

# 2016-18 Strategic Plan

## Department of Human Resource Management [129]

### Mission

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.

### Vision

To be the leader of human resource practices.

### Values

**EXCELLENCE:** We strive to be the best at what we do and are accountable for our own performance.

**TEAMWORK:** We support each other and blend our diverse talents and backgrounds and share information and resources.

**HONOR:** We model integrity, mutual respect, and fairness in everything we do.

**INNOVATION:** We encourage the acquisition of new skills, thoughtful risk taking, and receptiveness to change.

**CUSTOMER FOCUS:** We deliver products and services of the highest quality in a timely manner to our customers.

**STEWARDSHIP:** We manage public resources responsibly.

### Finance

#### Financial Overview

Nongeneral funds come from a variety of sources. For the State Employee Workers' Compensation Service Area, funds are generated from employer premiums. These premiums are developed based on each agency's experience regarding workplace injuries and their payroll. The Employment Dispute Resolution Service Area generates revenue to fund administrative hearings by billing agencies with disputes. The State and Local Health Benefits Service Area receives nongeneral funds from the Health Insurance Fund, as well as from local governments and schools participating in The Local Choice (TLC) program. The State Employee Services Service Area has two different nongeneral fund sources: the Commonwealth of Virginia Campaign (CVC) funded from employee donations, and the CommonHealth Program funded from the Health Insurance Fund.

#### Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	6,915,977	9,033,668	6,539,315	9,034,067
Changes to Initial Appropriation	-55,000	2,034,672	-1,748,476	4,272,274

*(Changes to Initial Appropriation will be 0 when the plan is created. They will change when the plan is updated mid-biennium.)*

### Customers

#### Anticipated Changes to Customer Base

#### Current Customer List

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Governor	Governor, staff and cabinet	16	16	Stable
General Assembly	Senators, delegates & staff	140	140	Stable
State Agency(s),	State agencies	243	243	Stable
State Agency(s),	All Service Areas within the Department of Human Resource Management	7	7	Stable
State Government Employee	State Employees	125,197	125,197	Stable
Taxpayer	Job seekers using Recruit Management System	38,000	0	Stable
Attorney General	Judicial branch	1	1	Stable

Employee	Injured workers	8,056	125,197	Stable
Employer/ Business Owner	Private sector business receiving Workers' Compensation Training	0	0	Stable
Federal Agency	Acts as state liaison with federal Savings Bond Program and provides support for federal queries	0	0	Stable
Federal Agency	Federal Government Agencies	2	10	Stable
Interstate Entity	Other states	49	49	Stable
Local or Regional Government Authorities	Local governments receiving Workers' Compensation Training	12	1,000	Stable
Non-Profit Agency (Boards/Foundations),	Answers queries about state policies and activities and provides customer service and information to	0	0	Stable
Resident	General Public	0	0	Stable
Retirees	State Medicare Retirees in health plan	37,477	37,477	Stable
State Government Employee	State employees in state health plan	89,859	89,859	Stable
Retirees	State non-Medicare retirees in state health plan	5,512	5,512	Stable
Consumer	Total participants in state employee health plan	232,572	232,572	Stable
Local or Regional Government Authorities	The Local Choice groups in plan	336	1,000	Increase
Local Government Employee	Participants in The Local Choice	69,393	69,393	Increase

## Partners

Name	Description
Health Maintenance Organization	Insurance provider for HMO coverage for the health plans.
Independent Review Organization	Independent review organizations for health plan external appeals.
Supplemental Insurance Provider	Insurance provider for TRICARE supplement for the health plans.
Actuarial Consultant	Actuarial and health benefits consulting for the health plans. Actuarial consulting for the State Employee Workers' Compensation Services program.
Auditing Services	External auditing of financial controls related to the Third Party Administrator for the State Employee Workers' Compensation Services program.
Balance Track	Third party source for online financial education courses.
Community College Workforce Alliance (CCWA)	This partnership provides professional development for state employees in an economical manner.
Third Party Administrator	Third party processor of charitable pledges for workplace charitable giving campaign.
Third Party Administrators	The State Employee Workers' Compensation Services program has outsourced claims administration and cost containment services. The general contractor and its subcontractors provide claims adjusting services, medical cost containment services, loss control services, field vocational and medical services, surveillance, discount prescription drug program, and a preferred provider network. The staff of 58 is collocated with the DHRM workers' compensation staff.
University of Virginia School of Law	EDR refers interested state employees to the University of Virginia School of Law, which provides eligible employees with law student advocates to assist them in presenting their cases at grievance hearings.
Virginia Credit Union	Third party partner in the Virginia State Employee Loan Program and financial education.
Volunteer Mediators	EDR relies on a list of primarily private sector mediators who have agreed to provide mediation services for state employee requests on a voluntary and uncompensated basis.

## Agency Goals

- **Use resources efficiently and manage programs effectively, consistent with applicable state and federal requirements**

**Summary and Alignment**

To ensure that resources are used efficiently and programs are managed effectively, and in a manner consistent with applicable state and federal requirements.

**Objectives**

- » **Provide high-level customer service.**

*Description*

A high-level of customer service will be achieved by applying customer satisfaction measures to each of the seven service areas within DHRM.

*Objective Strategies*

- Maintain customer satisfaction surveys in each of the seven service areas.

*Measures*

- ◆ Percentage of DHRM customers rating services received as good or better

- » **Provide Cost Effective State Employee Self-insured Programs**

*Description*

A cost effective self-insured state employee health program will be achieved by comparing its cost to other programs nationally.

*Objective Strategies*

- Maintain self-insured state health benefits program data which outperforms other programs nationally.

*Measures*

- ◆ Percentage by which diabetes pilot group costs are less than control group costs
- ◆ Percentage of self-insured state employee health plans and buy-up options below the ACA 40% excise tax benchmark.

- **Provide timely, accurate, and consistent human resource information utilizing cost effective delivery channels.**

**Summary and Alignment**

Provide timely, accurate, and consistent human resource information utilizing cost effective delivery channels.

**Objectives**

- » **Provide HR information to the public by utilize cost effective delivery channels.**

*Description*

To increase transparency of HR.

*Objective Strategies*

- To provide HR information

*Measures*

- ◆ Percentage of Executive Branch employees whose salary data is published online
- ◆ Percentage of succession plan indicators published on DHRM's website

## Major Products and Services

DHRM consists of the following ten service areas: Agency Human Resource Services, Human Resource Service Center, Personnel Development Services, Personnel Management Information System, Equal Employment Services, State Employee Program 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.

Human Resource Service Center provides customized, fee-for-service human resource services to client state agencies at a lower cost than those typically provided by in-house staff.

Personnel Development Services provides the COVLC (Commonwealth of Virginia Learning Center) which was implemented with the objective of providing a more efficient and effective method of maximizing training at an acceptable cost.

Personnel Management Information System or PMIS is an on-line transaction-based system containing employee and benefits records of all active and separated employees.

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 plans, local government health plans, retiree health plans, Line of Duty Act (LODA) health benefits plans, 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 Learning Center, human resource data warehouse services, human resource web applications, and employee self-service portals.

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

## 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. In March 2017, the agency implemented the modernization of the Personnel Management Information System and Benefits Eligibility System; 1970's legacy systems that were migrated from a Unisys mainframe to a client server environment.

During 2017, the State Employee Workers' Compensation Pilot Program was established. Settlement of 59 cases resulted in avoided future cost liability of \$14 million. Though these cases represent only 5% of potential cases to be settled, the program has reached 33% of the actuarially forecasted cost avoidance savings.

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.

## Staffing

Authorized Maximum Employment Level (MEL)	107
Salaried Employees	96
Wage Employees	12
Contracted Employees	3

## Key Risk Factors

The Department of Human Resource Management routinely conducts an analysis of potential impediments to accomplishing the agency's 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
- Aging workforce
- Inadequate central information systems
- Inflexibility of laws, regulations, policies and procedures
- Risk aversion
- Unfunded mandates
- Continuous change
- Health reform uncertainty

## 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.

In the short-term, DHRM is working to implement the Line of Duty Act and COVA Local Health Programs (SB364 - Chafin), and continue the Workers' Compensation Settlement Program. The agency is focusing on innovative health care initiatives, for example Value Based Insurance Design (VBID) for Diabetes, COPD/Asthma, and Hypertension, as well as increasing utilization of the on-site clinic. DHRM will continue to work with the Speaker's Commission by partnering with JLARC on their total compensation study and other issues that may arise from the Commission.

DHRM will continue to improve 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.

### 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. The actual IT staffing model does not allow for adequate system support / documentation, and severely limits planning efforts and efforts for new initiatives. Since there is not enough staff over which to spread the operational workload, cross-training of existing resources and thorough documentation of systems cannot occur.

- **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;

- DHRM migrated PMIS and BES from the legacy UNISYS mainframe to a Windows .NET environment. This effort addressed a short-term need but it does not address DHRM's long term need to provide a robust HR solution to Commonwealth agencies. DHRM will need additional monies starting in FY18 to pursue this long-term need.

- DHRM was given central funding to support the Commonwealth Learning Center – staffing, system hosting, software upgrades and software licensing. This replaced the previous funding model that required participating agencies to pay their share of the total cost.

- **Significant increases in the DHRM's IT costs** are expected due to the following:

(1) ACA (Affordable Care Act) Reporting - requires annual changes to existent systems to satisfy IRS reporting requirements - Automated systems need to be developed and/or changed, implemented and operated to satisfy this code change.

(2) LODA (Line of Duty) code change - will require DHRM to create a new health benefits program with specific eligibility and enrolment rules - Automated systems need to be developed and/or changed, implemented and operated to satisfy this code change.

(3) Senate Bill 364 - Chafin (2016) creates the opportunity for a new health benefits program for local governments, local school divisions, and other political subdivisions. This new program will require new automated systems to be developed, implemented, and operated to satisfy the legislative requirements.

(4) IT INFRASTRUCTURE TRANSITION - DHRM actual environment includes 99 desktops which 95 are fully encrypted, 70 laptops, 227 email boxes, 15 printers, 4 physical servers, 25 virtual servers and 17 Terabytes of storage providing support to 46 sensitive applications. In a situation of transition to a different 3rd party provider DHRM will need funding and resources to support this initiative.

(5) SECURITY SHARED SERVICES - DHRM is engaged with VITA Security Shared Services and signed a MOU for ISO Services from VITA and a MOU for IT Security Audit Services from VITA. This engagement increases cost with IT security and does not address all of the security needs of the agency.

(6) CLOUD APPLICATION HOSTING - While not using it presently, DHRM needs to consider it a viable option in the near future. DHRM does not have funding to support any anticipated costs with this initiative.

(7) INTERNET UTILIZATION - More applications and automated processes will be available to a larger audience that use DHRM programs and services. The internet utilization will increase considerably this upcoming biennium. The Local Choice entities that are starting their participation, and the future participation of Schools and Local Governments in the COVA Local and LODA plans will contribute to a higher volume of web traffic. DHRM does not have funding to support any anticipated costs with this increase.

(8) High demands for UPGRADING AND MODERNIZING SYSTEMS to comply with new state and federal laws and regulations.

### **Estimate of Technology Funding Needs**

#### **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.

28.1 percent of DHRM employees will be eligible for retirement within five years. This is 3.3 percent higher than the Commonwealth as a whole (24.8 percent).

#### **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 CommonHealth Services throughout the state.

### **Supporting Documents**

<b>Title</b>	<b>File Type</b>
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**Agency Human Resource Services [70401]****Description of this Program / Service Area****Agency Human Resource Services**

This statutorily mandated service area is responsible for delivering services in all functional areas of human resource (HR) management. These functional areas include: HR program development, administration, consultation, oversight, and compliance; HR infrastructure development and management; compensation management and salary administration; HR information system (HRIS) systems support; policy development and administration; talent management and workforce planning; employment, including an online Recruitment Management System (RMS); legislative studies; and related communication and training.

This service area provides statewide oversight, consultation, advice, technical assistance, guidance, systems support, and direct services to agencies in the management of their human resource programs. The unit also works in collaboration with other DHRM program offices to ensure that the agency's mission is achieved.

**Mission Alignment***How this service supports the agency mission*

This unit provides statewide oversight, consultation, advice, technical assistance, guidance, systems support, and direct services to agencies in the management of their human resource programs. The unit also works in collaboration with other DHRM program offices to ensure that the agency's mission is achieved.

*Statutory Authority of this Service*

§ 2.2-1200 describes the duties, responsibilities, and mandates for the Department. § 2.2-2900 establishes and ensures for the Commonwealth a system of personnel administration based on merit principles and objective methods of appointment, promotion, transfer, layoff, removal, discipline, and other incidents of state employment.

These are the source of most of the Core Mandates for the Office of Agency Human Resource Services

*How this service supports the agency mission*

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These are the source of most of the Core Mandates for the Office of Agency Human Resource Services (AHRS). AHRS develops, enhances, and maintains a comprehensive statewide human resource management program that includes compensation management and salary administration, management consulting, organizational design, HRIS data stewardship and systems support, human resource policy, talent management and workforce planning practices and tools, employment services, and a shared (fee-for-service) services center. These functions work together to support the Commonwealth's goal of attracting, retaining, and motivating a highly qualified workforce.

§ 2.2-1202 - Annual Salary Survey – Review Commonwealth salaries annually to determine where discrepancies in compensation exist between the public and private sector. Report findings to the Governor and General Assembly by December 15.

§ 2.2-1201(7) - Application Form - Design and utilize an employment application form that also includes information on prior volunteer work performed by applicant.

§ 2.2-2817.1 amended Chapter 421 (05) – Alternate work schedules – Requires each agency to develop policy on alternate work schedules and telecommuting, identifying employees eligible to participate and noting, with justification, broad categories of employees ineligible to participate. Requires each agency head to set annual percentage targets for the number of positions eligible for alternative work schedules. By July 1, 2009, each state agency shall have a goal of not less than 25% of its eligible workforce participating in alternative work schedules. By January 1, 2010, each state agency, except the Department of State Police, shall have a goal of not less than 20% of its eligible workforce telecommuting. Requires each agency to report annually to the Secretary of Administration (SOA) and DHRM on the status and efficiency of telecommuting and employee participation in alternate work schedules.

§ 2.2-1201(1) – Classification – Make recommendations to the Governor regarding establishment and maintenance of a classification plan for service of the Commonwealth. Recommend amendments as necessary.

§ 2.2-1201(2) – Compensation – Make recommendations to the Governor regarding the establishment and administration of a compensation plan for all employees. Recommend amendments as necessary.

§ 2.2-1201.1 – Criminal Background Checks – Develop a statewide policy on conducting criminal background checks for sensitive positions.

§ 2.2-1201(11) – Disciplinary Actions – Establish and administer regulations relating to disciplinary actions. Regulations permit no suspension of any state employee under investigation to be without pay for more than 10 days without a hearing by a level of supervision above the employee's immediate supervisor or agency head.

§ 2.2-1201(14-15) – Employment Level Annual Report – Submit to members of the General Assembly by September 30th an annual report showing employment levels, changes, and terminations.

§ 2.2-1201(9) – Evaluation of Personnel Activities – Establish and administer a program evaluating the effectiveness of agencies' performance of personnel activities.

§ 29 U.S.C. Chapters 8,9; Executive Order 27 (02) – Fair Labor Standards Act (FLSA) – Establishes minimum wage, overtime, record keeping, child labor, and equal pay standards.

§ 29 U.S.C. 2611(et seq.) – Family & Medical Leave Act (FMLA) – Comply with requirements of federal law to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for certain specified family and medical reasons, to maintain employees' health insurance during the period of leave under FMLA, and to return employees to their same or equivalent positions upon their return from FMLA leave.

Executive Order 44 (03); 2009 Appropriation Act Item 473.B.1– Military leave – Supporting State Employees Called to Active Duty – Requires DHRM to issue a policy establishing supplemental pay for classified state employees called to active duty military service in the Armed Forces of the US.

§ 2.2-1201(5) – Performance Evaluation – Establish and administer a system of performance evaluation for all state employees, based on quality of service rendered, related where practicable to specific standards of performance.

§ 2.2-1201(3) – Personnel Information System – Design and maintain personnel information system.

§ 2.2-1201(13) – Personnel Policies – Develop, disseminate and interpret state personnel policies and procedures to all agencies covered by the Virginia Personnel Act. Has authority to establish and interpret personnel policies and procedures, and to assure full compliance with such policies. Has no authority over state grievance procedures.

§ 2.2-2903 amended (2012) – Veterans Preference – Grade or rating increase and other preferences for veterans and their surviving spouses and children, and members of the National Guard.

Chapter 836, 2017 Acts of Assembly, § 4-7.01(Manpower Control Program) Restricts the hours that wage employees in the legislative, judicial, executive, and independent branches of government may work to no more than 29 hours per week on average per year.

–Chapter 836, 2017 Acts of Assembly (Item 475) - Requires that any supplemental salary payment to a state employee or class of state employees by a local governing body shall be governed by a written agreement between the agency head of the employee receiving the supplement and the chief executive officer of the local governing body. Such agreement shall also be reviewed and approved by the Director of the State Department of Human Resource Management. At a minimum, the agreement shall specify the percent of state salary or fixed amount of the supplement, the resultant total salary of the employee or class of employees, the frequency and method of payment to the agency of the supplement, and whether or not such supplement shall be included in the employee's state benefit calculations. A copy of the agreement shall be made available annually to all employees receiving the supplement. The receipt of a local salary supplement shall not subject employees to any personnel or payroll rules and practices other than those promulgated by the State Department of Human Resource Management.

Chapter 836, 2017 Acts of Assembly (Item 475) – Involuntary Separations – Requires that notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia for employees who are involuntarily separated from employment with the Commonwealth if the Director of the Department of Planning and Budget certifies that such action results from (1.) budget reductions enacted in the Appropriation Act, (2.) budget reductions executed in response to the withholding of appropriations by the Governor pursuant to § 4-1.02 of the Act, (3.) reorganization or reform actions taken by state agencies to increase efficiency of operations or improve service delivery provided such actions have been previously approved by the Governor, or (4.) downsizing actions taken by state agencies as the result of the loss of federal or other grants, private donations, or other nongeneral fund revenue, and if the Director of the Department of Human Resource Management certifies that the action comports with personnel policy. Under these conditions, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System.

Chapter 836, 2017 Acts of Assembly (Item 84) – Requires the Department of Human Resource Management to develop and distribute instructions and guidelines to all executive department agencies for the provision of an annual statement of total compensation for each classified employee. The statement should account for the full cost to the Commonwealth and the employee of cash compensation as well as Social Security, Medicare, retirement, deferred compensation, health insurance, life insurance, and any other benefits. The Director, Department of Human Resources Management, shall ensure that all executive department agencies provide this notice to each employee. The Department of Accounts and the Virginia Retirement System shall provide assistance upon request. Further, the Director of the Department of Human Resources Management shall provide instructions and guidelines for the development notices of total compensation to all independent, legislative, and judicial



agencies, and institutions of higher education for preparation of annual statements to their employees.

§ 2.2-1209. Agency human resource training and succession planning.

- A. The Department shall develop and administer training programs to familiarize the director of each agency in the executive branch of state government with state human resources policies, including general policies, compensation management, benefits administration, employee training, succession planning, and resources available at the Department. The Department shall offer such training programs at least biannually.
- B. The director of each agency in the executive branch of state government shall attend a training program offered pursuant to subsection A within six months after his appointment as director. Thereafter, he shall attend such training program at least once every four years.
- C. Each agency shall, in consultation with the Department, develop, update, and submit annually to the Department an agency succession plan for key personnel, executive positions, and employees nearing retirement. The Department shall establish guidelines for the content and procedures for the submission of such succession plans.

## Products and Services

### Description of Major Products and Services

- Provide HR Management Consulting - Consulting to agencies' HR staff, agencies' management, cabinet officials - HR policy - Infrastructure management: - HR Management Manual - Development/application of compensation tools - Surveys - Organizational design
- Provide HR Policy Development and promulgation - Research, revise, and develop policies, monitor interpretations and provide technical assistance - policy exceptions - Compliance with federal and state laws and guidelines - Maintain HR Policy Manual, Employee Handbook, Agency Head Handbook
- Talent Management - Provide data management, analytics, and reporting
- Provide consultative services in support of statewide workforce and succession planning strategies. Develop and implement statewide succession planning template and reporting system. Design and implement statewide Exit Survey.
- Develop and maintain workforce demographics
- Administer contract for, and manage the Commonwealth's online Recruit Management System
- Provide overall guidance to the statewide Employment Services: - Virginia Jobs
- Develop and provide human resources orientation and refresher training to Executive Branch agency heads.
- Serve as HRIS Data Owner/Steward
- Serve as Business Owner for Time, Attendance, and Leave System (Scheduled for transition to CARDINAL in October 2018).
- Provide FLSA guidance, training, and advice
- Prepare studies, reports, research papers, and legislative impact statements
- Prepare and distribute related communication and training
- The Managing Virginia Program (MVP) - is an initiative by the Commonwealth to provide comprehensive management and leadership training to all state supervisors and managers. The program provides a standard curriculum and philosophy that will be consistent throughout state government. The MVP, unlike other programs, is of no direct cost to agencies and is available to all supervisors and managers. AHRS is responsible for notifying the site administrator when the curriculum requires revisions related to state human resource policy.

### Anticipated Changes

Anticipate strategic planning activities regarding an integrated central government Human Capital Management solution, now a critical priority for state agencies.

Potential changes in compensation structure and policies.

Potential changes in organization of government.

Anticipate changes in federal laws, including PPACA, FLSA, and FMLA which impact policy and AHRS' business operations.

Recruitment Management System (RMS) contract ends December 2018; RFP process will begin in FY18.

### Factors Impacting

Ongoing issues with migrated PMIS and disruption of business across state government.

Commission on Employee Retirement Security and Pension Reform

JLARC Total Rewards study

Transition of Government

## Financial Overview

Starting 2018, funding for Agency Human Resource Services is provided through the general fund and through agencies utilizing the human resource shared service center.

Biennial Budget

	<b>2017 General Fund</b>	<b>2017 Nongeneral Fund</b>	<b>2018 General Fund</b>	<b>2018 Nongeneral Fund</b>
Initial Appropriation for the Biennium	2,729,840	268,894	2,729,840	269,008
Changes to Initial Appropriation	0	0	-1,715,961	-269,008

**Supporting Documents**

**Title** **File Type**

**Human Resource Service Center [70402]**

**Description of this Program / Service Area**

This statutorily mandated service area is responsible for delivering customized, fee-for-service human resource services to client state agencies at a lower cost than those typically provided by in-house staff. The Center, through Client Management Administrative Agreements, provides services in all functional areas of HR which includes: Employment; Onboarding/Offboarding; EEO; Workforce Planning; Organizational Design; Position Classification; Compensation and Salary Administration; Benefits Administration; Employee Relations; Policy Administration; Personnel transactions and operations; and related employee communication and training.

The Center serves 16 Client Agencies. Organizationally, it reports to the Office of Agency Human Resource Services.

**Mission Alignment**

**How this service supports the agency mission**

This service supports the agency’s mission by offering the following benefits to client agencies:

- Reduced administrative cost for human resource services.
- Centralized efficiencies *and* custom services that support individual agency needs and preferences.
- Compliance and accountability for the management practices, guidance, consultation, and employee business transactions effected on behalf of clients.
- One-stop HR Shop for employees and managers.
- Expertise in all human resource functional areas, including strategic planning, workforce planning, employment, compensation management, benefits administration, employee relations, policy, EEO, HR reporting, and personnel transactions.

**Statutory Authority of this Service**

**Chapter 836, Item. 84.** Requires the Department of Human Resource Management to operate a human resource service center to support the human resource needs of those agencies identified by the Secretary of Administration in consultation with the Department of Planning and Budget. The agencies so identified shall cooperate with the Department of Human Resource Management by transferring such records and functions as may be required.

**Products and Services**

**Description of Major Products and Services**

Provide full-scope HR services to 16 client agencies and 1,319 full-time and wage positions.

**Anticipated Changes**

Continued expansion of client base. Planning to onboard the Southwestern Higher Education Center and the New College Institute in the summer of 2017.

**Factors Impacting**

Staffing has stabilized and the Center is better positioned to assume additional client agencies. The transition of government in 2018 may generate interest from additional small – medium agencies well-suited for a shared services concept.

**Financial Overview**

Funding for the Center is provided through general fund appropriation; and from direct nongeneral fund payments from client agencies through a fee-for-service arrangement managed through an Internal Service Fund. The fee schedule is designed to recover the costs of services. The current rate for the Human Resource Service Center is \$995 per full-time employee and \$398 per wage employee.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	590,353	664,231	590,353	664,231
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**



## Equal Employment Services [70403]

### Description of this Program / Service Area

This statutorily mandated service area is responsible for the administration of a comprehensive equal employment opportunity program. This includes investigation/resolution of complaints of illegal discrimination filed by state employees (classified, faculty, wage and probationary) and applicants for state employment as well as the administration of a compliance program to determine whether agencies' human resource management practices result in disparate impact against protected classes.

In addition, this service area provides training and technical guidance to state agencies and local governments concerning equal employment opportunity related matters.

### Mission Alignment

Equal employment opportunity is an integral component of human resource management. Federal and state anti-discrimination laws prohibit discrimination in all privileges and conditions of employment.

Code of Virginia at § 2.2-1201(10), Equal Employment Opportunity, establishes and administers a program to assure equal employment opportunity to applicants and to state employees in all incidents of employment;

Governor's Executive Order Number One (2014), Equal Employment Opportunity, prohibits state agencies from engaging in acts of unlawful employment discrimination and authorizes OEES to investigate and resolve such complaints. The foundational tenet of this Executive Order is premised upon a steadfast commitment to foster a culture of inclusion, diversity, and mutual respect for all Virginians.

Code of Virginia at § 2.2-1201(9), Evaluation of Personnel Activities, establishes and administers a program to evaluate the effectiveness of performance of the personnel activities of the agencies;

29 U.S.C. § § 621-633(a), Age Discrimination in Employment Act of 1967, as amended, prohibits discrimination in all privileges and conditions of employment against persons age 40 and over;

42 U.S.C. Chapter 126, Americans with Disabilities Act of 1990, prohibits discrimination in all privileges and conditions of employment against qualified persons with a disability;

29 U.S.C. § 206, Equal Pay Act of 1963, prohibits differentiation in pay for equal work based on gender;

42 U.S.C. § 2000ff, Title II of The Genetic Information Nondiscrimination Act of 2008, prohibits use of genetic information in employment decision-making; restricts employers and other entities subject to Title II of GINA from requesting, requiring, or purchasing genetic information; requires that genetic information be maintained as a confidential medical record, and places strict limits on disclosure of genetic information; and provides remedies for individuals whose genetic information is acquired, used, or disclosed in violation of its protections.

8 U.S.C. 1324 a & b, Immigration Reform and Control Act of 1986, prohibits discrimination based on national origin and citizenship status in all privileges and conditions of employment;

42 U.S.C. § 2000(e)(k), Pregnancy Discrimination Act of 1978, requires employers to treat women affected by pregnancy, childbirth, and related medical conditions, the same as other employees for all employment-related purposes;

42 U.S.C. § 2000h 2, Title IX of the Education Amendments of 1972, prohibits discrimination based on gender in all privileges and conditions of employment in education programs or activities that receive federal financial assistance;

42 U.S.C. § § 2000C-2000E-17, Title VII of the Civil Rights Act of 1964, as amended, prohibits discrimination in all privileges and conditions of employment due to race, color, national origin, gender (including sexual harassment), and religion;

29 U.S.C. § 1607.18, Uniform Guidelines on Employee Selection Procedures, requires employers to determine whether tangible employment practices result in disparate impact against minorities and women, and to take affirmative corrective action if found;

Code of Virginia § 2.2-2903 amended (05), Veterans Preference, requires that "additional consideration" shall be given to veterans who have a service-connected disability rating fixed by the United States Veterans Administration.

PL 110-325, 2008 § 3406, ADA Amendments Act of 2008, carries out the ADA's objectives of providing a clear and comprehensive national mandate for the elimination of discrimination and clear, strong, consistent, enforceable standards addressing discrimination by reinstating a broad scope of protection to be available under the ADA;

PL 111-2, 2009 § 181, Lilly Ledbetter Fair Pay Act of 2009, amends Title VII of the Civil Rights Act of 1964 (42 USC 2000e-5(e)), the Age Discrimination in Employment Act of 1967(29 U.S.C. 626(d)), the Americans With Disabilities Act of 1990 (42 U.S.C. 12111 et seq., 12203) and the Rehabilitation Act of 1973 (29 U.S.C. 794a(a)) to declare that an unlawful practice occurs when a discriminatory compensation decision or other practice is adopted, when a person becomes subject to the decision or other practice, or when a person is affected by the decision or practice, including each time wages, benefits, or other compensation is paid.

### Products and Services

## **Description of Major Products and Services**

1. Complaints of Discrimination - Investigates and resolves complaints of illegal discrimination (e.g., race, gender, gender identity, age, retaliation, sexual harassment, sexual orientation, political affiliation, religion, national origin, disability, veteran's status) filed by state employees and applicants for state employment.
2. EEO Compliance Program - Administers the review of agencies' tangible employment practices to ensure compliance with the Uniform Guidelines on Employee Selection Procedures, a progeny of Title VII of the Civil Rights Act of 1964, as amended, the Governor's Executive Order Number One (2014), and the Commonwealth's - Policy 2.05 - Equal Employment Opportunity. Where there are indicators of disparate impact, the law requires that the employer either articulate a legitimate, non-discriminatory business reason or develop a corrective action plan designed to eradicate the disparate impact. Administers the Commonwealth's Equal Employment Opportunity Compliance Program consists of the EEO Assessment Tool, the EEO Compliance Calculator, and the Applicant Flow component. These web-based tools include all of the statistical applications sanctioned by the US Supreme Court and the federal Equal Employment Opportunity Commission (EEOC) for determining whether agencies employment practices result in adverse impact against protected groups. Prepares the Commonwealth's EEO-4 Report. This report, a statistical employment survey of state government which is submitted to the federal Equal Employment Opportunity Commission biennially, is required by Section 709(c) of Title VII of the Civil Rights Act of 1964, as amended.
3. Provides Technical Assistance and EEO Training to state employees, state management officials, and local governments. Provides technical guidance/assistance to citizens, state employees, and state and local management officials concerning EEO- related issues.

## **Anticipated Changes**

Need to re-establish EEO training programs (in development).

Need to complete the development of the EEO Assessment Tools.

## **Factors Impacting**

Equal Employment Services has no dedicated information technology staff resources. As such, any development of or improvements to EEO Assessment Tools must be completed by the ITECH staff of DHRM, which has numerous high-level, critical projects in process.

## **Financial Overview**

Funding for Equal Employment Services is provided by the General Fund. The nongeneral fund appropriation supports equal employment training for the Commonwealth

Biennial Budget

	<b>2017 General Fund</b>	<b>2017 Nongeneral Fund</b>	<b>2018 General Fund</b>	<b>2018 Nongeneral Fund</b>
Initial Appropriation for the Biennium	809,118	10,300	809,118	10,300
Changes to Initial Appropriation	0	0	0	0

## **Supporting Documents**

**Title** **File Type**

## Health Benefits Services [70406]

### Description of this Program / Service Area

This statutorily mandated service area has the responsibility of administering a comprehensive health benefits program for state employees, state retirees and their dependents. It is also responsible for providing health benefits to local governments and school jurisdiction employees, dependents and retirees, and participants of the Line of Duty Act (LODA) health benefits plans.

Associated outcomes include providing health benefits and related programs that promote health and do not exceed the threshold that triggers liability for the excise tax.

### Mission Alignment

This service area aligns with the Governor's Enterprise Strategic Priorities in regard to Health and Family and Government and Citizens. Regarding Health and Family, this service area aligns specifically with the Governor's Strategic Priority to promote Healthcare Innovation, by measuring the effectiveness of its innovative Diabetes Management Pilot Program. Regarding Government and Citizens, this service area aligns specifically with the Transparency Priority by posting its Health Benefits Annual Report timely on the DHRM website, with the Innovation Priority by measuring the effectiveness of its Diabetes Management Pilot Program, with the Fiscal Stewardship priority by measuring whether the state employee health plan is able to achieve Affordable Care Act (ACA) excise tax avoidance, and with the Customer Service priority by measuring whether customer satisfaction ratings meet 90% approval.

In addition, this service area directly aligns with DHRM's mission to provide a broad range of leadership, services and guidance to the Commonwealth and its stakeholders.

### Products and Services

#### Description of Major Products and Services

**Health Program Administration:** Comprehensive administration of state, TLC and COVA Local health programs for active and retired employees, and LODA health benefits programs participants, including plan design, pricing, vendor liaison, communication, enrollment, training, problem resolution and funding analysis.

**Policy Administration:** Development, application and interpretation of policies and procedures as well as state and federal regulations related to or impacting the health program.

**Vendor Management:** procurement, contract administration and on-going management activities to ensure adherence to contract and plan benefits and an appropriate level to service to members of the various health benefits programs administered by DHRM.

**Federal and State Regulatory Compliance:** evaluation and application of federal and state laws as required to maintain all program components in compliance with applicable regulations.

**Customer Service: Ombudsman:** Interaction with employees, retirees, human resource and benefits administrators, legislators and other in response to written, telephone or email inquiries or requests for assistance related to health program benefits, claims, eligibility. Manages appeals processes and provides intervention in sensitive cases.

26 U.S.C. § 105 - Health Insurance – Allows amounts received under an accident and sickness plan to not be included in an employee's gross income.

26 U.S.C. § 106 - Health Insurance – Allows the cost of the employer-provided coverage to not be included in the employee's gross income.

26 U.S.C. § 125 - Health Insurance - Cafeteria Plan Rules - Requires state to comply with IRS 125 rules to avoid constructive receipt when employees are allowed to pay health care premiums on pre-tax basis.

29 U.S.C. Chapters 8 & 9 Executive Order 27 (02) - Fair Labor Standards Act (FLSA) - Establishes minimum wage, overtime, record keeping, child labor, and equal pay standards.

29 U.S.C. § 1169 - Health Insurance - Qualified Medical Child Support Orders. Requires state to honor DSS orders to cover a child under an employee's plan; allows for alternative recipient to receive benefit payments rather than employee.

29 U.S.C. § 1181, 29 U.S.C. § 1182, 42 U.S.C § 1320d-1329d-8, 26 U.S.C. § 7702B - Health Insurance - Health Insurance Portability and Accountability Act Requires state to issue certification of prior coverage upon termination of coverage; prohibits discrimination based on an individual's health status; requires privacy protection of plan members' individual identifiable health information; requires submission of electronic data in a standard format to business partners. Requires that electronic systems, which store or transmit individual identifiable health information be evaluated and made secure from unauthorized sources.

29 U.S.C. § 1185 Health Insurance - Newborns' and Mothers' Protection Act of 1996 Provides protections for mothers and their newborns with regard to length of hospital stays following birth of a child.

29 U.S.C. § 1185a Health Insurance – Mental Health Parity Act of 1996 Provides for parity in application of limits to certain mental health benefits.

29 U.S.C. § 1185b - Health Insurance - Women's Health and Cancer Rights Act of 1998 Requires plans that provide mastectomy coverage to also provide for reconstructive surgery; also requires annual notice of this benefit.

29 U.S.C. § 1607.18 - Uniform Guidelines on Employee Selection Procedures - Requires employers to determine whether tangible employment practices result in disparate impact against minorities and women, and to take affirmative corrective action if found.

29 U.S.C. 2611(et seq.) Family & Medical Leave Act (FMLA) - Comply with requirements of federal law to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for certain specified family and medical reasons, to maintain employees' health insurance during the period of leave under FMLA, and to return employees to their same or equivalent position upon their return from FMLA leave.

42 U.S.C. Chapter 126 - The Americans with Disabilities Act of 1990 - Prohibits discrimination in all privileges and conditions of employment against qualified persons with a disability.

42 U.S.C. § 300bb-2 - Health Insurance - Consolidated Omnibus Budget Reconciliation Act. Requires state to provide notice to employees and dependents covered under the state's health care plan of their rights to continue coverage upon certain qualifying events, such as termination of employment.

42 U.S.C. Chapter 6A § 201 – Public Health Service Act – Federal law that deals with public health and social welfare. Amendments to the act include HIPAA (Health Insurance Portability and Accountability Act); ACA (Affordable Care Act); National Cancer Act, etc.

42 U.S.C. 2000C-2000E-17 - Title VII of the Civil Rights Act of 1964 - Prohibits discrimination in all privileges and conditions of employment due to race, color, national origin, gender (including sexual harassment), and religion.

42 U.S.C. 2000(e)(k) - The Pregnancy Discrimination Act of 1978 - Requires employers to treat women affected by pregnancy, childbirth, and related medical conditions, the same as other employees for all employment-related purposes.

42 U.S.C. 2000h 2 - Title IX of the Education Amendments of 1972 - Prohibits discrimination based on gender in all privileges and conditions of employment in education programs or activities that receive federal financial assistance.

42 U.S.C. § 1395y Health Insurance - Medicare Secondary Payor. Requires state coverage to be primary to Medicare for active employees and their dependents; forbids state from offering any incentive to enroll in Medicare in lieu of state's coverage.

Public Law 111-148- Health Insurance-Federal health care reform. Requires the state health plan to be compliant with the Affordable Care Act (ACA).

Affordable Care Act (ACA) Section 1557. Establishes requirements for nondiscrimination in health programs and activities.

38 U.S.C. § 4301-4335 - Uniformed Services Employment and Reemployment Act (USERRA) – Provides to protect the civilian employment of non-full-time military service members in the United States called to active duty.

20 U.S.C. 1400 (et seq.) Individuals with Disabilities Education Act (IDEA) – Federal law that governs how states and public agencies provide early intervention, special education, and related services to children with disabilities.

Public Law 110-233 Genetic Information Nondiscrimination Act (GINA) - Prohibits the use of genetic information in health insurance and employment decisions. Prohibits insurers from denying coverage to a healthy individual or charging that person higher premiums based solely on a genetic predisposition to a disease in the future.

Code of Virginia, § 2.2-2818 - Health and related insurance for state employees – Directs the Department of Human Resource Management (DHRM) to establish a plan, subject to the approval of the Governor, for providing health insurance coverage, including chiropractic treatment, hospitalization, medical, surgical and major medical coverage, for state employees and retired state employees.

Code of Virginia, § 2.2-1204 – Health insurance program for employees of local governments, local officers, teachers, etc.; definitions– Directs the Department of Human Resource Management (DHRM) to establish a plan or plans, subject to the approval of the Governor, for providing health insurance coverage for employees of local governments, local officers, teachers, and retirees, and the dependents of such employees, officers, teachers, and retirees. The plan or plans shall be rated separately from the plan established pursuant to § [2.2-2818](#) to provide health and related insurance coverage for state employees.

Code of Virginia, § 9.1-401 (Effective July 1, 2017) - Establishes LODA health benefits plans to be administered by DHRM.

Code of Virginia, § 32.1-127.1:03 – Health records privacy- Requires the state health plan to comply and recognize an individual's right of privacy in the content of his health records. Health records are the property of the health care entity maintaining them, and, except when permitted or required by this section or by other provisions of state law, no health care entity, or other person working in a health care setting, may disclose an individual's health records.

Code of Virginia, § 38.2-3418.17—Coverage for autism spectrum disorder-directs the state and TLC employee health plans to provide coverage for the diagnosis and treatment of autism spectrum disorder, including ABA services for children ages two through ten.

Virginia Administrative Code, 1VAC55-20-20 - Commonwealth of Virginia Health Benefits Program - Administrative Code for State Employee Health Plan and The Local Choice (TLC) - permanent regulations for the Commonwealth of Virginia pertaining to the health insurance plans.



Regulations have the force of law and are written and administered by state agencies as authorized by the General Assembly.

### **Anticipated Changes**

National health care reform puts increased emphasis on the need for programs focused on changing lifestyle and behavioral choices that impact health and adequate staffing to make this happen. The average age of the state population remains relatively high, with inherently higher cost.

The Affordable Care Act's future is uncertain. As it currently stands, key components of health care reform will continue to impact the state and local health benefits program: the employer mandate and associated reporting requirements, PCORI fees, the excise tax may impact the programs. The ability for small groups to enter the state exchange may impact TLC and COVA Local.

The Office of Health Benefits, working with ITECH, will improve the state and TLC eligibility and enrollment data exchanges by creating a new database to replace the antiquated Benefits Eligibility System (BES), and will create a separate new database for COVA Local. These initiatives align with the Governor's Strategic Priority for Government and Citizens to use innovation to increase government efficiency and reduce government costs.

Efforts will continue to identify effective ways to incent wellness and preventive care, with a view toward avoidance as well as early detection and treatment of chronic disease. OHB will continue to explore the use of Value Based Insurance Design and other incentive programs. OHB will continue to evaluate and modify these programs to maximize their benefits. OHB will also evaluate the merits of instituting a new program to provide incentives to members to select lower-cost, high quality providers for treatment. These initiatives align with the agency goal to administer the state employee health plan in a manner that promotes accountability and employee health. They also align with the Governor's Strategic Priority for Government and Citizens to use innovation to increase government efficiency and reduce costs and Health and Family through healthcare innovation to improve health outcomes and lower costs.

The Office of Health Benefits will continue to explore opportunities for new technologies, including the use of electronic medical records and improved cost and quality transparency. These efforts align with the agency goal to administer the state employee health plan in a manner that promotes accountability and employee health. They also align with the Governor's Strategic Priority for Government and Citizens to use innovation to increase government efficiency and reduce costs and Health and Family through healthcare innovation to improve health outcomes and lower costs.

The Office of Health Benefits will monitor its pilot onsite health center in the Capitol Square area of Richmond for employees in the health plan, to determine the extent of its impact. This initiative aligns with the agency goal to administer the state employee health plan in a manner that promotes accountability and employee health. It also aligns with the Governor's Strategic Priority for Government and Citizens to use innovation to increase government efficiency and reduce costs and Health and Family through healthcare innovation to improve health outcomes and lower costs.

### **Factors Impacting**

The increasing cost of health care (typical program trend line of 5.9% over the past several years) makes it increasingly difficult to offer a comprehensive yet affordable health program to state and local government employees and retirees.

Claims related to lifestyle and behavioral choices account for a significant portion of annual medical claims cost. This, in conjunction with a relatively older population, contributes to the escalating cost of health program and impacts quality of life.

For Medicare-eligible retirees, with the exception of minor ancillary benefits, the payment of secondary medical benefits is defined by Medicare's primary payment. The premium history for these plans is generally stable. Because these plans are funded solely by retiree premiums, there is no cost to the state. As this population ages, it may incur increased claims experience resulting in higher premiums, which could lead to the plan pricing itself out of competition with nonstate program plans. However, in the meantime, the state program will work to ensure that participants get the benefit of any federal program contributions to the costs of their benefit.

Key provisions of the Affordable Care Act, such as the excise tax, will increase pressure to make plan design changes to control costs. Additionally, compliance with the Affordable Care Act and other federal and state laws continues to make health care administration more complex.

### **Financial Overview**

Funding for health benefits comes from a portion of health insurance premiums paid by local jurisdictions and state agencies.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	0	4,768,597	0	4,768,882
Changes to Initial Appropriation	0	2,034,672	0	2,637,026

### **Supporting Documents**

**Title** **File Type**

## Service Area Plan

### Personnel Development Services [70409]

#### Description of this Program / Service Area

The Commonwealth of Virginia Learning Center (COVLC) was implemented with the objective of providing a more efficient and effective method of maximizing training at an acceptable cost. DHRM is the business owner and provides the oversight of the KC in an effective and efficient manner administering all the operational aspects of the COVLC.

It is a large system composed by one major domain with multiple levels of sub-domains where each one is independent from the others. The uniqueness of this system is that, although each sub-domain is independent, they have the ability to share training across each one thus maximizing training opportunities. Looking at economies of scale this implementation is getting the best use of the financial resources for the Commonwealth. It provides provide mandatory training for all state employees.

#### Mission Alignment

#### Products and Services

##### Description of Major Products and Services

It was implemented in early 2005 with one major Core portal and eight (8) state agencies portals. The COVLC has experienced incredible growth, with over 300,000 former and current users in the system and more than 185 participant members consisting of state agencies, local governments, colleges and universities. Each member entity has the opportunity to create and deliver unique training. Their training can be simple, blended, interactive, or it can be as creative and complex as required. Agencies can create measurements of the training via simple quizzes to complex testing for licensing purposes; audios and videos can be incorporated into training modules, etc.

Important mandatory training is being shared and delivered to all state agencies by the Department of Accounts (DOA), the Department of Human Resource Management (DHRM), and by the Office of Attorney General (OAG).

#### Anticipated Changes

System has been upgraded from version Meridian Global 16.1 to 16.3. It went live on May 1, 2017. New upgrade is being forecasted to FY 2020.

#### Factors Impacting

380,000 users impacted across 294 domains (portals).

#### Financial Overview

Funding for the Commonwealth of Virginia Learning Center is provided through general fund.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	1,036,577	0	659,577	0
Changes to Initial Appropriation	0	0	0	0

#### Supporting Documents

Title File Type

## Personnel Management Information Services [70410]

### Description of this Program / Service Area

The Personnel Management Information System (PMIS) is an online transaction-based system. It contains employee and benefits records of all active and separated employees for the executive branch, higher education faculty, and employees of certain agencies exempt from the provisions of the Personnel Act.

PMIS collects position/employee and health benefits data of most state agencies and employees. The main purposes of the data are for compensation authorization, health benefits eligibility, EEO compliance, workforce planning, and centralized reporting. Outputs from the system provide the ability for agencies to (process their own reporting needs) (or replace with) meet their specific reporting requirements.

The main functions of PMIS are complemented by its subsystems like the Benefits Eligibility System (BES). It is a major subsystem of PMIS where health benefits records are maintained on all eligible employees, employee dependents, and participant retirees. Eligibility records are passed from BES to the health care providers and the prescription drug provider. These organizations use BES data to maintain their membership systems for claims processing.

### Mission Alignment

§ 2.2-1201.3 of the Code of Virginia requires the Department of Human Resource Management to design and maintain a personnel information system that shall support the operational needs of the Department and of state agencies, and that shall provide for the management information needs of the Governor, his secretaries, and the General Assembly. The system shall provide at a minimum a roster of all employees in the service of the Commonwealth, in which there shall be set forth as to each employee, the employing agency, the class title, pay, status and such other data as may be deemed desirable to produce significant facts pertaining to personnel administration.

### Products and Services

#### Description of Major Products and Services

DHRM has utilized PMIS and its subsystems systems to meet mandated requirements. These systems include:

- PMIS: The Personnel Management Information System automates core HR administrative functions for classified, faculty, and other salaried employees in the Executive Branch and other agencies that choose to utilize this system.
- BES: The Benefits Eligibility System automates core health benefits eligibility and administrative functions for COV employees, retirees and their dependents.
- IPP: The Incentive Pay for Performance subsystem of PMIS automates the performance reviews, statewide salary increases and bonuses for classified, faculty, and other salaried employees.
- EPR: The Employee Position Reports subsystem of PMIS reports staffing levels by type of funding (and budgeted MEL) for Executive, Legislative, Judicial, and Independent agencies.
- WAGE3: The Wage-3 subsystem of PMIS automates the roster and reporting of hourly employees for PMIS agencies that opt to use the subsystem.
- WN: The Written Notices subsystem of PMIS automates the documentation of formal disciplinary action process for COV employees in PMIS.

DHRM-ITECH has developed and implemented additional IT capabilities that supplement the core PMIS functionalities. Web-based applications, web-based services and web sites, internal technical infrastructure, and external electronic interfaces comprise the supplemental suite of IT tools.

The following web-based applications are directly dependent on the information flow from PMIS.

- EmployeeDirect: The state employee secure web portal provides access to personal, compensation and benefits information.
- ASYS: The automated system interface bridge that agencies use to build a real-time web-based interface between their local HR systems and PMIS so as to reduce or virtually eliminate “double keying” into both systems.
- TAL: The Time, Attendance and Leave system available to all PMIS user agencies.
- HuRMan secure web portal: This Human Resource Management portal comprises a suite of secure web-tools for DHRM customer agencies and vendors:
  - HuRMan agency repository (data files and reports)
  - The DHRM suite of integrated (SAS) data warehouse tools
  - EEO assessment tools
  - RMS Applicant Flow (Recruit Management tools)
  - Workforce Planning tools (query tools)

- HR-At-a-Glance reports (management reports)
- EPR/FTE reporting
- P3/P3A reporting (PMIS Turnaround Documents)

### **Anticipated Changes**

Continued expansion of HR tools available to DHRM customers and modernization of PMIS and its sub-systems. DHRM needs to provide agencies with a modern, affordable, fully-integrated, configurable HR system – DHRM currently provides agencies with a dated HR system that has been migrated to a different platform, while maintaining the same limited functional structure. PMIS and its sub-systems lack the robust, integrated capabilities of modern systems. DHRM believes that a more efficient and effective solution would contribute to drastically increase value in a great number of areas, including improving agency experience, providing new services to constituents, reducing costs through a shared service and enhance the Commonwealth’s reputation as a well-managed state.

### **Factors Impacting**

The existent staffing model supporting PMIS, its sub-systems and all the services/products derived from it, does not allow for adequate system support/documentation and severely limits planning efforts and efforts for new initiatives. Since there is not enough staff over which to spread the operational workload, cross-training of existing resources and thorough documentation of systems cannot occur.

### **Financial Overview**

Beginning in fiscal year 2018, PMIS and its subsystems are funded through an internal service fund rate of \$16.85 for each position within the executive branch agencies.

#### Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	0	0	0	0
Changes to Initial Appropriation	0	0	0	1,827,972

### **Supporting Documents**

**Title** **File Type**

**Employee Dispute Resolution Services [70416]**

**Description of this Program / Service Area**

EDR implements the Commonwealth's employment dispute resolution statutes. Services include:

- Establishing a comprehensive program of employee relations management that includes alternative processes for resolving employment disputes
- Administering the state employee grievance procedure
- Developing the statewide workplace mediation program
- Informing employees and agency management of workplace rights and responsibilities, and available options for preventing, managing and resolving workplace conflict, through a toll-free phone service and other outreach activities
- Training on workplace conflict management, employee discipline and the use of the grievance procedure

**Mission Alignment**

Assuring solutions to workplace conflict consistent with the Commonwealth's policies and related law are key functions of providing statewide leadership in human resource management. EDR's services are designed to provide timely and appropriate workplace conflict resolution to state agencies and their employees to allow focus to be properly directed to effective and efficient job performance.

**Products and Services**

**Description of Major Products and Services**

- **Grievance Procedure:** EDR is the neutral administrator of the Commonwealth's grievance procedure, a process that allows state employees to bring their workplace concerns to the attention of upper management, and in some cases, to present their concerns to an independent hearing officer.
- **Workplace Conflict Consultation Program:** A neutral, independent, informal, and confidential resource that facilitates fair, equitable, and expeditious resolutions to workplace conflicts and concerns raised by Virginia state employees and agency management through:
  - **Conflict Coaching**
  - **Mediation**
  - **One-on-one Consultations**
  - **Skill Building Training** (conflict-based skills)
- **Training:** EDR also offers a variety of training courses on subjects such as employee discipline and the grievance procedure.
- **AdviceLine:** EDR provides the toll-free AdviceLine, through which all Commonwealth employees, including agency managers, may seek confidential guidance on preventing and resolving workplace conflict, the grievance procedure, and other employee relations issues.

**Anticipated Changes**

**Expanded Training:** EDR continues to develop additional training courses to help resolve and effectively manage workplace conflict. EDR's primary focus in training is on skill building trainings for all employees to have the skills to address workplace conflict on their own. While EDR has already added courses on these topics to its offerings, EDR anticipates having courses on additional employee relations topics.

**Factors Impacting**

Many state employees are reluctant to use these services, particularly the grievance procedure and mediation. In short, highly beneficial services currently offered by EDR, such as mediation, are underutilized.

State supervisors and managers are often untrained in conflict competencies and often uninformed about EDR's role in resolving employment disputes. In addition, managers often lack an understanding of the benefit and effectiveness of early dispute resolution processes in resolving disputes and avoiding potential litigation. State supervisors and, often, human resources professionals have not been provided training in recent years on appropriate employee relations issues, such as workplace conflict, performance management, and disciplinary practices, which can result in poor personnel decisions.

**Financial Overview**

EDR's funding combines general fund appropriations and the collection of nongeneral funds in the form of hearing officer fees. Nongeneral funds are devoted to the personnel costs of employing one full-time hearings officer and one full-time support staff member as well as hearings program expenses.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	637,727	311,871	637,727	311,871

Changes to Initial Appropriation	0	0	0	0
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### Supporting Documents

Title	File Type
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**State Employee Program Services [70417]**

**Description of this Program / Service Area**

The State Employee Programs Service Area provides a range of services to Commonwealth of Virginia employees, including managing employee-focused wellness programs statewide through the CommonHealth Wellness Program, which serves state employees as well as employees of localities participating in The Local Choice benefits program focusing on employee health needs as indicated by insurance claims and workers' compensation target issues; developing employee communications; implementing employee reward and recognition programs; organizing employee special events and programs; and managing the annual workplace giving program, Commonwealth of Virginia Campaign (CVC). Creates associated outcomes that include enhancing employee morale through the participation in the Commonwealth of Virginia Campaign (CVC), encourages employee volunteerism, and develops and delivers effective employee communications, reward and recognition programs and comprehensive wellness programs. Manages through CVC a 501(c)(3) nonprofit entity, the Virginia State Employee Assistance Program, which includes an Emergency Grant Program as well as the State Employee Loan Program.

**Mission Alignment**

State Employee Program Services aligns to the agency's mission of addressing the diverse human resources needs of our customers through guidance, consultation, and training. It aligns to the agency's goals of providing timely, accurate, and consistent human resource information, utilizing multiple cost-effective delivery channels; providing statewide leadership in areas of human resources management, and addressing continuously changing management needs of state agencies throughout the Commonwealth; developing and implementing a statewide workplace giving program to focus on the needs of our communities; and to provide financial assistance to those employees facing an unexpected emergency or those needing short-term small loans; developing and managing a statewide CommonHealth wellness program for state agency employees as well as participating localities in The Local Choice Program; assisting agency management in addressing their human resource needs through effective and timely communications.

**Products and Services**

**Description of Major Products and Services**

- Develops communications materials, including e-newsletters, the DHRM Website, the Commonwealth of Virginia Campaign website, and the CommonHealth website, e-mail distribution lists, and written and electronic resources for all employee programs.
- Manages the statewide Employee Wellness program, CommonHealth.
- Creates responses to media, citizen and organization inquiries.
- Coordinates special programs and events, such as the Governor's Awards program, wellness initiatives and other rewards and recognition events, plus special event coordination for Governor's Office and the Secretary of Administration.
- Supports the DHRM HR Leadership Symposium.
- Manages the Commonwealth of Virginia Campaign, the workplace charitable giving campaign, including a 501(c)(3) Employee Assistance Fund and its related programs, special fund drives including disaster relief.
- Oversees the proper maintenance of agency public records at the Library of Virginia.
- Provides FOIA Coordination. The service area coordinates responses to FOIA requests received by the agency.
- Provides program materials to new employees as part of the Onboarding process.

**Anticipated Changes**

State agencies and localities who are not currently participating in an area of the Employee Program Services will be contacted about the programs with the intent to expand the customer base. Consolidation of programs in one service area will likely increase participation in all office areas. Outreach to non-participating charities and agencies in CVC and other programs. Outreach to cities and counties not currently in The Local Choice plan. Changes in the electronic systems used to deliver and support current and future programs. Proposed expansion of services to TLC customers, offering more programs per year, which will impact staffing levels.

**Factors Impacting**

Changes in participation in the health benefits program by state employees and localities participating in The Local Choice program. Changes in enrollment due to expansion of plans and federal health care reform. Changes in the number of charities participating in the workplace giving campaign; increase in catastrophic storms locally and globally; changes in health benefit offerings. Transfer of programs on Virginia Interactive Network to a third party vendor or in house. Changes in the employment level statewide.

**Financial Overview**

Activities in Employee Program Services are funded by nongeneral and general funds. General funds support staff and related expenses in the communications section.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund

Initial Appropriation for the Biennium	290,754	1,524,823	290,754	1,524,823
Changes to Initial Appropriation	0	0	0	193,769

**Supporting Documents**

**Title** **File Type**



**State Employee Workers' Compensation Services [70418]**

**Description of this Program / Service Area**

This statutorily mandated service area is responsible for establishing a workers' compensation insurance program for all state employees. Additional responsibilities of this unit include loss prevention programs to reduce the likelihood of workplace injuries, ensuring that injured employees receive timely, quality medical care, payment of lost wages, a disability management program to assure return-to-work with the agency whenever possible, or rehabilitation/job training and job placement. The program has averaged approximately 8,700 new claims each year for the past five years and issued 82,794 checks totaling more than \$64 million in benefits in FY16.

Associated outcomes include providing cost containment, consultation, guidance and educational programs to increase safety in the workplace, increase return-to-work opportunities, and reduce the program cash flow claims payments.

**Mission Alignment**

This service area directly aligns with DHRM's mission to provide a broad range of leadership, services and guidance to the Commonwealth and its stakeholders.

**Products and Services**

**Description of Major Products and Services**

**Policy Administration** - This statutorily mandated unit is responsible for establishing a workers' compensation insurance program for all full-time and part-time state employees and all self-insurance policy administration. The program's actuary develops premiums using an experience-based model as required by the Appropriations Act.

Premiums are developed by October 1 in advance of the biennium and submitted to the Governor and the General Assembly for approval. Premiums are charged to all state agencies annually using premium statements that provide detailed information on how the premium for each agency was developed.

**Claims Management** - The Claims Management unit receives between 8,000 and 9,000 new state employee workers' compensation claims a year. These services are outsourced through a public-private partnership through a competitive procurement process. The staff of the contractor is housed on the DHRM premises and works very closely with management and agencies. Each claim must be investigated and evaluated for coverage under the Workers' Compensation Act. The program is responsible for assuring that state injured employees receive timely, quality medical care, payment of lost wages, rehabilitation/job training and job placement. Claims are administered in compliance with Virginia law. This unit works closely with the Office of the Attorney General staff that provides legal defense on any contested matters.

During 2017, the State Employee Workers' Compensation Pilot Program was established. Settlement of 59 cases resulted in avoided future cost liability of \$14 million. Though these cases represent only 5% of potential cases to be settled, the program has reached 33% of the actuarially forecasted cost avoidance savings.

**Anticipated Changes**

The demand for return-to-work assistance is anticipated to increase as a higher percentage of employees injured participate in the Virginia Sickness and Disability Program (VSDP) which separates most employees after six months of disability and due to the VSDP Plan 2 group which will have limited VSDP benefits available and therefore have more potential for early separation from their employer when their leave balances are exhausted if the injury occurs prior to Family Medical Leave Act eligibility.

The cost of providing medical benefits, including prescriptions is expected to continue to increase over time.

**Factors Impacting**

Increased unemployment in some geographic areas of Virginia causing an inability to locate alternative employment when the employee is unable to return to work at the state agency.

**Financial Overview**

The funds identified in the financial table represent the administrative costs associated with the State Employee Workers' Compensation Services. This amount is included in the actuary developed rates paid by state agencies.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	0	1,367,467	0	1,367,467
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**Administrative and Support Services [70419]**

**Description of this Program / Service Area**

This service rea includes the Director’s Office, fiscal, contracts, logistics, and Information Technology. This service area uses cutting-edge Web-based technology to provide interactive applications for a range of Human Resource functions, including recruitment, policy, benefits, compensation, communications and EEO services.

Among the contracts monitored by this office is the extensive health benefits contracts package. Others include the annual State Employees Workers Compensation Services contract with a private vendor and an auditing contract for the Commonwealth of Virginia Campaign.

Associated outcomes include providing required accounting information to DOA and complying with the agency's procurement requirements. Surveys are measurements used to verify customer satisfaction.

**Mission Alignment**

This service area provides the administrative support for the other service areas which provides the programs supporting the agency's mission

**Products and Services**

**Description of Major Products and Services**

- Agency travel support
- Procurement activities
- Actuarial services and support
- Accounts receivable
- Accounts payable
- Payroll
- IT Services (non-VITA)

**Anticipated Changes**

The addition of the LODA (Line of Duty Act) and COVA Local health plans will increase the workload of existing fiscal staff.

**Factors Impacting**

This service area supports the other service areas of the agency. Significant changes in other service areas will have a corresponding change in administration.

**Financial Overview**

The Administrative unit allocates its time and cost to the other agency service areas. This increases transparency by showing the actual cost of each service area to the Commonwealth. For instance, the majority of the costs associated with fiscal and contracts are allocated to the health benefits and state employee workers' compensation service areas. In addition, the majority of information technology costs are allocated to health benefits, agency human resource services, and equal employment services.

Biennial Budget

	2017 General Fund	2017 Nongeneral Fund	2018 General Fund	2018 Nongeneral Fund
Initial Appropriation for the Biennium	821,608	117,485	821,946	117,485
Changes to Initial Appropriation	-55,000	0	-32,515	-117,485

**Supporting Documents**

**Title** **File Type**