

# Budget Brief – Human Resource Management

NUMBER CFGO-07-20

## SUMMARY

The Department of Human Resource Management (DHRM) is the central human resource office for the state’s workforce. Department 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 state employees that will promote quality government, attract/retain quality employees, and render assistance to state agencies.

## ISSUES AND RECOMMENDATIONS

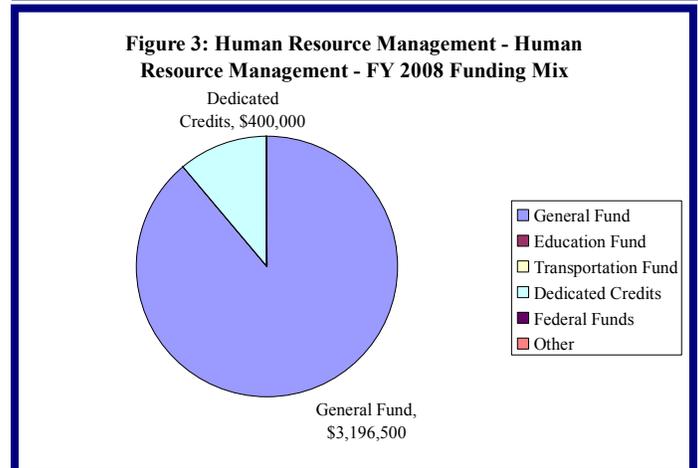
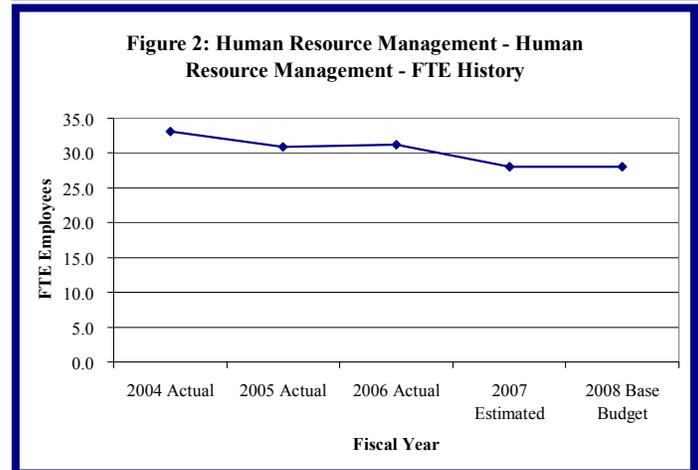
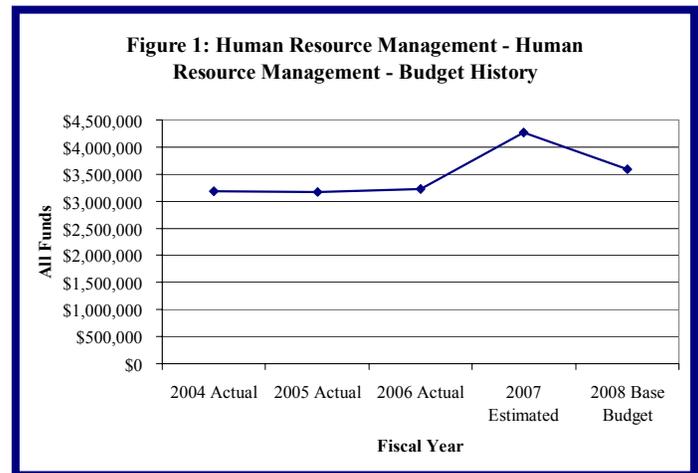
### *Programmatic changes and non-changes*

During the 2006 General Session the Legislature passed House Bill 269, *Human Resource Management Amendments*, which allowed DHRM to remain an independent department rather than become a division within DAS as previously planned. The bill also allowed DHRM to operate an internal service fund for field services provided to other state agencies. See Budget Brief CFAS-07-21 for more information on the DHRM internal service fund.

### *Flex Benefits program funding elimination*

The Flex Benefits program was adopted by the state under federal legislation to authorize employees to deduct a portion of their paycheck to establish a pool of money which can be used to pay out-of-pocket day care, medical and dental expenses. This money is deducted on a pre-tax basis and is free from FICA and other employment taxes. In the past, DHRM collected the money from payroll withholdings, passed it through to PEHP, and processed employee claims. Now, however, the Division of Finance remits the funds directly to PEHP, and PEHP processes claims.

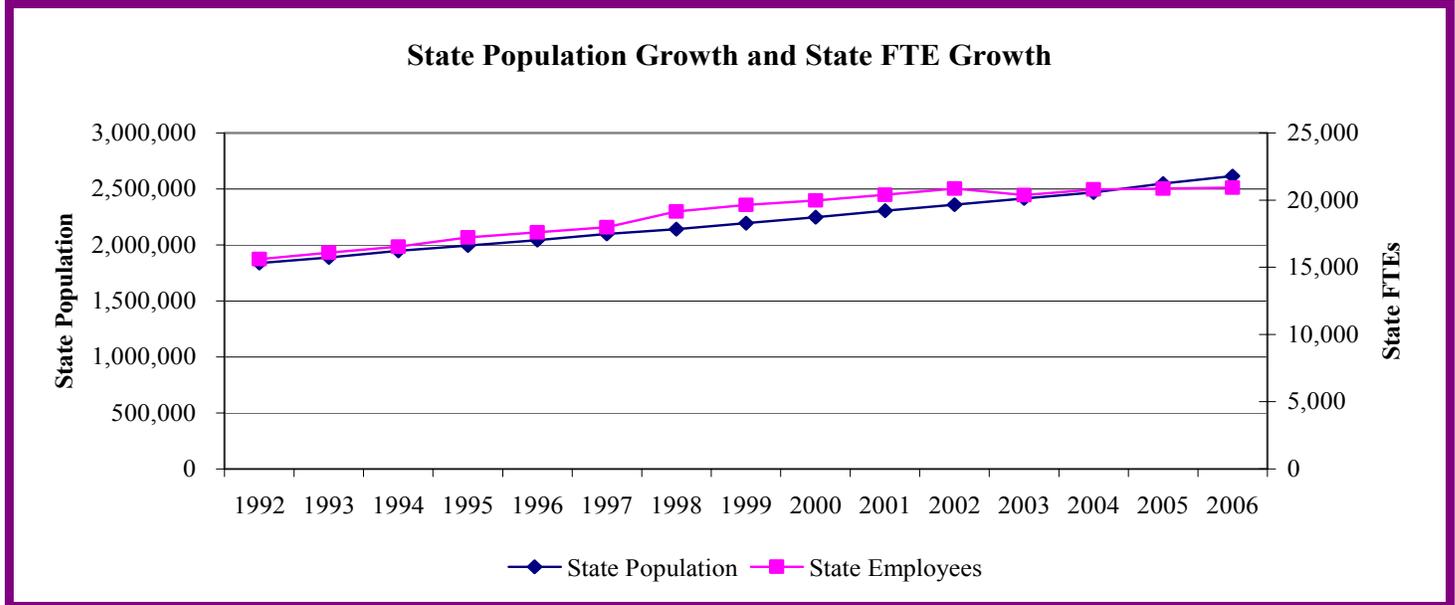
The Analyst recommends no appropriation (formerly dedicated credits) to the Flex Benefits program and further recommends the Legislature either spend or allow to lapse to the General Fund \$10,200 in one-time funds remaining in the program. These funds were deducted from employees’ pay but not used by them during the eligible time frame, and are now lost to them.



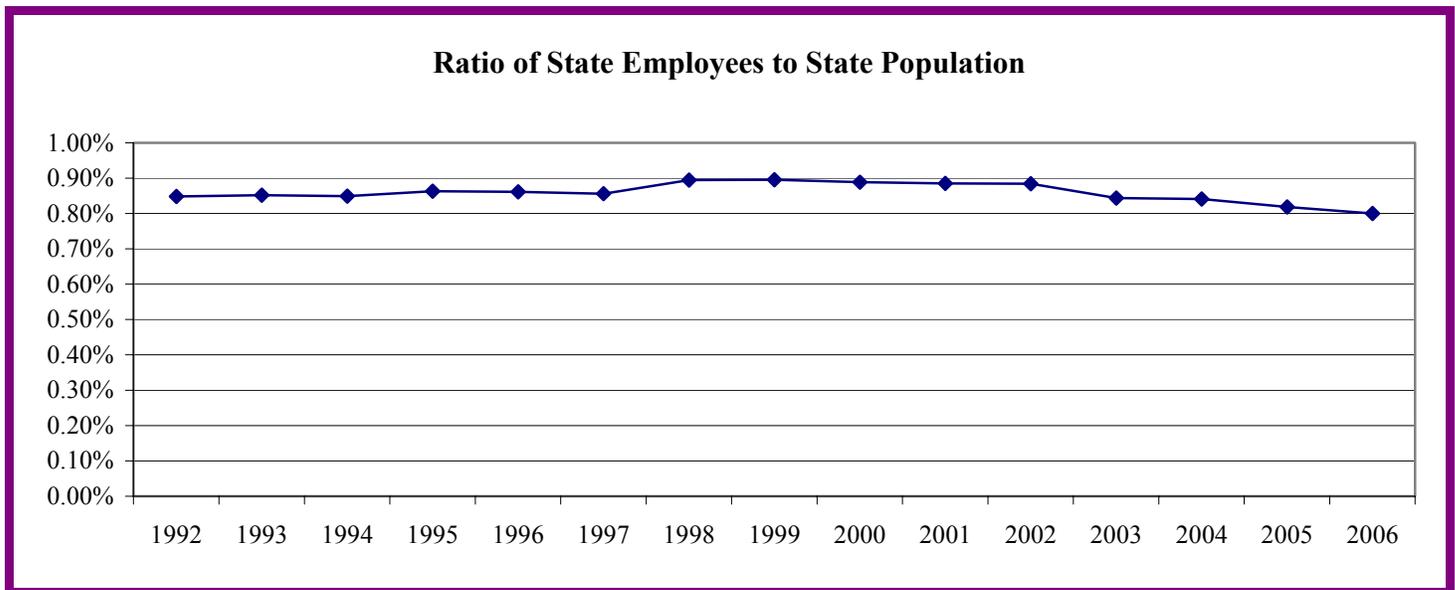
**ACCOUNTABILITY DETAIL**

**State population growth and state employee growth**

The number of state employees declined in 2003 and rose at a slower rate than the state population in 2004 through 2006. The increase in state employees in 1998 was caused by employees from Employment Security, who were not on the state’s payroll system, transferring to the new Department of Workforce Services. (Sources: Utah Population Estimates Committee; DHRM. State FTE number does not include higher education or school district employees.)



The ratio of state employees to state population was 0.80 percent in FY 2006 (or 1:125), the lowest number of state employees per capita in at least fifteen years.

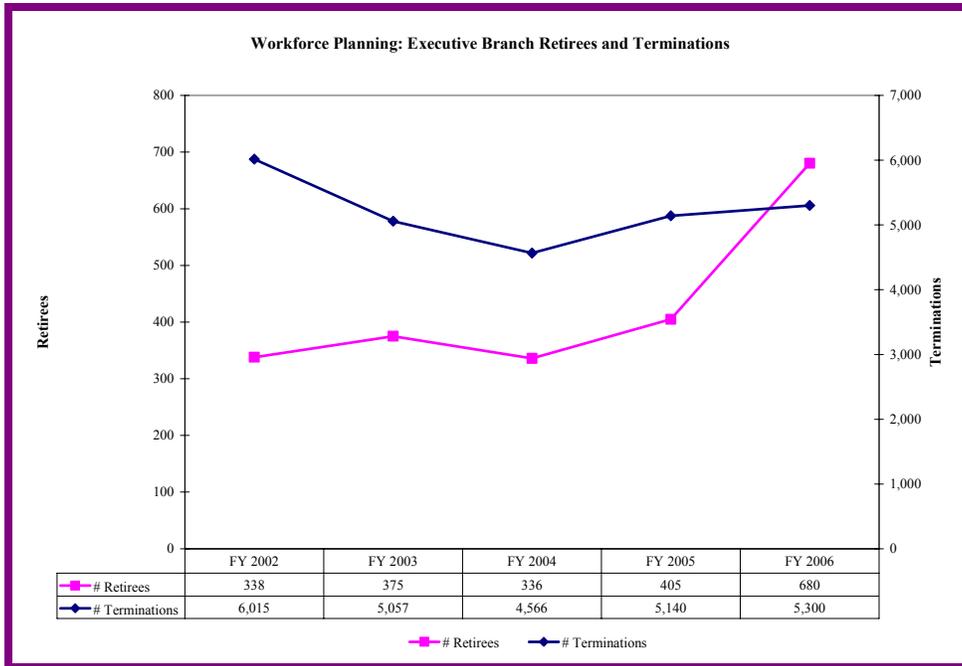


**Turnover Savings from Retirements**

Please refer to Issue Brief CFAS-07-XX for a discussion of turnover savings resulting from a surge of state employee retirements in FY 2006

**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. It is still unclear whether the spike in retirees in FY 2006 was simply an acceleration of retirements that would have occurred later.



**BUDGET DETAIL**

The division utilizes funding from the General Fund and Dedicated Credits. Dedicated Credits are collected from training fees. Most of the division’s funding is used for staff support and IT costs. The number of FTEs in the Department has declined in FY 2007 due to a transfer of eight FTEs from DHRM’s Information Technology program to the new Department of Technology Services. There will be no cost savings – personal services expenditures will become current expenses.

***Budget Recommendation for FY 2008:***

The Analyst recommends a total FY 2008 base appropriation of \$3,596,500, with \$3,196,500 from the General Fund and the balance from Dedicated Credits.

***Intent Language***

The Analyst recommends the Legislature adopt the following supplemental intent language for Fiscal Year 2007:

*Under terms of UCA 63-38-8.1(3), the Legislature intends not to lapse Item 39, Chapter 367, Laws of Utah 2006. Expenditure of these funds is limited to: Information Technology - \$325,000; Consulting Services - \$100,000.*

**LEGISLATIVE ACTION**

The Analyst recommends the Legislature adopt:

1. A total base appropriation of \$3,596,500 for the Division of Human Resource Management.
2. Intent language making the FY 2007 appropriation nonlapsing but limited to uses specified in the language.

**BUDGET DETAIL TABLE****Human Resource Management - Human Resource Management**

<b>Sources of Finance</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Appropriated</b>	<b>Changes</b>	<b>FY 2007 Revised</b>	<b>Changes</b>	<b>FY 2008* Base Budget</b>
General Fund	3,066,900	3,196,500	0	3,196,500	0	3,196,500
General Fund, One-time	0	(9,200)	0	(9,200)	9,200	0
Dedicated Credits Revenue	346,700	542,000	(102,000)	440,000	(40,000)	400,000
Beginning Nonlapsing	455,100	170,000	472,800	642,800	(642,800)	0
Closing Nonlapsing	(642,800)	0	0	0	0	0
<b>Total</b>	<b>\$3,225,900</b>	<b>\$3,899,300</b>	<b>\$370,800</b>	<b>\$4,270,100</b>	<b>(\$673,600)</b>	<b>\$3,596,500</b>
<b>Programs</b>						
Administration	892,900	610,200	478,100	1,088,300	(102,200)	986,100
Policy	533,200	1,279,000	(105,800)	1,173,200	4,200	1,177,400
Central Operations	500,000	299,900	(299,900)	0	0	0
Flex Benefits	0	50,000	200	50,200	(50,200)	0
Management Training and Development	295,600	580,000	55,200	635,200	(235,200)	400,000
Information Technology	1,004,200	1,080,200	243,000	1,323,200	(290,200)	1,033,000
<b>Total</b>	<b>\$3,225,900</b>	<b>\$3,899,300</b>	<b>\$370,800</b>	<b>\$4,270,100</b>	<b>(\$673,600)</b>	<b>\$3,596,500</b>
<b>Categories of Expenditure</b>						
Personal Services	2,498,300	3,269,300	(1,317,700)	1,951,600	(16,600)	1,935,000
In-State Travel	1,500	0	3,200	3,200	0	3,200
Out of State Travel	27,000	0	93,500	93,500	(70,900)	22,600
Current Expense	428,500	630,000	313,900	943,900	(341,200)	602,700
DP Current Expense	270,600	0	1,277,900	1,277,900	(244,900)	1,033,000
<b>Total</b>	<b>\$3,225,900</b>	<b>\$3,899,300</b>	<b>\$370,800</b>	<b>\$4,270,100</b>	<b>(\$673,600)</b>	<b>\$3,596,500</b>
<b>Other Data</b>						
Budgeted FTE	36.5	36.5	(8.5)	28.0	0.0	28.0
Actual FTE	31.2	0.0	0.0	0.0	0.0	0.0

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