



DEPARTMENT OF HUMAN RESOURCES INTERNAL SERVICE FUND

RETIREMENT AND INDEPENDENT ENTITIES APPROPRIATIONS SUBCOMMITTEE
STAFF: BRIAN FAY

BUDGET BRIEF

SUMMARY

For the Department of Human Resources (DHRM) Internal Service Fund, the Analyst recommends estimated revenue of \$11,582,500, authorized FTE of 142, and approval of requested rates for FY 2014.

BACKGROUND

Field Services is the primary program for delivery of human resource services to state agencies. This program delivers frontline services in the major functional areas including: classification, recruitment, training and development, management of grievances, and application of DHRM policies. This program coordinates program effectiveness and maximizes efficient use of DHRM services, funds, and personnel.

The DHRM administrative office sets the guidelines for Field Services, evaluates their performance, and governs their workload. Field Services carries out the three major objectives of the department: to increase customer service, to increase efficiency, and to increase management capacity.

Payroll Services utilizes the Employee Resource Information Center (ERIC) to process payroll for state agencies. H.B. 80, Reorganization of Administrative Support Functions in State Agencies, passed in 2012 General Session to require all state agencies to receive payroll services from DHRM with the exception of DTS, DNR, and UDOT.

Attorney General’s Legal Fees covers the Attorney General’s costs when it is called upon to defend an agency against grievances submitted through the Career Services Review Office.

Each program fee is prorated for state agencies based on actual FTE counts.

ISSUES AND RECOMMENDATIONS

The DHRM Internal Service Fund is comprised of the following programs:

Program	Budget
Field Services / Payroll Services	\$11,129,000
Attorney General’s Legal Fees	\$453,500

Reduction of Retained Earnings

In FY 2013, DHRM-ISF is required to refund \$238,600 to the federal government due to retained earnings in excess of 60 operating days. The fees requested for FY 2014 have been approved by the DHRM rate committee and reflect the desire of the agency to draw down retained earnings to a level in compliance with federal regulation. Anticipated retained earnings for FY 2014 will be \$675,500, down from \$3,136,800 in FY 2011.

Figure 1: ISF - Human Resource Management Budget History

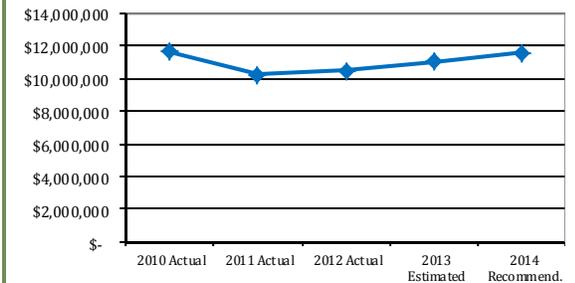


Figure 2: ISF - Human Resource Management FTE History

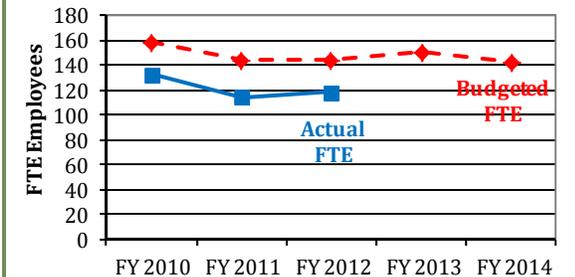
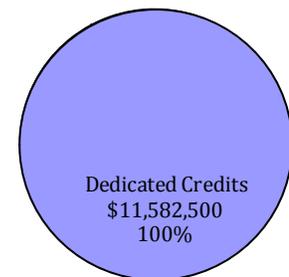


Figure 3: ISF - Human Resource Management FY 2014 Funding Mix



Fees

The following fees are based on anticipated costs for FY 2014 divided by actual FTE counts from FY 2012 and have been approved by the DHRM rate committee:

Fee Name	Requested Amount
Field Services	\$560 / FTE
Payroll Services	\$64 / FTE
Attorney General's Legal Fees	\$453,500

The increase in the field services fee is to cover the 1% compensation increase approved for FY 2013 and the decrease in total state FTEs. Both the field services fee and payroll services fee are set to levels below break-even in order to draw down excess retained earnings.

ACCOUNTABILITY DETAIL

It is the primary responsibility of the field offices to carry out the three major objectives of the department. These are: increasing customer service, increasing efficiency, and increasing management capacity. The field offices and ERIC will be tasked with developing plans to achieve these objectives.

Measure Title	Purpose of Measure / Measure Definition	Previous Value (FY 09)	Most Recent Value (FY 10)	Most Recent Value (FY 11)	Most Recent Value (FY12)	Estimated Future Value FY13
1. Achieve balanced retained earnings as required by internal service fund (ISF).	1. To meet ISF requirements and assure equitable and fair charges apply to agencies paying for services.	\$2,373,695	\$3,419,634	\$3,130,294	\$2,386,900	\$789,872
2. Ratio of HR field staff to agency employees.	2. Demonstrate efficiency in performing HR services in the field.	Ratio: HR w/payroll services 1 : 130	Ratio: HR w/payroll services 1 : 134	All ISF staff ratio: 1 : 139	All ISF staff ratio: 1 : 142	All ISF staff ratio: 1 : 140
		Ratio: HR without payroll services 1 : 150	Ratio: HR without payroll services 1 : 184			
	Number of administrative staff that support field operations.	8	13			
3. Customer satisfaction with HR field services.	3. Identify level of customer satisfaction to determine areas of improvement.	3.7/4.0	3.4/4.0	3.3/4.0	3.3/4.0	3.3/4.0

BUDGET DETAILS

ISF - Human Resource Management						
Sources of Finance	FY 2012	FY 2013	Changes	FY 2013	Changes	FY 2014*
	Actual	Appropriated		Revised		Recommended
Dedicated Credits - Intragvt Rev	\$ 10,481,300	\$ 11,494,200	\$ (491,600)	\$ 11,002,600	\$ 579,900	\$ 11,582,500
Total	\$ 10,481,300	\$ 11,494,200	\$ (491,600)	\$ 11,002,600	\$ 579,900	\$ 11,582,500
Programs						
ISF - Field Services	\$ 9,481,600	\$ 11,494,200	\$ (1,398,200)	\$ 10,096,000	\$ 1,033,000	\$ 11,129,000
ISF - Payroll Field Services	\$ 549,700	\$ -	\$ 453,100	\$ 453,100	\$ (453,100)	\$ -
ISF - Legal Services	\$ 450,000	\$ -	\$ 453,500	\$ 453,500	\$ -	\$ 453,500
Total	\$ 10,481,300	\$ 11,494,200	\$ (491,600)	\$ 11,002,600	\$ 579,900	\$ 11,582,500
Categories of Expenditure						
Personnel Services	\$ 9,000,100	\$ 10,885,300	\$ (541,600)	\$ 10,343,700	\$ (476,300)	\$ 9,867,400
In-state Travel	\$ 11,000	\$ 30,000	\$ (15,000)	\$ 15,000	\$ 15,000	\$ 30,000
Out-of-state Travel	\$ 9,800	\$ 26,000	\$ 15,000	\$ 41,000	\$ (15,000)	\$ 26,000
Current Expense	\$ 1,141,800	\$ 803,500	\$ 185,000	\$ 988,500	\$ 166,900	\$ 1,155,400
DP Current Expense	\$ 919,500	\$ 569,900	\$ 319,600	\$ 889,500	\$ (319,600)	\$ 569,900
Capital Outlay	\$ 9,400	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges/Pass Thru	\$ 139,600	\$ 113,000	\$ 351,900	\$ 464,900	\$ (351,900)	\$ 113,000
Total	\$ 11,231,200	\$ 12,427,700	\$ 314,900	\$ 12,742,600	\$ (980,900)	\$ 11,761,700
Other Data						
Budgeted FTE	144	150	0	150	(8)	142
Actual FTE	118	0	0	0	0	0
Authorized Capital Outlay	\$ 54,300	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Earnings	\$ 2,388,500	\$ 1,848,300	\$ (993,500)	\$ 854,800	\$ (179,300)	\$ 675,500

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

LEGISLATIVE ACTION

The Analyst recommends:

1. Approval of estimated revenues of \$11,582,500 for DHRM Internal Service Fund in FY 2014.
2. Approval of the rates outlined in this brief.
3. Approval of 142 FTE for FY 2014.