

THE CIVIL SERVICE VACANCY GAME: ABUSIVE PRACTICES OR UNDERLYING STRUCTURAL PROBLEMS?

Legislators and others have voiced concerns in recent years over the high occurrence of vacant positions across state departments, generating debate as to whether a significant number of civil service positions should be eliminated. Critics charge that high vacancy levels not only make it difficult for analysts to accurately assess workload and staffing needs, but also indicate abusive budgeting practices by managers who wish to avoid accountability. Others, however, argue that an outdated and unrealistic budget structure forces managers to keep positions vacant so they can redirect the savings (resulting from not paying salaries while the positions are vacant) to meet program requirements and needs. Both sides agree that, ultimately, high vacancy levels point to underlying problems in department budgets. These issues are not new; in many cases, the practices discussed in this *Brief* date back to the 1980s or before. This *Brief* is not intended as a criticism of the Davis Administration, state agency managers, or the [Department of Finance](#) (DoF), but instead seeks to provide a better understanding of the vacancy issue in order to inform budget policy debates.

In brief, we know that:

- **Departments are circumventing the vacancy elimination law.** Managers' use of "120 transactions," which are intended to allow managers to legitimately move employees between positions, increased by 53 percent in the year following enactment of the rule requiring elimination of positions that have been vacant for six months.
- **Many vacancies have been deemed "justifiable."** Nearly half (48 percent) of savings from vacancies in the 50 largest departments in 1999-00 was considered legitimate, since these funds were used to help meet budget requirements. Over half (52 percent) of savings from vacancies, however, was attributed to vacancies that were considered "excess."
- **Some vacant positions have been eliminated or redirected.** Of vacant positions considered excess, 6,600 were targeted for elimination in 2000-01 and 2001-02. Of these, many were redirected to other program needs rather than eliminated from the department's budget.

The most contested issues relating to vacancies include:

- **Covering budgeted salary savings.** It is current practice to include a 5 percent "salary savings" in department budgets. While in theory this represents the time it takes to fill positions, it effectively requires departments to maintain a certain number of vacancies in order to remain within their budget.
- **Offsetting unbudgeted expenses.** Under state policy, the DoF generally does not approve requests for budget augmentations to pay for unavoidable expenses such as merit salary increases or inflation adjustments for operating expenses. This compels managers to find funds elsewhere within their budgets, such as through the savings incurred from vacant positions.
- **Budgeting for filled positions.** In many cases, managers must find funds to pay for all of their filled positions, since department budgets do not always account for the full cost of each position. This is at least partially attributable to the fact that state policy requires departments to budget vacant positions at the bottom salary step, while in practice employees are often hired above that level.
- **Covering overtime costs.** Managers commonly use overtime and contracts to meet workload needs, e.g., to cover shifts in 24-hour institutions such as prisons or state hospitals. Vacancy savings are often used to cover these expenses.

- **Compensating for revenue shortfalls.** Funding often comes in below expectations, due to budget shortfalls, federal budget changes, etc. The DoF found that in some cases, revenue shortfalls in 1999-00 were large enough to account for a department's entire vacancy rate.
- **Factors beyond agencies' control.** Some vacancies are attributable to events or policies that are generally beyond managers' control, such as program recipients not increasing as expected, delays in program implementation, or inability to hire due to salaries that are not competitive with the private sector.

The vacancy issue involves numerous considerations, contributing factors, and circumstances, all of which may vary from one department to the next. To help provide some understanding of this complex subject, this *Brief* outlines vacancy rules, statistics, and causes, as well as some basics of civil service hiring practices and department budgeting processes. It also raises key questions that the Legislature and Administration may wish to address.¹

RULES OF THE GAME: VACANCY LIMITS

How Long Can A Position Remain Vacant?

State law (Government Code Section 12439) provides for the elimination of positions that are vacant for long periods. Until recently, the law required the State Controller to eliminate, as of July 1 of each fiscal year, civil service positions that had been continuously vacant for nine months during the immediately preceding fiscal year. The law excluded positions at the California State University (CSU) and positions exempt from the civil service system (e.g., gubernatorial appointments). Positions that were eliminated due to enforced vacancies during a hiring freeze could be reinstated only if the agency successfully petitioned the DoF. A measure passed as part of the 2000 budget agreement instituted what is commonly referred to as "the six-month rule." This legislation reduced the authorized vacancy period effective July 1, 2001, requiring the Controller to eliminate positions that are vacant for six consecutive months, rather than nine. This legislation also added a provision to Government Code Section 12439 to provide that positions eliminated due to late enactment of the State Budget, or due to recruitment problems for "hard-to-fill" classifications, may be reinstated if the agency successfully petitions the DoF.²

It is important to note that when a position is eliminated, it does not always entirely disappear from the department's budget. On the contrary, the funds for the position, or the position itself, are often redirected to other program activities within the department's baseline (ongoing) budget. There is apparently no blanket rule on this issue; elimination or redirection of funds or positions seems to occur on a case-by-case basis.

How Does The Current Hiring Freeze Affect Vacancies?

In light of the state's fiscal difficulties, [Governor Gray Davis](#) issued an Executive Order in October 2001 proclaiming a hiring freeze for state government. Only specified personnel in areas such as higher education, public safety, and health services were exempted from the freeze.³ Since the Executive Order imposed a freeze through June 30, 2003, and current law does not exempt hiring freeze periods from the six-month rule, there is a potential for hundreds of positions to be lost due to long-term vacancies. The *Governor's Budget Summary* recognizes this potential, noting that

*"The current hiring freeze is expected to increase vacancies across all departments. Additionally, the two current year operating expense and equipment reductions may affect vacancies, as departments may have to suspend critical hiring to ensure they make their reductions."*⁴

In response to protests from state agency managers, Senator Figueroa has introduced SB 2024, which provides that hiring freeze periods shall not be included in determinations of whether a position has been continuously vacant for six months.

The Administration, however, is considering a proposal to apply the six-month rule to consecutive six-month periods, regardless of fiscal or calendar year.⁵ Because the rule currently specifies that six-month vacancies must occur within the fiscal year, positions can remain vacant for nearly a full calendar year without risk of elimination. For example, a position that becomes vacant on January 15 can remain “safely” vacant for over five months until June 30, the end of the fiscal year. On July 1, the beginning of the next fiscal year, the six-month clock begins all over again. The manager can thus continue to keep the position vacant until the end of December - cumulatively, almost a full year - without worrying about losing it to the six-month rule.

ENTERING THE GAME: OBTAINING NEW POSITIONS AND HIRING EMPLOYEES

How Are New Positions Created?

The length and difficulty of the process to obtain new positions would appear to encourage managers to work diligently to avoid losing vacant positions to the six-month rule. All new civil service positions must be authorized in the annual State Budget. When legislation creates a new program, the bill does not provide the staff positions needed to implement the program (although it may include an appropriation to fund the program). In general, when departments need to increase existing budget levels (e.g., to obtain new staff positions), they complete a form called a Budget Change Proposal (BCP). When a new program is created by legislation, departments submit what is commonly known as a Legislative BCP. In the proposal, the department is required to justify the budget change, providing detailed answers to questions such as what is the public need, why it can't be met using existing resources, and what adverse impacts will result if the request is not approved. The BCP also includes background, any examples of similar approaches in other agencies, documentation of resources needed, and a presentation and analysis of reasonable alternatives.⁶

Once the BCP is complete, the department enters the BCP negotiating process. Departments that report to agencies must first clear BCPs through their overseeing agency (other departments submit their BCPs directly to the DoF). If the agency rejects the BCP, the proposal is dead. If the agency signs off, the BCP moves to the DoF. Issues that cannot be resolved between departments and DoF staff are discussed at

How Are Staff Positions Accounted For In The Budget?

The Governor's Budget includes detailed breakouts for each department. Each department budget includes a schedule of “changes in authorized positions,” which documents personnel changes in the current year (since the current budget was adopted) and proposed changes for the next budget year. According to the Department of Finance, **authorized positions** are “ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended vacancy.” **Proposed new positions** are requests for authorization to hire more staff. All positions are defined in terms of **personnel years (PYs)**, which are “the actual or estimated portion of a position expended for the performance of work.” If an employee fills a position for six months, the department would count it as an expenditure of 0.5 PYs. For example, the schedule of changes in authorized positions for state hospitals under the Department of Mental Health (DMH) proposes a small number of reductions in authorized positions and a large number of new positions, due primarily to caseload increases. The schedule proposes a net increase of 60.4 PYs for state hospitals under DMH in the current year (proposed new positions totaling 69.2 PYs and reductions in authorized positions totaling 8.8 PYs). In the budget year, the Budget proposes that hospitals receive a net increase of 179.5 PYs (gaining 361.6 PYs in proposed new positions and losing 182.1 PYs in authorized positions).

Source: *Governor's Budget Summary 2002-03*, pp. A2-A7, and *Governor's Budget 2002-03* pp. HHS 102-117.

hearings including staff from the DoF, agency, and department. If these hearings do not resolve the issue, it goes to a hearing conducted by the Director of the DoF. The last resort for unresolved issues is the Governor.⁷ While legislators can review BCPs in budget subcommittee hearings, this occurs at the very end of the BCP process, after the DoF has made its changes. The Legislature can, however, add or decrease positions during the budget process.

How Do State Agencies Hire Employees?

The length of the civil service hiring process creates the unintended consequence of potentially eliminating positions under the six-month rule, even as managers are working to fill them. A recent [State Auditor](#) report found that, “Generally, according to some departments, the examination and hiring processes alone average a total of six months, and a variety of factors could increase the time frame.”⁸

Voters established the current civil service system in 1934 to replace the patronage system with one based on merit. The hiring process for state employees is prescribed in state law and administered by the [State Personnel Board](#). First, a job announcement must be posted. If the agency does not already have a list of eligible candidates, it must develop a competitive examination. An exam notice is then posted, providing one to four weeks for people to apply; the majority of exams are open only to current civil service employees. The agency must notify applicants within 30 days after the application is received whether or not they qualify to take the exam. After the exam is given, the agency ranks successful candidates by score and prepares a list of “certified” candidates, from which managers interview those who have scored in the top three ranks. Once a candidate is hired, he or she must successfully pass a 6- to 12-month probationary period; if he or she fails probation, the hiring process for that position begins all over again.⁹

PLAYING THE GAME: JUGGLING VACANCIES AND WORKLOAD

Some number of vacancies is inevitable. According to the State Administrative Manual,

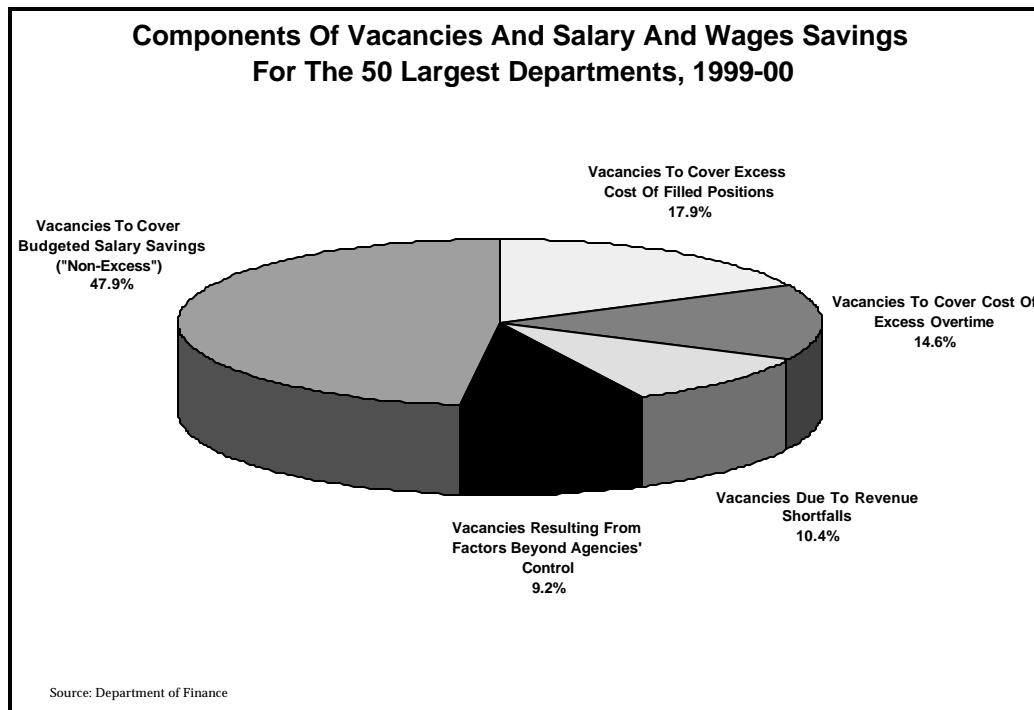
*In practice, due to leaves of absence, vacancies, downward reclassifications, and turnover (inability to fill a position immediately and at the same time step), it is generally not possible to keep all authorized positions filled at the budgeted level for the entire year.*¹⁰

In recent years, however, legislators and others have raised concerns that vacancy rates are excessively high in many departments. Critics accuse managers of moving people around between positions in order to preserve positions threatened by the six-month vacancy limit. These transfers, known as “120 transactions,” are intended to allow managers to legitimately move employees between positions. According to a recent State Auditor review, however, 120 transactions increased by 53 percent in the year following the establishment of the six-month rule.¹¹ One department reported to the Auditor that it devoted 1,840 work hours in 2000-01 solely to monitoring and preserving vacant positions.¹²

In an effort to address the vacancy issue, the DoF conducted two special reviews in 2000, the first analyzing vacant positions in 29 of the largest state agencies, and the second analyzing vacancies in the 50 largest state departments. Both reviews found “excess” vacancies and recommended elimination of a certain number of vacant positions. Specifically, the DoF determined that over half (52 percent) of the savings created by vacancies in the 50 largest departments in 1999-00 were due to “excess” vacancies.¹³ The savings from excess vacancies were used to cover extra costs of filled positions, overtime costs, and expenses beyond agencies’ control, and also reflected revenue shortfalls. The remaining 48 percent of savings from vacancies were considered “justifiable” since the funds from these vacancies were used to help meet budget requirements, specifically budgeted salary savings.¹⁴ The recent Auditor review of departments found similar results. The reasons cited for the vacancies are discussed below.

“Non-Excess” Vacancies

The DoF found that nearly half (48 percent) of the savings from vacant positions in the 50 largest departments in 1999-00 was justifiable, in that these positions were held vacant by departments in order to cover budgeted “salary savings.” This share accounted for \$508 million of the total \$1.1 billion in savings generated by the vacant positions identified by the DoF. Under state budget practice, the DoF requires department budgets to include roughly a 5 percent salary savings, which in theory come from positions being temporarily vacant due to someone leaving, promotions, the hiring period, etc.¹⁵ In practice, however, it means that managers are not given the funds to pay for all of the positions that they are authorized to fill. In other words, departments are required to submit a budget that assumes that spending on salaries will be 95 percent of the total positions authorized; taken literally, this means that departments are required to have some vacancies.



In order to meet expenses and still maintain the required salary savings, departments may hold a significant number of positions vacant. For example, managers may hold positions vacant in order to cope with unallocated reductions imposed upon them, such as the Governor’s October 2001 directive to departments to submit plans to the DoF for current year General Fund reductions in operating and equipment expenditures totaling \$150 million.¹⁶ In addition, some departments reported to the DoF that they held positions vacant because of “state budget policies that generally deny departments budget augmentations for merit salary adjustments and inflation adjustments for operating expenses.”¹⁷ The DoF confirmed this practice in the 2002 State Auditor review.¹⁸ Although agencies are required to provide merit salary adjustments (MSAs) annually to employees, the DoF has only changed the funding policy for MSAs on a department-by-department basis, arguing that MSAs are only a problem for some departments and that excess vacant positions are not affected if departments appropriately allocate salary savings.¹⁹

Budgeting For Filled Positions

The DoF found that \$190 million (18 percent) of the savings from vacancies covered the excess costs of filled positions, meaning that the actual costs of these positions exceeded what departments budgeted

for them. The DoF noted that “departments generally pay more per filled position than they budget for each authorized position...”²⁰ This is at least partially attributable to the fact that vacant positions have, by state policy, been budgeted at the bottom step of the appropriate salary range, while in practice employees are often hired above the bottom step. The DoF instituted a policy effective in the 2001-02 fiscal year allowing departments to budget new positions at the mid-step level in an attempt to mitigate this problem.²¹ This policy is, however, only applicable to newly created positions. In its review, the DoF found another contributing factor to be unanticipated lump-sum payments to employees for things such as vacation buyouts at separation or disability payments, which make actual expenditures higher than budgeted.

In addition, some interviewees indicated that they are required to budget **filled** positions, in addition to vacant positions, below their actual cost. Other interviewees, however, argued that state budget policy dictates that any filled position is reported at the current salary of its incumbent; in other words, at its actual cost.²² If some departments are budgeting filled positions below their actual cost, this would provide an apparent incentive to keep other positions vacant in order to cover the cost of filled positions.

Covering Overtime Costs

The DoF found that excess overtime costs accounted for \$155 million (15 percent) of the savings from vacancies in 1990-00. For example, when departments that oversee 24-hour care institutions (e.g., prisons, mental health facilities, or state hospitals) are unable to fill all positions, they must ask existing staff to work overtime or turn to contracts with non-state employees in order to cover shifts. In addition, departments often find it difficult to compete with the private sector and local governments for employees in areas such as information technology and law enforcement, particularly in regions such as the Bay Area or Los Angeles. These managers commonly use overtime and contracts in order to meet workload needs. It is difficult to discern what share of overtime costs are attributable to such unavoidable causes.

Compensating For Revenue Shortfalls

The DoF attributed a relatively small share of savings from vacancies (\$110 million, or 10 percent) to funding, such as federal funds, special funds, and reimbursements, coming in below expectations. In some cases, the DoF found that revenue shortfalls were large enough to account for 100 percent of the department’s excess vacancies.²³ In cases where federal funds fail to come through, the related vacancies are merely positions on paper, as there are no funds to back them up.

Vacancies Resulting From Factors Beyond Agencies’ Control

The DoF found that \$97 million (9 percent) of savings from vacancies were real savings that could be redirected or reverted, attributable primarily to factors generally beyond managers’ control. For example, “hard-to-fill” classifications can technically be kept open beyond the six-month vacancy limit, although agencies must receive approval from the DoF in order to do so.²⁴ “Hard-to-fill” jobs include those located in remote geographical areas, those with salaries that are not competitive with the private sector or do not meet local costs of living, highly skilled positions such as information technology or science, and positions that are generally difficult to hire such as auditors, investigators, and positions in prisons. Delays in program implementation can also create vacancies, since positions are held vacant until implementation can proceed. In cases of a department receiving a large number of new positions, vacancies often result when departments have inadequate recruiting capabilities. Other factors beyond managers’ control include cases in which the number of program recipients fails to increase as anticipated, since departments adjust staffing to meet actual population levels.

Other Factors

Numerous other factors can contribute to a department's overall vacancy rate. For example, changes in department budgets between the time the Budget is introduced in January and the end of the fiscal year in June are not reflected in the Governor's Budget. Specifically, the Budget does not reflect actions such as midyear appropriations or changing service population levels, often resulting in understated or overstated salary savings and excess vacancy rates.²⁵ Recently introduced legislation would require all state entities to provide an annual report to the Legislature identifying the total amount of funds appropriated to them each year, including midyear adjustments and the percentage change of expenditures in each category over the prior year.²⁶

In addition, the department budgets approved by the DoF do not account for many expenses, both expected and unpredictable. Unanticipated expenses, such as workers' compensation claims, leave managers scrambling for funds to meet such costs when they occur. Department budgets also do not include operating expenses that *can* be anticipated, such as differences in rental costs between regions, training expenses, and computer upgrades. While departments can and do apply for deficiency authorizations – authorization to spend beyond the approved budget - during the year, these must be approved by the DoF. By law, the DoF can only approve authorizations for deficiency spending in cases of unanticipated expenses, and all deficiency authorizations are subject to appropriation of funds by the Legislature.²⁷

Of course, some managers may simply be playing budget games. Critics charge that managers are deliberately keeping large numbers of positions vacant in order to use those funds at their own discretion, rather than having them subject to specific allocation or approval by the DoF and the Legislature through the budget process. While in theory the DoF can compare the estimated budget for a department at the beginning of the fiscal year to its actual budget at the end of the fiscal year in order to reconcile expenses that came up during the year, this rarely occurs in practice. Another contributing factor is the structure of the BCP process. As noted earlier, a department must get budget changes approved by its overseeing agency before it can go to the DoF; even then, the DoF often reduces or eliminates the number of personnel years (PYs) in the proposal. This difficulty in obtaining positions creates an incentive for managers to do whatever necessary to preserve vacant positions. Finally, as discussed above, the system creates incentives for abuse by providing insufficient funds in departments' baseline budgets.

SURVIVING THE GAME: CURRENT VACANCIES AND ELIMINATED POSITIONS

It is difficult to estimate how many vacant positions currently exist in state government because, as noted in the 2002 Auditor review, no reliable method exists to tabulate up-to-date numbers of vacancies. According to the [State Controller's Office](#) (SCO), vacant positions at the end of 2001 totaled just under 25,000 positions, out of 203,630 established positions, for an overall vacancy rate of about 12 percent.²⁸ The Auditor's review, however, found that the vacancy estimates calculated by the SCO, which produces semiannual reports of vacant positions for the Legislature, were substantially higher than the calculations produced by the DoF in its reviews.²⁹

The variations in the DoF and SCO numbers were due in part to the different methodology used by each. For example, the SCO report only includes "established" positions – positions that have each been assigned a number and for which paperwork has been processed and entered. It does not include "authorized, but not established" positions, which are authorized by either the Budget or the DoF but not yet established in the SCO database due to a lag in paperwork filing and/or data entry. "Blanket" positions also fall under this category; these positions enable departments to pay several employees from a lump sum allocation of funds, and are customarily used by departments to make payments for

things such as temporary help, overtime, and retirement payouts. The DoF numbers, in comparison, count **all** authorized positions. Finally, the DoF estimates are based on full-year use of positions, while the SCO reports are semiannual “snapshots.” The Auditor’s report recommended that the DoF and the SCO work together to develop a reliable methodology for estimating vacancies.

After the 2000 DoF reviews were conducted, the Administration began to address vacant positions through the State Budget. According to the DoF, 6,600 vacant positions that were considered excess vacancies were eliminated in 2000-01 and 2001-02.³⁰ When these positions were eliminated, the funds behind them were often redirected to other program and workload needs, rather than being eliminated from the department’s baseline budget. For example, of the 2,500 vacant positions eliminated in the 2000-01 Budget, funding for 1,663 of these was “redirected to new program and workload needs,” rather than reverting the savings to the General Fund or special fund from which they were originally appropriated.³¹

BREAKING UP THE GAME: QUESTIONS FOR POLICYMAKERS TO CONSIDER

The Administration plans to continue reviewing vacancies in 2002-03.³² In addition, the Legislature and the Administration may wish to consider a broader review of department budgets in order to get at the roots of the vacancy issue. Budget subcommittees often simply approve department budgets, rather than reviewing how departments use resources, examining vacancy patterns, and studying what departments do with salary savings. Policy deliberations could address some of the issues outlined in this *Brief*, require departments to justify their individual budgeting practices, and give managers the opportunity to provide suggestions of policy changes that could help them do their jobs better. Some questions that policymakers might use to begin the discussion are outlined below.

What’s Not Getting Done?

If a department exhibits a high number of vacant positions, despite no change in program responsibilities, a gap presumably exists between program responsibilities and the services actually being provided. The Legislature and the Administration may wish to ask departments with large numbers of vacancies to document how program requirements are being met. Similarly, legislators and the Governor may want to consider more closely reviewing requests for additional new positions from departments with consistently high vacancy levels. In addition, the Legislature and the Administration may wish to require departments that have lost large numbers of positions due to the six-month rule to document how these losses have affected the programs and services they administer. If program needs or statutory requirements have been reduced, legislators and the Administration may want to consider eliminating vacant positions. Finally, when unallocated cuts are imposed on departments during difficult budget times, departments could be required to specifically account for how they distributed those cuts and how program services were affected.

Are Departments Consistently Redirecting Vacancy Savings To Other Needs?

As noted earlier, the DoF has the capability to compare the estimated budget for a department at the beginning of the fiscal year to its actual budget at the end of the year. In its recent report on vacant positions, the State Auditor noted that:

“To ensure that budgets represent a true picture of how departments manage their programs, Finance should continue to assess if common uses of funds resulting from vacant positions represent unfunded costs that should be reevaluated and specifically funded.”³³

The Legislature and Administration may want to consider reconstructing baseline budgets for some

departments, particularly those consistently requesting mid-year appropriations and deficiency authorizations. For example, if a department is continually redirecting vacancy funds to the “operating expenses and equipment” element of its budget, perhaps that element should be increased by the appropriate amount. At the same time, the vacant positions that have been used to meet these expenses should be eliminated – as long as program requirements are being met.

Can “Bad” Incentives Be Eliminated Or Mitigated?

The current budgeting process includes some disincentives to honest budgeting, such as an institutional structure that not only requires departments to jump through numerous hoops both to obtain new positions and to hire employees, but also fails to provide for both anticipated and unanticipated annual expenses. In addition, our interviews indicated that, at least in some cases, managers are following certain practices because of a perceived threat of being “punished” for acting otherwise. For example, under standard budget practice, savings left at the end of the year (beyond the required 5 percent salary savings) revert to the General Fund or special fund from which they were appropriated. Many interviewees claimed, however, that it is their understanding that such savings will **also** be subtracted from the department’s baseline budget rather than carried over to the following year; therefore, they are careful to ensure that they never have “extra” savings at the end of the year. Although subtracting savings from the baseline is apparently not official budget policy, it is clear that departments perceive it as a strong enough threat that they are motivated to behave as if it is standard practice. The Legislature and Administration may want to consider addressing this and similar budgeting issues that contribute to vacancy levels.

Why Can’t Vacancies Simply Be Eliminated?

On the surface, it appears that excess vacancies are the problem and that the solution is to eliminate them. Further review, however, shows that the vacancy “problem” is really a symptom of underlying problems in department budgets and institutional budgeting practices. While managerial abuse certainly exists, it is at least partially attributable to a system that offers misdirected incentives and insufficient funds with which to provide required program services. That being said, it is still important for managers to defend their budgets. The Legislature and the Administration should ask individual departments, particularly those with high vacancy levels, to document exactly why these have occurred, what is being done to resolve the situation, and what will happen if currently vacant positions are eliminated. While many managers are likely to respond defensively, they should instead consider it an opportunity to help change the system for the better.

Erin Riches prepared this Brief. The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP is committed to improving public policies that influence the economic and social well-being of Californians and their communities. General operating support for the California Budget Project is provided by grants from the James Irvine, Ford, Charles Stewart Mott, Friedman Family, David and Lucile Packard, and California Wellness Foundations, the Penney Family Fund, and individual donations and subscriptions. Visit the CBP web site at www.cbpp.org.

ENDNOTES

- ¹ Because the causes of civil service vacancies are difficult to substantiate with hard data, much of this *Brief* is based on extensive interviews with legislative and department staff familiar with the topic. Due to the controversy surrounding the vacancy issue, those interviewed did not wish to be attributed publicly; the CBP gratefully acknowledges their assistance.
- ² AB 2866 (Migden), Chapter 127, Statutes of 2000.
- ³ Governor Gray Davis, Executive Order D-48-01 (October 23, 2001).
- ⁴ Governor Gray Davis, *Governor's Budget Summary 2002-03* (January 2002), p. 272.
- ⁵ Governor Gray Davis, *Governor's Budget Summary 2002-03* (January 2002), p. 272.
- ⁶ Department of Finance, Budget Change Proposal form and directions, downloaded from [http://www.dof.ca.gov/html/budlettr/forms/BCP%20Form%20\(Word\)%20Rev%203-00.doc](http://www.dof.ca.gov/html/budlettr/forms/BCP%20Form%20(Word)%20Rev%203-00.doc) on March 12, 2002, and State Administrative Manual, Sections 6512 and 6120.
- ⁷ Department of Personnel Administration, *State Administrative Manual*, Section 6120, downloaded from <http://www.dgs.ca.gov/default.asp?mp=http://sam.dgs.ca.gov> on February 26, 2002.
- ⁸ California State Auditor, Bureau of State Audits, *Vacant Positions: Departments Have Circumvented the Abolishment of Vacant Positions, and the State Needs to Continue Its Efforts to Control Vacancies* (March 2002), p. 22.
- ⁹ Various documents downloaded from the State Personnel Board at <http://www.spb.ca.gov> on February 26, 2002, and Little Hoover Commission, *Too Many Agencies, Too Many Rules: Reforming California's Civil Service* (Sacramento: April 1995).
- ¹⁰ Department of Personnel Administration, *State Administrative Manual*, Section 6409, downloaded from <http://www.dgs.ca.gov/default.asp?mp=http://sam.dgs.ca.gov> on February 26, 2002.
- ¹¹ California State Auditor, Bureau of State Audits, *Vacant Positions: Departments Have Circumvented the Abolishment of Vacant Positions, and the State Needs to Continue Its Efforts to Control Vacancies* (March 2002), p. 11.
- ¹² California State Auditor, Bureau of State Audits, *Vacant Positions: Departments Have Circumvented the Abolishment of Vacant Positions, and the State Needs to Continue Its Efforts to Control Vacancies* (March 2002), p. 23.
- ¹³ The DoF defines excess vacancies as “vacancies in excess of positions held vacant to meet budgeted salary savings.”
- ¹⁴ According to the DoF, departments receive 95 percent of the dollars to fund the salaries for vacant positions, in recognition of the time it will take to initially fill those positions. This means that the funds saved by a department when it leaves a position vacant amount to 95 percent, not the entire authorized amount, of the salary for that position.
- ¹⁵ According to the *Governor's Budget Summary 2002-03*, “Salary savings reflect personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past experience.” Our interviews indicated that 5 percent is the usual amount budgeted for salary savings by the DoF.
- ¹⁶ Governor Gray Davis, Executive Order D-49-01 (October 23, 2001).
- ¹⁷ Department of Finance, *Report on Vacant Positions* (May 2000), p. 6.
- ¹⁸ California State Auditor, Bureau of State Audits, *Vacant Positions: Departments Have Circumvented the Abolishment of Vacant Positions, and the State Needs to Continue Its Efforts to Control Vacancies* (March 2002), p. 33.
- ¹⁹ California State Auditor, Bureau of State Audits, *Vacant Positions: Departments Have Circumvented the Abolishment of Vacant Positions, and the State Needs to Continue Its Efforts to Control Vacancies* (March 2002), p. 33.
- ²⁰ Department of Finance, *Report on Vacant Positions* (May 2000), p. 5.
- ²¹ California State Auditor, Bureau of State Audits, *Vacant Positions: Departments Have Circumvented the Abolishment of Vacant Positions, and the State Needs to Continue Its Efforts to Control Vacancies* (March 2002), p. 31.
- ²² Such conflicting information was encountered several times in CBP interviews, implying that there may be a need to clarify state budget policy or further examine actual practices.
- ²³ Department of Finance, *Report on Vacant Positions* (May 2000), p. 8.
- ²⁴ Government Code Section 12439.
- ²⁵ Department of Finance, *Report on Vacant Positions* (May 2000), p. 7.
- ²⁶ SB 1292 (Haynes), as amended March 18, 2002.
- ²⁷ SB 739 (Peace), Chapter 106, Statutes of 2001, Section 27.00.
- ²⁸ Data report from the State Controller's Office (April 3, 2002).
- ²⁹ California State Auditor, Bureau of State Audits, *Vacant Positions: Departments Have Circumvented the Abolishment of Vacant Positions, and the State Needs to Continue Its Efforts to Control Vacancies* (March 2002), p. 33.
- ³⁰ *Governor's Budget Summary 2002-03*, p. 271.
- ³¹ Department of Finance, *Department of Finance Report on Vacant Positions* (January 10, 2001).
- ³² Governor Gray Davis, *Governor's Budget Summary 2002-03* (January 2002), pp. 271-273.
- ³³ California State Auditor, Bureau of State Audits, *Vacant Positions: Departments Have Circumvented the Abolishment of Vacant Positions, and the State Needs to Continue Its Efforts to Control Vacancies* (March 2002), p. 3.