

Budget Brief – DAS Human Resource Management

NUMBER CFAS-06-14

SUMMARY

House Bill 319, 2005 General Session, expanded the Department of Administrative Services to include the Division of Human Resource Management (formerly a separate department). The change becomes effective on July 1, 2006 (beginning of FY 2007).

The Division of Human Resource Management (DHRM) is the central human resource office for the state’s workforce. Division staff is responsible for recruitment, training, classification and compensation systems for the state. The mission of DHRM is to “develop, implement and administer a statewide human resource management system for employees that will promote quality government, attract/retain quality employees, and render assistance to state agencies.

ISSUES AND RECOMMENDATIONS

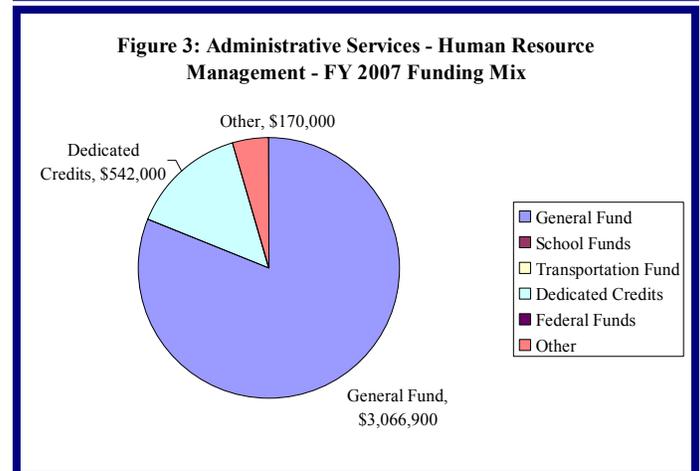
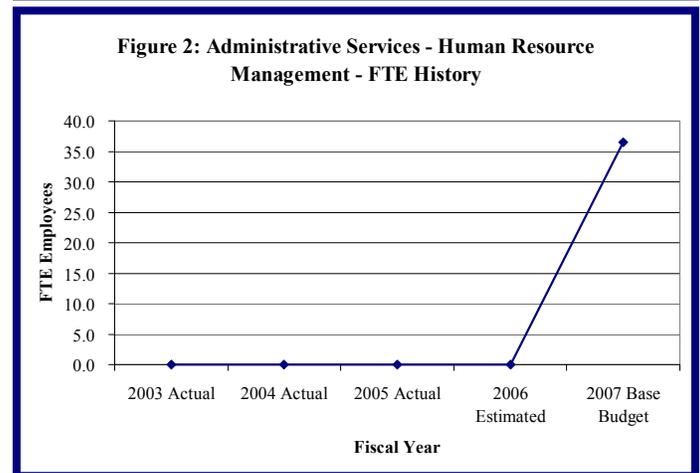
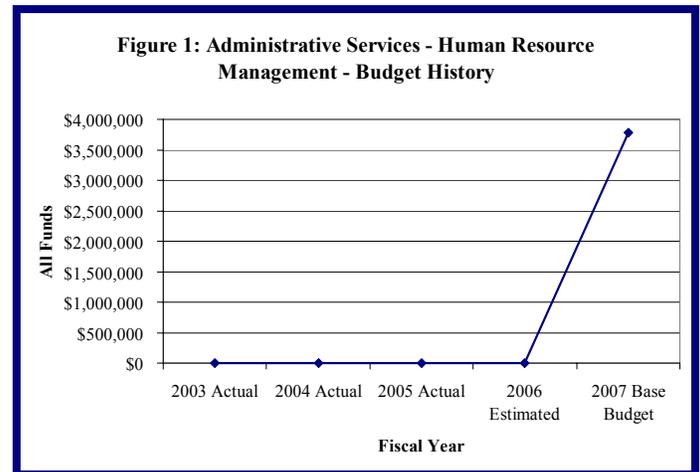
The Analyst recommends that the Legislature adopt a base budget for FY 2007.

Market Comparability Adjustments

The 2005 Legislature passed House Bill 213, “Unused Sick Leave at Retirement Amendments.” In conjunction with the bill the Legislature appropriated \$24.4 million (with \$12.3 million from the General Fund/Uniform School Fund) for Market Comparability Adjustments (MCA). This appropriation helped alleviate a compression problem where a majority of state employees were below the midpoint of their salary range. In addition, the 2005 Legislature funded a 2.5 percent Cost of Living Adjustment (COLA). DHRM is not recommending any MCAs this year because they believe the governor's proposal of 2.5 percent COLA and 2 percent discretionary money will allow for enough movement to keep state employees and their ranges comparable to the market.

Surge in Retirements

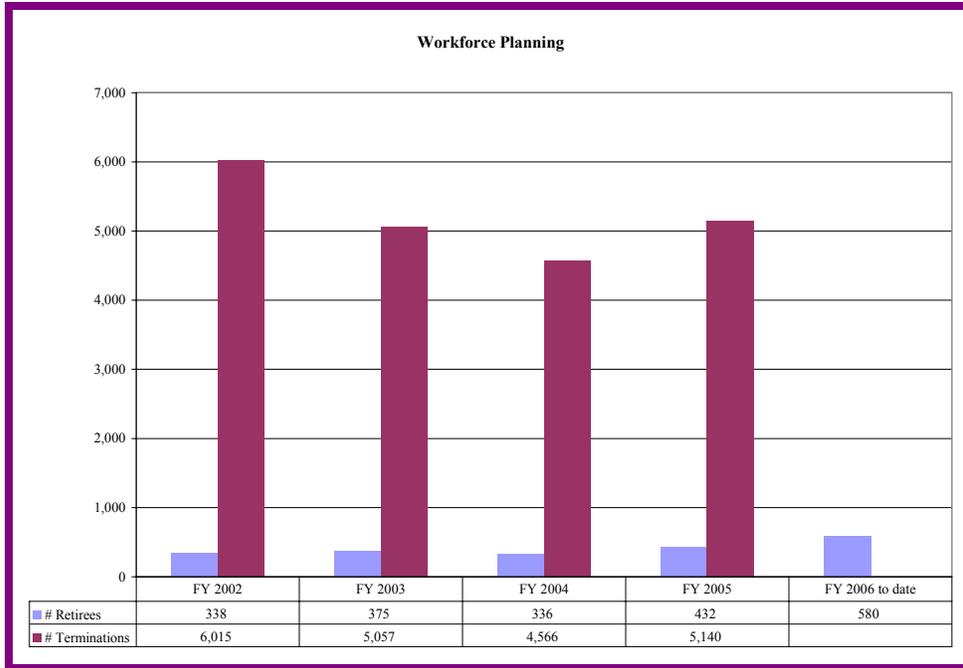
A combination of an aging workforce and House Bill 213 has led to a surge in retirements so far in FY 2006. To date 595 people have submitted retirement papers this fiscal year, compared to 162 in the same period last year. In the month of December, 2005, 335 workers applied for retirement, compared to 17 workers in the same period a year ago.



ACCOUNTABILITY DETAIL

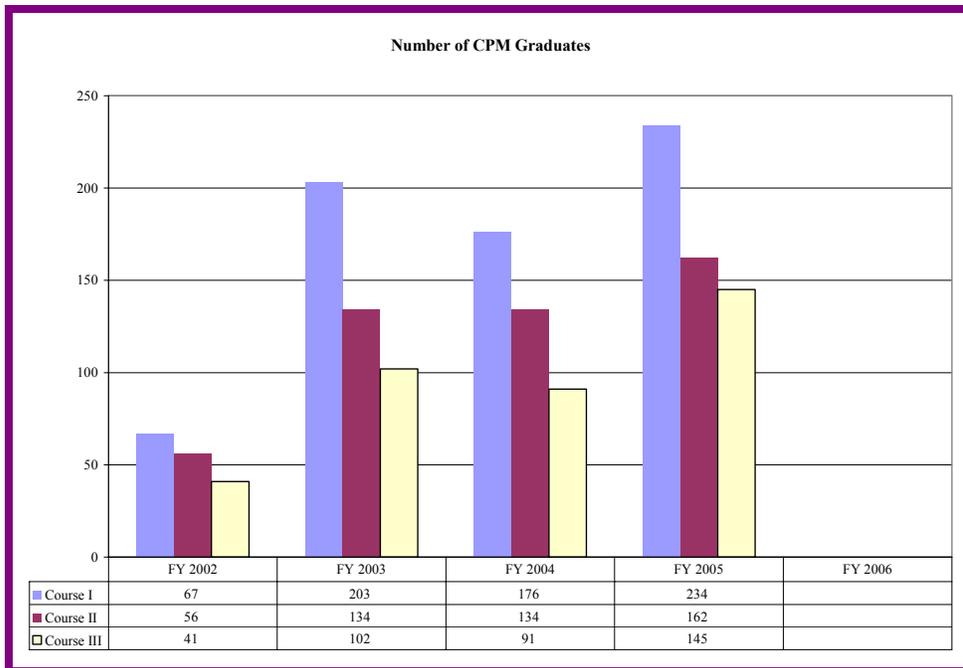
Retirements and Terminations

As part of workforce planning, the division monitors the number of retirees and terminations in order to plan for future workforce needs. Terminations include all individuals leaving state employment.



Number of "Certified Public Manager" Graduates

The Certified Public Manager course is taught to public employees in an effort to promote excellence in public management and leadership. Interest in the course is growing as reflected by an increasing number of completed courses.



BUDGET DETAIL

The division utilizes funding from the General Fund and Dedicated Credits. Dedicated Credits are collected from training fees and Flex Benefits fees. Most of the division funding is used for staff support and IT costs.

Budget Recommendation

The Analyst recommends a total FY 2007 base appropriation of \$3,778,900, with \$3,066,900 from the General Fund and the balance from Dedicated Credits and nonlapsing funds.

Intent Language

The Analyst recommends the Legislature continue using the following intent language which was approved in House Bill 1, 2005 General Session:

It is the intent of the Legislature that funding for the Division of Human Resource Management be nonlapsing.

LEGISLATIVE ACTION

This section is a summary of what actions might be taken if the Legislature wishes to adopt the recommendations of this brief. The Analyst recommends the Legislature consider adopting:

1. A total base appropriation of \$3,778,900 for the Division of Human Resource Management
2. Intent language making the appropriation nonlapsing.

BUDGET DETAIL TABLE

Administrative Services - Human Resource Management						
	FY 2005	FY 2006		FY 2006		FY 2007*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	2,943,000	3,066,900	0	3,066,900	0	3,066,900
General Fund, One-time	18,700	0	0	0	0	0
Dedicated Credits Revenue	391,500	392,000	0	392,000	150,000	542,000
Beginning Nonlapsing	274,500	0	455,000	455,000	(285,000)	170,000
Closing Nonlapsing	(455,100)	0	(170,000)	(170,000)	170,000	0
Total	\$3,172,600	\$3,458,900	\$285,000	\$3,743,900	\$35,000	\$3,778,900
Programs						
Administration	799,000	930,300	63,600	993,900	(329,900)	664,000
Policy	484,200	533,600	73,100	606,700	581,100	1,187,800
Central Operations	486,000	571,700	39,000	610,700	(335,100)	275,600
Flex Benefits	0	40,000	200	40,200	9,800	50,000
Mgt Training and Development	332,500	350,000	104,100	454,100	125,900	580,000
Information Technology	1,070,900	1,033,300	5,000	1,038,300	(16,800)	1,021,500
Total	\$3,172,600	\$3,458,900	\$285,000	\$3,743,900	\$35,000	\$3,778,900
Categories of Expenditure						
Personal Services	2,313,100	2,750,200	3,100	2,753,300	(24,900)	2,728,400
In-State Travel	1,100	10,300	3,200	13,500	0	13,500
Out of State Travel	17,900	6,300	11,700	18,000	(9,400)	8,600
Current Expense	456,600	442,500	200,800	643,300	88,000	731,300
DP Current Expense	281,300	239,600	(28,500)	211,100	1,400	212,500
DP Capital Outlay	102,600	10,000	94,700	104,700	(20,100)	84,600
Total	\$3,172,600	\$3,458,900	\$285,000	\$3,743,900	\$35,000	\$3,778,900
Other Data						
Budgeted FTE	36.5	0.0	0.0	0.0	36.5	36.5
Actual FTE	30.9					

Italicized numbers indicate budgets prior to the division being assigned to the CFAS Appropriations Subcommittee.

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.