

2014-16 Executive Progress Report

Commonwealth of Virginia
Secretary of Administration

Department of Human Resource Management

At A Glance

The Virginia Department of Human Resource Management is the central state agency dedicated to providing a broad range of leadership, services, and guidance to the Commonwealth.

Staffing 92 Salaried Employees, 0 Contracted Employees, 106 Authorized, and 18 Wage Employees.

Financials Budget FY 2015, \$16.27 million, 51.08% from the General Fund.

Trends	➔ Number of Customers	Key Perf Areas	⬆ DHRM Customer Satisfaction
	⬆ Information Technology Costs	Productivity	
	⬆ Agencies Served	Legend	⬆ Improving, ⬇ Worsening, ➔ Maintaining
Legend	⬆ Increase, ⬇ Decrease, ➔ Steady		

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

The Department of Human Resource Management (DHRM) provides a wide variety of human resource services to state government agencies, as well as some local government entities.

Office areas within the agency include Agency Human Resource Services, Equal Employment Services, Employment Dispute Resolution, Employee Programs, Health Benefit Services, State Employee Workers' Compensation Services, Information Technology, and Contracts and Finance.

Major Products and Services

DHRM consists of the following seven service areas: Agency Human Resource Services, Equal Employment Services, State Employee Services, State Employee Workers' Compensation Services, Health Benefits Services, Employment Dispute Resolution Services, and Administration and Support Services. Each Service Area provides a diverse array of services which are measured by customer satisfaction. The average of all customer satisfaction results for service area produces the Agency Key Measure of DHRM Customer Satisfaction.

Agency Human Resource Services provides statewide support to the Commonwealth around human resource policy, consulting, compensation, salary administration, employment, shared services, talent management, data stewardship, and analytics.

Equal Employment Services provides statewide support to the Commonwealth around Equal Employment Office (EEO) policy, consulting, compliance, investigation, reporting, and grievance appeals.

Employment Dispute Resolution Services provides statewide support to the Commonwealth around adviceLine, mediation, training, grievances and hearings.

State Employee Programs provides statewide support to the Commonwealth around communications, employee discounts, workplace giving, employee wellness, and employee events.

Health Benefits Services provides statewide support to the Commonwealth around the state health plan, local government health plan, retiree health plan, flexible spending, COBRA administration, policy, systems, employee services, employer services, ombudsman services and vendor services.

State Employee Workers' Compensation Services provides statewide support to the Commonwealth around Workers' Compensation policy, claims administration, return to work services, loss control services and training.

Administration and Support Services includes Information Technology, Administration, and Contracts and Finance. Information Technology provides statewide support services to the Commonwealth around Personnel Management Information System (PMIS), Benefits Eligibility System (BES), Time, Attendance and Leave (TAL), COVA Knowledge Center, human resource data warehouse services, human resource web applications, and employee self service.

Contracts and Finance provides support services to the agency service areas around contracts, procurement, finance, travel and mail.

Customers

Customer Summary

Customers of DHRM include all of Virginia State Government, state employees, local governments and citizens of the Commonwealth. The agency expects to see an increase in customers using the Shared Service Center that provides comprehensive on-site human resource services to agencies without human resource staff. The DHRM Shared Service Center (SSC) evolved in the mid 1990s when a few small agencies with no in-house human resource expertise asked if DHRM could provide routine transactional services for them for a fee. This included personnel and benefits transactions, posting job announcements, and when necessary, providing support in the resolution of non-routine personnel matters. To date the SSC has reduced the average client's HR administrative services cost by 30% to 50%.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
------------------	--------------------	------------------------	--------------------------------------	--------------------------

Finance

Financial Summary

Agency funding consists of general fund and non-general funds. The fiscal year 2014 percentage split is 37.8 percent general fund and 62.2 percent non-general fund.

General funds support the Agency Human Resource Services, Employment Dispute Resolution and Equal Employment Services functions. All other areas of the agency are served by non-general funds.

Fund Sources

Fund Code	Fund Name	FY 2015	FY 2016
0100	General Fund	\$8,308,714	\$8,320,849
0200	Special	\$5,138,727	\$5,149,473
0202	Training And Forms Recovery Fund	\$562,312	\$381,667
0227	Human Resource Service Center Fund	\$664,231	\$664,231
0235	Cvc Program Fund	\$234,196	\$234,196
0250	Employee Dispute Resolution Services Fund	\$0	\$312,012
0700	Trust And Agency	\$1,358,969	\$1,358,969

Revenue Summary

General Fund appropriations have steadily decreased, increasing the reliance on Non-General Fund sources.

The agency utilizes two funding sources that are not derived from the Commonwealth. The Health Benefits Services section that serves local government and schools is funded from premiums paid by participating entities. The section of Employee Services that serves the workforce giving program (CVC Program) is funded entirely from employee donations.

The human resource Shared Service Center is partially funded from agencies using the services as their human resource function. This funding is identified as special funds.

The State Employee Workers' Compensation Services area is funded through a trust fund that flows from agency premiums.

The state employee portion of health benefits services is funded from the Health Insurance Fund (HIF). HIF funding is derived from both employer and employee premiums.

The Commonwealth of Virginia Knowledge Center is funded by agencies that utilize this service through a portal.

The Employment Dispute Resolution section that provides grievance and hearing support is funded by agencies that experience the need for those services.

Performance

Performance Highlights

The Virginia Department of Human Resource Management (DHRM) is the central human resource agency for the Commonwealth of Virginia. We are dedicated to promoting a culture of leadership that cultivates a talented and proficient public workforce for the citizens of Virginia. We design and deliver the framework for human resource programs through a system of centralized program and operational services for state government and their stakeholders, including employee information, online learning systems, salary administration, human resource policy, human resources shared services, equal employment services, state employees workers' compensation services, state and local government health benefits programs, wellness, and workplace giving.

The agency has developed efficient business processes and has made greater use of technology to automate those processes. The agency has been in the forefront in using technology with the development of a statewide Time, Attendance and Leave system which was made available to state agencies in the Spring of 2013.

The agency key performance measure is customer satisfaction. This is measured in each service area of the agency and all results are averaged to compute the overall result. The agency target is to have 90 percent of survey respondents rate the services received from DHRM as good or better. DHRM has consistently met and exceeded this measure target.

The agency productivity measure is average employer health care cost. The goal of controlling the cost of health care is a program goal. The state employee health plan's annual cost trend should be equal to or below the average national large employer health care annual cost trend.

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
12900000.001.001	Percentage of DHRM customers rating services received as good or better	DHRM Customer Satisfaction	Improving
129.0001	Percentage by which diabetes pilot group costs are less than control group costs		Improving
129.0005	Percentage of Executive Branch employees whose salary data is published online		Improving
129.0002	Percentage of self-insured state employee health plans and buy-up options below the ACA 40% excise tax benchmark.		Improving
129.0003	Percentage of succession plan indicators published on DHRM's website		Improving

Key Risk Factors

The Department of Human Resource Management routinely conducts an analysis of potential impediments to accomplishing the agencies mission. The following have been identified:

- As the need for services increase, funding and staffing levels have not increased
- Eroding total compensation compared to the market
- Rising national and regional health care costs
- Inadequate reserves for Health Benefit and Workers' Compensation Programs and loss of interest income
- Aging workforce
- Inadequate central information systems
- Inflexibility of laws, regulations, policies and procedures
- Risk aversion
- Unfunded mandates
- Continuous change
- Health reform uncertainty

Agency Statistics

Statistics Summary

DHRM produces a variety of annual reports which may be viewed at the following web address: <http://www.dhrm.virginia.gov/reports.html>

These mandated reports include but are not limited to:

General

- [Employee Compensation Report](#)
- [Commonwealth Human Resources At-A-Glance](#)
- [Commonwealth Human Resources At-A-Glance](#)
- [Commonwealth Human Resources At-A-Glance Archive](#)

Reports to the General Assembly

- [May 2013 House Appropriations Committee Report on Employee Health Benefits](#)
- [2013 Report on State Employee Workforce and Compensation](#)
- [2013 Senate Finance Committee Report on State Employee Health Insurance](#)
- [2013 Report on Time, Attendance and Leave \(TAL\)](#)
- [Annual Salary Survey Report to the General Assembly](#)
- [Health Benefits Annual Reports](#)
- [Report on Compensation and Health Benefits](#)

Health Benefits Administration

- [2012 Open Enrollment Report](#)

Full-Time Equivalent (FTE) Reports

- [State Employment Level Trends 1991 – 2011](#)
- [Total by Agency](#)

- [Monthly Employment Data](#)
- [Historical Trend by Agency](#)

Workforce Reports

- [Commonwealth Workforce Data Reports for Classified Employees](#)
- [Agency Workforce Planning Reports and Tools](#)
- [Archived Commonwealth Workforce Reports](#)

Statistics Table

Description	Value
Maximum Employment Level - FY 12	108,166
Salaried Employees - FY 12	101,850
Wage Employees - FY 12	18,088
Contractors - FY 12	4,253
Percentage General Fund Employees - FY 12	45
Percentage Non-General Fund Employees - FY 12	55
Average Age Employee - FY 12	47
Average Years of Service - FY 12	12
Average Education Year - FY 12	14
Percentage Male - FY 12	46
Percentage Female - FY 12	54
Percentage Minority - FY 12	35
Vacancy Rate - FY 12	9
Percentage of Employees Eligible to Retire Today - FY 12	10
Percentage Veteran - FY 12	11
Average Salary - FY 12	43,987

Management Discussion

General Information About Ongoing Status of Agency

FUTURE DIRECTION (immediate, short-term, and long-term)

The Department of Human Resource Management (DHRM) has developed immediate, short-term, and long-term goals for the agency.

Immediately, DHRM coordinated e-verify implementation for state government. E-Verify is an Internet-based system operated by the Department of Homeland Security (DHS), U.S. Citizenship and Immigration Services (USCIS) that allows employers to verify the employment eligibility of their employees, regardless of citizenship. Based on the information provided by the employee on his or her Form I-9, E-Verify checks this information electronically against records contained in DHS and Social Security Administration (SSA) databases.

DHRM will continue to develop an effective consumer driven health plan, and as part of this, will continue to explore opportunities for new technologies, including the use of electronic medical records and improved cost and quality.

DHRM will continue the conversion of the Personnel Management Information System (PMIS) from a legacy platform to one that is supported in the current IT environment.

Information Technology

- Adequate funding: Funding and staffing shortfalls threaten the overall quality of the Agency's services, its ability to initiate much needed new programs, its ability to compete in the market for talent, and the timely implementation of system changes and updates;

- Quick and Accurate Response to inquiries: DHRM must be able to respond quickly and accurately to information queries from various constituents such as the Governor, the General Assembly, management, employees, the public, and the press; It needs flexible systems to be able to adapt to unplanned mandates;

- Legacy System, Personnel Management Information System (PMIS): The agency's ability to respond is hampered by the lack of staff and systems integration; a medium/long-term solution the migration of the legacy PMIS to a client server based system with full time staff and increasing the base budget by approximately by \$500,000 annually (\$100,000 total comp x 5 employees); This conversion project was initially funded in Chapter 2 of the 2014 Special Session I, Virginia Acts of Assembly and is scheduled for two years.

Workforce Development

The greatest factor impacting DHRM is the potential retirement of many of its employees. Knowledge transfer is an important aspect of the agency's Workforce Plan.

Twenty-nine and half percent of DHRM employees will be eligible for retirement within five years. This is four percent higher than the Commonwealth as a whole.

Physical Plant

DHRM utilizes leased space in the James Monroe Building, 101 North 14th Street, Richmond VA 23219. Nine employees in the State Employee Services area are home based and provide Commonwealth Services throughout the state.