

**MINUTES OF THE
RETIREMENT AND INDEPENDENT ENTITIES
APPROPRIATIONS SUBCOMMITTEE**

Room 20 House Building, State Capitol Complex
January 27, 2015

MEMBERS PRESENT: Sen. Todd Weiler, Chair
Rep. Kraig Powell, Chair
Rep. Rich Cunningham, Vice Chair
Sen. Curtis S. Bramble
Sen. Margaret Dayton
Sen. Karen Mayne
Rep. Sophia DiCaro
Rep. Susan Duckworth
Rep. Steve Eliason
Rep. Bradley G. Last
Rep. Justin Miller
Rep. Marie H. Poulson
Rep. John R. Westwood

MEMBERS ABSENT: Sen. Gene Davis
Sen. Daniel W. Thatcher

STAFF PRESENT: Mr. Brian D. Fay, Fiscal Analyst
Dr. Thomas Young, Senior Economist
Ms. Karen Mitchell, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

Rep. Powell called the meeting to order at 5:11 p.m.

Career Service Review Office

Ms. Akiko Kawamura, Administrator, assisted by Ms. Annette Morgan, explained to the committee that the Career Service Review Office reviews the grievance and appeals procedures for the Utah state executive branch employees. They further provide an administrative court for the state's career service employees and have made an effort to keep the number of hearings down. They are asking for \$30,000 non-lapsing funds earmarked for hearings and \$215,000 for personnel costs.

Mr. Brian Fay, Fiscal Analyst, stated that the analyst recommends that their budget stay at \$260,500 on-going and authorizes non-lapsing intent language for \$30,000 to cover any fluctuation.

MOTION: Rep. Miller moved to approve the fiscal year 2016 operating and capital budget for Career Service Review Office as detailed in House Bill 5. Rep. Miller further moved to approve non-lapsing authority for the Career Service Review Office in the amount of \$30,000 to be used for Grievance Resolution. The motion passed unanimously.

Department of Human Resource Management

Ms. Debbie Cragun, Executive Director, presented a video and provided a handout: "Strategic Roadmap, Department of Human Resource Management". Ms. Cragun explained their mission and vision statement which is to aid in the efficient execution of public policy, foster careers in public service for qualified employees, and assist state agencies in their performances. The Department is held to the same standards of excellence that are held to other agencies. Ms. Cragun presented an over-view of the services the Department provides.

As part of their performance measures, they are part of the Governors Awards for Excellence Program. There are three active programs they are working on: (1) Recruitment of qualified employees, (2) Case Management in assessing performance, (3) Strategic focus to become more aligned with customer agencies making sure their workforce needs are being met.

The department participated in a study with a privatization board to determine the total cost of operations to see the actual costs to the state to operate HR and payroll services. The results came back that HR administration and HR systems (HRIS) were found to be 67% less compared to 90 similar companies. Payroll services were 24% less expensive compared to 446 peer group companies. The only suggestion the consultant had for improvement was to add a manager and employee self-service components to their electronic systems.

Ms. Cragun further explained all the systems that HR runs and stated that information stored regarding current and past workforce feeds into the payroll system at the division of finance, from the Executive, Legislative, Judicial Branches. Payroll pays over 22,000 employees based on data stored in their system. She explained the need for IT funding allocated to their department to be able to maintain and enhance the system so they can continue to do what their customers are asking them to do. The IT Director has told them that it is time to rebuild HRE which is a homegrown system that is almost 15 year old. They are concerned about someone hacking into the system noting it is at risk and contains highly sensitive information. They have reached the conclusion that DTS could build a custom system that would be much cheaper than purchasing one. They feel that it will be a two year process to completely finish at a total cost of approximately \$650,000.

Mr. Benjamin Buys, Director of Finance, stated that over eleven and a half million of their budget is in services provided to customer agencies by HR. They also receive 2.6 million from the General Fund appropriated money.

The shift to fully ISF would have the agencies pay for services with their appropriate revenue sources. The ALJ (administrative law judge) program - which is a program to train, evaluate and investigate ALJs is a general fund appropriation of \$75,000. They feel it should remain as well as the \$18,000 for training and surveys for employees.

They charge the various agencies by their FTE count at the beginning of the fiscal year. He discussed the rates they will be charging the agencies.

Ms. Cragun explained to the committee that they took a 25% cut last year on their appropriated due to a lot of the efficiencies the DH has had over the years. She feels that the more they can automate will help all of the customer agencies further stating that they need every dollar of their AT budget that they can possibly get to rebuild HRE.

Brian Fay, Fiscal Analyst, further explained the financial cuts that had been taken last year. The analyst recommends the non-lapsing balance of \$250,000 be reinstated for FY16. He further recommends that the base budget bill for DHRM be passed at their current funding levels. In addition he recommends passing of the IFS rates as proposed by DHRM, (assuming that the shift happens), \$703 HR services, \$54 payroll services, \$27 core HR services, and \$24.46 attorney general fees.

The director and analyst responded to questions from the committee.

MOTION: Sen. Weiler moved to approve the fiscal year 2016 operating and capital budget for the Department of Human Resource Management as detailed in House bill 5. The motion passed unanimously with Sen Bramble absent for the vote.

MOTION: Sen. Weiler moved to approve non-lapsing authority for the Department of Human Resource Management in the following amounts: (a) \$50,000 to be used for Statewide Management Liability training (b) \$250,000 be used for Information Technology. The motion passed unanimously with Sen. Bramble absent for the vote.

MOTION: Sen. Weiler moved to approved the following fees: (a) Certified Public Manager Course of \$750 per student. (b) Other Training of \$15.00 per contract hour. The motion passed unanimously with Sen. Bramble absent for the vote.

MOTION: Sen. Weiler moved to approve 142 FTE and the following rates for the Department of Human Resource Management Internal Service Fund: (a) HR Services of \$703 per FTE. (b) Payroll Services of \$54 per FTE. (c) Attorney General Legal Fees of \$24.46 per FTE. The motion passed unanimously with Sen. Bramble absent for the vote.

MOTION: Sen. Weiler moved to approve fiscal year 2016 estimated revenues for the Department of Human Resource Management Internal Service Fund of \$10,878,700 for Field Services, \$722,400 for Payroll Services and \$453,500 for Legal Services. The motion passed unanimously with Sen. Bramble absent for the vote.

Utah Education Network

Dr. Thomas Young, Economist, discussed the nine programs within UEN: (1) Administration represents \$2,069,900, (2) Operations and Maintenance - \$375,400, (3) Public Information - \$211,700, (4) KUEN Broadcast - \$818,500, (5) Technical Services to connect colleges, universities, and public education institutions to the internet - \$31,345,400, (6) Course Management Systems - \$610,800, (7) Instructional Support to help teachers and professors get their courses interactive and online - \$3,404,100, (8) Statewide Data Alliance cost of tracking students cross time - \$345,000, (9) Utah Education and Telehealth Network cost to provide remote health care services - \$1,815,200.

Mr. Ray Timothy, Executive Director of Utah Education Network (UEN) assisted by Ms. Lisa Kuhn, Chief Financial Officer, provided a handout "UETN Overview." Mr. Timothy briefly explained that they network for education. They provide services to: Utah Public K-12 Education, Utah System of Higher Education, Utah College of Applied Technology, and Utah Public Libraries.

Mr. Timothy further explained the accomplishments, issues and challenges of UEN explaining they have expanded the network to meet demands.

The Director reviewed the Utah Data Alliance which is a consortium of educational groups that use student performance data to help make educational decisions. Last year they requested an ongoing appropriation of \$640,000 but when it was appropriated it was \$345,000 ongoing and \$300,000 one time only. Their concern is that their actual costs are more than \$683,000 ongoing.

Dr. Young and Mr. Timothy responded to questions from the committee.

MOTION: Rep. Cunningham moved to approve the fiscal year 2016 operating and capital budget for Utah Education Network as detailed in House Bill 5 and to amend line 74 of Utah Education Network H.B. 5 changing the title from Utah Education and Telehealth Network to Telehealth Network. The motion passed unanimously with Sen. Bramble and Rep. Miller absent for the vote.

MOTION: Sen. Weiler moved that the committee recommend approval of DHRM's move to an ISF Base System as was discussed in their presentation earlier. The motion passed unanimously with Sen. Bramble and Rep. Miller absent for the vote.

MOTION: Sen. Weiler moved to adjourn. The motion passed unanimously with Sen. Bramble and Rep. Miller absent for the vote.

Rep. Powell adjourned the meeting at 7:11 p.m.

Sen. Todd Weiler, Chair

Rep. Kraig Powell, Chair