to retain staff. Surveyed employees reported dissatisfaction with workloads, professional development opportunities, pay, and communication and support from city leadership.
3. Instability in Human Resources delayed hiring and impacted internal services. The average time it took to hire new employees increased from 4.9 months in fiscal year 2018 to 7.7 months in fiscal year 2022.
4. Telework can benefit the City and help retain some employees but the current policy is limited.
5. The City lacked reliable data to monitor trends and address staff shortages.

### 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. We also recommend that the City take steps to address employee satisfaction and improve the recruiting and hiring process. We also recommend that the City expand the telework policy to align with best practices and regularly collect data on employee satisfaction and on diversity, equity, inclusion, and accessibility.

### Objectives

1. How do staff shortages affect city services?
2. What is the state of employee satisfaction?
3. What internal factors impact 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?

### Why This Audit Is Important

Berkeley government has faced difficulties retaining employees, which caused staff shortages that limited the City's ability to provide services to residents. Staff shortages can make workloads for current employees unmanageable, which can drive down morale and worsen employee retention. Combined, these issues can lead to an increase in employee errors, a decrease in the quality of services, and an overall increase in the City's financial risks and other liabilities. The inability to retain employees can also be costly to the City in the long run, as it may be more expensive to hire and train new employees than it is to retain productive employees.



BERKELEY CITY AUDITOR

For the full report, visit:  
<https://berkeleyca.gov/your-government/city-audits>

## Table of Contents

|         |   |
|---------|---|
| Page 3  | Introduction  |
| Page 4  | Objectives, Scope, and Methodology  |
| Page 5  | Background  |
| Page 7  | Finding 1: Staff shortages constrained city services.   |
| Page 12 | Finding 2: Some surveyed employees reported dissatisfaction and many have contemplated leaving. |
| Page 24 | Finding 3: Instability in Human Resources delayed hiring and impacted internal services.        |
| Page 29 | Finding 4: Telework can benefit the City but the current policy is limited.                     |
| Page 36 | Finding 5: The City lacked reliable data to address staff shortages.                            |
| Page 41 | Recommendations and Management Response   |
| Page 49 | Methodology and Statement of Compliance   |
| Page 52 | Appendix I. Satisfaction Survey Responses   |
| Page 55 | Appendix II. Exit Survey Questions  |
| Page 57 | Appendix III. Satisfaction Survey Respondents by Department                                     |

## Introduction

We identified employee retention in the City of Berkeley as an area needing independent assessment based on our observation of challenges with employee retention and staff shortages in previous audits.<sup>1</sup> **Employee retention** refers to an organization's ability to keep employees and reduce turnover. Staff shortages can limit Berkeley government's ability to provide public services and programs. For example, understaffing in the Police department and 911 dispatch center can increase 911 call response times for the Berkeley community and result in officer burnout and fatigue, contributing to health and safety risks. Understaffing in financial oversight roles can increase the risk of fraud. Employee retention is essential to maintaining enough staff to provide high quality services to Berkeley residents.

<sup>1</sup> Past audits identifying workforce retention issues include an audit of [Police overtime and outside security work](#), an audit of [911 dispatcher staffing and overtime](#), and an audit of the [Code Enforcement unit](#).

Our audit examines the root causes of the City’s retention challenges and provides recommendations to prevent the City from facing a staffing crisis of this magnitude in the future. While some departments have unique retention challenges based on the nature of their work, the purpose of this audit is to understand citywide challenges and provide recommendations to improve retention across all departments. We initially started work on this audit in November 2019, but postponed our work at the onset of the COVID-19 pandemic as audit staff were diverted to the Emergency Operations Center. We resumed this audit in March 2022. In September 2022, the City contracted with consulting firm MRG Associates to develop a separate *Employer of Choice* report. Some themes of this audit are similar to MRG’s report, but our work follows audit standards as specified in the City Charter.

## Objectives, Scope, and Methodology

Our objectives were to answer the following questions:

1. How do staff shortages affect city services?
2. What is the state of employee satisfaction?
3. What internal factors impact 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?

We evaluated employee retention data for fiscal years (FY) 2018 through 2022. We analyzed data on hiring, vacancies, longevity, and employee demographics. To understand employee perspectives, we surveyed current employees about their job satisfaction, and surveyed employees who voluntarily resigned or retired from the City about why they left. We also interviewed every department director in the City and offered to meet with union representatives from employee labor groups. Lastly, we reviewed best practices from leading human resource organizations along with staffing data from local jurisdictions to compare to Berkeley. For more information on the methodology, see page 49.



## Background

### City of Berkeley's Workforce

The City of Berkeley has 1,792 budgeted full-time equivalent (FTE) positions as of fiscal year 2023.<sup>2</sup> The three largest departments are Public Works, Police, and Health, Housing, and Community Services (Table 1).

**Table 1. Budgeted Full-Time Equivalent Positions by Department, Fiscal Year 2023**

| Department                                      | Budgeted FTEs |
|---|---------------|
| Public Works                                    | 340.00        |
| Police  | 313.20        |
| Health, Housing and Community Services          | 265.58        |
| Fire  | 203.00        |
| Parks, Recreation, and Waterfront               | 165.62        |
| Planning and Development                        | 116.04        |
| Library   | 115.60        |
| Finance   | 56.00         |
| Information Technology                          | 52.00         |
| City Manager                                    | 45.50         |
| Rent Board                                      | 23.55         |
| Human Resources                                 | 22.00         |
| Mayor and Council                               | 19.00         |
| City Attorney                                   | 17.00         |
| City Auditor                                    | 14.75         |
| City Clerk                                      | 10.00         |
| Economic Development                            | 8.00          |
| Office of the Director of Police Accountability | 5.00          |

Source: Berkeley's FY 2023 and FY 2024 Budget Book

Employee retention is important in government organizations to ensure there are enough staff to deliver services and programs effectively. City of Berkeley staff have a wide range of responsibilities that affect the Berkeley community, including road maintenance, public safety, transportation, housing assistance, city planning, and many others. City staffing challenges can therefore impact almost everyone who lives in, works in, or visits Berkeley.

<sup>2</sup> Some of these budgeted positions may be vacant.

## Retention Challenges

Many employers are currently facing challenges retaining employees. About a year after the onset of the COVID-19 pandemic, people began leaving their jobs nationwide at increasing rates. This phenomenon became known as the Great Resignation. According to a survey by Pew Research Center, around 1 in 5 adults left their job voluntarily during 2021 due to various reasons, including childcare needs, salary, lack of career advancement, COVID-19 concerns, and a desire for more flexibility or work-life balance. The retirement rate also increased nationwide by 13 percent among the baby boomer generation in 2020. In the City of Berkeley, nearly 20 percent of the workforce is eligible for retirement as of 2022, which will increase to 28 percent by 2025. An increase in retirements may worsen retention issues in the coming years. Therefore, improving retention of remaining staff should be a high priority for the City of Berkeley.

Though outside factors such as the Great Resignation provide a larger context for employee retention, workforce retention in Berkeley was a problem before the pandemic and the Great Resignation, which are not solely responsible for citywide retention challenges. Our analysis of employee perspectives provides information on internal factors that affect retention.<sup>3</sup>

Some level of employee turnover is necessary in healthy organizations. Employees leave for many reasons other than job dissatisfaction, such as retirement or relocation. Employee turnover also allows new talent to enter the organization. However, too much employee turnover becomes costly and makes it difficult for organizations to function. Excessive turnover can also lower the morale of the remaining staff in an organization and impact service delivery.

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<sup>3</sup> Finding 2 on page 12 outlines the primary causes of employee dissatisfaction leading to retention issues in the City of Berkeley.



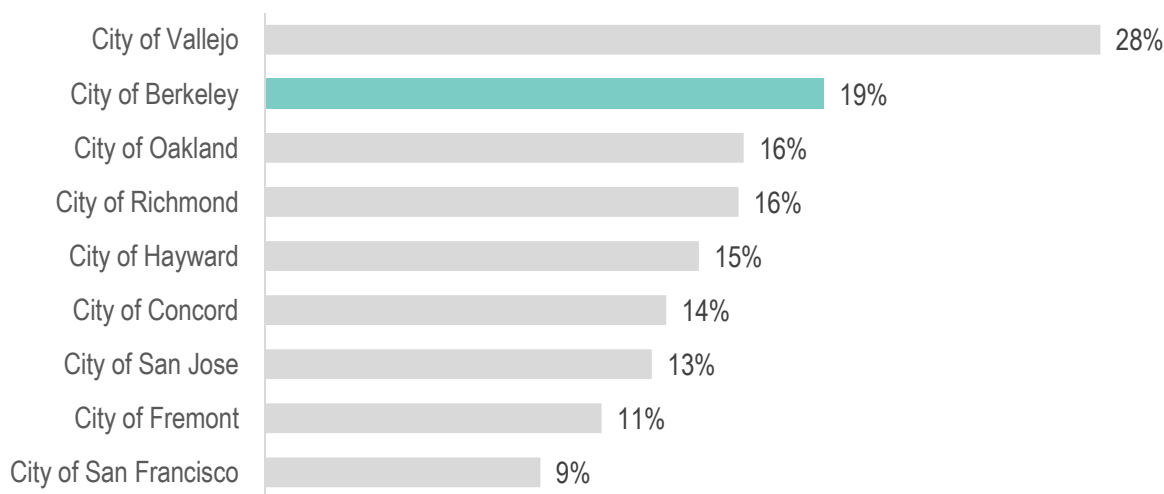
## Staff shortages constrained city services.

Berkeley had a high vacancy rate, reflecting staff shortages. These shortages have caused reductions in basic services for community members, such as delayed staff responses and facility closures. Though the City's strategic plan includes a goal to attract and retain a talented and diverse workforce, the City did not have a clear and data-driven strategy to improve retention or address the root causes of excessive turnover during our audit period.

### Berkeley's high vacancy rate reflected staff shortages.

Berkeley has experienced a staff shortage, as indicated by its vacancy rate (the percentage of budgeted positions that are vacant). Compared to other cities in the Bay Area with available vacancy data, Berkeley's citywide vacancy rate was the second highest at 19 percent in 2022 (Figure 1).

**Figure 1. Berkeley had the second highest vacancy rate compared to other Bay Area cities in 2022.**



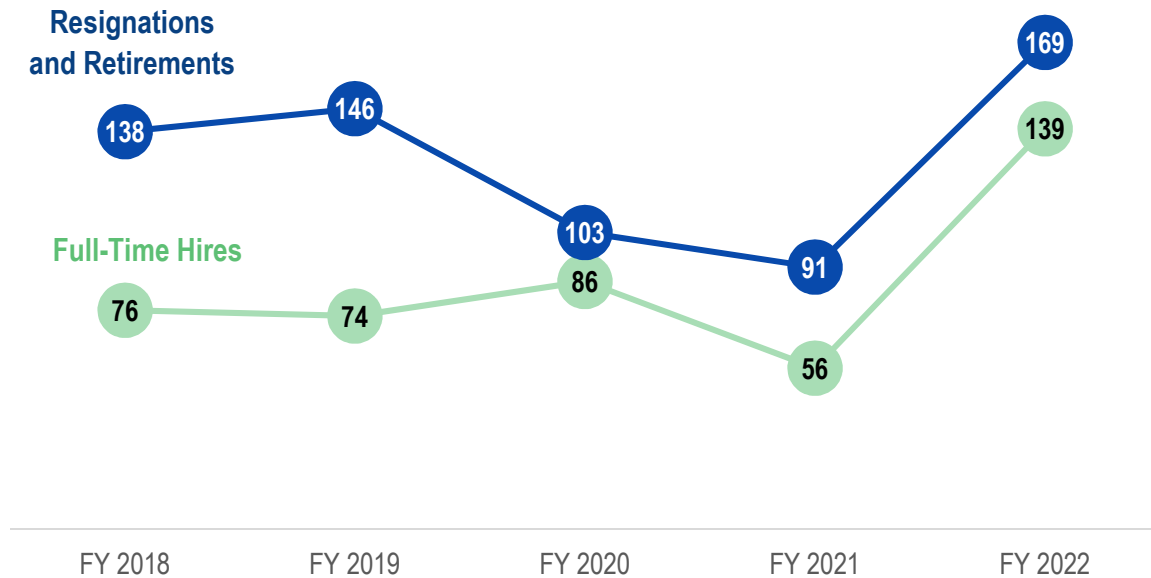
Note: Berkeley and San Francisco vacancy data are from October 2022, and all other data is from June 2022. These were the most recent dates available to compare vacancy rates at the time of our data request.

Sources: City of Berkeley, City of San Francisco Human Resources, City of Oakland Human Resources

Berkeley's vacancy rate is based on counts from department directors in October 2022. Some department directors reported that the high vacancy rate was a problem before the pandemic. However, we were unable to quantify how the vacancy rate has changed over the years due to data limitations (see Finding 5 on page 36 for more information on the City's data challenges).

The City did not hire enough employees to address the gap between voluntary separations (resignations and retirements) and new hires. Figure 2 shows that there were more resignations and retirements than full-time hires in each year of our audit period.<sup>4</sup> As a result, the cumulative hiring need increased, as the City did not hire enough employees each year to make up for the number of employees who left in previous years.

**Figure 2. Resignations and retirements outpaced full-time hires during the audit period.**



Note: Full-time hires refers to staff hired into full-time permanent positions. Resignations and retirements do not include medical separations or disability retirements. The data does not include internal transfers or promotions.

Source: ERMA, FUND\$, and NEOGOV

### Staff shortages impaired services to the community and other departments.

An increase in vacant positions reduced the number of staff available to ensure city programs and services functioned as intended. In response to our satisfaction survey, some employees explained that staff shortages made it difficult to deliver basic services to the community. According to one employee:

When departments are stretched thin, they cannot do a good job of supporting the community or other departments. [...] When departments experience turnover, it is very difficult to absorb the responsibilities, train new staff, and still deliver baseline services.

<sup>4</sup> According to the Human Resources Director, from January to March 2023, the City hired more than twice as many new employees as the number of employees who left the City.

In a presentation to City Council on December 13, 2022, the City Manager outlined how vacancies reduced city services. For example, there were reduced services or hours of operation at clinics and senior centers, and temporary closures of some fire stations.

Additionally, understaffing in public safety increased the need for mandatory overtime in both the Police and Fire departments. According to the City Manager, vacancies in the Transportation division have also contributed to delays in a major transportation project. Such delays may limit the City's ability to achieve goals such as reducing greenhouse gas emissions or improving traffic safety.

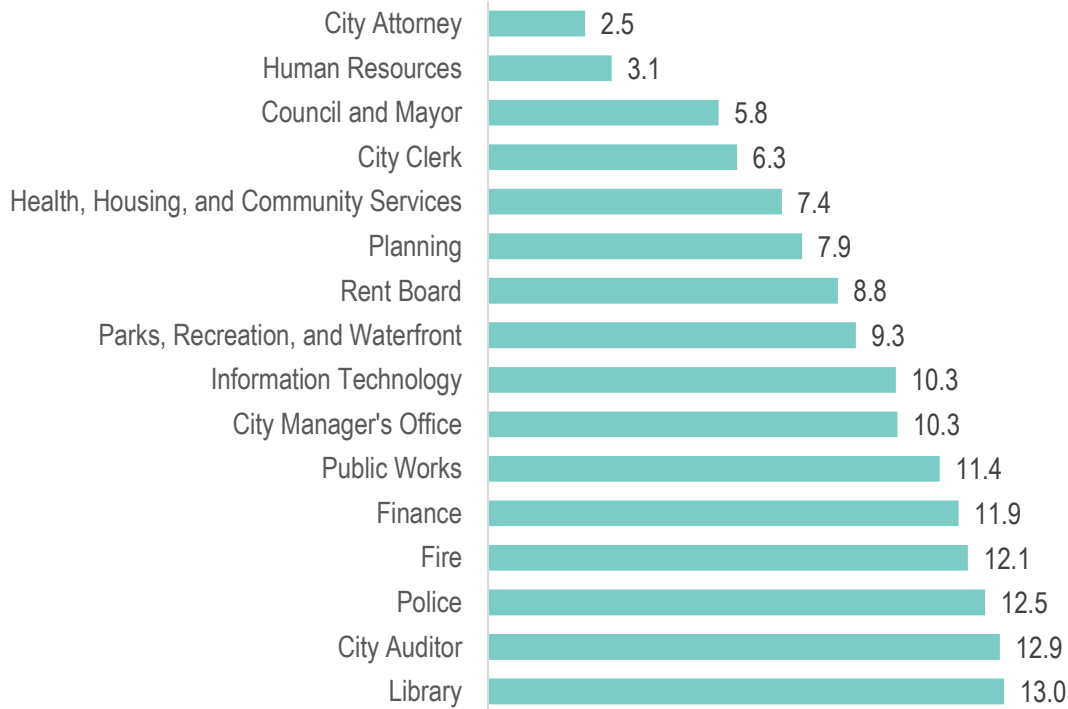
Vacancies also affected services that some departments provide to support the City's internal operations. For example, according to an Information Technology (IT) manager, understaffing in IT caused delays in technical assistance to employees. These types of delays impact employees' ability to do their jobs efficiently, which can in turn impact the delivery of services to the Berkeley community.

Vacant positions can also increase risk to the City. For example, lack of sufficient supervisory review can increase risk of overpayments, missed payments, or fraud. When employees leave, it may take years for new employees to gain that same level of knowledge.

A high vacancy rate combined with decreased employee tenure (the length of time an employee has worked for an organization) can also impact services if staff do not have institutional knowledge or are not yet fully trained. Departments may also lose specialized knowledge or knowledge of a particular city process when the employee managing that function leaves. One former employee stated:

*At the time I began working for [the City], the office culture and knowledge from within was superior. As time went on and more people left, the office began to fail.*

Employee tenure varies by department (Figure 3). The two departments with the lowest average employee tenure are the City Attorney's Office and Human Resources (HR). Low average tenure may present challenges to some important internal services due to lost institutional knowledge.

**Figure 3. Average Years of Employee Tenure by Department, 2022**

Note: Each data point refers to the average employee tenure in each department as of October 2022.

Source: ERMA

### The City lacked a clear and data-driven retention strategy.

The City did not have a clear strategic approach during our audit period to address the root causes of excessive turnover and meet its strategic plan goal. The City's strategic plan includes a goal to attract and retain a talented and diverse city government workforce. According to the 2022 strategic plan update, the City has revised some personnel rules and regulations and expanded employee wellness and resiliency programs in the Police department. The City also implemented the skilled worker academy, an in-depth program for some frontline staff to gain computer skills and other professional skills in September 2022. However, some department directors cited a lack of clarity around an overall retention strategy from city management or HR, or a perception that the City does not have the data and staff to sustain successful retention initiatives. The Society for Human Resources Management, an association of HR professionals, recommends organizations develop targeted strategies to improve retention. Data can help identify the areas where an organization needs to improve and inform strategies to address these issues. During the audit period, the City did not have reliable data on retention and employee satisfaction to inform a data-driven retention strategy (see Finding 5 on page 36 for more information on the City's data challenges).

Additionally, the City has not conducted an analysis of staffing levels needed for city operations and services. This may include working with department directors to identify the optimal number of FTEs and type of positions in each department, and aligning those positions with the department's goals for successful city operations and services. Based on guidance issued by the Government Finance Officers Association, it is a best practice for governments to determine the optimal level and type of staff needed to meet the organization's goals and objectives in light of cost constraints. It will be difficult for the City to develop targeted strategies to address retention challenges without this data.

## Recommendations

To better manage retention, we recommend the City Manager's Office:

- 1.1 Establish citywide retention goals and report to City Council on progress towards those goals biennially.
- 1.2 Conduct a staffing analysis based on critical needs to identify the number and type of full-time equivalent positions needed for successful city operations and services. The City may consider conducting this analysis one department at a time based on available resources.

## Some surveyed employees reported dissatisfaction and many have contemplated leaving.

Employee satisfaction is a major factor in employee retention. Fifty-five percent of surveyed employees reported being satisfied with their job, which is lower than a federal government average. Factors impacting satisfaction among survey respondents were workloads, professional development opportunities, pay,<sup>5</sup> and communication and support from city leadership.

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

Only 55 percent of current city employees who responded to our survey reported that they were satisfied or somewhat satisfied with their job. This is lower than the job satisfaction rate among federal government agencies, which is 73 percent (Figure 4).

**Figure 4. Surveyed City of Berkeley employees reported lower job satisfaction than federal government employees in similar-sized agencies.**



Note: Federal employee data is from medium-sized agencies with 1,000-9,999 employees; Berkeley had 1,468 full-time employees as of 2022. Job satisfaction data from local government agencies was not readily available.

Sources: 2022 City of Berkeley employee satisfaction survey and 2022 federal employee viewpoint survey

Many current employees we surveyed also contemplated leaving the City. Over half, or 55 percent of current employees surveyed reported looking for another job in the year before taking the survey. Additionally, about 47 percent of surveyed former employees reported that organizational culture problems were among their primary reasons for leaving the City (Appendix II).

<sup>5</sup> We did not review city pay structures, as it was outside the scope of this audit.



Employee dissatisfaction is one of the main causes of turnover, according to the Society for Human Resources Management. High turnover is costly and affects an organization’s performance. Benchmarking data estimates that the total cost to recruit, train and develop a new hire may be at least half to two times that employee’s salary.

**Some employees reported unmanageable workloads related to staff shortages, new work, and inefficient systems.**

Some surveyed employees reported that one of the primary reasons they looked for a job in the past year was because they had a high workload due in part to staff shortages. Only 44 percent of current employees felt their workload was manageable (Figure 5). For comparison, in a survey of federal government employees, 61 percent agreed that their workload was reasonable. Nearly a quarter of surveyed former employees also listed high workload as one reason for leaving the City.

**Figure 5. Forty-four percent of surveyed employees reported that their workload was manageable.**



Source: 2022 satisfaction survey

**Staff Perspectives**

“There are not enough positions in my unit for the workload. I have demonstrated this time and again, and the solution from management has been for me, as the lowest level employee in my functional area exempt from overtime, to work 50 hours a week or more.” – Current employee

“The department I worked for was understaffed and lacked the resources to support city employees. I was provided insufficient training and had trouble keeping up with the workload. The workload and lack of support were primary reasons why I opted to look for new opportunities less than six months after starting at the City of Berkeley.” – Former employee

“When there are vacancies, it affects staff’s ability to do the work. It also impacts morale when people are stressed out. Some people left the department due to the unreasonable volume of work they were expected to produce.” – Department director

Sources: 2022 exit and satisfaction surveys, employee interviews

One department director also noted that certain job descriptions are out of date, which can make it difficult to recruit new employees to fill vacancies and help relieve the workload for current employees. The Chair of the Personnel Board also stated that the City has not reviewed certain job descriptions in recent years. Updated job descriptions can help ensure that city job postings accurately reflect job duties.

Employees receive new work beyond their regular duties, including referrals from City Council or public commissions, or additional items assigned in each department as noted in the *Employer of Choice* report.<sup>6</sup> Some employees reported that because service delivery expectations remained the same when their department or division lacked adequate staffing, they were overloaded with work during periods of short staffing, which compounded their already unmanageable workload. City Council has a process to prioritize referrals to staff, though that process was not used in fiscal year 2020 and fiscal year 2021 due to the COVID-19 pandemic. However, it does not include a formal method of accounting for staffing impacts when assigning additional work. Without limiting or prioritizing referrals based on staff capacity, staff may not be able to balance council referrals with their regular duties or providing baseline services.

Employee workload is also exacerbated by ineffective internal and administrative systems. As one department director stated, “The substandard internal systems we have make a lot of our work inefficient.” This includes software systems such as ERMA, the City’s financial management platform. The City switched to ERMA from FUND\$, their prior HR/payroll management system, in January 2021. Some employees explained that this transition added to their workload significantly. Other employees described city systems as antiquated, with IT assistance, timesheets, telephones, and key access cited as examples. Some technology and system issues may be affected by retention challenges if an employee in charge of managing a system is new or not fully trained. Some employees and department directors expressed a sense that internal systems are outdated and hard to use, which is a source of frustration and affects their ability to do their jobs efficiently.

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<sup>6</sup> Council referrals are short or long-term projects assigned to departments based on City Council’s direction. Since the City starting tracking referrals in 2014, there have been approximately 500 referrals assigned. About 255 of the referrals are completed, 18 are in progress, and the rest have not yet been started or have been rejected by Council action.

## Opportunities for professional development were limited.

### Lack of career opportunities impacted retention.

Some surveyed employees reported dissatisfaction with career advancement opportunities in the City. Approximately 27 percent of surveyed former employees cited inadequate promotional opportunities as one of their primary reasons for leaving the City of Berkeley. Forty percent of surveyed current employees were also dissatisfied with their career advancement opportunities, compared to 41 percent who were satisfied, with 19 percent neutral (Figure 6).

**Figure 6. Forty percent of surveyed employees reported being dissatisfied with career advancement opportunities.**



Source: 2022 satisfaction survey

#### Staff Perspectives

“The promotions process is ambiguous and not transparent. People get promoted and those who do not are left wondering what they could have done to improve themselves and their chances for promotion. The promotional criteria are a mystery. Rather than continue waiting for a possible promotion, I decided to retire.” – Former employee

“Berkeley does not have many opportunities for advancement which has caused some people to leave the department.” – Department director

Source: 2022 exit survey, employee interviews

Berkeley is a mid-sized city, therefore options for career advancement might be more limited than in larger jurisdictions. However, there may be opportunities to improve promotional pathways through succession planning with a cross-training component. Succession planning identifies long range needs and cultivates internal talent to meet those needs and prepare for new roles in the organization. Cross-training is an approach to employee development that places employees in a position to learn skills and abilities that are not part of their current roles. The City can use cross-training in conjunction with succession planning to facilitate knowledge and skill transfer to current employees, which can help them meet the qualifications for future career advancement.

Though some departments have an internal succession planning process, there was no citywide initiative during the audit period. The City listed succession planning as a priority in its 2018-2019 Strategic Plan report, but placed the project on hold during the pandemic according to a July 2022 update. A stronger effort to upskill employees could help Berkeley better prepare for future retirements while broadening career advancement opportunities.

Providing adequate professional development opportunities is a best practice for employee retention. Employees will be more likely to remain at an organization if they are able to improve their job title, salary and/or responsibilities. This can help ensure that programs continue to run successfully through staffing changes, ultimately benefiting the Berkeley community.

### Over half of surveyed employees did not receive regular performance evaluations.

Sixty-seven percent of surveyed employees reported that they did not receive a performance evaluation in the prior year. However, it is difficult to determine how often evaluations were happening and how that varied by department, as HR does not consistently keep records of past employee performance evaluations.

**67%**

of surveyed employees reported that they did not receive a performance evaluation in the past year.

Along with constructive guidance and regular feedback, performance evaluations are one component of successful employee performance management. Well-functioning performance management programs improve individual and team performance, and make organizations more effective. Performance evaluations also allow supervisors and employees to discuss areas for skill development, and identify learning opportunities for future advancement.

### Some surveyed employees were dissatisfied with trainings and professional development opportunities.

Trainings and professional development opportunities are essential for employee satisfaction and can support career growth. Continuous skill development ensures employees have the tools they need to succeed, and it helps organizations retain top talent. However, many current employees reported dissatisfaction with Berkeley's available training opportunities. Among surveyed employees, 40 percent were dissatisfied with citywide trainings and professional development opportunities, compared to 27 percent who were satisfied, with 33 percent neutral (Figure 7).

**Figure 7. Forty percent of surveyed employees were dissatisfied with citywide training and professional development opportunities.**



Source: 2022 satisfaction survey

**Staff Perspectives**

“Citywide training and professional development opportunities are nearly non-existent. The training opportunities that do exist are generally subpar and not many employees know how to access them.” – Current employee

“Citywide training has a great deal of room for improvement and offers no tailored opportunities for public safety, which has different challenges than other departments.” – Current employee

“The City should be intentional in its efforts to prepare all employees who transition into leadership roles. To have high expectations of our supervisors, we should provide meaningful training and education so they are better prepared for these critical roles throughout the City.” – Department director

Source: 2022 satisfaction survey and employee interviews

Among surveyed supervisors, 40 percent found their citywide supervision training inadequate, compared to 38 percent who found it adequate (22 percent neutral). Supervisors are an important resource to the City in employee retention and satisfaction. Thirty-five percent of former employees who responded to our survey stated that a poor relationship with their supervisor was a primary consideration for leaving the City. This indicates that the relationship between supervisees and supervisors is a factor in retention. The City used to organize a leadership development program for supervisors, but has not conducted that training since prior to the pandemic. Consistent citywide training for supervisors may help foster a positive relationship with supervisees and improve retention.

Prior to March 2020, many trainings received positive evaluations. The City put a pause on most trainings at the start of the COVID-19 pandemic in March 2020. The City resumed some regular trainings in June of 2021 and developed more trainings in 2022. The skilled workers academy is one example of a comprehensive training program that the City started in 2022 to help some employees develop professional skills and computer skills, among others. However, there are not similar professional development opportunities available for employees at all levels across all departments, and current dissatisfaction levels with city trainings suggest a need for improvement in this area. According to the HR Director, the City is currently looking at ways to provide specialized training to more employees.

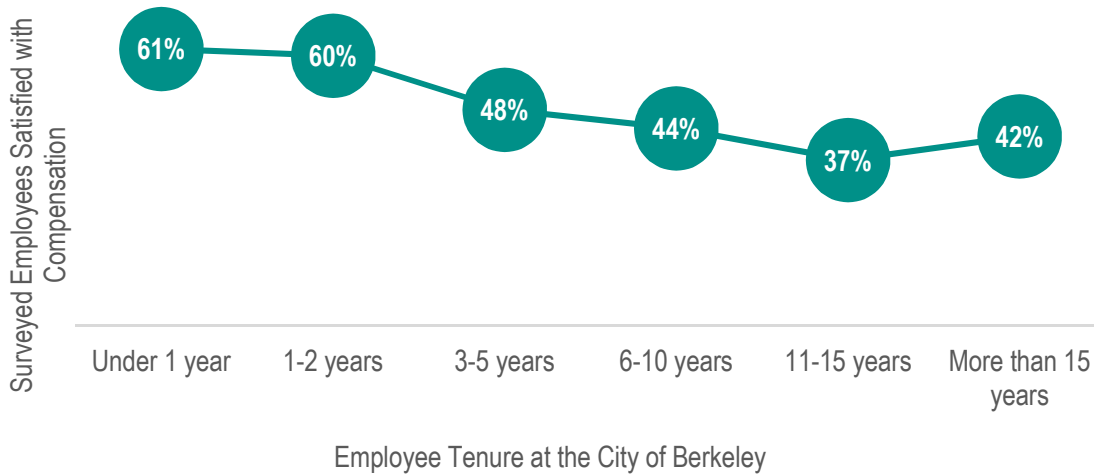
HR's training division also had record keeping challenges during the audit period. California law requires that all employers of five or more people provide one to two hours of sexual harassment prevention training to staff every two years. According to the HR Director, since at least 2022 the City has been out of compliance with state-mandated sexual harassment prevention training. Due to inadequate data, we were unable to determine how long the City has been out of compliance with this law. In March 2023, the City set a goal to ensure all employees complete mandatory trainings by December 31, 2023.

### Some surveyed employees were dissatisfied with pay.

Pay was a common issue among surveyed employees, and some department directors also reported issues with pay. We did not perform a salary analysis of Berkeley's compensation compared to market rates for similar positions as it was outside the scope of this audit. However, there are opportunities to improve retention by addressing some specific issues in Berkeley.

Some employees and department directors expressed in surveys and interviews that dissatisfaction with pay impacts employee retention. Thirty-seven percent of employees surveyed were dissatisfied with their compensation, while 47 percent were satisfied (16 percent neutral). Comparatively, 56 percent of federal employees were satisfied with their pay in 2022. Satisfaction survey data also shows that the longer employees worked for the City, the less satisfied they generally were with their compensation (Figure 8).



**Figure 8. Pay satisfaction generally decreased as employee tenure increased.**

Source: 2022 satisfaction survey

When asked to elaborate on pay and benefits, some surveyed employees expressed perceptions that their pay is not commensurate with their job duties. One department director noted that some staff are underpaid relative to staff performing the same work in other jurisdictions. Other surveyed employees expressed dissatisfaction with differences in pension benefit compensation. According to a 2019 report from union members, there is a significant difference in pension benefit compensation between Classic and California Public Employees' Pension Reform Act members represented by Local One and Service Employees International Union bargaining groups, as well as unrepresented employees.<sup>7</sup> Additionally, many surveyed employees expressed a perception that the City's cost of living adjustments (COLAs) to salaries are inadequate, or that the City needs to develop a plan to have more frequent COLAs.

<sup>7</sup> The California Public Employees' Pension Reform Act (PEPRA) took effect in January, 2013. The law changed the way the state's public employee retirement and health benefits are applied, and placed compensation limits on new members. In the City of Berkeley, the Pay Equity Committee for PEPRA members noted in 2019 that Classic members contributed 8.64 percent of their paycheck to the pension fund, whereas PEPRA members contributed 15.25 percent. In 2022, the City agreed to reduce some PEPRA members' pension contributions, though the terms of that ramp down varied by bargaining group.

The City typically renegotiates certain elements of employee pay about once every three years with each employee union. In the satisfaction survey, some employees expressed perceptions that the City's pay system is inflexible or unfair based on workload, classification or job duties. Pay may also be a factor in the recruitment and retention of specialized positions. Some specialized positions are particularly hard to recruit for based on the labor market. For example, some hiring managers stated that it has been difficult for the City to recruit firefighters, engineers, and mental health clinicians, among others, which may be related to the labor market in those fields. One director noted that this difficulty in recruiting made it hard to fill vacancies, which contributed to burnout among employees. Identifying ways to ensure that pay is competitive may improve recruitment and retention of these positions.

#### Staff Perspectives

"Positions, job duties, and classifications are not equitable. People doing basically the same job but in different classifications can have upward of a \$30k difference in pay."  
– Current employee

"I realize terms are limited by union agreements, but it is my opinion that the compensation system is not nimble and cannot respond to the severe cost of living conditions at this time. Wage increases seriously lag the cost of living, and cannot adequately respond to current inflation conditions." – Current employee

Source: 2022 satisfaction survey

High turnover is costly, therefore organizations that invest in employee compensation may avoid recruitment and hiring costs that come with turnover. While the City must consider available revenue streams when making pay decisions, improved retention may ultimately lead to reduced turnover costs for the City. Ensuring pay is commensurate with comparable jurisdictions is frequently cited as an important aspect of employee retention.

### Communication and support from city leadership may have impacted employee satisfaction.

Almost half, or 48 percent, of surveyed employees did not feel that city management communicated well when making decisions that affect Berkeley employees, compared to 23 percent who were satisfied with city management's communication, with 29 percent neutral (Figure 9). When asked to elaborate, surveyed employees gave examples including too little communication from city management, confusing communication, lack of transparency in communication, and too few opportunities to provide feedback.

**Figure 9. Almost half of surveyed employees did not believe city management communicates well when making decisions that impact employees.**



Source: 2022 satisfaction survey

One example of insufficient communication was a lack of clarity around COVID-19 policies. In the satisfaction survey, some employees expressed confusion around COVID-19 reporting, notifications, or inconsistencies around mask policy enforcement upon returning to the office. Lapses in communication can increase risk to the City and employees if they are not connected to the correct resources during emergencies, disasters or other important situations. For example, one employee described receiving inadequate information from city management around safety issues such as threats to employee safety. Effective communication is also important in building employee morale, satisfaction, and engagement.

Maintaining frequent and organized internal communication is often listed as a best practice for employee retention. Effective communication is essential for proper employee management, as it helps employees understand the terms of their employment, gives employees opportunities to provide feedback which is important for internal satisfaction, and reduces potential employee grievances due to misunderstandings.

#### Staff Perspectives

“I believe the translation of what city management is asking or saying gets lost when transferring the information back to the individual departments. Like a bad game of telephone, you get some of the information, none of the information, or a lot of bad information.” – Current employee

“I feel far removed from city management and that I am the last to find out about decisions from city management. I wish there was a way to bridge this gap.” – Current employee

Source: 2022 satisfaction survey

Lack of support from city or department management was among the most common reasons why surveyed employees looked for another job in the year prior. Additionally, 46 percent of surveyed employees reported that they did not believe city management cares about employees, compared to 27 percent who did (27 percent neutral). These responses suggest there may be opportunities for city and department leaders to build stronger communication with employees and develop strategies to ensure employees feel adequately supported at all levels of the organization.

## Recommendations

To ensure job duties align with job descriptions, we recommend the City Manager's Office:

**2.1** Review the highest priority city job descriptions to ensure they accurately reflect job duties.

To alleviate workloads associated with Council referrals, we recommend:

**2.2** City Council consider staff capacity when introducing new legislation, and limit or prioritize new legislation during periods of short staffing.

**2.3** The City Manager's Office report on the status of approved projects to City Council, including information about delays caused by staff vacancies.

To improve employee satisfaction, we recommend the City Manager's Office:

**2.4** Improve pathways for promotion in the City through a citywide succession plan, which may include cross-training for positions.

**2.5** Direct departments to ensure that all employees receive an annual performance evaluation.

To improve employee satisfaction, we recommend Human Resources:

**2.6** Implement a comprehensive training program that ensures staff at all levels receive the training they need to fulfill their job duties and develop their job skills as needed. Consider increasing the training budget and redesigning the training curriculum to best address the needs of a post-pandemic workforce, improving training for supervisors and managers, ensuring that experts conduct trainings, and allowing employees to request specific trainings.

To improve transparency, we recommend Human Resources:

**2.7** Ensure that all city employees complete mandatory trainings in accordance with the state law. Report data on mandated trainings to Council annually.

We also recommend the City Manager's Office:

- 2.8 Update City Council on the recruitment status of hard-to-fill positions during the biennial budget process, as well as steps taken to fill these positions.
- 2.9 Identify positions that are hard-to-recruit and retain and consider reassessing pay for those positions.

To improve communication channels in the City, we recommend the City Manager's Office:

- 2.10 Assess employees' needs regarding communication from the City Manager's Office and design a communication strategy that addresses those needs.

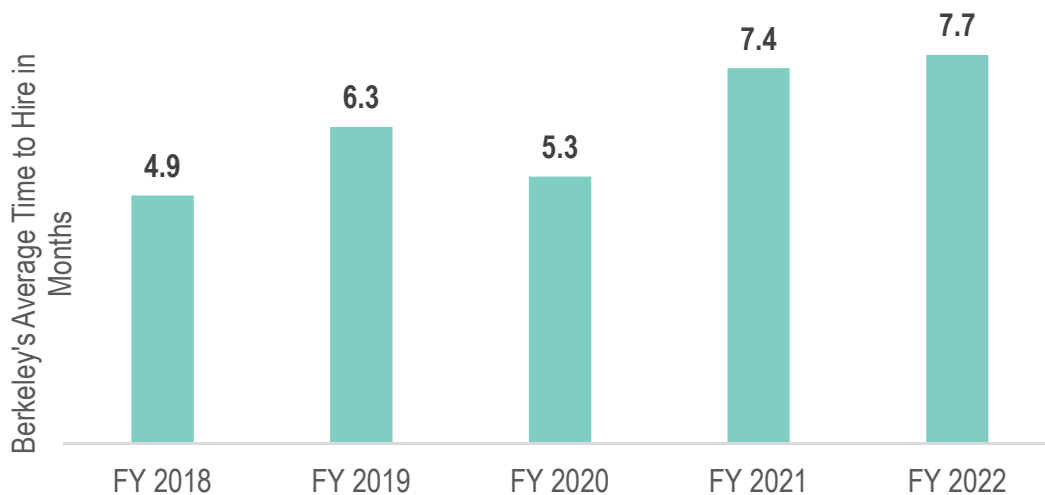
## Instability in Human Resources delayed hiring and impacted internal services.

The average time it takes to hire increased by almost three months between fiscal years 2018 and 2022, from 4.9 months to 7.7 months. Understaffing and instability in HR contributed to these hiring delays during our audit period. Additionally, increases in the number of budgeted positions in HR did not keep pace with increases in budgeted positions citywide. Thus, remaining staff in HR were burdened with heavy workloads to manage the City's hiring needs. There are opportunities for HR to improve citywide hiring practices as well as onboarding for new employees.

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

One of HR's established performance measures is to reduce the average time to hire each year, but it has increased since fiscal year 2018. According to Berkeley's internal hiring data, the average time it takes for Berkeley to hire new employees increased from 4.9 to 7.7 months between fiscal years 2018 and 2022 (Figure 10).<sup>8</sup> During the audit period, HR did not hire fast enough to address the growing gap between resignations and retirements compared to new hires as shown in Figure 2 (page 8).

**Figure 10. The average time to hire increased since fiscal year 2018.**



Source: NEOGOV

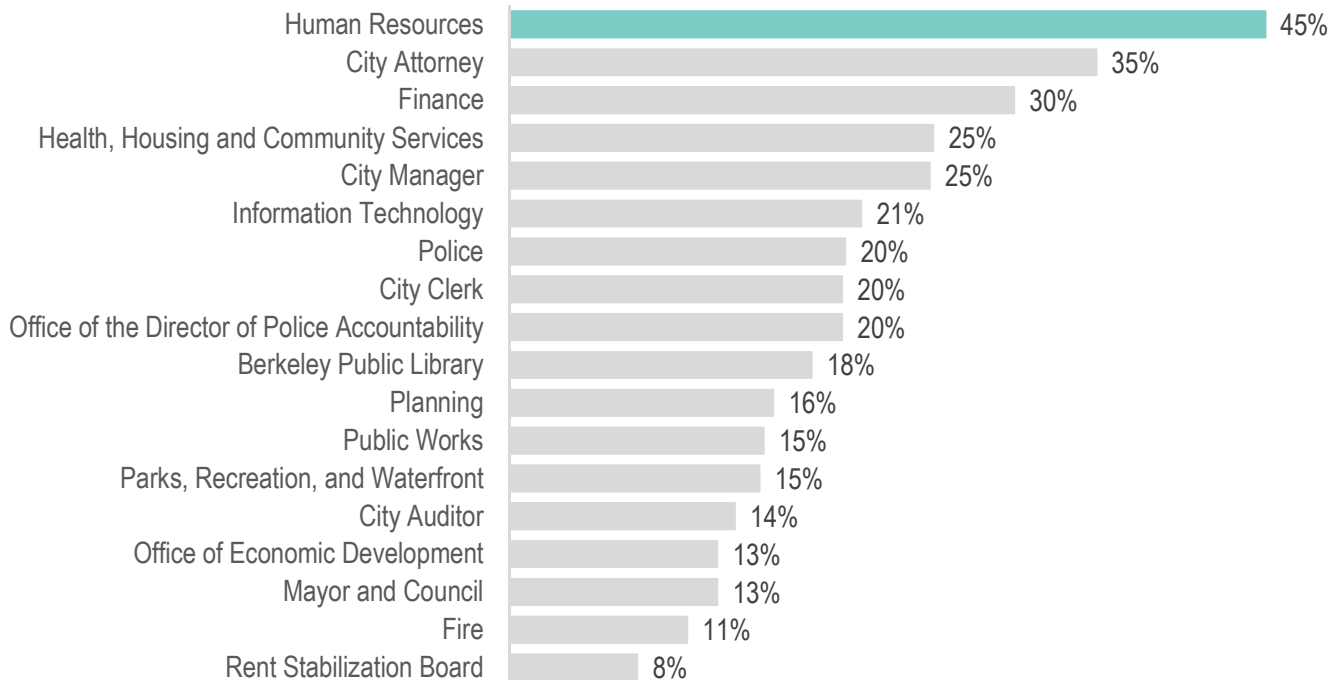
<sup>8</sup> The time to hire calculation measures the average time between the date the department created a requisition to hire a new employee and the date of the employee's first day on the job.



One explanation for the hiring timeline increase may be the citywide hiring freeze that lasted from April 2020 to September 2022. The City asked departments to suspend all hiring activities, though they could request exceptions to be approved by the City Manager on a case-by-case basis. The additional approval may have lengthened the hiring timeline.

Another factor of the increased hiring timeline may be HR’s instability due to their staff shortage. HR had the highest vacancy rate among departments in October 2022, at 45 percent (Figure 11). HR’s vacancy rate more than quadrupled between 2018 and 2022, from 10 percent to 45 percent.<sup>9</sup> Therefore, fewer HR staff were available to work on hiring and filling vacancies in other departments. There was also a loss of institutional knowledge in the department when many employees departed. Some positions turned over multiple times—26 HR employees left the City between fiscal year 2018 and fiscal year 2022. For context, HR was budgeted to have 21 FTEs in fiscal year 2018, and 22 FTEs beginning in fiscal year 2020. As of September 2022, the average employee tenure in HR was 3.1 years compared to the citywide average tenure of 10.4 years. According to the Society for Human Resources Management, losing key employees can impact workflow and result in productivity losses. These impacts were felt around the City, as HR provides hiring support and other internal services to every department.

**Figure 11. Human Resources had the City’s highest vacancy rate in October 2022.**



Source: Department directors

<sup>9</sup> This number is based on a point-in-time count using payroll data from October 2018 and a department director interview from 2022.

There has additionally been instability within HR leadership. During the audit period, there were four different people in the role of HR Director. Leadership turnover can lead to organizational instability, lower employee morale and productivity, and decrease employee retention.

In addition to vacancy challenges, the number of budgeted positions in HR has not kept pace with citywide increases in the number of FTEs. The City added about 126 additional full-time positions between fiscal years 2018 and 2022, but only one of these new positions was allocated to the HR department. According to the HR Director, the 126 new positions increased recruitment and hiring demands, as well as the need for HR support in areas including transactions, training, employee relations, benefits, equal employment opportunity investigations, occupational safety, and workers' compensation. The HR Director also noted that some of these HR functions were staffed by a single member of the department. If a staff member took time off or left the City, there may have been no one managing an essential HR function. This combined with HR's high vacancy rate may have contributed to the issues with personnel data we discuss in Finding 5 on page 36.

HR was faced with a cyclical problem over the audit period: the City's average time to hire increased (Figure 10) due in part to lack of staff capacity in HR (Figure 11). Some former employees reported that they left the City because of an unmanageable workload tied to staff shortages, which only increased the overall number of vacancies for HR to help fill. The *Employer of Choice* report also identified the importance of investing in HR and recommended hiring up to six additional FTEs in HR. As of May 2023, City Council authorized HR to hire three additional HR staff members.

HR is now in the process of stabilizing. As of May 2023, HR has staffed 95 percent of the department's original 22 FTEs. Other department directors have noticed a positive change, with one stating:

The team that has been assembled is responsive, informative, and has demonstrated an ability to support our needs, which is not an easy task. Having an effective, responsive and knowledgeable HR team is critical to maintaining operations throughout the City and I am so grateful to the team as I know how hard they are working to support us.

## Ineffective procedures may have contributed to hiring challenges.

There are opportunities for HR to modernize, streamline, and standardize hiring procedures. Updating hiring processes can help the City attract and hire qualified candidates in order to fill vacancies.

HR did not generally use modern hiring processes during the audit period. For example, HR has not historically used LinkedIn, or other job boards such as college and university job boards as recruiting platforms. Additionally, according to one manager, application processes could be lengthy due to multiple supplemental questions included in the application. Best practices for hiring recommended by the Society for Human Resources Management include using social media to advertise positions, making sure the application process is streamlined and easy-to-use, and collaborating with universities, colleges and high schools to increase the applicant pool. Some department directors also expressed that the management approval process for new positions slowed down the hiring process.

HR did not provide department hiring managers with comprehensive procedures or trainings for the hiring process during the audit period. One department director stated that they never received any training from HR on citywide recruitment processes, and they had to learn the City's hiring system NEOGOV on an ad hoc basis.<sup>10</sup> The former Interim HR Director also noted that the department had no one to train HR employees on how to use NEOGOV. According to the current HR Director, HR has recently developed trainings on the City's hiring process and how to use NEOGOV, and they have conducted these trainings with some departments. The HR Director also stated that every department now has an assigned HR analyst who works with departments to strategize for recruitments.

## Some surveyed employees reported inadequate onboarding.

Thirty-eight percent of surveyed employees did not believe that HR provided them with adequate onboarding to the City, compared to 36 percent who did (26 percent neutral). Onboarding involves providing the employee with the tools and information they need to become a productive member of the team. According to the Society for Human Resources Management, a well-designed onboarding process can improve employee engagement and retention.

**38%**

of surveyed employees did not think HR provided them with adequate onboarding to the City.

<sup>10</sup> NEOGOV is a talent management system used by many public sector agencies, including the City of Berkeley. The City uses NEOGOV software to support the City's hiring process.

Of the surveyed employees who answered demographic questions, 51 percent of employees hired within the past two years were dissatisfied with their onboarding, compared to 37 percent of employees hired before then. This may indicate that the quality of the City's onboarding process has declined in recent years. This time period overlaps with the COVID-19 pandemic, which may have impacted employees' onboarding experiences. Nevertheless, it is still important to ensure employees receive adequate onboarding so that they feel welcomed and understand their role and responsibilities.

## Recommendations

To improve hiring procedures, we recommend the City Manager's Office:

- 3.1 Assess the level of staff and resources needed to meet the City's recruitment and hiring needs. Prioritize filling these positions when vacancies in this area fall below a level that would jeopardize the City's ability to hire quickly.
- 3.2 Assess the approval process for hiring new employees and identify opportunities to reduce inefficiencies.

We also recommend Human Resources:

- 3.3 Develop and execute a plan to modernize recruitment and hiring using social media and community engagement.
- 3.4 Communicate standard procedures and trainings for NEOGOV and the City's hiring process to all department heads and hiring managers.
- 3.5 Improve the employee onboarding process so employees have the tools and information they need to do their jobs.

## Telework can benefit the City but the current policy is limited.

Among surveyed employees who were able to telework, 64 percent reported being satisfied with their experience. In addition to other benefits, telework may help retain employees by increasing employee satisfaction, performance, and commitment to the organization. It may also serve as a draw to potential applicants. Telework may also produce additional environmental and financial benefits to the City. Still, the current telework policy is not comprehensive and lacks accountability.

### Most surveyed city employees report being satisfied with telework.

In March of 2020, the City began allowing some employees the option to telework in response to the COVID-19 pandemic. The City prohibited teleworking prior to 2020. This policy was implemented quickly due to the pandemic emergency, and there has not been much analysis on the impact of telework on employees. Therefore, we asked current employees about their satisfaction with telework.

Sixty-seven percent of all survey respondents believed they could do some or all of their work remotely, while 33 percent did not. Though some employees cannot telework based on their job duties—public safety officers, maintenance workers, and others—the majority of city employees have some job duties that can be done remotely. Of the employees we surveyed who were able to telework, 64 percent reported being satisfied with their experience. Only 15 percent reported being dissatisfied with telework (21 percent neutral). When asked to elaborate on their telework responses, the majority of employees described the positive impacts of telework on their life. This included decreased commute time, improved job satisfaction, improved work-life balance, and improved workplace safety. Seventy-five percent of surveyed employees who telework reported still feeling connected to their colleagues. Fifty-two percent of surveyed employees who telework also stated they would look for other employment if they are not able to telework at least some of the time. This indicates that telework is an important factor in retaining Berkeley employees.

# 52%

of surveyed employees who telework said they would seek other employment if the City removes the option to telework.

**Staff Perspectives**

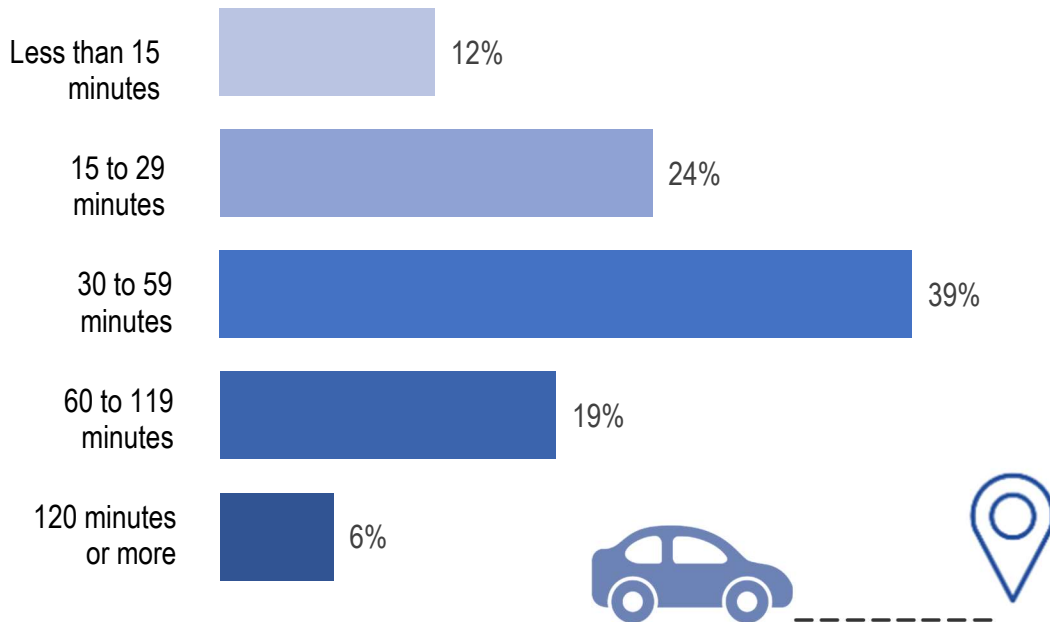
“I am grateful for the City’s decision to continue telework. It allows me to save time and money on commuting. [...] My colleagues and I all work effectively from home and stay connected via phone, email, Teams chat and conference calls. Remote work is a primary consideration for staying with the City.” – Current employee

“Being able to telework is a fantastic aspect of working with the City. The City’s COVID rules are rarely followed in the offices, so being able to cut down on exposure time is great, especially because I have a young infant and an immunocompromised spouse at home.” – Current employee

Source: 2022 satisfaction survey

Telework is one method of reducing employee commute times, which may increase employee satisfaction. Many City of Berkeley employees have long work commutes, as only 17 percent of full-time employees live in Berkeley. The majority of surveyed employees reported commuting 30 minutes or more to their worksite, with a quarter reporting a commute of an hour or more (Figure 12). Telework can therefore alleviate the burden of a long commute for these employees and the time spent commuting can be replaced with something more valuable to the employee.

**Figure 12. A quarter of surveyed employees reported commuting an hour or more to work.**



Source: 2022 satisfaction survey



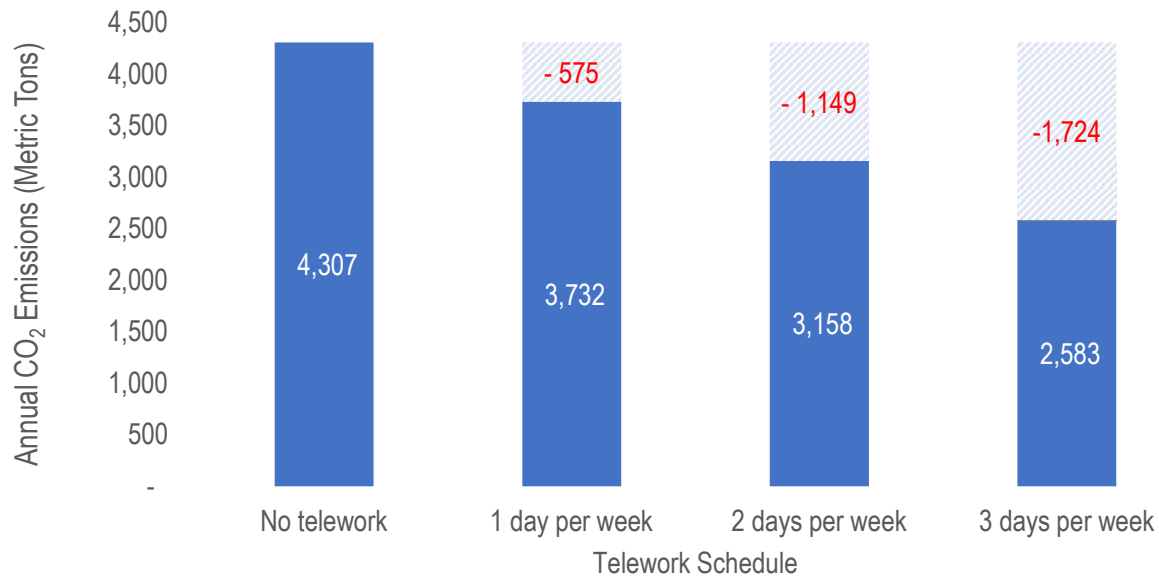
Telework likely increased employee wellbeing and overall satisfaction for those who were able to telework during the pandemic, but some employees expressed needing telework policies that were fairer and more flexible. Over a quarter of surveyed employees expressed that they did not feel safe going to their worksite because of COVID-19. In open-ended survey responses, employees expressed different opinions regarding COVID-19 safety. Some believed the City provided enough protection around the virus, while others expressed concern about contracting COVID-19 at their worksite. Some felt that the City was inflexible around telework allowances, even for employees with underlying health conditions.

### Telework may have additional benefits to the City.

There may be additional recruitment, environmental, financial, and disaster preparedness benefits associated with telework.

Telework can improve the recruitment pipeline by increasing the pool of available applicants to city positions. Many job seekers specifically look for flexible and remote working arrangements in an organization, therefore, Berkeley may be a more attractive employer by offering telework. Additionally, if Berkeley lacks funding to invest in improving workspaces, allowing employees to telework is one way to remain competitive with other organizations hiring from the same candidate pool. Other government organizations are also responding to job seekers' increased desire for telework. A recent NEOGOV survey of public sector HR directors found that 30 percent of organizations had expanded telework opportunities in order to attract more job candidates. This number will likely increase in the coming years as the public sector adapts to changing workforce norms.

Telework can also reduce carbon emissions created from employee commutes. An analysis of carbon emissions shows that if full-time career employees commute to Berkeley five days a week, this will generate approximately 4,307 metric tons of carbon annually. By allowing employees to work from home, the City can reduce its carbon footprint generated by employee commutes. We estimate that the City could reduce carbon emissions tied to employee commutes between 575 and 1,724 metric tons per year depending on the level of telework (Figure 13). Decreasing the emissions from employee commutes also aligns with Berkeley's Climate Action Plan goal to reduce the year 2000 emission levels by 80 percent by 2050.

**Figure 13. Telework can reduce the amount of CO<sub>2</sub> produced by employee commutes.**

Note: This calculation assumes 67 percent of full-time, career employees are participating in telework program. The current telework policy states employees can telework up to three days per week. We did not receive information on the number of city employees teleworking or how often they are teleworking.

Source: Berkeley City Auditor analysis

Telework can potentially reduce some costs for the City. Based on an analysis conducted by Global Workplace Analytics, *Telework in the 21<sup>st</sup> Century*, employers can save an estimated \$11,000 per half-time telecommuter per year.<sup>11</sup> Their estimate includes cost savings as a result of increased productivity, lower real estate costs, reduced absenteeism and turnover, and better disaster preparedness. We did not conduct an analysis of potential savings in the City of Berkeley.

Having a telework plan is a critical component of any emergency operations plan. During the COVID-19 pandemic, telework allowed the City to continue providing essential city services when employees could not be in their normal worksites. However, because the City did not have any teleworking policy or practice in place prior to the pandemic, there was no infrastructure in place for employees and managers to transition to working remotely. Having a practiced and thorough telework program would enable the City to adapt quickly to any event requiring the closure of city buildings without compromising service delivery.

<sup>11</sup> *Telework in the 21<sup>st</sup> Century*: <https://globalworkplaceanalytics.com/telecommuting-statistics>

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

Despite employees' overall support for telework, the City's existing telework policy is not comprehensive, and does not address accountability issues. In February 2023, the City indicated that the telework policy would continue indefinitely after notifying employees that the COVID-19 masking and vaccine mandates would end at the end of that month. As of May 2023, no updates were made to create a more robust, long-term policy, though the contractor that produced the *Employer of Choice* report was developing a hybrid workplace best practices guide. One city employee union also pointed out the need for predictable and fair work from home policies as telework continues. A comprehensive telework policy should define eligibility, work expectations, and equipment and resource requirements.

### Staff Perspectives

"Accountability needs to be redefined to make telework successful. Rather than physical presence as a measure of productivity, there should be performance benchmarks linked to clear goals with timeframes to make telework more equitable across the City. It would refocus accountability on results rather than physical presence (which is a poor indicator of productivity anyways)." – Current employee

"The City needs to identify ways to increase accountability in teleworking for it to be sustainable." – Current employee

"Berkeley doesn't provide a lot of guidance on telework policies, so we aren't able to give candidates clear information on how much flexibility they can expect." – Manager

Source: 2022 satisfaction survey, employee interviews

In open-ended survey responses, 24 employees expressed feeling that there are equity issues between teleworking and non-teleworking staff. According to a peer reviewed study, a perceived telework disparity can potentially lead to job dissatisfaction, a decrease in productivity, and difficulty retaining non-teleworking employees.<sup>12</sup> Transparency is one way to reduce perceived telework disparity. To realize the maximum benefits of teleworking, practices and policies should be made as transparent as possible. Additionally, teleworkers should provide their telework schedule and availability as well as having regular and fixed times to give updates to supervisors and colleagues.

<sup>12</sup> A Dark Side of Telework: A Social Comparison-Based Study from the Perspective of Office Workers: <https://rdcu.be/c8plU>

Updates to the telework policy can help improve transparency and encourage accountability. The current telework policy does not contain eligibility guidance, but leaves the determination of eligibility up to departments. It states that workers must be available by phone, email, or other specified method of communication during scheduled work hours, and it requires each remote worker to indicate how often they will check their email or phone during the workday. However, there appears to be no best practice guidelines in Berkeley's policy for these communication levels, and no accountability element if a remote employee is unresponsive. Berkeley's policy also does not require supervisors to justify their decision to deny telework requests.

Additionally, it is unclear which standard work equipment the City can provide to teleworkers. The policy only states that employees should contact their supervisor if they need equipment, but offers no guidance to supervisors on what they are allowed to provide to teleworkers. One department director said that the City did not consistently offer adequate training for supervisors of teleworking employees during the audit period.

The State of California, Alameda County, and the City and County of San Francisco developed comprehensive telework policies and guides for their employees (Table 2). These telework policies all require employees to receive training before teleworking, as well as specific trainings for supervisors to effectively manage their teleworking teams. These policies also outline a clear process for requesting equipment. Alameda County's policy has a checklist that managers must review before allowing a supervisee to telework, to ensure that the employee will be successful. Supervisors in the State of California and Alameda County are additionally required to justify their decision to deny or request a modification to employees' telework requests.

**Table 2. 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

## Recommendations

To improve the telework policy, we recommend the City Manager's Office:

- 4.1 Identify ways of reducing unused space in city buildings to save on overhead costs. This initiative may require additional resources beyond city staff.
- 4.2 Expand the citywide telework policy to include elements that align with best practices. This can include eligibility, employee accountability, equipment requests, telework training, and justifications for denying employee requests to telework.

## The City lacked reliable data to address staff shortages.

Berkeley did not maintain accurate data to track retention trends. The City's internal personnel data system, ERMA, was unable to produce reliable reports on vacancy and turnover rates during our audit period. Inaccurate data may impact the City's service delivery if it cannot identify and respond to department vacancies or staff shortages in real-time. The City also has not consistently collected data on employee satisfaction. HR has not consistently sent exit surveys to departing employees or shared the data with departments. Additionally, city management has not reported sufficient data in recent years to track progress towards its diversity, equity, inclusion and accessibility goals and identify opportunities for improvement.

## The City did not have reliable data on retention trends.

According to data systems owners in the City, ERMA was unable to produce reliable vacancy reports during our audit period. This means department directors did not receive vacancy data from HR and had to manually calculate vacancy rates. The **vacancy rate** is the percent of vacant positions within an organization. ERMA was also unable to produce accurate turnover reports during the audit period. The **turnover rate** measures the number of employees who leave in a given time period. Due to the City's data challenges, we could not report on any information regarding employee turnover.

**Table 3. Key Retention Data Was Unreliable**

| <b>Data</b>   | <b>Definition</b>   | <b>Status</b> |
|---------------|---|---------------|
| 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    |

Source: Auditor conclusion

Calculating turnover allows organizations to monitor the movement of employees out of an organization over a specific time period rather than a single point in time. Tracking data on employee retention such as vacancies and turnover rates helps organizations identify and proactively address employee retention challenges. The International Public Management Association, an organization that represents HR professionals in government, states that HR professionals must have access to accurate, real time workforce data. Maintaining accurate workforce data is also important when developing the budget. The Government Finance Officers Association notes that since salaries generally make up the greatest portion of the expenditure budget, governments should use personnel data to account for the number of budgeted positions and expected vacancies. According to the HR Director, the City's ability to produce accurate and reliable vacancy and turnover reports are limited by pre-set data fields in ERMA which do not always capture data that HR would like to track. Custom data fields do not feed automated dashboards but must be manually extracted. The City is currently working on solutions to improve ERMA's reporting capabilities.

The City's personnel system is cumbersome and prone to errors. According to data system owners, migrating data from the previous system FUND\$ to ERMA in 2021 resulted in errors. Consequently, certain employee information was missing or incorrect in ERMA. Other data errors may have been due to the system's inability to accurately represent underfilled positions, or data entry errors that went unresolved. According to the former Interim HR Director, there were no established procedures around entering and managing personnel data in ERMA.

With these data limitations, the City will not be able to easily track or report on retention. This could affect the City's service delivery if it does not have the data to proactively identify concerning trends in vacancies and turnover. It also increases departments' workload as they manually calculate and update this data, instead of using ERMA to quickly produce a report. According to the HR Director, HR has made progress in cleaning up personnel data and engaged a consultant to produce accurate reports in ERMA.

### **The City did not consistently collect data on employee satisfaction or conduct exit surveys.**

With the exception of the recent *Employer of Choice* report, the City has very little data on employee satisfaction and does not share available data with departments. While HR has an exit survey, they have not sent it to every employee who resigns, and the number of responses is low. Additionally, the data HR does collect is not shared with departments, and it is unclear how the City uses the data. Further, there is currently no process in place for ongoing monitoring of retention and satisfaction data.

Most of the departments we interviewed have some method of conducting exit interviews with departing employees, though exit interviews are sometimes sporadic depending on the size of the department and their available resources. The Public Works department additionally collects yearly internal satisfaction data. However, there is no organized citywide effort to collect satisfaction data and compare trends.

Collecting satisfaction data can help organizations understand employee experiences and take steps to reduce internal dissatisfaction, thus improving retention. For example, the U.S. Office of Personnel Management conducts an annual survey on employee engagement—the Federal Employee Viewpoint Survey—in order to report on trends in employee satisfaction. Surveys or interview data can identify the most common causes of dissatisfaction, thus allowing the City to develop a targeted approach to improving retention.

**Employee engagement** refers to the sense of purpose and commitment employees feel toward their employer and its mission.

**Employee satisfaction** is a measure of how satisfied employees are with different aspects of their work including their job, organization, pay, and others.

## The City lacked a robust data-informed approach to meet its diversity, equity, inclusion, and accessibility workforce goals.

The City recognizes the importance of maintaining a diverse workforce, however, it has not reported sufficient data in recent years to track progress towards its goals and identify opportunities for improvement.

Promoting diversity in the government workforce is important for a number of reasons, including retention. Fostering a diverse and inclusive workplace can help organizations reduce turnover, increase employee retention across demographic groups and improve morale. Regular assessment of employee satisfaction could help the City uncover diversity, equity, inclusion and accessibility (DEIA) concerns that impact retention. As noted in the previous section, the City does not regularly collect data on employee satisfaction, including employees' perceptions of DEIA in the workplace. Some employees raised concerns about DEIA in their open-ended survey responses, which suggests that it is an important factor in employee satisfaction.<sup>13</sup> A regular citywide survey of employees would allow the City to target common DEIA concerns among employees or prioritize interventions to address those concerns. The U.S. Office of Personnel Management has demonstrated how to do this by recently adding DEIA questions to its Federal Employee Viewpoint Survey, along with a DEIA score based on survey responses.

<sup>13</sup> These concerns echoed some of the issues brought forth by 20 current and former employees who filed complaints with the Berkeley Branch of the NAACP and were interviewed by Mason Tillman Associates in 2014. Mason Tillman Associates noted the following dominant themes which emerged from their analysis: absence of transparency in the hiring and promotion process; failure to hold supervisors, managers and directors accountable for their actions; and inconsistent application of rules and regulations in the hiring and promotion process.



One of the City's strategic plan goals is to attract and retain a talented and diverse City government workforce. According to the proposed budget for fiscal years 2023 and 2024, one of HR's performance measures is to ensure that City demographics reach parity with Alameda County demographics and identify and address racial and ethnic disparities in the City workforce. In the past, the City's Equal Employment Office has provided the Personnel Board with Year End Workforce reports which analyze demographic trends across indicators like hires, promotions, and leadership roles compared to the U.S. Census American Community Survey (ACS) data for Alameda County. However, the reports have not been produced since fiscal year 2020. According to HR, the department plans to produce these reports again and is exploring the feasibility of automating these reports.

A full demographic analysis of the city workforce was outside the scope of this audit. However, we identified some retention trends in the Year End Workforce reports that merit closer attention. For example, in fiscal year 2020, Hispanic or Latino employees made up 19 percent of all employees, 9 percent of supervisors and managers, and there were no Hispanic or Latino employees in deputy director or director roles. This is based on the most recent report available; there may have been demographic changes since the fiscal year 2020 report.

While comparing the demographic breakdown of Berkeley's workforce to the Alameda County ACS sheds light on where Berkeley stands compared to one relevant labor market, it is also important to monitor workforce trends across all levels of the City employee population (i.e. staff, managers, and supervisors) to gain a better sense of representation within the organization. The City's performance measure on employee diversity does not report on all levels of employment. However, looking at the data in this way could highlight potential barriers, for example, pipelines into manager- or director-level roles.

## Recommendations

To improve internal data systems, we recommend Human Resources:

- 5.1 Clean up personnel data in ERMA to ensure all employee data is accurate.
- 5.2 Develop standardized procedures for entering and managing personnel data in ERMA.
- 5.3 Produce reports that can be used to inform retention and hiring efforts, which may include data on vacancies, recruitments, turnover, or other useful data. Human Resources should also report to City Council on staff vacancies by department and how long those positions have been vacant.
- 5.4 Consistently conduct exit surveys or interviews and share results with departments.

To better manage retention efforts, we recommend City Council:

- 5.5 Determine the appropriate city department or other body to regularly collect data on employee satisfaction. Data collection should include employees' perceptions about diversity, equity, inclusion, and accessibility in the workplace. The department should consider publishing the data and comparing it to previous years to help inform retention efforts.

To improve reporting on diversity, equity, inclusion, and accessibility, we recommend the City Manager's Office and Human Resources:

- 5.6 Resume data collection and production of Year End Workforce Reports on demographic workforce trends at least annually. Consider expanding Human Resources' performance measure reported in the budget book to capture diversity at all levels of city employment.

## Recommendations and Management Response

We provided a draft of this report to city management and HR for review and comment. City management agreed with our findings, conclusions, and recommendations. We generally expect the City to implement audit recommendations within two years of report issuance. Some of the following recommendations may be implemented immediately, or require a longer timeframe to implement depending on available resources. We believe these recommendations are a worthwhile investment for the City.

- 1.1** To better manage retention, we recommend the City Manager’s Office establish citywide retention goals and report to City Council on progress towards those goals biennially.

**Implementation Date:** 1 year

**Corrective Action Plan:** Upon stabilizing the City’s hiring crisis, Human Resources will establish staffing goals (e.g., hiring over attrition) and metrics by which to measure them (e.g., reductions in vacancy rates).

- 1.2** To better manage retention, we recommend the City Manager’s Office conduct a staffing analysis based on critical needs to identify the number and type of full-time equivalent positions needed for successful city operations and services. The City may consider conducting this analysis one department at a time based on available resources.

**Implementation Date:** 2+ years

**Corrective Action Plan:** A staffing analysis of the recommended scale – involving operational departments, Human Resources, and the Budget team – is beyond the capacity of the City’s current staff. In order to be implemented, the recommendation would need funding and external resources (i.e., the involvement of a consulting firm) or a drastic reduction of current priorities.

- 2.1** To ensure job duties align with job descriptions, we recommend the City Manager’s Office review the highest priority city job descriptions to ensure they accurately reflect job duties.

**Implementation Date:** 2 years

**Corrective Action Plan:** Human Resources has already embarked on this endeavor, working with departments and the Personnel Board to revise key classification specs as vacancies occur. Revisions, however, are time-consuming, since they involve researching changes to the job class, drafting new language, negotiating the edits with labor groups, conducting a compensation study and submitting the change proposals to the Personnel Board for review and approval and then to council for adoption. Given that HR has limited staff and a slew of other deliverables, the revision process will necessarily move forward in priority order over the course of two years, unless resources are invested for outside contractors to assist with the workload.

- 2.2** To alleviate workloads associated with Council referrals, we recommend City Council consider staff capacity when introducing new legislation, and limit or prioritize new legislation during periods of short staffing.
- Implementation Date:** 1 year
- Corrective Action Plan:** Staff currently articulate in staff reports and communications to the City Council regarding staff capacity to implement new legislation. In addition, the City Manager presented in December 2022 to the City Council regarding the staffing crisis the City is currently facing. Opportunities to enhance communications of this nature can be explored with the City Council.
- 2.3** To alleviate workloads associated with Council referrals, we recommend the City Manager’s Office report on the status of approved projects to City Council, including information about delays caused by staff vacancies.
- Implementation Date:** 1 year
- Corrective Action Plan:** Staff currently articulate in staff reports and communications to the City Council regarding staff capacity to implement new legislation. In addition, the City Manager presented in December 2022 to the City Council regarding the staffing crisis the City is currently facing. Opportunities to enhance communications of this nature can be explored with the City Council.
- 2.4** To improve employee satisfaction, we recommend the City Manager’s Office improve pathways for promotion in the City through a citywide succession plan, which may include cross-training for positions.
- Implementation Date:** 2 years
- Corrective Action Plan:** Human Resources will plan for promotional pathways through succession planning and cross-training while being mindful of inherent restrictions imposed on this effort by the relatively modest size of the City’s workforce, particularly in smaller City departments/divisions.
- 2.5** To improve employee satisfaction, we recommend the City Manager’s Office direct departments to ensure that all employees receive an annual performance evaluation.
- Implementation Date:** 18 months
- Corrective Action Plan:** Human Resources will reconfigure the employee evaluation process with the mindset that performance assessment and feedback should be continuous, constructive, and growth-minded, rather than limited to 12-month intervals.

- 2.6** To improve employee satisfaction, we recommend Human Resources implement a comprehensive training program that ensures staff at all levels receive the training they need to fulfill their job duties and develop their job skills as needed. Consider increasing the training budget and redesigning the training curriculum to best address the needs of a post-pandemic workforce, improving training for supervisors and managers, ensuring that experts conduct trainings, and allowing employees to request specific trainings.
- Implementation Date:** 18 months
- Corrective Action Plan:** Human Resources has already initiated a re-imagining of the workforce training curriculum, with specific focus on supervisory, non-supervisory, and safety-sensitive positions. This effort includes a redesign of the Leadership Development Program and the new Skilled Workers Academy to maximize efficiency and effectiveness. Many current employees have gone through this program already.
- 2.7** To improve transparency, we recommend Human Resources ensure that all city employees complete mandatory trainings in accordance with the state law. Report data on mandated trainings to Council annually.
- Implementation Date:** 1 year
- Corrective Action Plan:** Human Resources has already identified compliance with mandatory trainings as a top priority for the 2023 calendar year. Departments are asked to meet compliance milestones throughout the year, reaching 100% by December 31.
- 2.8** To improve transparency, we recommend the City Manager's Office update City Council on the recruitment status of hard-to-fill positions during the biennial budget process, as well as steps taken to fill these positions.
- Implementation Date:** 18 months
- Corrective Action Plan:** Human Resources has already instituted a system of prioritizing departments' most critical hiring needs. Once vacancy rates are stabilized, HR will highlight remaining hard-to-fill positions during every biennial budget process, along with articulating the measures implemented to recruit for them.

- 2.9** To improve transparency, we recommend the City Manager’s Office identify positions that are hard-to-recruit and retain and consider reassessing pay for those positions.
- Implementation Date:** 18 months
- Corrective Action Plan:** The City is already piloting a hiring pay incentive for certain positions in the Police Department but is mindful that reassessing pay for hard-to-recruit positions involves a complex set of considerations, including internal alignment (affecting supervisory or related classifications), internal equity, and labor negotiations.
- 2.10** To improve communication channels in the City, we recommend the City Manager’s Office assess employees’ needs regarding communication from the City Manager’s Office and design a communication strategy that addresses those needs.
- Implementation Date:** 1 year
- Corrective Action Plan:** This effort is currently underway as part of the Employer of Choice initiative. The Communications Division is currently meeting regularly with departments to assess communication needs. Additionally, a quarterly Employer of Choice newsletter goes out to all employees, in addition to the already-existing Berkeley Matters publication available to all employees. The City Manager's Office will continue to explore ways to enhance employee communications as envisioned by the Employer of Choice initiative.
- 3.1** To improve hiring procedures, we recommend the City Manager’s Office assess the level of staff and resources needed to meet the City’s recruitment and hiring needs. Prioritize filling these positions when vacancies in this area fall below a level that would jeopardize the City’s ability to hire quickly.
- Implementation Date:** 6 months
- Corrective Action Plan:** Recommendations to increase staffing within the Human Resources Department were made by the Municipal Resource Group (MRG) as part of its Employer of Choice roadmap, and the City Council has already allocated three additional positions for HR, two of which have been filled; requests for another three positions are pending.
- 3.2** To improve hiring procedures, we recommend the City Manager’s Office assess the approval process for hiring new employees and identify opportunities to reduce inefficiencies.
- Implementation Date:** 6 months
- Corrective Action Plan:** Human Resources has already re-ordered the sequence in which hiring approvals are processed but will seek out further opportunities to enhance efficiencies.

**3.3** To improve hiring procedures, we recommend Human Resources develop and execute a plan to modernize recruitment and hiring using social media and community engagement.

**Implementation Date:** 1 year

**Corrective Action Plan:** Human Resources has already commenced these efforts pursuant to the Employer of Choice initiative. With funding allocated by Council, the department is in the process of issuing a Request for Proposal to engage a marketing firm that will provide a full suite of recruitment services on digital platforms and social media in order to broaden outreach to high-caliber candidates of diverse backgrounds.

**3.4** To improve hiring procedures, we recommend Human Resources communicate standard procedures and trainings for NEOGOV and the City’s hiring process to all department heads and hiring managers.

**Implementation Date:** 6 months

**Corrective Action Plan:** Human Resources has already designed trainings on the use of NEOGOV for maximized efficiency in the hiring process, including the scheduling of interviews and the issuance of e-offers and e-reference checks. HR has conducted this training for the hiring managers of the largest departments, including Public Works, Planning, and Health, Housing & Community Services (HHCS), and will roll it to out all remaining departments before the end of the calendar year.

**3.5** To improve hiring procedures, we recommend Human Resources improve the employee onboarding process so employees have the tools and information they need to do their jobs.

**Implementation Date:** 6 months

**Corrective Action Plan:** Human Resources has already automated the onboarding process so that new employees can submit pre-employment paperwork, make benefits selections, and review City policies electronically. Within the next six months, HR will develop and implement a broader “Welcome to Berkeley” onboarding initiative designed to ease new employees into their jobs and provide them with all necessary tools for success.

- 4.1** To improve the telework policy, we recommend the City Manager’s Office identify ways of reducing unused space in city buildings to save on overhead costs. This initiative may require additional resources beyond city staff.
- Implementation Date:** 2+ years
- Corrective Action Plan:** In order to be implemented citywide, this recommendation would need significant funding and external resources allocated. Currently, the City is making incremental progress on exploring more efficient use of space on a department-by-department basis.
- 4.2** To improve the telework policy, we recommend the City Manager’s Office expand the citywide telework policy to include elements that align with best practices. This can include eligibility, employee accountability, equipment requests, telework training, and justifications for denying employee requests to telework.
- Implementation Date:** 6 months
- Corrective Action Plan:** Efforts are already underway in this regard, as the consulting firm Municipal Resource Group (MRG) is preparing a Hybrid Workplace Best Practice Guide as a supplement to its Employer of Choice roadmap.
- 5.1** To improve internal data systems, we recommend Human Resources clean up personnel data in ERMA to ensure all employee data is accurate.
- Implementation Date:** 6 months
- Corrective Action Plan:** Human Resources has already completed the bulk of this work but will continually review and refine data in order to ensure maximum accuracy.
- 5.2** To improve internal data systems, we recommend Human Resources develop standardized procedures for entering and managing personnel data in ERMA.
- Implementation Date:** 6 months
- Corrective Action Plan:** Human Resources has already implemented methods of standardizing data input and management, and will continue to refine them while navigating limitations with the ERMA system itself.



**5.3** To improve internal data systems, we recommend Human Resources produce reports that can be used to inform retention and hiring efforts, which may include data on vacancies, recruitments, turnover, or other useful data. Human Resources should also report to City Council on staff vacancies by department and how long those positions have been vacant.

**Implementation Date:** 6 months

**Corrective Action Plan:** Human Resources has already undertaken this effort by engaging a data consultant to design reports and dashboards in ERMA and in NEOGOV; however, limitations in those systems (particularly ERMA) pose impediments to this effort. Departments do provide their vacancy rates when they complete department presentations during budget and finance development each year.

**5.4** To improve internal data systems, we recommend Human Resources consistently conduct exit surveys or interviews and share results with departments.

**Implementation Date:** 2 years

**Corrective Action Plan:** Human Resources currently sends out exit surveys but lacks capacity for robust follow through, analysis, and subsequent dialogue with departments. Meaningful implementation of this recommendation would require a modest investment in staffing (e.g., a dedicated part-time HR intern).

**5.5** To better manage retention efforts, we recommend City Council determine the appropriate city department or other body to regularly collect data on employee satisfaction. The department should consider publishing the data and comparing it to previous years to help inform retention efforts. Data collection should include employees' perceptions about diversity, equity, inclusion, and accessibility in the workplace.

**Implementation Date:** 2 years

**Corrective Action Plan:** The Special Projects team working on the Employer of Choice initiative will collaborate with the to-be-hired DEI officer to implement a methodology to collect and report back on employees' perceptions about diversity, equity, inclusion, and accessibility in the workplace. This will be additional to the work being done to address the items presented in the Employer of Choice roadmap produced by MRG.

**5.6** To improve reporting on diversity, equity, inclusion, and accessibility, we recommend the City Manager’s Office and Human Resources resume producing Year End Workforce Reports on demographic workforce trends at least annually. Consider expanding Human Resources’ performance measure reported in the budget book to capture diversity at all levels of city employment.

**Implementation Date:** 1 year

**Corrective Action Plan:** Human Resources will resume reporting on demographic trends and diversity levels as part of its data analytics efforts referenced in Recommendation No. 5.3.

## Methodology and Statement of Compliance

We audited the City's approach to staff retention, including reviewing relevant Human Resources (HR) department's operations for fiscal years 2018 through 2022. We performed a risk assessment of HR's practices and procedures to identify potential internal control weaknesses, including fraud risks, within the context of our audit objectives. This included a review of selected policies and procedures, as well as interviews with subject matter experts, HR staff, department directors, and current and former employees.

To gain an understanding of HR's operations and internal controls and to achieve our audit objectives, we reviewed the following:

- Survey responses from a satisfaction survey we designed and sent to current employees,
- Survey responses from an exit survey we designed and sent to former employees who voluntarily resigned or retired,
- Survey responses from an exit survey that the HR department sent,
- Internal staffing data from the City's current employee information system ERMA (January 2021 – June 2022) and FUND\$ (July 2018 – December 2020),
- NEOGOV data on the City's new hires and promotions,
- Previous audit findings and recommendations regarding understaffing and vacancies,
- City of Berkeley HR policies and procedures,
- National media on public sector hiring and retention issues,
- Professional literature and best practices for hiring and retaining employees, including telework,
- Staffing data and telework policies from local jurisdictions to compare to Berkeley, and
- Other audits in comparison cities related to employee retention.

We also conducted interviews with:

- HR staff members, including the former Interim HR Director, and the current HR Director,
- Current and former city employees,
- Union representatives from City of Berkeley bargaining groups,
- City department directors,
- City leadership including the City Manager and City Councilmembers,
- A climate policy consultant, and
- The Chair of the Personnel Board.

We analyzed:

- Satisfaction and exit survey responses,
- Vacancy rate data from department directors,
- Resignation and retirement data from FUND\$ and ERMA,
- NEOGOV data on the City's new hires and promotions,
- Commuter carbon emissions data, and
- Year End Workforce Reports from fiscal years 2018-2020, i.e. reports produced by the City showing demographic trends in the City's workforce.

We included quotes from current employees, former employees, and department directors. To protect confidentiality, we did not include any identifiable information. Further, each quote featured in this report was only edited for clarity, length, or grammar.

## Data Reliability

There are inherent limitations in using survey data to gauge employee satisfaction. However, even with those limitations, providing an anonymous survey was the most effective and efficient way to hear from a large number of current and former employees who could respond freely. During our audit, we kept the following in mind: 1) Many factors can impact a respondent's frame of mind when completing the survey, which could influence their responses either positively or negatively; 2) People who are dissatisfied are more apt to reply to the survey and ongoing changes within the City would impact perceptions day to day; 3) Unless the survey achieves a 100 percent response rate, some opinions may not be reflected in the quantitative analysis of responses; and 4) Despite our extensive preparation, respondents could have interpreted questions differently than we intended. Because the overall goal was to set a baseline of the morale at a point in time, we determined that the above factors would not create a significant risk to the accuracy of our audit findings, conclusions, and recommendations. The number of responses for both surveys was a strong indicator that the results were reliable, and the responses agreed with comments made during interviews, including discussions with employees, supervisors, and management.

We assessed the reliability of ERMA, FUND\$, and NEOGOV data by reviewing it for completeness, appropriateness, and consistency. We determined that ERMA data is reliable for the audit's purpose, with some caveats. ERMA data was reliable for pulling employee reports including resignation, retirement, hire, and service dates after January 1st, 2021. We determined the reliability of ERMA data by interviewing data owners and performing logic testing on the data. We could not confirm the accuracy of the vacancy rate or turnover data and therefore could not use it for analysis or use past employee data to analyze retention trends.

We also assessed the reliability of employee payroll data in the FUND\$ system and determined it is sufficiently reliable for the purposes of our analysis. We assessed reliability by reviewing two prior data reliability assessments from previous audits, as both audits used FUND\$ as a data source and found it to be reliable.

We additionally determined that NEOGOV data are sufficiently reliable for the audit's purpose. We determined data reliability by interviewing knowledgeable data owners, reviewing data manuals, and performing logic testing on the data. We noted a limitation in the data: there are nine new hires and five promotions whose start date was before their requisition create date. According to HR, these are employees who were hired before being entered into NEOGOV. Therefore, their requisition was created after their start date. These limitations did not significantly impact our analysis.

## Independence

Payroll Audit is a Division of the City Auditor's Office. The Payroll Audit Division performs citywide payroll functions and is a module leader for the payroll/personnel module used to record payroll costs. HR and department payroll clerks are responsible for entering employee data and collecting relevant documentation. Payroll Audit is not responsible for verifying the employee's time or the use of budget codes by the department. Further, Payroll Audit limits its review of sufficient documentation for the reported time or transaction; HR and department payroll clerks are responsible for making adjustments to ensure the accuracy of the information in the system.

To reduce the threat to our independence, we limited our work to exclude areas overseen by our office. We also selected data from closed payroll periods that was in read only status.

We relied on previous consultations with representatives from the U.S. Government Accountability Office to assess the safeguards we put in place. Based on this, we determined that the safeguards mentioned above reduced the identified threats to our independence to an acceptable level to proceed with the audit.

## Statement of Compliance

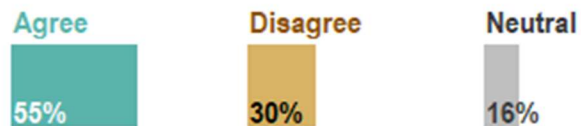
We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix I. Satisfaction Survey Responses

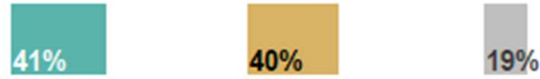
To measure employee satisfaction levels, we surveyed current employees between August 30 and September 18, 2022. We received 771 total responses out of 2094 active employees, including part-time and temporary staff, with a response rate of 37 percent. We measured most responses on a scale from “agree”, “somewhat agree”, “neutral”, “somewhat disagree” to “disagree”. When displaying results, we combined the “agree” and “somewhat agree” responses, along with the “disagree” and “somewhat disagree” responses for simplicity. Certain questions were only accessible based on the respondent’s previous answers, for example, only supervisors could access questions about their supervising experience. To ensure employee confidentiality, the information in this report does not include individually identifiable information from the survey responses. Responses are displayed below.

### Job

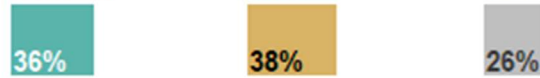
My job allows me to balance my work and personal life.



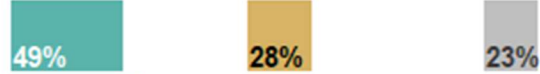
I am satisfied with my career advancement opportunities.



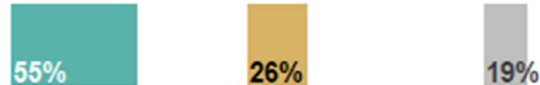
HR provided me with adequate onboarding to begin my job when I was hired.



I would recommend working at the City of Berkeley to a friend.



I am satisfied with my job.

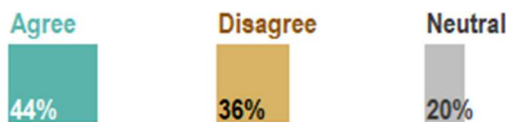


I have looked for another job in the past year.

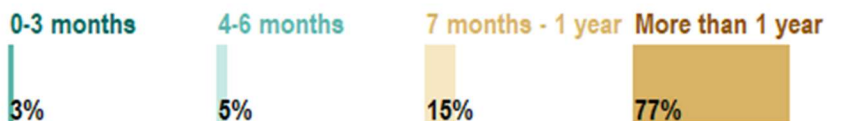


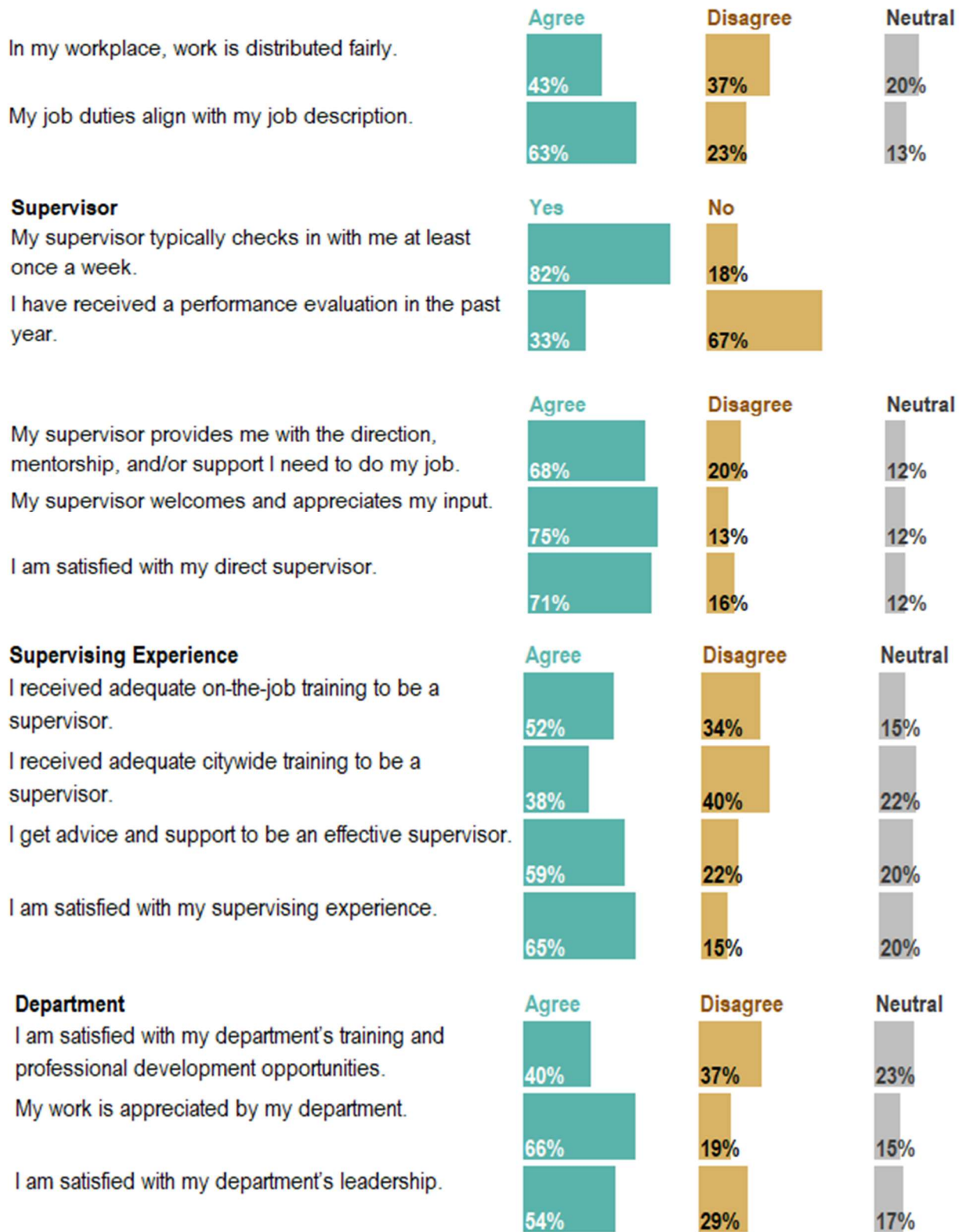
### Workload

My workload is manageable.



If disagree, how long has this been a problem?

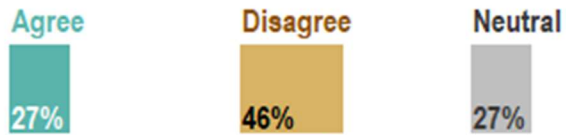






**City Management**

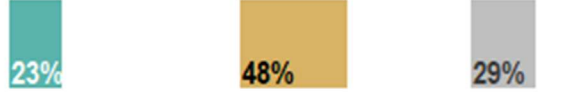
City management cares about employees.



I am satisfied with citywide training and professional development opportunities.

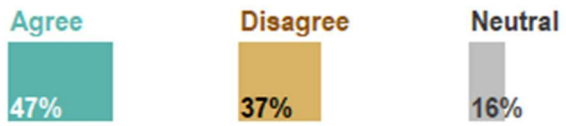


City management communicates well when making decisions that impact City of Berkeley employees.

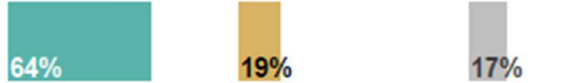


**Compensation and Benefits**

I am satisfied with my compensation.



I am satisfied with my benefits package.

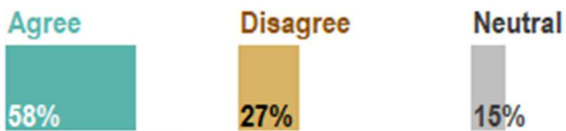


**Commute and Telework**

Given my current duties, I believe that some or all of my work can be successfully conducted remotely.



The City provides me with the materials, equipment, and training I need to successfully telework.



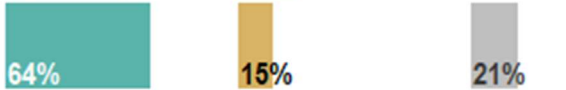
I feel connected to my colleagues.



If I am not permitted to telework (at least some of the time), I will find other employment.

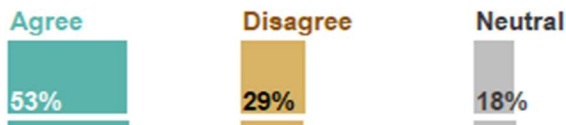


I am satisfied with my teleworking experience.

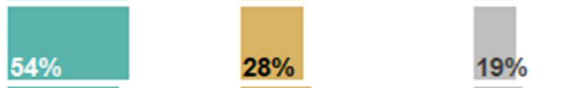


**COVID-19**

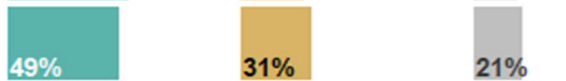
The City provides employees with adequate communication around COVID-19.



Regarding COVID-19, I feel safe going to my work site.

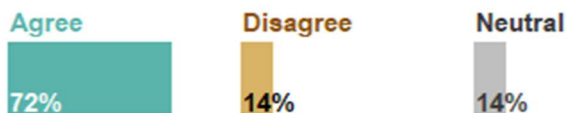


I am satisfied with the City's efforts to protect employees from COVID-19.



**Fraud, Waste and Abuse**

I know what to do if I encounter fraud, waste, or abuse of city resources in the workplace.

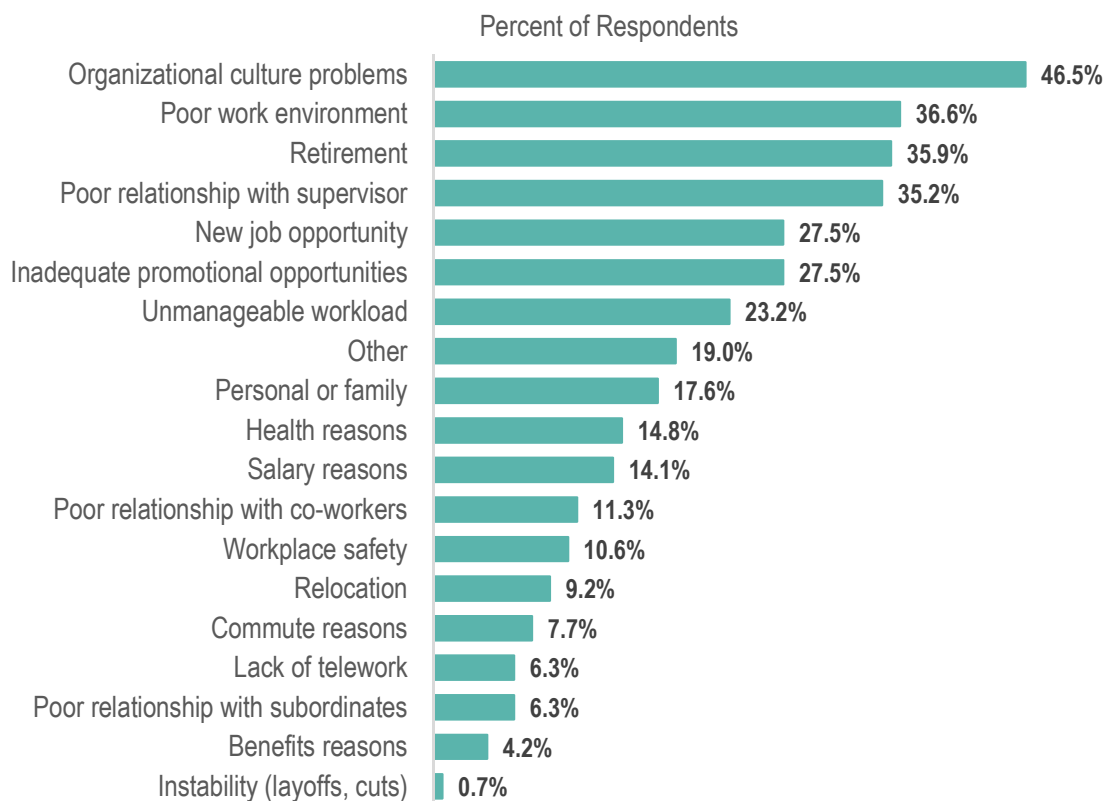




## Appendix II. Exit Survey Responses

We asked employees who left the City to respond to an exit survey. We sent the exit survey to former employees who voluntarily left the City—indicated by a termination reason marked as resignation, retirement, medical separation or disability retirement in ERMA—between fiscal years 2018 and 2022. Respondents could fill out the online survey using SurveyMonkey, or they could fill out the paper survey that we mailed to their address. We received a total of 142 responses out of 495 former employees who received the survey. We decided to conduct our own exit survey because the City received only 38 responses to its exit survey between October 2018 and June 2022.

### What were your reasons for leaving the City of Berkeley?



Note: We asked survey respondents to provide their five primary reasons for leaving the City out of the options above. This figure shows the percent of respondents who listed each reason as one of their primary reasons for leaving.

Source: 2022 exit survey

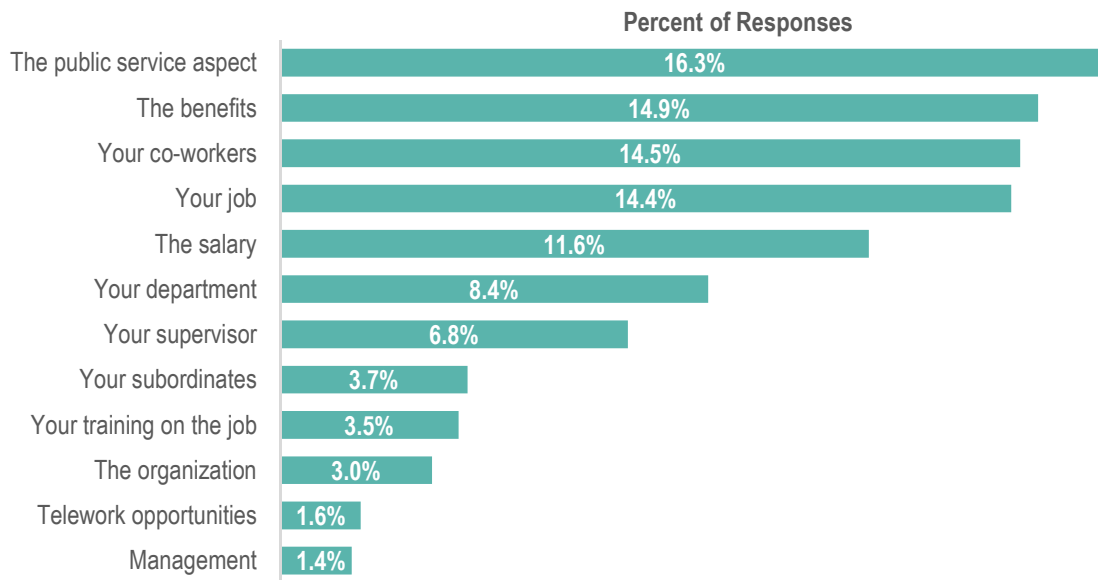
### How would you rate your experience working for the City?



Note: Figure is an average of all responses. Respondents were asked to rate their experience from worst (1) to best (5).

Source: 2022 exit survey

### What did you like best about working for the City?



Source: 2022 exit survey

### Did you receive an exit survey upon leaving the City?

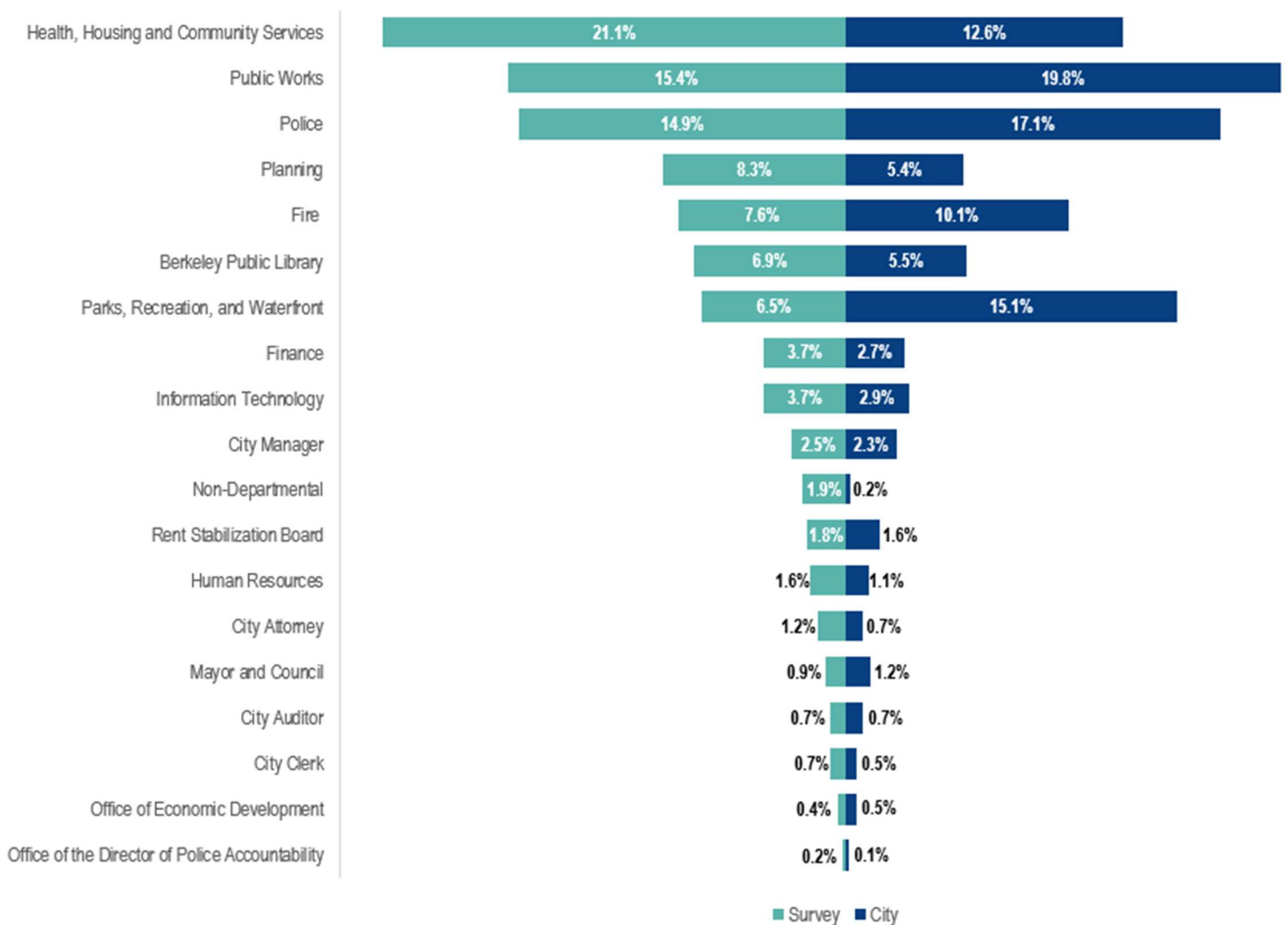


Source: 2022 exit survey

## Appendix III. Satisfaction Survey Respondents by Department

We asked City of Berkeley employees to respond to a job satisfaction survey. In order to determine how well the responses represented the opinions of employees in different departments, we compared survey response data to citywide data. Employees from every department responded to the survey.

**Figure 14. Full-Time Employees Who Responded to Satisfaction Survey by Department Compared to Citywide Data**



Note: This figure reflects satisfaction survey respondents who indicated they were a full-time employee; some respondents skipped this question and therefore may not be captured in this graphic. Citywide data captures all full-time employees as of September 9, 2022.

Source: 2022 satisfaction survey and ERMA

### **Mission Statement**

Promoting transparency and accountability in Berkeley government.

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