

2023 NASPEs AWARD

Eugene H. Rooney, Jr. Award Nomination Innovative State Human Resource Management Program

PROGRAM INFORMATION

Program Title: NextLevel State Work State: IN

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NOMINATOR INFORMATION

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DETAILS

1. Please provide a brief description of this program.

In March of 2022, Indiana Governor Eric J. Holcomb announced The [NextLevel State Work](#) program—a multipronged initiative designed to address three key aspects of the State of Indiana employee experience: (1) Flexible Work Arrangements, (2) Competitive Compensation, (3) Employee Engagement & Well-being. By directly utilizing feedback from the state's biannual employee engagement survey, this initiative packaged together 4 new standardized policies, 2 changes to the state's compensable time rules, 5 new or revived employee-centric programs, and the most comprehensive overhaul of the State of Indiana's compensation structure since 1976 resulting in pay increases for all executive branch, civil service employees.

In total, the NextLevel State Work initiative enabled and standardized remote work at 15hrs/week for all eligible employees; standardized education reimbursement at \$5,250 as part of total compensation package for all executive branch employees; introduced referral bonuses; doubled paid community service leave time; allowed for accrued leave to be used immediately by new employees; encouraged the rehiring of retired state employees; allowed for the double filling of positions for employees retiring from key roles within each agency to promote a more thorough knowledge transfer; committed to creating a culture of recognition by standardizing and funding two employee awards programs; conducted a dependent care needs assessment; and most importantly, directly addressed the chasm between public sector and private sector jobs by rolling out a completely new compensation structure for all 24,000+ executive branch, civil service employees, based on the results of a yearlong compensation study.

2. How long has this program been operational (month and year)?

The NextLevel State Work initiative was announced by Governor Eric J. Holcomb in March 2022. The new compensation structure was implemented in October 2022.

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3. Why was this program created? (What problem[s] or issues does it address?)

The goal of the NextLevel State Work initiative was to retain Indiana’s No. 1 resource—its high-quality employees--and continue attracting others like them. Before the NextLevel State Work policies were announced March 2022, the state's net employee churn (Jan. 2021- Dec. 2021) was -2,079; the average number of applications per job opening dropped from 12 applications per opening in 2019 to about 7 per opening in 2022; and our vacancy rate peaked at over 25% in 2021. The state was unable to consistently recruit or retain talent in many critical service roles.

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

Other state personnel organizations have worked to rebuild employee compensation systems or to enable remote and hybrid work schedules, but no other state has gone as far to design and implement such a comprehensive system of employee-centered policies and programs.

Some highlights from this comprehensive set of policies include:

- **15hrs of remote work** for all eligible employees through the Flexible Work Arrangements Policy. Over **8,168** state employees currently use this policy.
- **\$5,250** in annual tuition reimbursement as part of employees’ total compensation package.
- **\$500 Referral Bonuses** for each full-time candidate referred and successfully hired by the state paid to referring employee.
- **15 hours** of community service leave time available to all full-time employees.
- **Allowed immediate** use of accrued leave time for newly hired employees.
- Most importantly, **set compensation for all executive branch, civil service employees at the 50% percentile of Indiana market--increasing salaries statewide by an average of 15%**. Starting minimum salaries for critical to fill positions such as “Nurse” increased from **\$47,502** annually to a more competitive **\$62,218** in the Indiana job market, and a “Family Case Manager” starting salary increased from **\$40,092** to **\$47,320**.

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To our knowledge, no other state HR organization has undertaken or completed the implementation of such a comprehensive program. Altogether, over **24,000** employee salaries were increased by a total of **\$222M annually**.

5. What was the program’s startup costs?

The Compensation Study and benchmarking of state salaries totaled \$321K. Outside of the Compensation Study, the program startup costs were de minimus and limited to routine operational expenses of the agency.

6. What are the program’s operational costs?

The compensation restructure resulted in an additional \$160M directed to executive branch employee wage increases from the general fund annually, but the investment totaled a nearly \$222M with the inclusion of the Legislative and Judicial branch employees and employee fringe benefits.

7. How is this program funded?

Allocated general funds approved by the Indiana General Assembly. Some employee salaries are funded, in whole or in part, by federal funds in relation to program objectives and requirements.

8. Did this program originate in your state?

9. Are you aware of similar programs in other states?

If yes, how does this program differ?

While other states may offer employees standalone tuition reimbursement or remote work programs, or where others may have adjusted employee compensation structures, no other state has taken such swift and direct action to address employee needs this comprehensively—from their date of hire to their retirement. In addition, the State of Indiana has amended its Tuition Reimbursement policy to allow for partnerships with local universities to offer Tuition Assistance--where the state would pay tuition expenses directly to the university in order to remove additional financial barriers for employees.

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

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In the 12 months since the announcement of phase one of the NextLevel State Work initiative in March 2022, the State of Indiana has seen dramatic turnaround in the number of applications per open position, employee churn and vacancy rates:

- In early 2022, job applications had fallen to less than 7 applicants per open position. Now in early 2023, we see 9 to 10 applications per open position, and that number continues to increase month over month.
- In 2021, State of Indiana employee churn was -2,079. In contrast, employee churn in the 12 months since the March 2022 announcement of the Next Level State Work policies, employee churn is +1,559 (from 29,765 employees on March 6, 2022, to 31,324 on March 6, 2023).
- In 2022, the State of Indiana's vacancy rate reached an all-time high of 24% with a sustained negative churn. As of March 2023, our recovering vacancy rate sits at 17% and will continue to decline with sustained positive employee churn.
- Average time to fill and time to hire have both been fallen by 13 days since early 2022.

In addition to hiring and retention metrics, in 2019 the statewide engagement survey, "The Pulse Survey," had 9,055 participants with a statewide average score of 3.67/5. In March 2023, the Pulse Survey had 18,090 participants and a statewide average score of 3.98/5. This dramatic increase in participation and score are a testament to the increase in levels of employee engagement, which, according to Gallup's Q12, is one of the strongest indicators of overall productivity, longevity, and an overall positive employee experience.

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

Looking to the future, we are committed to continuing to make the State of Indiana as an employer of choice. We recognize that there is always room for improvement, and we are eager to hear from our employees through our upcoming engagement surveys. We will carefully analyze the feedback and use it to guide our ongoing efforts to make Indiana a top employer. Our NextLevel State Work initiative is a

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progressive and iterative program that will continue to evolve with the goal of enhancing employee experience. We are dedicated to developing and amending policies that are employee-centric and that help to create a positive workplace culture. We believe that by staying committed to these goals, we will continue to improve the state of Indiana as an employer of choice.

An example of our commitment to constant improvement is the addition of Tuition Assistance to the Education Reimbursement policy which required employees to front the cost of their tuition and be reimbursed upon successful completion of the course. Since then, the state has developed partnerships with local universities like Ivy Tech and amended the original policy to allow the state to pay for tuition costs directly at partner institutions, thus eliminating a barrier to education for employees. INSPD is continually pursuing partnerships with other universities to expand this program.

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Using feedback from the 2021 Pulse Survey and collaborative discussions with agency leaders, we've identified three key areas for growth, to help us better meet the needs of state employees:



Flexible Work Arrangements



Competitive Compensation



Employee Engagement & Well-being

In early 2022, Governor Eric J. Holcomb announced the beginning of the State Employee Compensation Study. In complement to the Compensation Study, listed below is a full package of new policies designed to make state jobs more competitive in the current market.

NextLevel State Work Phase 1: Policies Effective March 7



Flexible Work Arrangements Policy



Education Reimbursement Policy



Referral Bonus Policy



WHOLE Employee Policy



Community Service Leave



New Employee Leave Time - Accrual & Availability



Re-Employing Retired State Employees



Bridge to Retirement Program

NextLevel State Work Phase 2: Effective May 1



Dependent Care Support Survey



Governor's Public Service Achievement Awards



Spot Bonus Program

NextLevel State Work Phase 3: Effective July 1



Comprehensive Compensation Study Results and Policy Recommendations