![pennsylvania OFFICE OF ADMINISTRATION HUMAN RESOURCES MANAGEMENT]

Office of Administration

Human Resource Management
Program Highlights

Contents

HUMAN RESOURCES MANAGEMENT

The Office for Human Resources Management (HRM) provides leadership and direction in establishing the framework for delivering the commonwealth's human resource services in support of the governor's overall management objectives. It is responsible for providing policy direction and administrative support of centralized human resource services; ensuring equity by maintaining the classification, pay, benefits, and workers compensation systems; negotiating and administering collective bargaining agreements; recruiting for all non-civil service positions; training in management and supervisory skills; and administering the Equal Employment Opportunity program for all agencies under the governor's jurisdiction.

Through the HR Service Center, it serves as the central point of contact for employees and managers for common human resource services and information. Through the Office of Human Resources, it provides comprehensive HR support to employees and leadership of the Executive Offices (including the Office of Administration, Office of Budget, Office of Inspector General, Office of General Counsel, and the Governor's Policy Offices), the Lieutenant Governor's Office, the Pennsylvania Historical and Museum Commission, the Milk Marketing Board, the State Ethics Commission, the Pennsylvania Infrastructure Investment Authority (PENNVEST), and several other boards and commissions.

POINT OF CONTACT: Jim Honchar
717.787.8191
jhonchar@state.pa.us

ACCOMPLISHMENTS:

Implemented the HR/Payroll module for SAP, which includes Employee Self Service (ESS).

Reduced the state workforce by over 5,500 in part through three waves of furloughs in FY2009 and FY2010 and a hiring freeze begun in September 2008.

Implemented policy decisions related to budget impasse, including one day furloughs in FY2008 and payless paydays in FY2009.

Directed the creation and the implementation of the HR Service Center in 2009 and 2010.

Substantial improvements in communications through implementation of:
- Electronic employee bulletin board,
- Human resource directors weekly e-mail,
- Revised HRM website and portal,
- ESS, and
- Integration of HR Service Center Knowledge Base with ESS.

Implemented tax compliance initiative in 2010 to ensure current employees and new hires meet their state tax obligations.

Issued policy guidance to agencies on managing staff during a pandemic.

Maintained high level of services through cuts in budget and staffing.

CHALLENGES AND RECOMMENDATIONS:

1. Management pay freeze
   The suspension of planned increases for non-union employees has created a pay disparity between union and non-union employees that hurts employee morale and prompts retirements. In addition, employees are not seeking promotions into critical management positions. Instead, they are looking to return to union covered positions in order to receive increases and increased job security. Additionally, management employees pay a greater share of their salaries toward benefits and subsidize coverage for union employees.

   Recommendations:
   Several options exist to restore equity to the pay system. They vary in cost and complexity, but any would be more effective than a system in which union employees receive increases that outpace managers. Additionally, prompt action on this issue upfront will be necessary to avoid further disruption of the classification and pay system in the commonwealth. Solutions may include:

   - Make managers whole retroactively. Any lump sum payment for retroactive increases should be made prior to June 30, 2011 due to the upcoming union contract negotiations. The standard and management pay schedules would be merged once again and the structural inequity would be rectified.
   - Place managers back on the standard pay schedule at the pay scale group and pay scale level they would have reached had the management pay freeze not occurred, with no retroactive payments. The standard and management pay schedules would be merged once again and the structural inequity will be rectified.
   - Phase in the suspended management increases over a specified period of time. This could be accomplished by maintaining a separate management pay schedule until such time that the management employees 'catch up'. At that point, the schedules could be merged and the structural inequity would be rectified.
   - Provide management employees with an increase that is only a portion of what they would have received had there not been a management pay freeze. Unify the management and standard (union) pay schedules and convert all employees back onto a single schedule. This would remove disincentives to take promotions and equalize the maximum possible pay for a pay scale group at a lesser cost.

2. Hiring freeze
   The hiring freeze is administratively cumbersome, circumvents the operational judgment of agencies, and increases reliance on annuitants.

   Recommendation:
   Restructuring the freeze to be a targeted reduction of agency complement and corresponding funding for personnel through the Office of the Budget would return autonomy to agency heads and make them accountable for managing cuts while fulfilling their missions. This type of action has been implemented successfully in the past and would improve the speed of hiring by eliminating extra layers of approval.

3. Furloughs
   Furloughs have not had the desired impact of cutting costs while retaining highest quality staff.   Commonwealth expenditures on personnel have not decreased. In fact, unemployment cost, leave payouts, and recall and reinstatement delays may even prevent realization of savings from small numbers of furloughs.

   Recommendation:

A strategic approach to large scale cuts and furloughs would enable substantial ongoing savings. This would require wholesale review of programs, services, and functions to restructure or eliminate, as well as facilities and offices to close.

4. State Civil Service Commission
The merit system as presently administered includes rigid rules that make basic hiring and promotional actions slow and dissuade qualified candidates from applying. Development of a test for a new job may take 6 to 12 months. Applicants who may be capable of performing the work are disqualified on technicalities. While its primary role is to ensure protections are provided to employees covered by the Act, the Commission acts as an additional hiring agency and has developed bureaucratic procedures not outlined in the law. For example, it is often inflexible in the type of test that may be used and the timeframe for opening a list for testing.

Recommendations:
Modify the law to increase flexibility in the system, clarify the role of the Commission, and exclude areas from coverage where it is antiquated and no longer a necessity. In the absence of these changes, procedures can still be modified to realize significant improvements.

Implement recommendations of a 2003 study that outlines specific details of changes to the Commission to make it more responsive to agency needs and able to respond to new workforce realities where testing for employment is not a common requirement.

5. Inconsistent supervisory training program
Complexities of the merit system, union rules, and policies combined with inadequate training and support for managers lead to costly settlements of complaints and grievances that may have been preventable.

Recommendations:
Develop a comprehensive set of tools and training methods to provide supervisors with the essential knowledge and skills needed to be successful on the job. To the extent possible, these tools should be Web-based and easily accessible to supervisors. HRM should clearly communicate the purpose and availability of these tools, and agencies should be expected to provide these tools on a consistent basis to all new supervisors.

Develop an HR Handbook with concise explanations of policies. Over 130 Management Directives govern personnel administration. The current personnel rules are 139 pages long. Employees and supervisors have difficulty understanding, and therefore adhering to, requirements presented in these documents.

6. Role of HRM
Define the value of HR in tangible business terms and collaborate with other parts of the organization on business decisions. HRM can provide input and support for enterprise and agency–specific decision-making that may impact the workforce.

Recommendation:
HRM should change its approach to communication to focus on concrete implications of policy options. Advice should always be accompanied by projections of quantifiable outcomes and fiscal impacts. Alternative options should be presented.

PROGRAM AREAS

LABOR RELATIONS

The Bureau of Labor Relations negotiates and administers collective bargaining agreements between the commonwealth and the various unions representing state employees. The bureau is responsible for the investigation and arbitration of grievances and provides continuing guidance and assistance to agencies in the day-to-day administration of the various collective bargaining agreements. In addition, labor relations training programs are conducted for supervisory and management personnel.

POINT OF CONTACT: Jay Gasdaska
717.705.5621
jgasdaska@state.pa.us

ACCOMPLISHMENTS:

Negotiated two rounds of labor agreements in 2003 and 2007 with nineteen unions which provided for lengthy wage freezes and initiated employee health care contributions

Resolved an average of 1,000 accelerated grievance procedures and investigated and responded to 325 standard grievance procedures annually. Advocated an average of 75 arbitrations annually.

Supported agencies through the closures and consolidations of:
- Regional offices of the Pennsylvania Fish and Boat Commission and Department of Insurance,
- Pennsylvania Historic and Museum Commission Imaging Unit,
- Scranton School for Deaf Children ,
- Scotland School for Veterans Children,
- Mayview, Harrisburg, and Allentown State Hospitals, and
- Warren State Hospital Forensic Unit.

Coordinated the implementation of and issued guidance to agencies for the PA Clean Indoor Air Act and the Prohibition of Excessive Overtime in Healthcare Act.

Launched enterprise labor relations tracking system in 2010 to provide Web-based collection and report capability for employee appeals/grievances and discipline action data at no cost to agencies.

Successfully defended hundreds of grievance and committee appeals challenging our right to contract out or reassign bargaining unit work.

Trained over 2,000 managers from 2003-2010 on core labor relations principles.

CHALLENGES AND RECOMMENDATIONS:

1. Contract negotiation
   Negotiation of 26 out of 32 contracts and memoranda with 17 unions in the next 9 months will drive bottom line personnel costs for the next 4 years.

   Recommendation:
   Negotiation of this number of contracts is an extremely time and staff intensive process. A menu of possible proposals has been developed related to pay, policy, benefits, and more. While negotiations have started, overall direction and priorities need to be provided by the new administration before they can be finished. Given this input, the Bureau of Labor Relations can develop strategies to reach those goals and pursue negotiations accordingly.

2. Labor relations expertise
New contract requirements and ongoing complexity require competent labor relations staff at both the OA and agency levels. Even with hiring freeze exceptions given, closed civil service lists and suspension of the Pennsylvania Management Associate and Human Resource Management Trainee programs limit our ability to bring these individuals into the field.

Recommendations:
Resume the Pennsylvania Management Associate and Human Resource Management Trainee programs in order to attract a talented and capable workforce to enter this field.

The Civil Service Commission should re-open exams for Administrative Analysts and Human Resource Analysts to enable recruitment.

BENEFITS

The Bureau of Employee Benefits and Services administers employee benefits and assistance programs, and leave and attendance policies with the goal of maintaining and further developing the excellent and highly competitive benefits and support package for state employees. Additional programs include:

- State Employees Combined Appeal (SECA),
- State Employee Assistance Program (SEAP),
- Commuter benefits,
- Workers' compensation and safety, and
- Voluntary life, disability, long term care, auto, and home insurance.

POINT OF CONTACT: Matt Waneck
717.705.5600
mwaneck@state.pa.us

ACCOMPLISHMENTS:

Restructured benefits for active employees through the PEBTF resulting in $400 million in savings over a four year period.

Worked with labor unions to change employer benefits contributions and to institute employee cost sharing, saving $300 million over a four year period.

Restructured Retired Employee Health Program (REHP) to cover Medicare eligibles in Medicare Advantage plans, saving $300 million over a four year period.

Contract rebids in workers' compensation and group life insurance resulted in administrative improvements and cost savings of $10 million annually.

Implemented self-paid voluntary benefits to cover gaps in existing benefits. 7,800 employees have enrolled since FY2008.

Met or exceeded the fundraising goal for the SECA program every year since 2003.

Negotiated leave donation provisions into labor agreements that enable an additional 50 employees per year to qualify for paid leave at no cost to the Commonwealth.

Implemented federal health care reform legislation provisions.

Implemented new leave payout funding structure.

Centralized administration of sick, personal, and family (SPF) leave program for small agencies in order to improve efficiency and consistency.

CHALLENGES AND RECOMMENDATIONS:

1. Employee and retiree benefits
   Costs are increasing by 10% per year for active employees and 20% for retirees. This impacts the health of the PEBTF and overall budget. Benefits now exceed 50% of salary.

   Recommendations:
   Change employee and retiree contributions for health care coverage to tiered level based on number of dependents enrolled in coverage.

   Allow for contributions to change annually based on a percentage of premium instead of a percentage of pay. This will result in costs automatically adjusting for health care inflation.

   Propose changes to the Pennsylvania Retirement Code to eliminate SERS' legally mandated role in providing retiree health care to reflect changes in Retired Employees Health Program that have been implemented due to collective bargaining and health care reform mandates. This is critical in order to consider participation in the Exchange Program for retiree health coverage and eliminate our significant administrative role in retiree health.

   Change culture regarding wellness programs to coordinate health plan and worksite programs that improve participation, decrease health care costs, and decrease sick leave usage.

2. Workers' compensation costs
   Expenses are growing approximately $5 million per year due to medical cost inflation.

   Recommendations:
   Agency heads should provide support and leadership for the agency's safety program to achieve a culture change where safety is considered in everything employees do to help reduce claim volume overall.

   Change the funding structure for worker's compensation so that charges paid by agencies are tied more closely to actual claim costs. This will hold agencies accountable for managing employee safety and getting injured employees back to work.

3. Healthcare benefits for temporary employees
   These will be required by federal law beginning in 2014 and will result in new costs to cover over 6,000 employees who fall into this category. The coverage provided must be equivalent to that made available to permanent employees.

   Recommendations:
   Recommendations above to change the structure of employee benefit contributions would reduce the impact of this change.

   Adding a low cost basic plan to the options currently available would provide an affordable coverage option for these temporary employees to select.

   Implement HR policies to restrict temporary assignments to no more than 90 days or encourage the use of part-time instead of full-time temporary staff, in which cases benefits would not need to be offered.

4. SPF administration

Program complexities are utilizing resources better directed to other critical HR functions. There are 42 full-time equivalent positions solely dedicated to administering the sick, personal, and family leave program.

Recommendations:
Negotiate through collective bargaining a reduction of the leave entitlement from 6 months to the FMLA requirement of 12 weeks, which is what most other states provide.

Make general procedural improvements to administration of the program such as:
- Moving from a rolling year to a calendar year entitlement.
- Automating more processes and calculations to determine eligibility.
- Streamlining of reporting and employee eligibility notification procedures.

Expand the small central unit within HRM that handles SPF for small agencies into more of a shared services approach to SPF administration. This would enable more consistent application of policies and possibly reduce the number of staff needed to perform this work.

Outsource administration of the program. Use of third party vendors for FMLA administration is commonplace in the private sector, but would require changes in commonwealth program to more closely mirror the law.

5. Contracting processes
   Delays in contracting processes resulted in nine of the last 10 vendor contracts not being approved timely.

   Recommendations:
   Change the contracting process so that the business owners have more input into the process or possibly take more responsibility for procurement. At a minimum, the Department of General Services should have no authority to inform vendors of any contractual decisions or have any discussions with the vendors without sign-off from the business owner.

HR SERVICE CENTER

The HR Service Center provides common human resources, information and reporting services to employees and agencies under the governor's jurisdiction. The center also plans, develops and administers commonwealth-wide human resources systems initiatives that shape and improve program services and delivery. It also manages and supports central system activities, including central management of agency salary and wage complements, and provides technical advice and assistance on use of the commonwealth's Human Resources system.

POINT OF CONTACT: Ralph Perez-Bravo
                              717.705.5628
                              rperezbrav@state.pa.us

ACCOMPLISHMENTS:

Began provision of services to over 80,000 employees in more than 30 agencies. Savings are estimated at $3.5 million annually.

Implemented new HR systems tools including:
- Employee Self Service within SAP system,
- Knowledge base to consolidate HR, benefits, pay, policy, and related data for employee self service and center staff use,
- Customer relationship management tools to track activities of the center,

- Electronic submission of personnel action requests,
- Financial disclosure electronic filing,
- OA portal to improve communications, and
- Enterprise organization software as part of the Employee and Manager Self Services

Implemented the enterprise model for reporting time and labor through the use of time collection devices as an extension of SAP to improve accuracy of time information and improve accuracy of overtime payments. Through the use of this system, error rates for overtime payments have been reduced to 2%. Expansion into nursing home facilities in the Department of Military of Veterans and PA Liquor Control Board stores is planned.

CHALLENGES AND RECOMMENDATIONS:

1. Access to technology
   Some employees lack access to technology in the workplace and therefore cannot access the full scope of HR services available to them in that way. This reduces potential efficiency of the HR Service Center.

   Recommendations:
   Provide CWOPA credentials to all employees so they can get access Employee Self Service from their home computers and public sites, even if they are not able to in the workplace.

   Continue efforts to educate employees about the center and services available through Employee Self Service.

2. Ongoing process improvement
   With the implementation of the new service delivery model, there is a need to continue to work on process improvement through the use of technology and revamping or eliminating forms and processes.

   Recommendations:
   Improve use of IT tools to expand Employee Self Service functionality, reduce use of paper forms, and add to the content and accessibility of information for center staff and employees.

   Collaborate with related entities such as the Bureau of Commonwealth Payroll Operations and State Employees Retirement System to share information on employee pay, benefits, and more so that employees can receive more accurate and prompt services.

EMPLOYMENT SERVICES

The Bureau of State Employment establishes policies and procedures for selecting and appointing candidates to non-civil service positions in agencies under the governor's jurisdiction. The bureau receives and evaluates applications and refers qualified applicants to agencies for consideration for vacant positions. The bureau is also responsible for administering the furlough placement process for commonwealth employees, as well as the coordination of the School-to-Work statewide internship program for high school students. BSE also maintains an internal pool of several hundred employees utilized to meet temporary and emergency staffing needs in the Capitol Complex and Dauphin County area.

POINT OF CONTACT: Chris Albright

717.772.5315
calbright@state.pa.us

ACCOMPLISHMENTS:

Implemented online application and applicant tracking system in FY2009.

Launched employment.pa.gov website to serve as single launch point for commonwealth job seekers.

88% of employees furloughed in FY2009 who requested placement services were either successfully placed into other jobs or removed themselves from the program due to retirement or other factors.

CHALLENGES AND RECOMMENDATIONS:

1. Recruitment
   The hiring freeze has resulted in reduced permanent employment opportunities for applicants. The lack of opportunity may result in highly qualified applicants moving on to pursue other available employment opportunities and reduce the quality of new hires, resulting in less effective public service delivery.

   Recommendations:
   Target online recruitment for specific positions/programs to increase interest in employment and encourage continual refreshment of the applicant pool with quality applicants.

   Prepare to proactively recruit for hard-to-fill positions and those which may be open again if the hiring freeze is lifted.

   Continue to expand upon the new communications strategy for employment. Focus on employment.state.pa.us as a "one-stop shop" for all things related to being hired by the Commonwealth. Ensure that agency websites and recruitment materials as well as Civil Service Commission recruitment materials link to this destination.

CLASSIFICATION & COMPENSATION

The commonwealth's classification and salary administration program is designed to ensure equitable pay for work performed in commonwealth agencies. The Bureau of Classification and Compensation administers and develops commonwealth classification and pay standards and related policies and procedures. It provides technical assistance to agencies on position classification, organizational and staffing matters, and employee compensation.

POINT OF CONTACT: Carol Noll
                              717.705.5584
                              cnoll@state.pa.us

ACCOMPLISHMENTS:

Implemented online position description tool in 2003 to streamline the process of developing, routing, and storing position description information for all commonwealth positions.

Developed a full range of training courses for all classification and pay related issues. Approximately 1,000 HR professionals have been trained through these courses from 2003-2010.

Implemented geographic pay differential system in 2008 in the Board of Probation and Parole to reward employees who maintain longevity in an office that has experienced historical retention difficulties.

Instituted a compressed work week schedule that pays employees 40-hour wages for working 37.5-hours per week as an incentive for employees to participate in long or unusual shifts.

Conducted a comprehensive Information Technology (IT) job study to address specific recruitment needs and to confirm pay scale group assignments.

Delegated authority to manage the Temporary Assignment in a Higher Classification program to the agencies.

Developed an Expedited Grievance Procedure with AFSCME for classification grievances, reducing the number of steps required for a grievance to be answered and reducing arbitration backlog.

CHALLENGES AND RECOMMENDATIONS:

1. Performance management through pay system
   The classification system is based on the complexity of the work that is performed, not the characteristics of the individual who performs the work yet managers attempt to use the classification system to reward performance, punish poor performers, address changes in the volume of work, and work around the suspension of incentive programs and management pay increases. With the exception of the exceptional pay increase program, managers receive no performance based compensation. The suspended cash performance reward program offered a mechanism to managers to reward employees with a one-time payment expenditure instead of a recurring cost.

   Recommendations:
   Remedy pay disparity created by the management pay freeze.

   Launch communications and training strategies to help supervisors learn about and utilize available options to reward their employees and manage performance issues.

   Assess new ways to provide performance based incentive pay to non-union employees without increasing the long-term costs to carry the employee.

   Ensure managers at all levels understand that positions are classified based on the work assigned to the position and not on the characteristics of the individual who performs the work.

2. Pay equity in certain units
   Longevity pay structures for Corrections Officers and DCNR Ranger units have been compromised by arbitration awards that have frozen longevity increments. Maintaining pay equity in these rank-oriented units has been exceedingly difficult as there is no direct relation between the years of service and where the employee is on the pay schedule.

   Recommendation:
   Return to a system where employees are paid in line with years of service. This will need to be included in the next round of collective bargaining.

EQUAL EMPLOYMENT OPPORTUNITY

The Bureau of Equal Employment Opportunity administers the commonwealth's Equal Employment Opportunity program, which is designed to ensure equity in all employment practices administered by agencies under the governor's jurisdiction. The bureau formulates relevant policies and procedures, and implements uniform reporting requirements to ensure adherence to the governor's equal employment opportunity objectives. The bureau provides training and technical assistance on EEO and disability matters to agencies.

POINT OF CONTACT: Charlene Couch
                            717.705.5592
                            ccouch@state.pa.us

ACCOMPLISHMENTS:

Increased availability of critical EEO and disability related training for equal opportunity officers, disability services coordinators, supervisors, HR professionals, and attorneys, including expanded use of Webcasts. Successfully tripled the volume of individuals trained in FY2008 to disseminate information related to the Amendments to the Americans with Disabilities Act of 2008.

Developed new "Sexual Harassment and Prevention" and "Disability Related Training for Supervisors and Managers" courses, which are offered monthly.

Improved accessibility of training by facilitating improvements in registration process, facilities, and technology utilized.

CHALLENGES AND RECOMMENDATIONS:

1. Demographic changes
   Changing employee demographics require ongoing close collaboration with agencies and supervisors to ensure effective management of EEO and disability programs to mitigate risk of legal action and complaints.

   Recommendation:
   Establish an environment in which equity in all aspects of employment is a priority and develop strategies that communicate to employees that their work is valued.

2. Program area emphasis
   Assignment of the EEO complaint and disability accommodation processing function to employees tasked with numerous additional program areas, and frequent turnover in these employees, hinders acquisition of an in depth technical knowledge base, which precludes maximum effectiveness of the commonwealth's EEO program.

   Recommendation:
   In conjunction with the bureau, develop specific communication strategies and training requirements to help agencies identify risks in their organizations. Require agencies to train their EEO officers, disability services coordinators, HR professionals, managers and supervisors accordingly.

WORKFORCE PLANNING AND DEVELOPMENT

The Bureau of Workforce Planning and Development administers training and development programs to create and retain a talented and capable workforce. The bureau develops and delivers training on enterprise policies and initiatives as well as provides training to supplement that which is offered at the agency level. The bureau plans for changes in the commonwealth's workforce through workforce and succession planning and is also responsible for the administration of the commonwealth performance management system.

POINT OF CONTACT: Kim Helton
                            717.705.5627
                            khelton@state.pa.us

ACCOMPLISHMENTS:

Established a Keystone Academy for Learning to provide employee developmental opportunities specifically focused on competencies needed by various levels/types of commonwealth employees, i.e. supervisors, leaders, administrative professionals, IT professionals, HR professionals, etc.

Implemented a learning management system in 2007 that deploys Web-based training to commonwealth employees. This resulted in a savings of $8 million by reducing the time employees spend away from their job duties to participate in training.

Increased web-based training offerings by over 40 percent.

Developed enterprise and agency workforce and succession plans to identify challenges, action being taken to address them, and areas where assistance is needed.

Assumed responsibility for IT professional training from the Office for Information Technology in FY2009.

CHALLENGES AND RECOMMENDATIONS:

1. Aging workforce
   Commonwealth employees are retiring in higher numbers, resulting in a loss of knowledge, which may not be able to be replaced. Retirements may increase further with reform of the pension system, changes to the structure of employee benefits, and pay policies agreed to in labor negotiations.

   Recommendations:
   Provide continuous support to agencies to enhance the development of succession plans and implement strategies to mitigate potential future impacts, such as cross training, documentation, and structural and staffing changes.

   Resume the Pennsylvania Management Associate and Human Resource Management Trainee programs in order to infuse the commonwealth's workforce with a fresh supply of talented and capable individuals.

2. Basic/remedial work skills training
   Some employees lack skills in writing, business mathematics, and software applications which would improve their work performance and efficiency. A reliance on commonwealth staff to volunteer their time to train limits the availability of training and the breadth of skills which can be taught. Competing work priorities limit the ability of employees to take optional training courses.

Recommendations:
Shift resources to focus on offering core skills courses. This would require either an investment in third party vendors to conduct training or software licenses to enable courses to be delivered via the Web.

Focus on training methods that allow the employee to learn without leaving their worksite. This would include more Web-based trainings, Webinars, podcasts, and courses that can be developed centrally and delivered by the agency at worksites where the demand for training is highest.