



The Michigan Civil Service Commission (MCSC) is pleased to submit to you our Eugene H. Rooney, Jr. Award nomination for the Innovative State Human Resources Management Program.

Program Title: Human Resources Consolidation
State: Michigan
Contact Person: Jeremy S. Stephens, State Personnel Director
Agency: Michigan Civil Service Commission (MCSC)
Address: 400 W. Pine, Lansing, MI 48909
Telephone: 517.373.3020
Fax: 517.373.3103
Email: StephensJ5@michigan.gov

HR Consolidation

The Michigan Civil Service Commission (MCSC) was nationally recognized in 2006 by NASPE when it received the Eugene H. Rooney, Jr. Award for the HR Optimization/MI HR Service Center project saving over \$28 million. Routine HR transactions and information were streamlined and centralized within the Service Center, providing a statewide single point of contact for over 50,000 employees. The following year, Governor Granholm issued Executive Order 2007-30, which consolidated agency HR staff within the Civil Service Commission and transferred more than 360 HR personnel from Departments throughout the State to the MCSC. While HR Optimization focused on HR transactions and information, the HR Consolidation project dealt with the direct provision of the full range of HR services throughout state government.

The HR Consolidation project successfully built upon the HR service foundation provided by HR Optimization and the opportunity provided by the executive order to reengineer the delivery of HR services. Statewide efforts made possible by HR Consolidation include the creation of a statewide recruitment team to market the State of Michigan as a single employer, implementation of an online application and applicant screening process, and centralization of the calculation and processing of the majority of employee promotions and pay rate changes. Since the project's inception, savings of over \$2.5 million have been realized based on FTE reductions and increased efficiencies.

The HR Consolidation Project also facilitated MCSC's development of a statewide HR Strategic Plan, which includes applying customer focused and service-oriented metrics and the application of "LEAN" concepts to HR process redesign. MCSC meets on a regular basis with department leaders and business partners to ensure our Strategic Plan is in alignment with their needs.

1) Brief Description

While the HR consolidation project was initiated in order to implement the Governor's executive order, it provided the immediate opportunity to leverage earlier investments in technology, reengineer existing HR processes and ensure consistency in the delivery of HR Services to all state agencies. Despite staff reductions, quality HR services have been maintained based on our ability to cross-train staff, share and deploy HR resources as needed, and streamline and centralize operations without affecting direct services to departments.

2) How long has the program been operational?

Service Level Agreements were in place and the project was operational as of the effective date of the Executive Order, which was August 26, 2007.

3) Why was this program created?

The program was created to consolidate Human Resource operations within a single state agency, to promote a unified approach to human resource administration within the executive branch of state government, and to improve the effectiveness of the administration of human resource operations and related functions. In addition to consolidating personnel, the program focused on enhancing accountability, eliminating duplication of services, and facilitating more effective and efficient delivery of HR services.

4) Why is this program a new and creative method?

A unique and critical element of this program is the establishment of Service Level Agreements (SLAs) between MCSC and each state agency affected. When Executive Order 2007-30 was signed, department and agency directors expressed concerns relating to how HR consolidation would affect their operations. MCSC leadership met individually with department and agency directors to solicit feedback. The resulting SLAs made clear that the consolidation would not alter the authority of a department head to direct and control the activities of their employees.

Although the Executive Order transferred personnel and budget to the MCSC, HR offices have remained as cohesive units providing the full range of HR services – with all staff reporting to the HR Director on site. The Department still relies upon the HR director to oversee all aspects of the HR operation

and, as a result, the needs to only look to the HR director as the “go to” person for advice and accountability for the entire HR operation as they did before consolidation. The HR directors receive HR policy direction from the Civil Service Commission and programmatic direction from agency management. This provides for the consistent application of policies across agencies with clear lines of communication and authority.

5) What was the program’s start up cost?

No additional funding was required. In fact, an immediate reduction of \$1.1 million was realized upon implementation.

6) What are the program’s operational costs?

The overall budget for agency HR operations has declined each year following consolidation. Annual operational costs directly attributable to HR Consolidation projects total \$100,000, and are comprised of licensing fees for online application, screening and testing software. However, these costs were more than offset when more expensive systems were replaced.

7) How is the program funded?

Program funding is through normal MCSC budget appropriations.

8) Did this program originate in your state?

Yes

9) Are you aware of similar programs in other states? If yes, how does this program differ?

We are aware that other states have looked at centralizing and decentralizing certain program areas. To our knowledge, no other states have mirrored Michigan’s extensive HR consolidation approach.

10) How do you measure the success of this program?

MCSC has developed a Strategic Plan with associated metrics for each of four strategic initiatives: 1) identifying and developing new tools to find efficiencies and enhance operations, 2) developing and implementing a robust enterprise-wide recruitment plan, 3) designing and implementing programs that increase MCSC’s capacity to be a truly collaborative business partner, and 4) introducing programs that improve workplace culture, making the State of Michigan recognized as the Employer of Choice.

To establish a baseline for measuring success, executive managers across State government were surveyed last year with over 90% expressing a high level of satisfaction with HR services provided by the MCSC. We have been able to maintain this high level of service while absorbing a reduction in FTEs of over 10 percent, amounting to additional savings of approximately \$700,000.

11) How has the program grown and/or changed since its inception?

HR directors and staff routinely meet throughout MCSC and with our customers to collaborate, identify, and implement streamlining and efficiency efforts. Examples implemented under the HR Consolidation Project include:

Online Applicant Processing: To simplify and standardize the hiring process, Michigan implemented a statewide web-based applicant intake, tracking and screening system. This replaced various paper-based, manual systems with a single, statewide electronic solution. The new system has resulted in greater efficiencies for applicants, hiring managers, and HR offices. Implemented in October 2009, the State has already processed over 130,000 applications for 1,500 positions using the new system.

Recruitment: A statewide recruitment team marketing the State of Michigan as a single employer has been established. Also now available for HR professionals is an internal recruitment portal that identifies statewide recruitment efforts, coordinates participation at career fairs, and provides links to recruitment resources and workgroups. To further support statewide recruitment efforts, MCSC recently deployed an online solution that provides just-in-time testing to better meet customer needs, and saves \$200,000 annually in exam monitor fees.

Centralized Pay Change Processing: Position reclassification actions and pay step increases were centralized with over 13,000 transactions now processed centrally per year, ensuring consistency across departments. In addition, Michigan pays a supplement to employees on a military leave of absence. Approximately 100 of these supplemental payments per month are now calculated and processed centrally. These complex transactions were problematic when handled infrequently by HR staff in the field. Related payment corrections and errors have been eliminated due to centralization.