

Office of the
Legislative Fiscal Analyst

FY 2005 Budget Recommendations

Joint Appropriations Subcommittee for
Economic Development and Human Resources

Human Resource Management

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1.0 Summary: Department of Human Resource Management (DHRM)

The Department of Human Resource Management manages the state’s personnel system, including the state’s pay plan and classification system. It also runs a training program, maintains an automated statewide human resource information system, oversees the FLEX Benefits Program, and presents a major management conference each year.

| | Analyst FY 2005 Base | Analyst FY 2005 Changes | Analyst FY 2005 Total |
|---------------------------------------|-------------------------------------|--|--------------------------------------|
| Financing | | | |
| General Fund | 2,879,300 | | 2,879,300 |
| Dedicated Credits Revenue | 362,000 | | 362,000 |
| Total | <u>\$3,241,300</u> | \$0 | <u>\$3,241,300</u> |
| Programs | | | |
| Administration | 898,300 | | 898,300 |
| Classification and Employee Relations | 506,100 | | 506,100 |
| Recruitment, Training and Development | 540,100 | | 540,100 |
| Flex Benefits | 40,000 | | 40,000 |
| Management Training | 320,000 | | 320,000 |
| Information Technology | 936,800 | | 936,800 |
| Total | <u>\$3,241,300</u> | \$0 | <u>\$3,241,300</u> |
| FTE/Other | | | |
| Total FTE | 37 | | 37 |

2.0 Issues: Human Resource Management

2.1 Intent Language

The Analyst recommends the following intent:

It is the intent of the Legislature that funding for Human Resource Management be nonlapsing subject to the provisions of UCA 63-38-8.1 with expenditures restricted to computer equipment and software purchases, employee training and incentives, and flexible benefits.

2.2 Salary Survey and Recommendations

The Department of Human Resource Management conducts an annual market comparability study as required in UCA 67-19-12(4)(c). The Statute mandates that DHRM recommend to the Governor annual adjustments to pay plans and compensation of employees to be used in the preparation of the Executive Budget. Recommended adjustments shall include the effect of a salary survey of benchmark positions in the private and public sector in the State that represents a reasonable cross section of public and private employees.

Recommendations for FY 2005 included five options with costs ranging between \$15.4 million and \$69.6 million.

3.0 Programs: Human Resource Management

3.1 Administration

Recommendation

The Analyst recommends funding in the amount of \$898,300.

| | 2003 | 2004 | 2005 | Est/Analyst |
|---------------------------|------------------|-------------------|------------------|--------------------|
| | Actual | Estimated* | Analyst | Difference |
| Financing | | | | |
| General Fund | 900,800 | 934,100 | 896,300 | (37,800) |
| General Fund, One-time | | 3,100 | | (3,100) |
| Dedicated Credits Revenue | 1,000 | 2,000 | 2,000 | |
| Total | <u>\$901,800</u> | <u>\$939,200</u> | <u>\$898,300</u> | <u>(\$40,900)</u> |
| Expenditures | | | | |
| Personal Services | 837,800 | 780,800 | 778,500 | (2,300) |
| In-State Travel | 1,200 | 1,200 | 1,200 | |
| Out of State Travel | 4,200 | 5,400 | 4,200 | (1,200) |
| Current Expense | 46,400 | 138,200 | 102,200 | (36,000) |
| DP Current Expense | 100 | 1,500 | 100 | (1,400) |
| Capital Outlay | 12,100 | 12,100 | 12,100 | |
| Total | <u>\$901,800</u> | <u>\$939,200</u> | <u>\$898,300</u> | <u>(\$40,900)</u> |
| FTE/Other | | | | |
| Total FTE | 12 | 12 | 12 | 0 |

*Non-state funds as estimated by agency

Purpose

Administration provides leadership and financial, accounting, public information, legislative liaison and personnel services to the rest of the Department.

Administration coordinates and oversees all Human Resource functions at DHRM. It also plays a role in oversight and as a resource for State agencies. Additionally, it ensures an adequate ongoing budget to meet maintenance, operations, and staffing of the Human Resource Enterprise (HRE) project plus maintenance and operation of the Classification, Compensation, Benefits, Employment, and Selection statutory programs.

Department goals for the coming year include the following:

- Enhancing the workforce planning initiative by building a trending database.
- Completing the Utah Job Match.
- Developing an employee portal.
- Building a model for policy compliance based on training and monitoring.

3.2 Classification & Employee Relations (CER)

Recommendation The Analyst recommends a budget of \$506,100.

| | 2003 | 2004 | 2005 | Est/Analyst |
|------------------------|------------------|-------------------|------------------|--------------------|
| | Actual | Estimated* | Analyst | Difference |
| Financing | | | | |
| General Fund | 451,700 | 509,300 | 506,100 | (3,200) |
| General Fund, One-time | | 1,500 | | (1,500) |
| Total | <u>\$451,700</u> | <u>\$510,800</u> | <u>\$506,100</u> | <u>(\$4,700)</u> |
| Expenditures | | | | |
| Personal Services | 442,600 | 498,600 | 497,000 | (1,600) |
| In-State Travel | 100 | 200 | 100 | (100) |
| Out of State Travel | 700 | 2,100 | 700 | (1,400) |
| Current Expense | 7,500 | 8,800 | 7,500 | (1,300) |
| DP Current Expense | 800 | 1,100 | 800 | (300) |
| Total | <u>\$451,700</u> | <u>\$510,800</u> | <u>\$506,100</u> | <u>(\$4,700)</u> |
| FTE/Other | | | | |
| Total FTE | 8 | 8 | 8 | 0 |

*Non-state funds as estimated by agency

Purpose This program maintains the State’s Classification and Pay Plan. Salary surveys identify occupations with pay not aligned to competitors. They then provide recommendations to the Governor and Legislature on solutions to the problem. Identification of problem areas helps reduce turnover and training costs. Job audits assure proper job classification.

Classification and employee relations within DHRM include job classification, conflict resolution, performance management, corrective action and discipline, work/life balance, administration of the human resource information system (HRE), and the Fair Labor Standards regulations. These functions affect the working life of 24,000 employees in terms of salaries and working conditions.

Program responsibilities are identified in UCA 67-19-8, 12.

Activities

DHRM is launching a pilot program, in conjunction with the Career Service Review Board, to mediate formal grievances from steps two (written complaint to the supervisor) through four (agency head).

DHRM is also heavily involved on the Alternative Dispute Resolution Council and is responsible for policy and procedure development and implementation of a conflict resolution program in the state.

| Measure Title/Description | 2002 | 2003 |
|--|-------------|-------------|
| Benchmark Job Titles | 107 | 107 |
| Official Job Titles | 2441 | 938 |
| Positions with Administrative Adjustments | 0 | 0 |
| Positions Reclassified | 517 | 471 |
| CER Training: | | |
| Introduction to Conflict Resolution/Alternative Dispute Resolution for HR Staff | 64 | 0 |
| Introduction to Conflict Resolution/Alternative Dispute Resolution for Supervision | 123 | 0 |
| Basic HRE User Training | 56 | 39 |
| HRE Approval Training | 17 | 7 |
| Job & Position System Training | 10 | 13 |
| New Release Training | | 120 |

3.3 Recruitment, Training, and Development

Recommendation The Analyst recommends a budget of \$540,100.

| | 2003 | 2004 | 2005 | Est/Analyst |
|---------------------------|------------------|------------------|------------------|------------------|
| | Actual | Estimated* | Analyst | Difference |
| Financing | | | | |
| General Fund | 526,200 | 540,200 | 540,100 | (100) |
| General Fund, One-time | | 1,700 | | (1,700) |
| Dedicated Credits Revenue | 900 | | | |
| Total | <u>\$527,100</u> | <u>\$541,900</u> | <u>\$540,100</u> | <u>(\$1,800)</u> |
| Expenditures | | | | |
| Personal Services | 509,500 | 520,600 | 522,500 | 1,900 |
| In-State Travel | 100 | 100 | 100 | |
| Current Expense | 15,100 | 18,800 | 15,100 | (3,700) |
| DP Current Expense | 2,400 | 2,400 | 2,400 | |
| Total | <u>\$527,100</u> | <u>\$541,900</u> | <u>\$540,100</u> | <u>(\$1,800)</u> |
| FTE/Other | | | | |
| Total FTE | 8 | 8 | 8 | 0 |

*Non-state funds as estimated by agency

Purpose Recruitment, Training and Development is responsible for the recruiting, selection, employee development and training functions for the state. By request, the program develops personnel recruitment and selection policies for state agencies. It also provides training and technical support on employee relations, fair employment practices, diversity and liability prevention including sexual harassment prevention training and drug testing. The program has been revamped recently to address the changes promoted by the Utah Skill Match software.

Legislative responsibility for the program is established in UCA 67-19-7.

Accomplishments The Department is currently developing a web-enabled recruitment system that will be called Utah Job Match. When completed, the systems will be improved, allowing users quick and easy access to job and recruitment information.

| Measure Title/Description | 2002 | 2003 |
|--|-------|-------|
| Total of "B"* Schedule New Hires | 1,519 | 1,304 |
| "B" Schedule Employees to Complete Probation during Fiscal Year | 1,533 | 1,091 |
| "B" Schedule Employees to Terminate before Completing Probation during Fiscal Year | 324 | 248 |
| *"B" Schedule are Career Service Employees | | |

3.4 FLEX Benefits

Recommendation

The Analyst recommends a budget of \$40,000. This budget only includes FLEX funds not used by employees.

| | 2003 | 2004 | 2005 | Est/Analyst |
|---------------------------|----------------|-----------------|-----------------|------------------|
| | Actual | Estimated* | Analyst | Difference |
| Financing | | | | |
| Dedicated Credits Revenue | 1,500 | 40,000 | 40,000 | |
| Beginning Nonlapsing | 9,500 | 7,600 | | (7,600) |
| Closing Nonlapsing | (7,600) | | | |
| Total | <u>\$3,400</u> | <u>\$47,600</u> | <u>\$40,000</u> | <u>(\$7,600)</u> |
| Expenditures | | | | |
| Other Charges/Pass Thru | 3,400 | 47,600 | 40,000 | (7,600) |
| Total | <u>\$3,400</u> | <u>\$47,600</u> | <u>\$40,000</u> | <u>(\$7,600)</u> |

*Non-state funds as estimated by agency

Purpose

This Flex Benefits program was adopted by the State of Utah under Federal legislation to authorize the State to allow employees to deduct a portion of their biweekly paycheck to establish a pool of money which can be used to pay for day care, medical, and dental expenses. The money used from the employee flex benefit pool is free from FICA taxes and other taxes so it provides a small savings to each employee who elects to use the program. Savings also accrue to the State.

The day-to-day administration of the program has been transferred to Wells Fargo, though DHRM still retains oversight.

| Measure Title/Description | 2002 | 2003 |
|--------------------------------|-----------|-----------|
| Flex\$ - Dependant Care | | |
| Participation percent | 6.8% | 7.1% |
| Flex\$ - Dependant Care | | |
| Participation percent | 1.4% | 1.4% |
| Total State FICA Dollars Saved | \$367,762 | \$436,879 |

3.5 Human Resource Management Training

Recommendation The Analyst recommends a budget of \$320,000.

| | 2003 | 2004 | 2005 | Est/Analyst |
|---|------------------|-------------------|------------------|--------------------|
| | Actual | Estimated* | Analyst | Difference |
| Financing | | | | |
| Dedicated Credits Revenue | 294,100 | 300,000 | 320,000 | 20,000 |
| Beginning Nonlapsing | 55,700 | 91,000 | | (91,000) |
| Closing Nonlapsing | (91,000) | | | |
| Total | <u>\$258,800</u> | <u>\$391,000</u> | <u>\$320,000</u> | <u>(\$71,000)</u> |
| Expenditures | | | | |
| In-State Travel | 100 | 21,600 | 100 | (21,500) |
| Out of State Travel | 5,100 | 11,700 | 5,100 | (6,600) |
| Current Expense | 252,100 | 331,200 | 286,800 | (44,400) |
| DP Current Expense | 1,500 | 26,500 | 28,000 | 1,500 |
| Total | <u>\$258,800</u> | <u>\$391,000</u> | <u>\$320,000</u> | <u>(\$71,000)</u> |
| *Non-state funds as estimated by agency | | | | |

Purpose

This program is designed to reduce liability claims and improve management skills. It develops a Liability Master plan with Risk Management and presents Certified Public Manager (CPM) training.

This program is outlined in the Utah Code Annotated 67-19-6.

| Measure Title/Description | 2002 | 2003 |
|--|-------------|-------------|
| CPM Graduates: | | |
| From Course I | 67 | 203 |
| From Course II | 56 | 134 |
| From Course III (Entire CPM Program) | 41 | 102 |
| Employees Training Programs | | |
| New Employee Orientation | 81 | 49 |
| Attendees at DHRM's Manager's Conference | 332 | 217 |

3.6 Information Technology

Recommendation The Analyst recommends a budget of \$936,800.

| | 2003 | 2004 | 2005 | Est/Analyst |
|---------------------------|------------------|------------------|------------------|-------------------|
| | Actual | Estimated* | Analyst | Difference |
| Financing | | | | |
| General Fund | 918,300 | 895,700 | 936,800 | 41,100 |
| General Fund, One-time | | 2,600 | | (2,600) |
| Dedicated Credits Revenue | 1,000 | 1,000 | | (1,000) |
| Beginning Nonlapsing | 92,200 | 73,300 | | (73,300) |
| Closing Nonlapsing | (73,300) | | | |
| Lapsing Balance | (14,000) | | | |
| Total | <u>\$924,200</u> | <u>\$972,600</u> | <u>\$936,800</u> | <u>(\$35,800)</u> |
| Expenditures | | | | |
| Personal Services | 754,800 | 715,700 | 715,400 | (300) |
| Out of State Travel | 5,200 | 8,500 | 5,200 | (3,300) |
| Current Expense | 17,200 | 50,000 | 26,200 | (23,800) |
| DP Current Expense | 147,000 | 192,400 | 190,000 | (2,400) |
| DP Capital Outlay | | 6,000 | | (6,000) |
| Total | <u>\$924,200</u> | <u>\$972,600</u> | <u>\$936,800</u> | <u>(\$35,800)</u> |
| FTE/Other | | | | |
| Total FTE | 9 | 9 | 9 | 0 |

*Non-state funds as estimated by agency

Purpose

Information Technology is used to provide automated systems for the enterprise Human Resource Management system. These systems provide support to all agencies relative to employee recruitment, employment, pay and all other employee related functions.

Statewide systems supported by DHRM include the list below:

- HRE (HR Enterprise)
- TRM (Training Records Management)
- Employee Profile
- HR Datawarehouse
- UHM (Utah Job Match)
- Utah Skill Match
- Lifestyle Benefits
- UMD (Utah Master Directory)
- HR On-Line Reports.

The human resource information system delivers information to the desktop rather than through the mainframe. It is designed so that information is only entered once and then flows to update multiple employee records. Managers and Human Resource Specialists have access to a variety of standard reports and the ability to do custom reports and searches in real time.

Activity

| Measure Title/Description | 2002 | 2003 |
|---|-------------|-------------|
| Statewide Systems Supported by DHRM IT Staff* | 9 | 9 |
| Agencies Served | ALL | ALL |
| People with Security Access to State HR Systems | 583 | 504 |
| Employees Who Have Accessed Their Own Records Thru DHRM's Employee Profile | 8,311 | 9,919 |

4.0 Additional Information

4.1 Funding History

| | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Financing | Actual | Actual | Actual | Estimated* | Analyst |
| General Fund | 3,038,300 | 3,132,100 | 2,797,000 | 2,879,300 | 2,879,300 |
| General Fund, One-time | | | | 8,900 | |
| Dedicated Credits Revenue | 224,300 | 226,500 | 298,500 | 343,000 | 362,000 |
| Beginning Nonlapsing | 85,400 | 114,900 | 157,400 | 171,900 | |
| Closing Nonlapsing | (114,900) | (157,400) | (171,900) | | |
| Lapsing Balance | | | (14,000) | | |
| Total | \$3,233,100 | \$3,316,100 | \$3,067,000 | \$3,403,100 | \$3,241,300 |
| Programs | | | | | |
| Administration | 753,800 | 952,600 | 901,800 | 939,200 | 898,300 |
| Classification and Employee Relations | 605,800 | 497,900 | 451,700 | 510,800 | 506,100 |
| Recruitment, Training and Development | 585,100 | 501,000 | 527,100 | 541,900 | 540,100 |
| Flex Benefits | 39,600 | 40,500 | 3,400 | 47,600 | 40,000 |
| Management Training | 148,700 | 202,500 | 258,800 | 391,000 | 320,000 |
| Information Technology | 1,100,100 | 1,121,600 | 924,200 | 972,600 | 936,800 |
| Total | \$3,233,100 | \$3,316,100 | \$3,067,000 | \$3,403,100 | \$3,241,300 |
| Expenditures | | | | | |
| Personal Services | 2,516,100 | 2,573,200 | 2,544,700 | 2,515,700 | 2,513,400 |
| In-State Travel | 400 | 8,700 | 1,500 | 23,100 | 1,500 |
| Out of State Travel | 22,600 | 7,900 | 15,200 | 27,700 | 15,200 |
| Current Expense | 345,200 | 363,200 | 338,300 | 547,000 | 437,800 |
| DP Current Expense | 341,000 | 277,200 | 151,800 | 223,900 | 221,300 |
| DP Capital Outlay | | 84,200 | | 6,000 | |
| Capital Outlay | | | 12,100 | 12,100 | 12,100 |
| Other Charges/Pass Thru | 7,800 | 1,700 | 3,400 | 47,600 | 40,000 |
| Total | \$3,233,100 | \$3,316,100 | \$3,067,000 | \$3,403,100 | \$3,241,300 |
| FTE/Other | | | | | |
| Total FTE | 40 | 38 | 37 | 37 | 37 |

*Non-state funds as estimated by agency.